

**ROYALTY PHARMA**

# **Corporate Presentation**

**January 2024**

# Forward looking statements & non-GAAP financial information

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Also, this presentation will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information regarding non-GAAP financial measures can be found in the Appendix. Any non-U.S. GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies.

# 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

# Royalty Pharma: A unique way to invest in biopharma

(Nasdaq: RPRX)

## Market leader and pioneer

## Compounding growth through value creation

**27**  
years of compounding value

**60%**  
share of pharmaceutical  
royalty market<sup>(1)</sup>

**10%+**  
top-line CAGR expected  
over this decade<sup>(2)</sup>

**Low-teens**  
% average unlevered IRR over  
multiple decades, high-teens or  
better with conservative leverage<sup>(3)</sup>

## Long duration, diversified portfolio

## Significant funding opportunity

**~13**  
year portfolio duration with  
track record of growing through  
royalty expirations

**15**  
blockbusters (>\$1bn in  
annual sales) in portfolio<sup>(4)</sup>

**>\$1 trillion**  
capital required for biopharma  
innovation over next decade

**\$10-12 billion**  
RP expected capital deployment  
from 2022-2026; path to double  
this longer term<sup>(5)</sup>

## Strong track record

## Efficient business model

**History**  
of identifying most  
transformative products

**~13%**  
top-line CAGR achieved  
between 2010-2020

**~7-8%**  
cost of capital even with  
higher rates

**\$2.8 billion**  
2022 top line; 92% Adjusted EBITDA  
margins, providing consistent and  
growing cash flow to be redeployed

“Top-line” refers to Royalty Pharma’s Portfolio Receipts  
1. Royalty Pharma market share from 2012–2023; internal estimates of biopharma royalty market based on announced transactions. 2. Royalty Pharma top-line CAGR includes future investments. Royalty Pharma’s growth target provided at May 2022 Investor Day. See slide 60 for additional details. 3. Returns reflect a combination of actual results and estimated projected returns for investments based on analyst consensus sales projections (where applicable). IRR (or returns) are calculated using total cash outflows and total cash inflows, in each case including royalties, milestones and other cash flows. See slide 60 for additional details. 4. Based on 2022 end market sales and excludes products tied to recently expired royalties. 5. Royalty Pharma’s capital deployment target provided at Investor Day. See slide 60 for additional details.

# Deep network across the biopharma ecosystem

Leading provider of funding solutions for life sciences innovation



# Clear strategic plan to drive robust and value-enhancing growth

1

## Existing royalties

Acquire existing royalties on market-leading or late-stage development therapies with high commercial potential

2

## Synthetic royalties / R&D funding

Acquire newly-created royalties on approved or late-stage development therapies with strong proof of concept and high commercial potential

3

## Launch & development capital<sup>(1)</sup>

Additional funding in exchange for long-term payment streams

4

## M&A related

Acquire royalties by facilitating M&A transactions

5

## Adjacencies

Leverage team's capabilities in business adjacencies

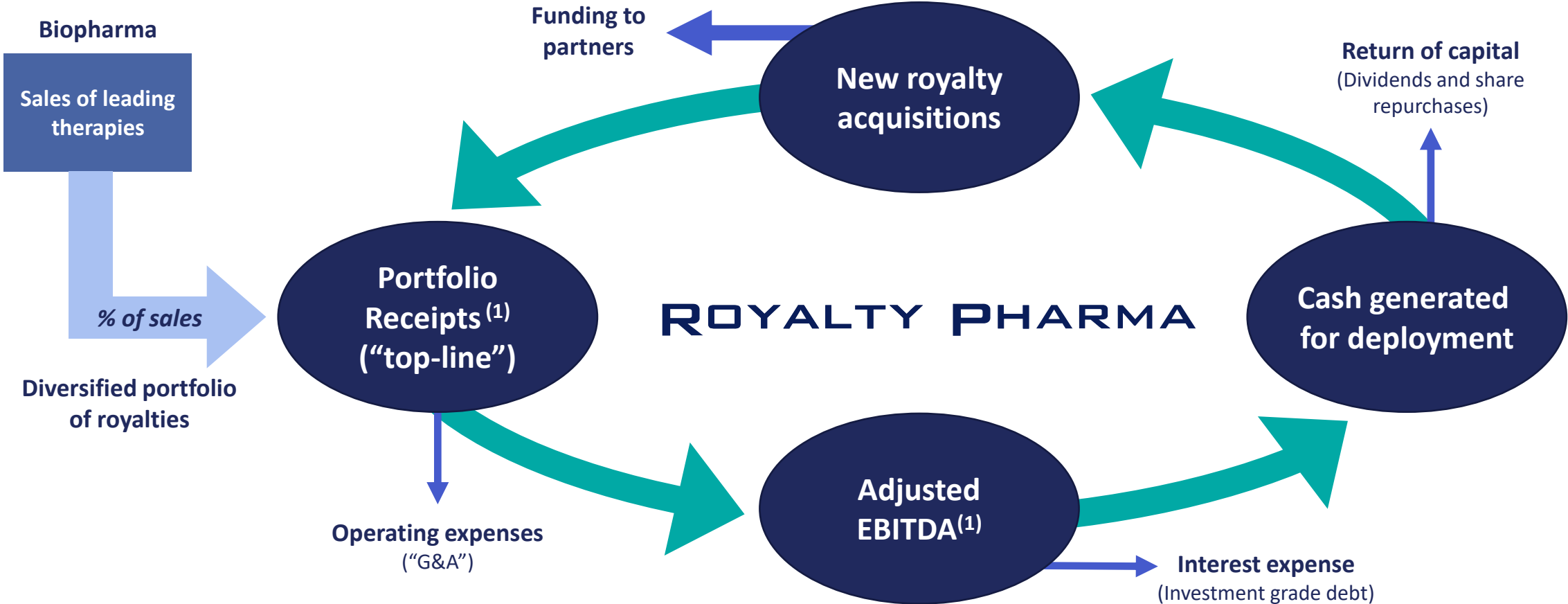
# Advancing our partners' core mission with win-win solutions

