

ROYALTY PHARMA

J.P. Morgan Healthcare Conference

January 9, 2024

Forward Looking Statements

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ROYALTY PHARMA



Our vision

To be the leading partner
funding innovation
in life sciences

Our mission

By collaborating to
accelerate innovation,
we enable our
partners to transform
patient lives

Focus on value creation to drive compounding growth



CAGR: compound annual growth rate

1. Royalty Pharma market share of 58% based on internal estimates and the value of all announced royalty transactions from 2012 through 2023.

2. Capital deployment target provided at May 17, 2022 Investor Day. See slide 20 for factors that may impact our capital deployment target.

3. Top-line refers to Royalty Pharma's Portfolio Receipts. See slide 20 for definition and additional information. Historical data prior to our IPO derived from the business of our predecessor.

4. 2020-2030 growth target provided at May 17, 2022 Investor Day.

Key 2023 achievements reflect strong business momentum

Financial

- Raising 2023 Portfolio Receipts (top-line)⁽¹⁾ guidance to ~\$3.05bn, exceeding high end of previous guidance range of \$2.95-3.00bn (~11% underlying growth)⁽²⁾
- 3rd consecutive year of double-digit top-line growth since June 2020 IPO⁽³⁾
- Announced \$1.0 billion share repurchase program; repurchased \$305 million (~10m shares)⁽⁴⁾

Portfolio

- Added royalties on eight therapies to portfolio, including on blockbuster Evrysdi
- Positive clinical and regulatory updates (aficamten, KarXT, pelabresib, seltorexant, Zavzpret)

Capital Deployment

- Announced \$4.0 billion (\$2.1 billion upfront) in transactions across seven deals
- Strongest year ever for RP synthetic royalty transactions with \$775 million in announced value
- Maintained leading share of biopharma royalty funding market⁽⁵⁾

CAGR: compound annual growth rate

1. Top-line refers to Royalty Pharma's Portfolio Receipts. See slide 20 for definition and additional information.

2. Underlying growth is prior to the Biohaven payments received in 2022 and 2023.

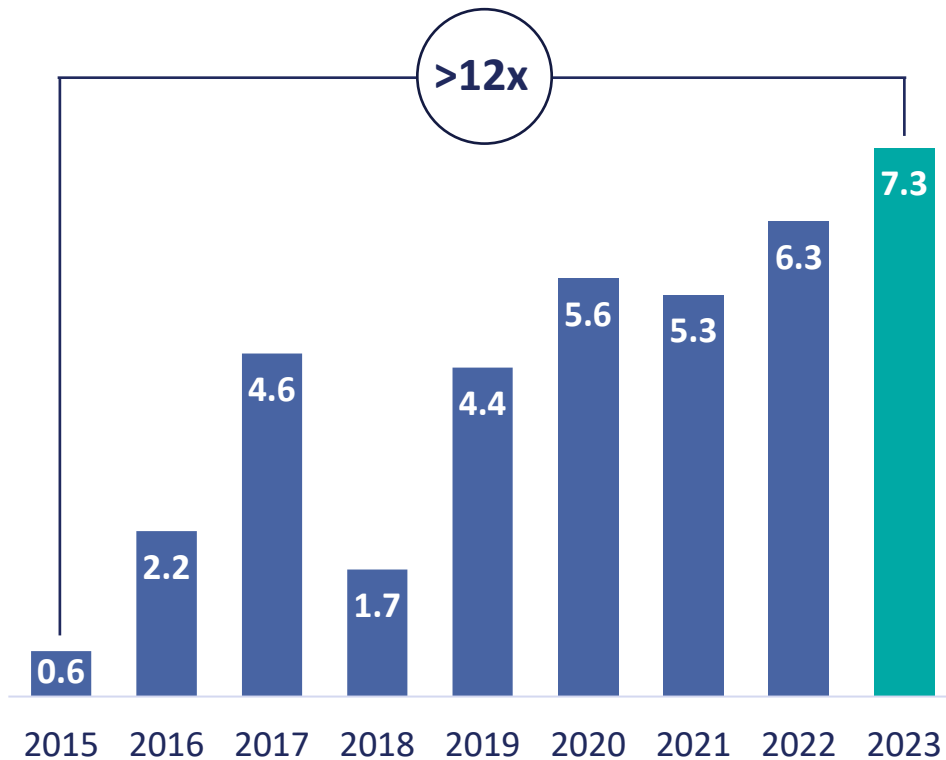
3. Growth since June 2020 IPO is prior to the Biohaven payments received in 2022 and 2023.

4. Share repurchase program announced on March 27, 2023.

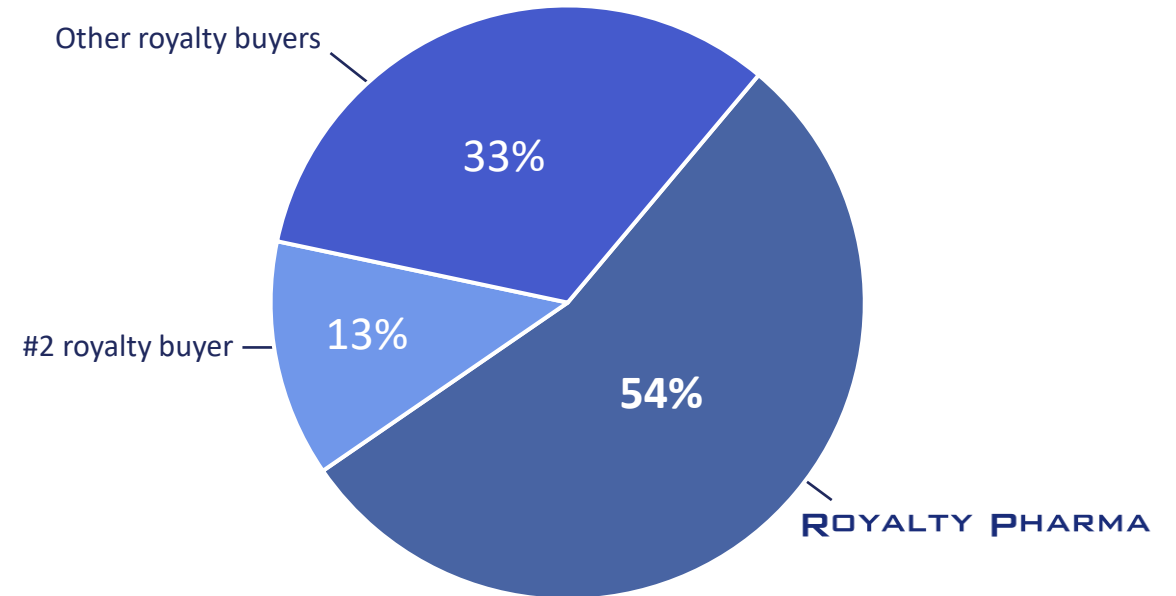
5. Royalty Pharma market share of 54% based on internal estimates and the value of all announced royalty transactions in 2023.

Strong momentum for biopharma royalty funding market

Dollar value of transactions⁽¹⁾
(\$ in billions)



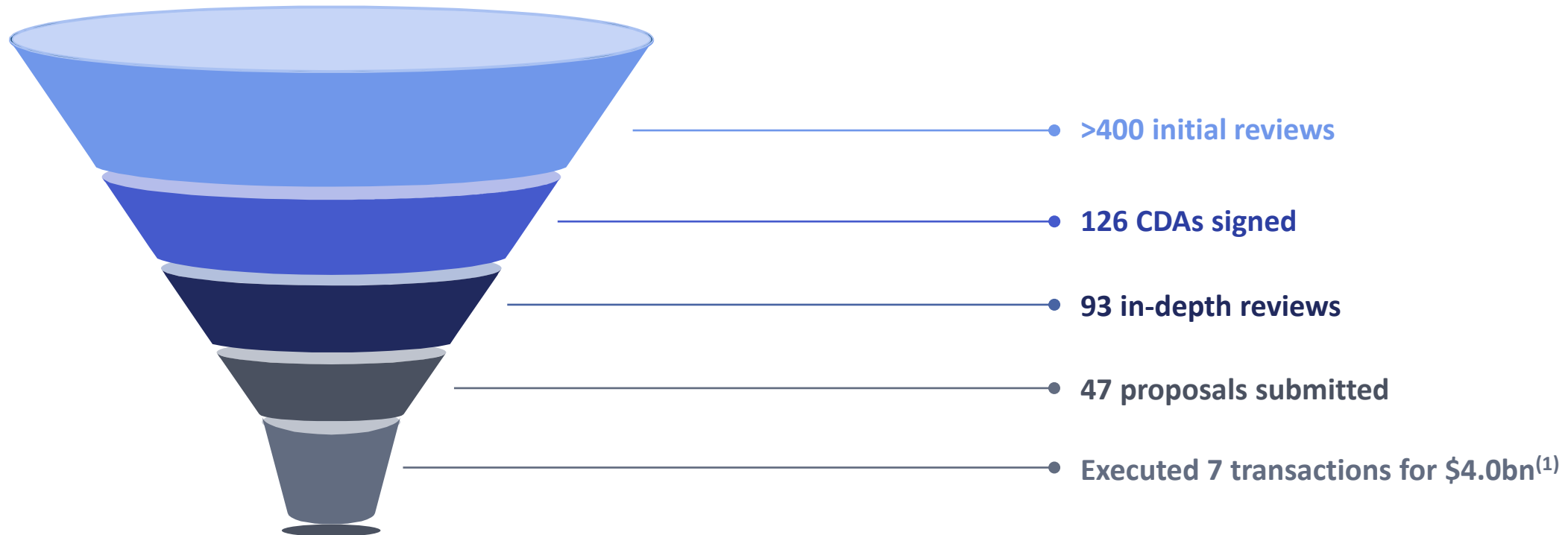
Biopharma royalty market share
(2023)



Royalty Pharma maintained its leading share of the rapidly growing biopharma royalty funding market

Announced \$4.0 billion of royalty transactions in 2023

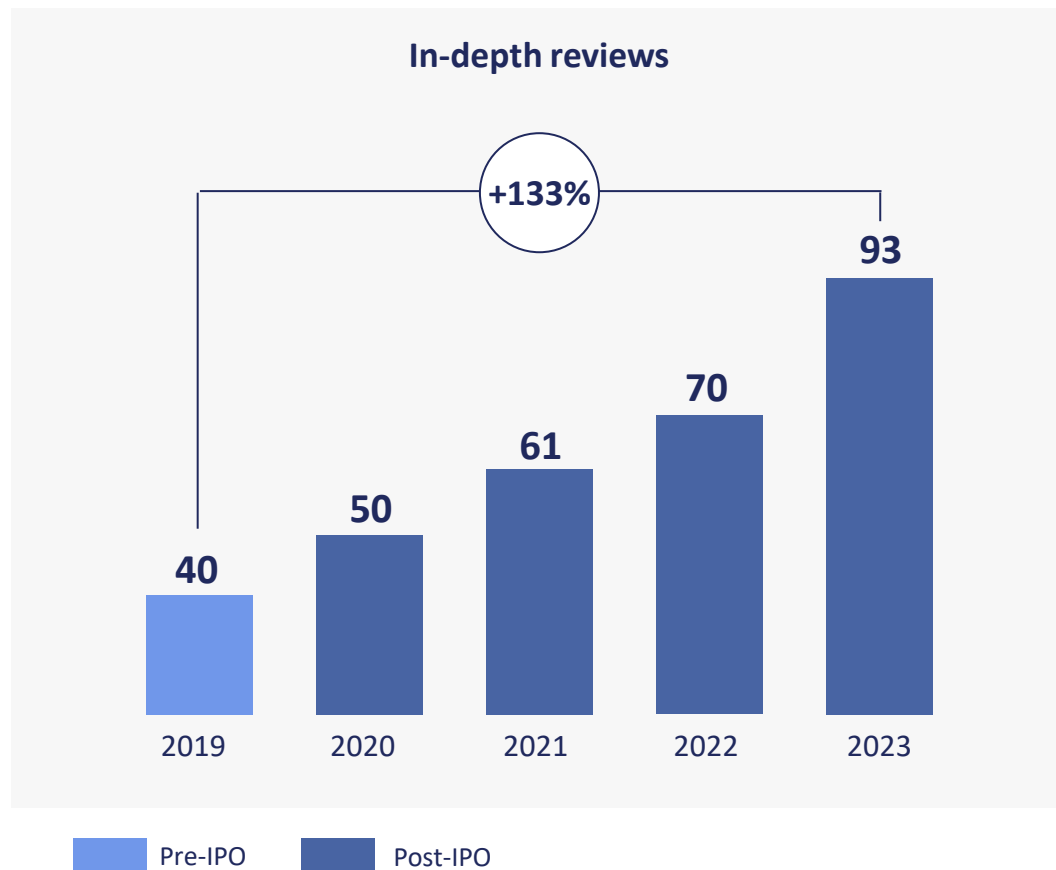
2023 Royalty Pharma investment activity



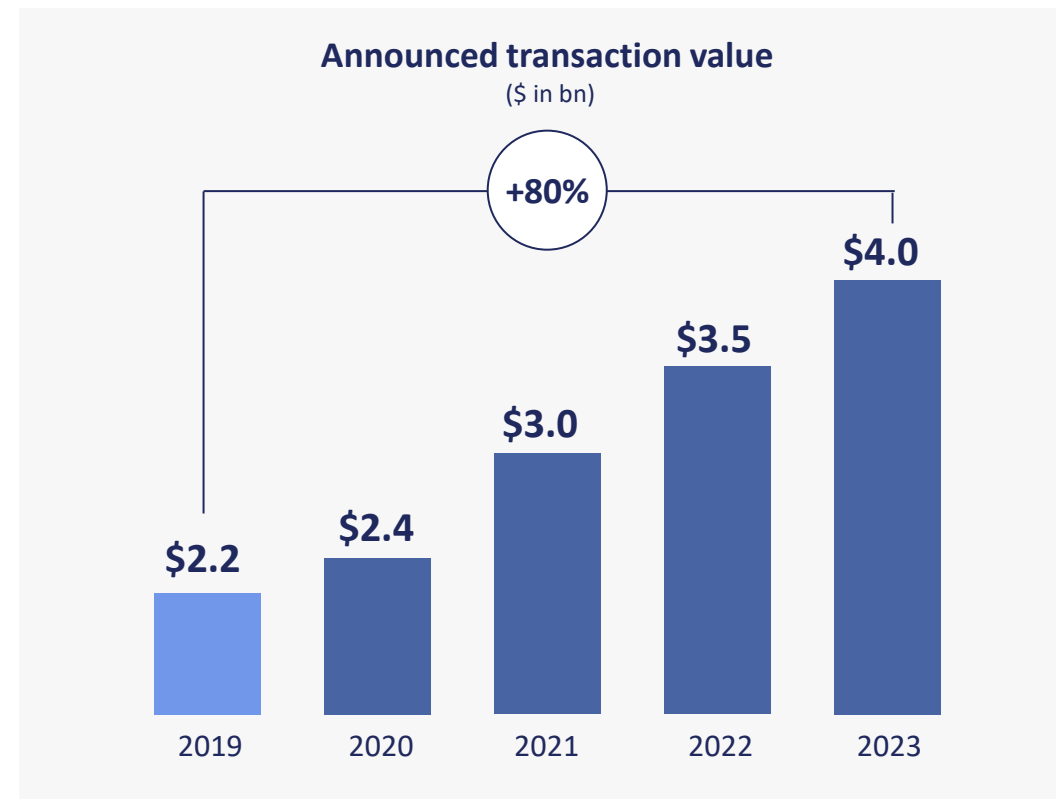
Maintained strong financial discipline: ~2% of initial reviews resulted in an acquired royalty

Strong Royalty Pharma pipeline trends given market backdrop

Opportunity set increasing



Robust royalty acquisition activity



Synthetic royalties are an attractive funding modality

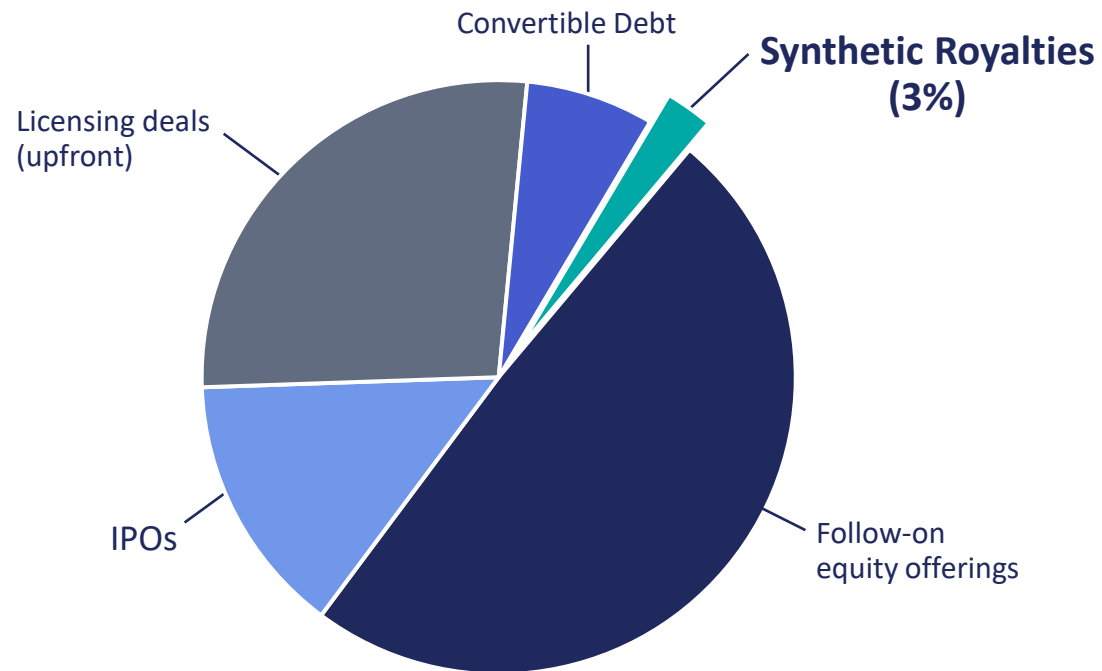
Benefits to biopharma partner

	Royalty	Debt	Equity
Non-dilutive to equity / preserves equity upside	✓	✓	
Customized and tailored funding solutions	✓		
Independent validation of therapy's value to patients	✓		
Share risk of development and/or commercialization	✓		✓
No financial covenants	✓		✓
Long-term alignment of interests	✓		
Value add through proprietary analytics	✓		

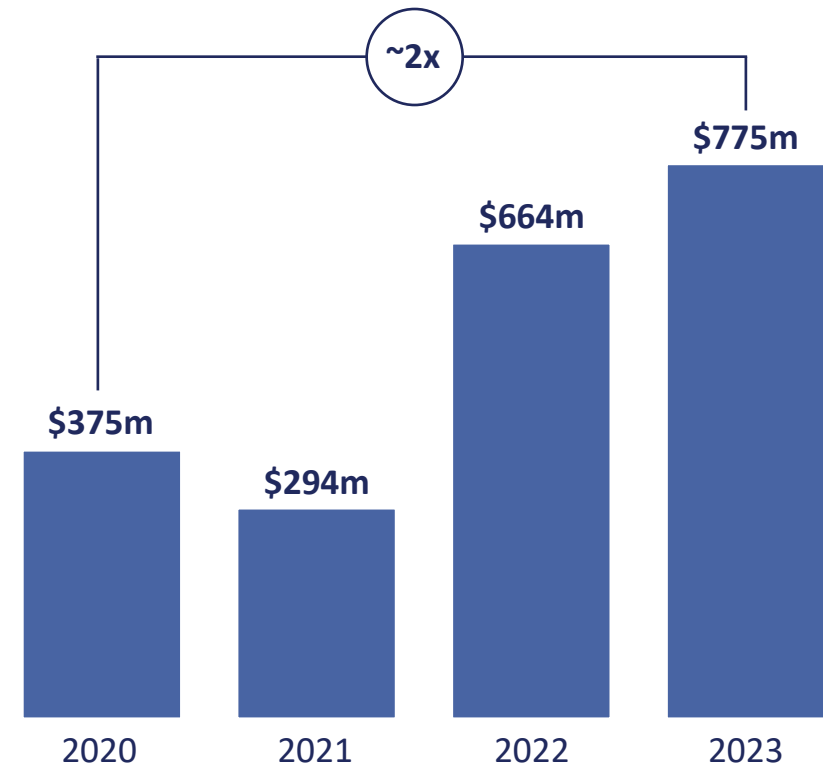
Synthetic royalties – a compelling innovation with significant growth potential

Synthetic royalty opportunity is large and rapidly growing

>\$260bn biopharma industry funding^(1,2)
(2019-2023)



Strongest year ever for RP synthetic royalty transactions
(Announced value)⁽³⁾

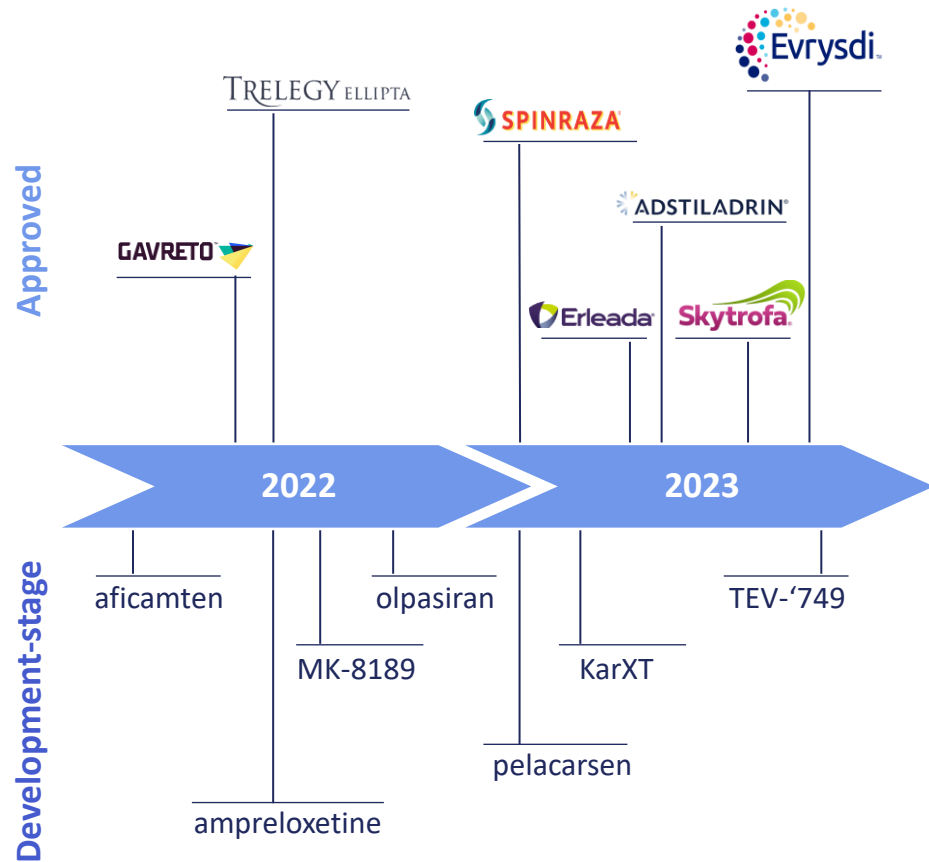


Source: Dealogic, Biomedtracker, internal estimates, Evaluate.

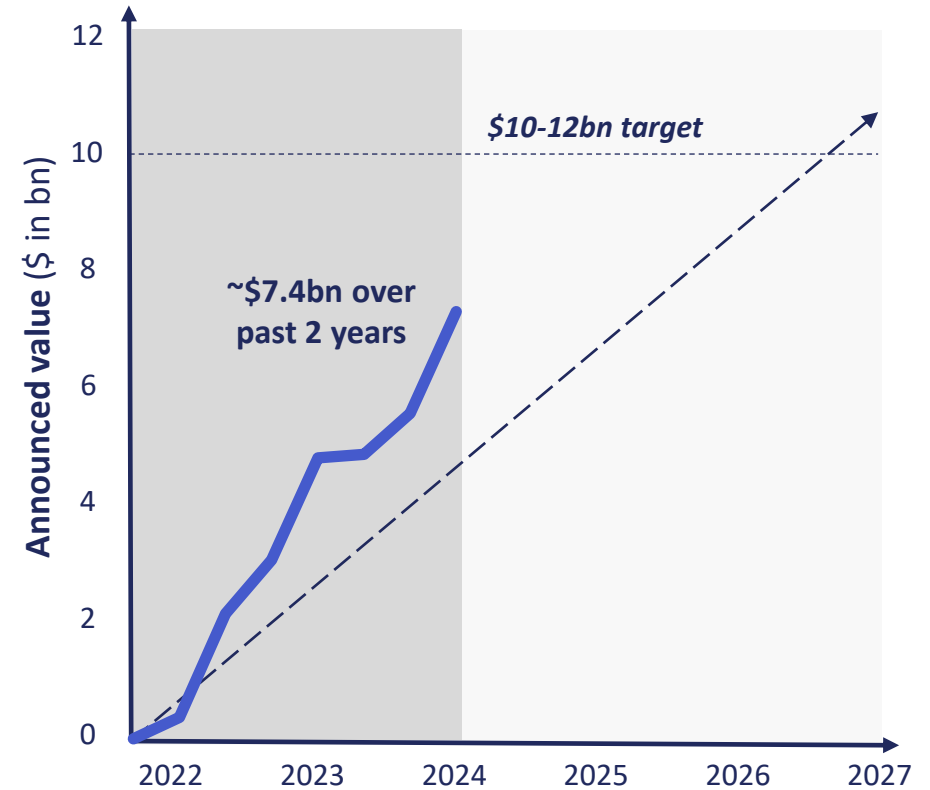
1. Includes capital raised through initial public offerings (IPOs), follow-on offerings, equity linked issuances and upfronts from licensing deals.
2. Royalty funding includes upfront investment consideration, including acquisitions of synthetic royalties and associated equity investments.
3. Data reflects announced value of transactions, including milestones and contingent payments.

On track to meet or exceed 5-year capital deployment target

Transactions announced in 2022 and 2023

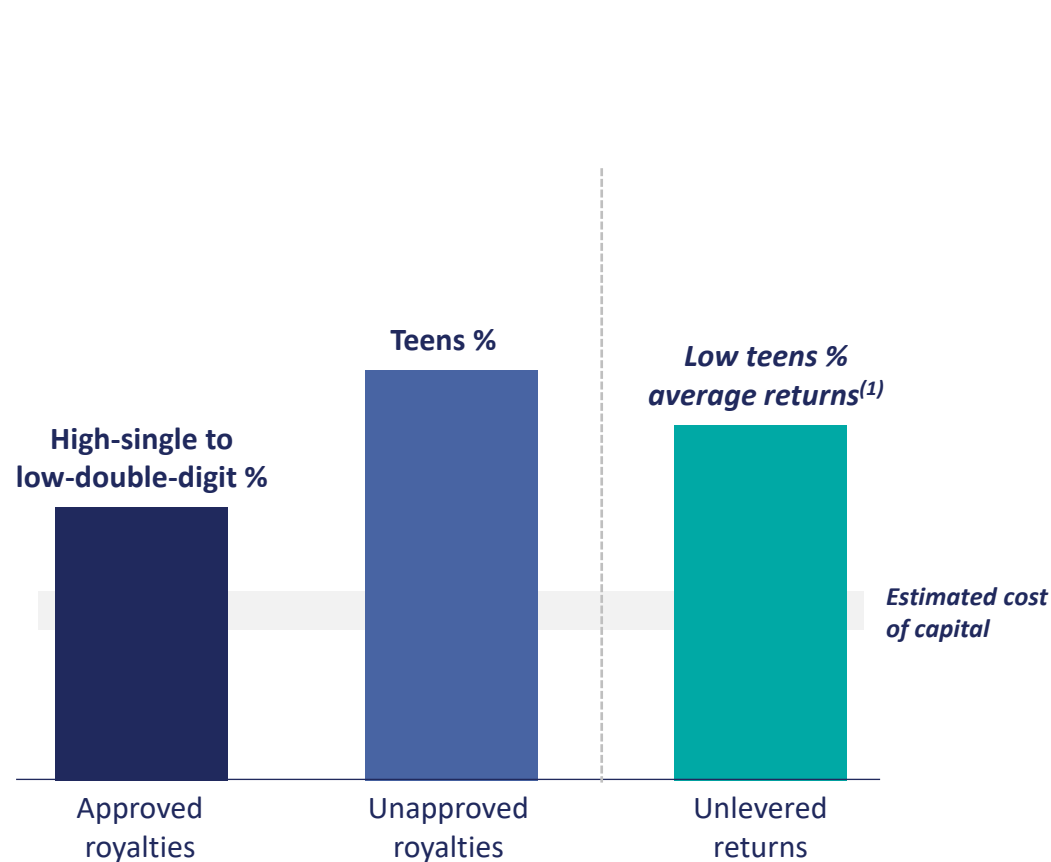


5-year capital deployment target^(1,2)
(Announced value, since January 1, 2022)

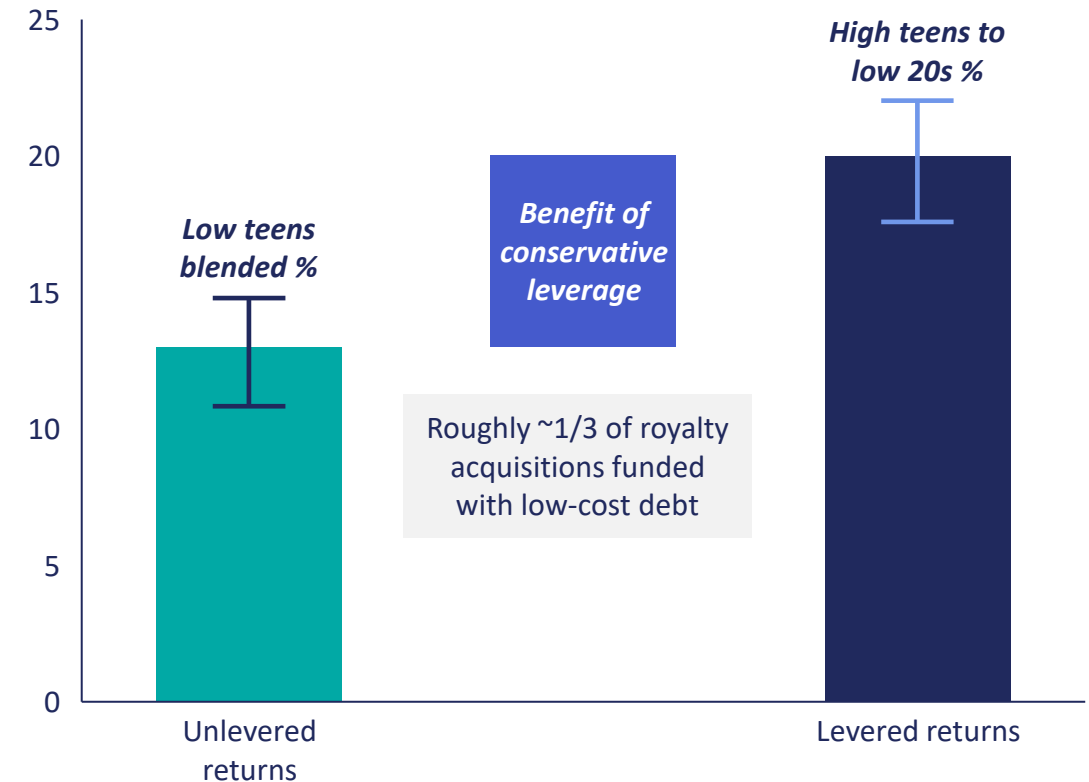


Consistently attractive returns amplified by conservative leverage

Royalty Pharma target returns



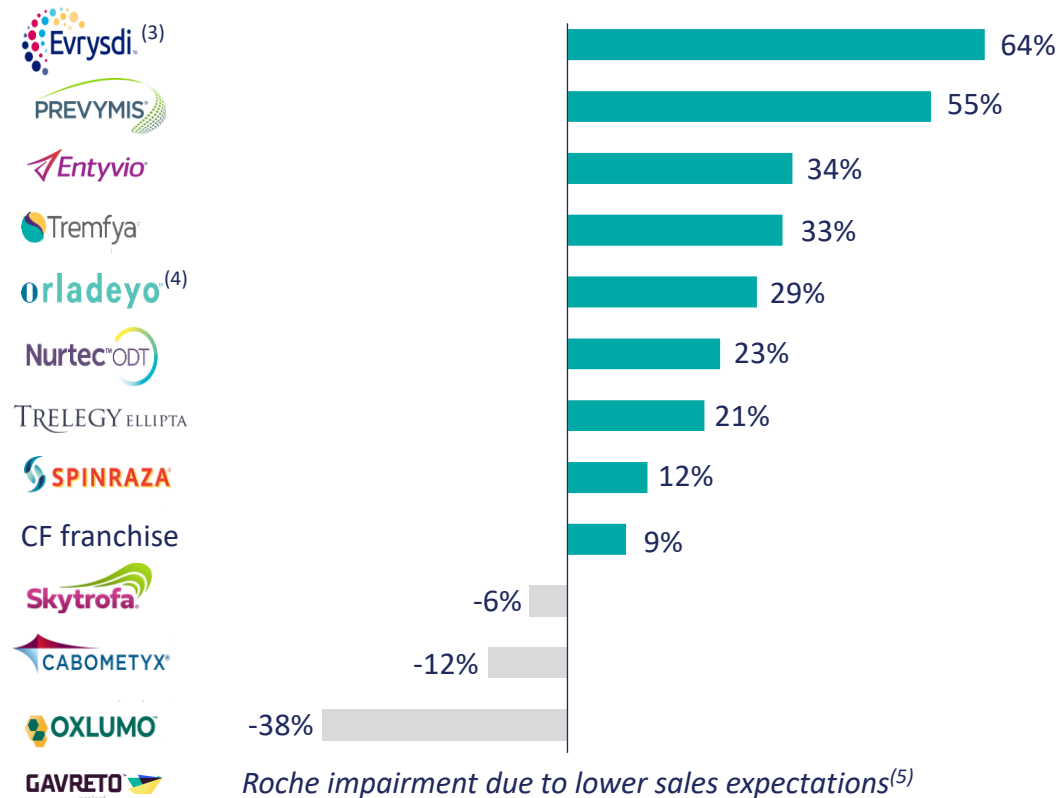
Leverage benefit to target returns



Expect to consistently deliver attractive returns above cost of capital regardless of interest rate environment

Strong early performance of recent transactions⁽¹⁾

Percent change in 2025 consensus sales⁽²⁾ since acquisition (Transactions since 2020; approved therapies)



Development-stage therapies (Transactions since 2020; select past events)

	Therapy	Indication	Event	Status
Clinical	aficamten	oHCM	Phase 3 results	☑
	pelabresib	Myelofibrosis	Phase 3 results	☑
	Tremfya	Ulcerative colitis	Phase 3 results	☑
	trontinemab	Alzheimer's disease	Phase 1b/2a data	☑
	gantenerumab	Alzheimer's disease	Phase 3 results	☒
	otilimab	Rheumatoid arthritis	Phase 3 results	☒
	BCX10013	PNH	PoC study	☐
Regulatory	KarXT	Schizophrenia	NDA acceptance	☑
	Zavzpret	Migraine	NDA approval	☑
	Airsupra	Asthma	NDA approval	☑
	Evrysdi	SMA	NDA approval	☑

oHCM: obstructive hypertrophic cardiomyopathy; PNH: paroxysmal nocturnal hemoglobinuria; SMA: Spinal muscular atrophy; NDA: New Drug Application; PoC: Proof of Concept.

1. Recent transactions include transactions since 2020.

2. Consensus sales sourced from Visible Alpha as of January 2024 and includes therapies with consensus available at the time of the deal and now.

3. Change in Evrysdi consensus sales is from date of initial PTC transaction (July 20, 2020).

4. Change in Orladeyo consensus sales is from date of initial BioCryst transaction (December 7, 2020).

5. Roche Finance Report 2022, February 2, 2023.

Positive recent events across development-stage portfolio



Obstructive HCM
Positive Phase 3 results⁽¹⁾

December 2023



Schizophrenia
Acquired by BMS for ~\$13bn⁽²⁾

December 2023

Johnson & Johnson



MDD with insomnia symptoms
\$1-5bn in peak sales potential⁽³⁾

December 2023

Morphosys



Myelofibrosis
Positive Phase 3 results⁽⁴⁾

November 2023



Alzheimer's disease
Positive early results presented at CTAD⁽⁵⁾

October 2023

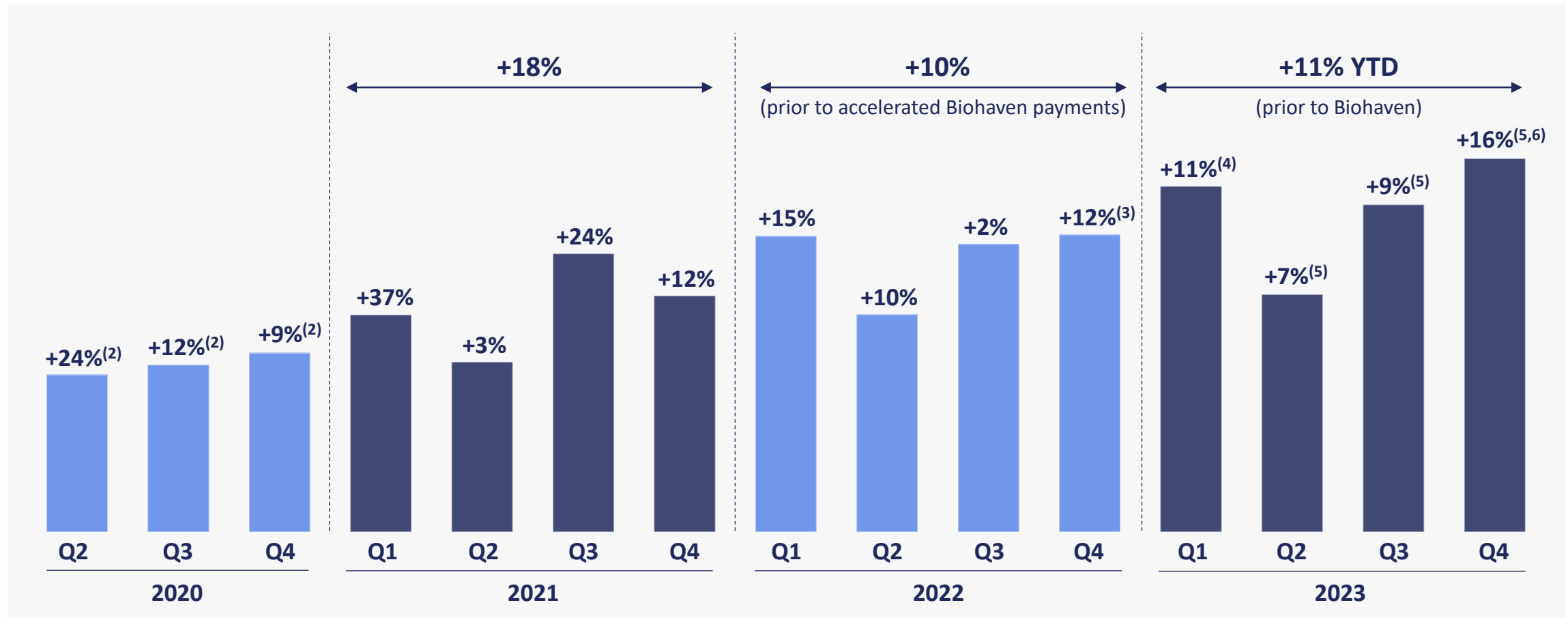


Acute migraine
FDA approval⁽⁶⁾

March 2023

Impressive track-record of strong growth since IPO

Portfolio Receipts⁽¹⁾
(year/year growth)



1. See slide 20 for definitions.

2. On pro forma basis. See slide 20 for definition and additional information.

3. Growth of 12% is prior to the \$458m accelerated Biohaven redemption payment received in Q4 2022.

4. Growth of 11% is prior to the \$475m Zavzpret milestone payment received in Q1 2023 and \$13m Series A Biohaven Preferred Shares redemption payment received in Q1 2022.

5. Growth is prior to the \$13m Series A Biohaven Preferred Shares redemption payment received in each of the respective year ago quarters.

6. Growth is prior to the \$50m oral zavegepant payment received in Q4 2023 and prior to the \$458m accelerated Biohaven redemption payment received in Q4 2022.

New royalties diversifying portfolio, driving double-digit growth

Robust transaction activity since the beginning of 2020

~\$13bn

total announced value

34

unique therapies

17

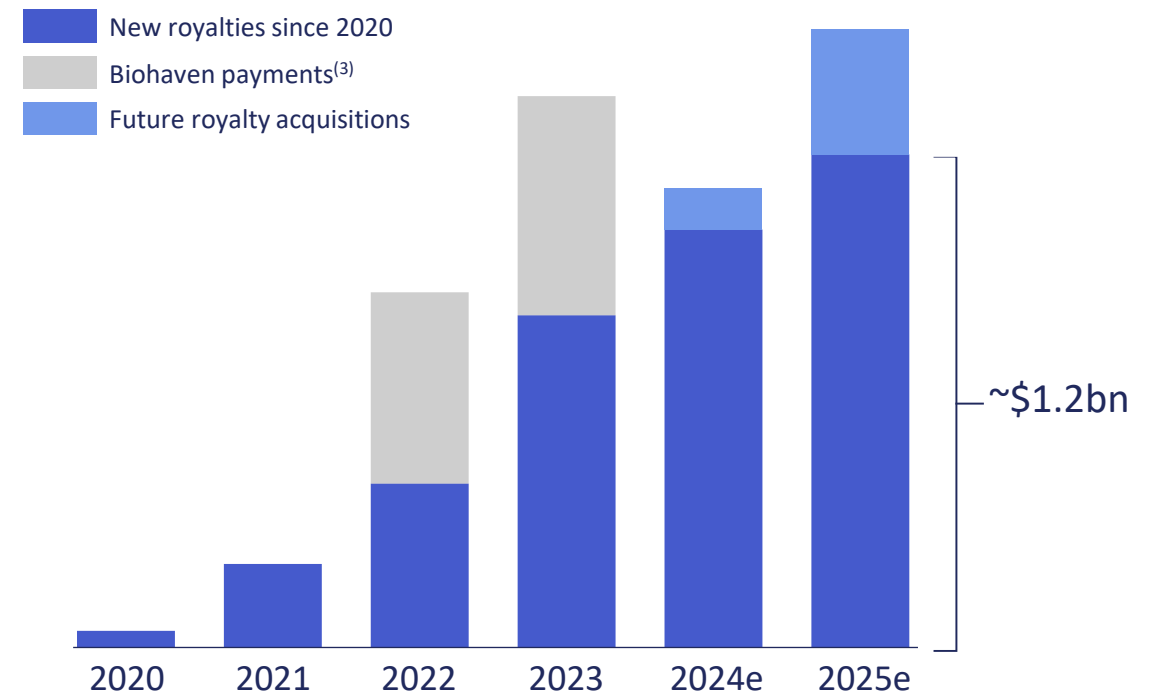
potential blockbusters⁽²⁾

64%

approved at acquisition⁽¹⁾

Capital deployment activity has exceeded initial expectations in quality, scale and diversity of royalties acquired

New royalties to add ~\$1.2bn in Portfolio Receipts in 2025⁽²⁾



Simple business model drives compounding growth



Capital deployment

\$10-\$12 billion expected capital deployment, 2022-2026

~\$13 billion announced value of transactions since 2020

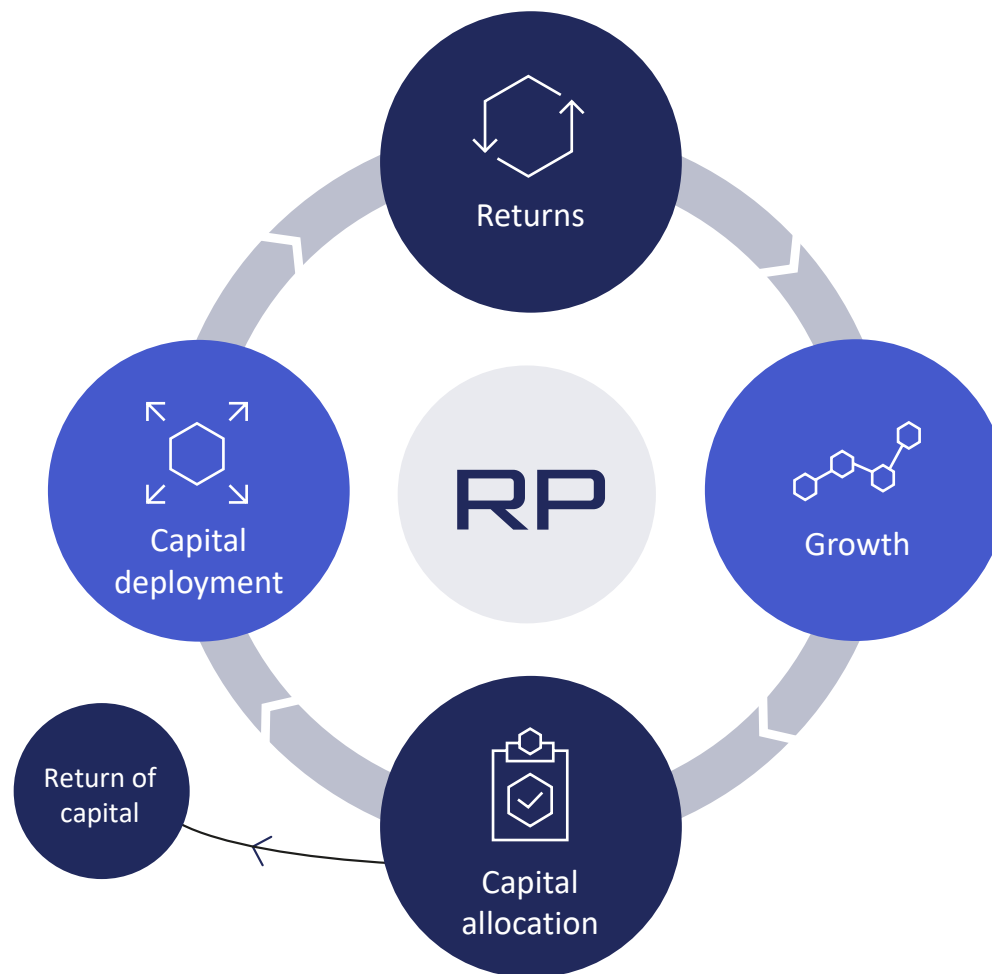


Return of capital

~3% annual dividend yield

~\$305m share repurchases

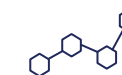
4.7% total return of capital



Returns

Consistent attractive returns meaningfully above cost of capital

>80% of investments above cost of capital from 2012-2023



Growth

11-14% Portfolio Receipts CAGR, 2020-2025

10% or more Portfolio Receipts CAGR, 2020-2030

Diversified portfolio of >45 royalties

A unique way to invest in biopharma

↑ Maximizing

- Exposure to transformative therapies
- Revenue and profit diversification
- Therapeutic area breadth
- Long weighted average portfolio duration
- Consistent and sustainable growth
- Management team continuity
- Shareholder alignment
- Opportunity - entire R&D ecosystem is our pipeline

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↓ Minimizing

- Early-stage development risk
- R&D and SG&A cost base
- Therapeutic area bias
- Highly competitive business development
- Late-stage clinical binary risk

Footnotes

- (1) To aid in comparability, growth in 2020 is calculated based on pro forma 2019 results, which adjusts certain cash flow line items as if Royalty Pharma's Reorganization Transactions (as described in the Company's final prospectus filed with the SEC on June 17, 2020 ("Prospectus")) and its initial public offering ("IPO") had taken place on January 1, 2019. The most significant difference between the pro forma and reported figures is the new non-controlling interests that resulted from the Reorganization Transactions. The new contractual non-controlling interests arose in the Reorganization Transactions that results in a higher distribution to non-controlling interests on a pro forma basis as compared to prior historical periods. Less material differences also arise in Royalty receipts for other products as well as *Payments for operating and professional costs*, *Interest paid*, net and in the payments associated with our former interest rate swap contracts.
- (2) Portfolio Receipts represents our ability to generate cash from our portfolio investments, the primary source of capital that we can deploy to make new portfolio investments. Portfolio Receipts is defined as the sum of Royalty Receipts and Milestones and Other Contractual Receipts. Royalty Receipts include variable payments based on sales of products, net of contractual payments to the legacy non-controlling interests, that is attributed to Royalty Pharma. Milestones and Other Contractual Receipts include sales-based or regulatory milestones payments and other fixed contractual receipts, net of contractual payments to the legacy non-controlling interests, that is attributed to Royalty Pharma. Portfolio Receipts does not include proceeds from equity securities or proceeds from purchases and sales of marketable securities, both of which are not central to our fundamental business strategy.

Portfolio Receipts is calculated as the sum of the following line items from our GAAP consolidated statements of cash flows: *Cash collections from financial royalty assets*, *Cash collections from intangible royalty assets*, *Other royalty cash collections*, *Proceeds from available for sale debt securities* and *Distributions from equity method investees* less *Distributions to legacy non-controlling interests - Portfolio Receipts*, which represent contractual distributions of royalty receipts and proceeds from available for sale debt securities to the Legacy Investors Partnerships and RPSFT.

Long-term Outlook footnote

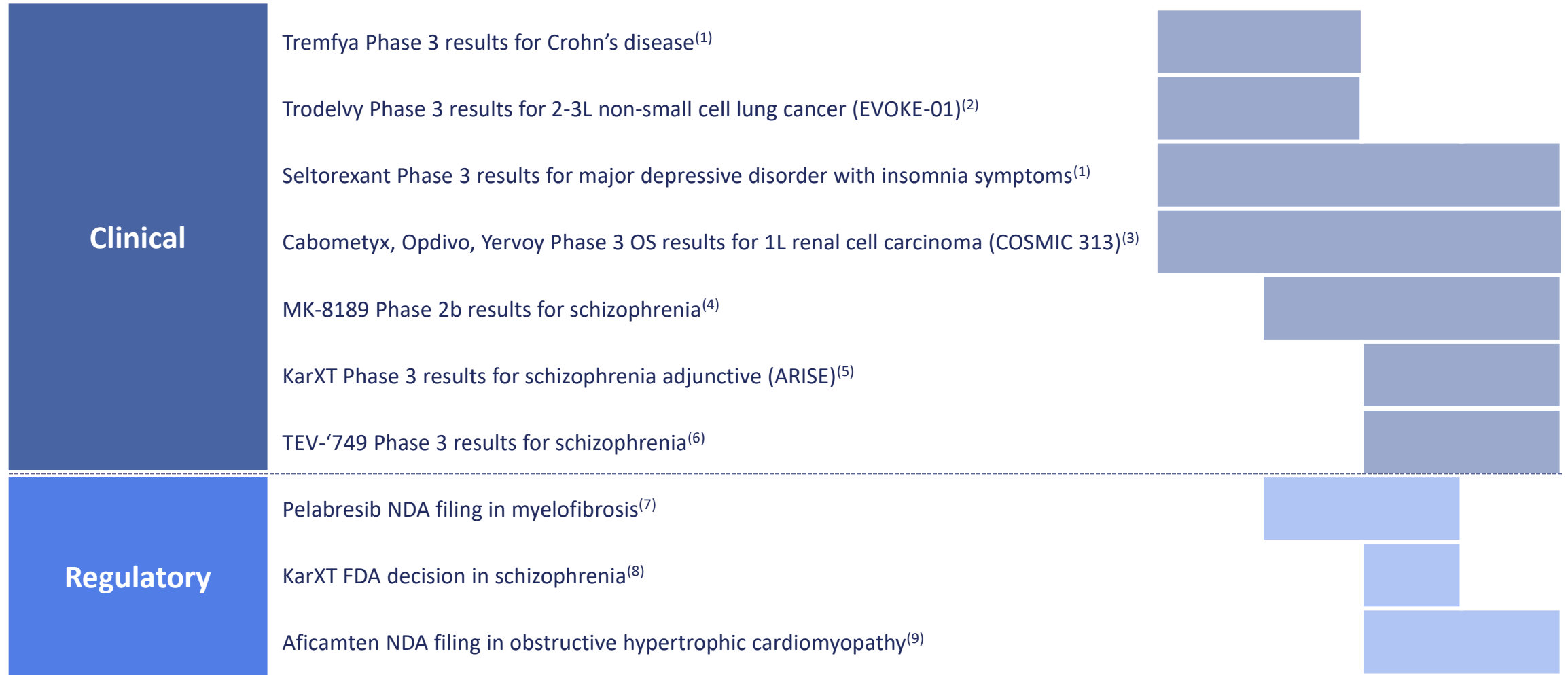
- (3) Royalty Pharma's long-term outlook is based on its most up-to-date view on its prospects as of May 17, 2022. This long-term outlook assumes no major unforeseen adverse events subsequent to the date of this presentation. Growth outlook includes future royalty acquisitions. Furthermore, Royalty Pharma may amend its long-term outlook in the event it engages in new royalty transactions. See the information on slide 3 "Forward Looking Statements" for factors that may impact the long-term outlook.

Appendix

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Important milestones expected in 2024

Select expected upcoming events



OS: overall survival; NDA: New Drug Application; FDA: Food & Drug Administration; EC: European Commission

1. Johnson & Johnson 2023 Enterprise Business Review conference call, December 5, 2023. 2. Jefferies London Healthcare Conference, November 15, 2023. 3. Exelixis Q3 conference call, November 1, 2023. 4. www.clinicaltrials.gov. 5. Karuna Q3 earnings press release, November 2, 2023. 6. Teva press release, November 13, 2023. 7. MorphoSys press release, November 20, 2023. 8. Karuna press release, November 29, 2023. 9. Cytokinetics topline results from SEQUOIA-HCM conference call, December 27, 2023.