Structure	Potential benefits to partner
Existing royalties	<ul style="list-style-type: none"> <li>• Diversification of asset portfolio</li> <li>• Non-dilutive funding for business growth and investment</li> <li>• Upfront capital today in exchange for a long-dated stream of payments</li> </ul>
Synthetic royalties	<ul style="list-style-type: none"> <li>• Funding for completion of development and commercialization of portfolio</li> <li>• Retain operational control of development programs</li> <li>• Lower cost of capital than issuing equity</li> </ul>
Launch & development capital	<ul style="list-style-type: none"> <li>• Launch funding offers flexible, patient, long-term alternative financing</li> <li>• Lower cost of capital than selling equity and less restrictive than debt</li> </ul>
M&A	<ul style="list-style-type: none"> <li>• Monetize non-strategic passive royalties to reduce net M&amp;A price</li> <li>• Capital provided through purchase of royalties and supplemental funding</li> </ul>





# Simple and efficient business model focused on cash flow

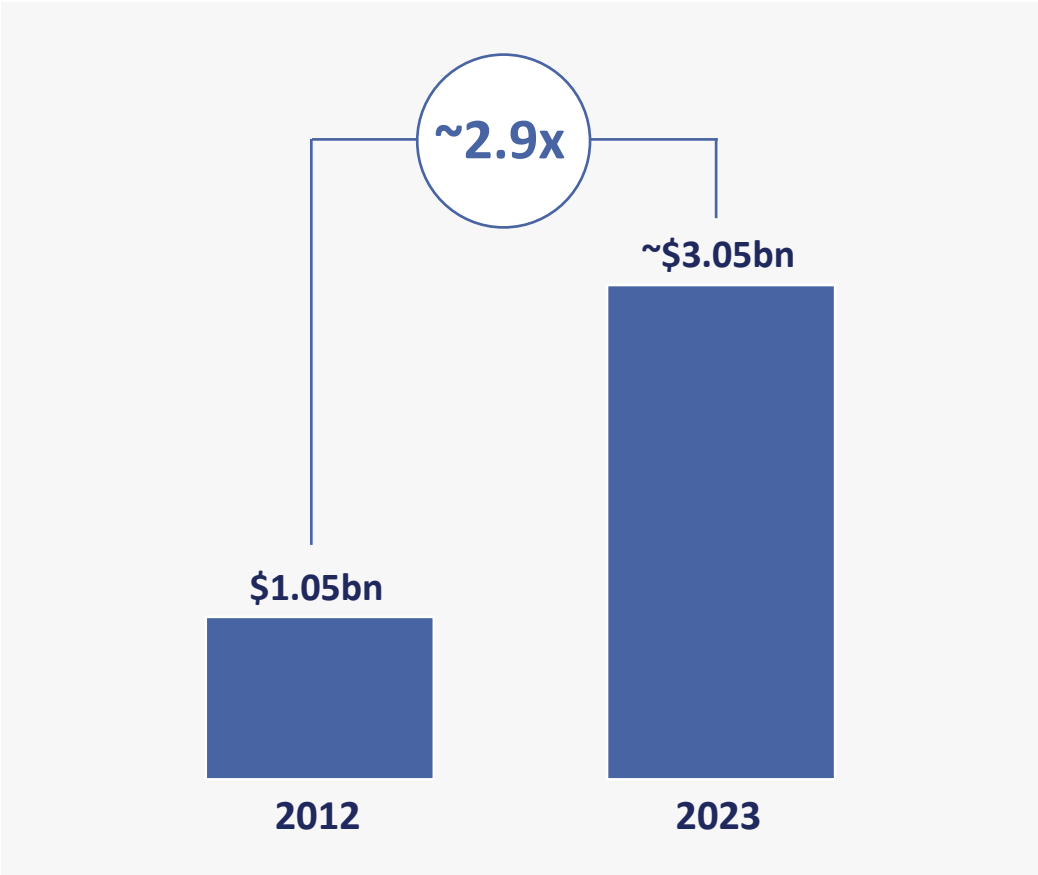


Large diversified royalty portfolio generates significant cash to redeploy in new royalties

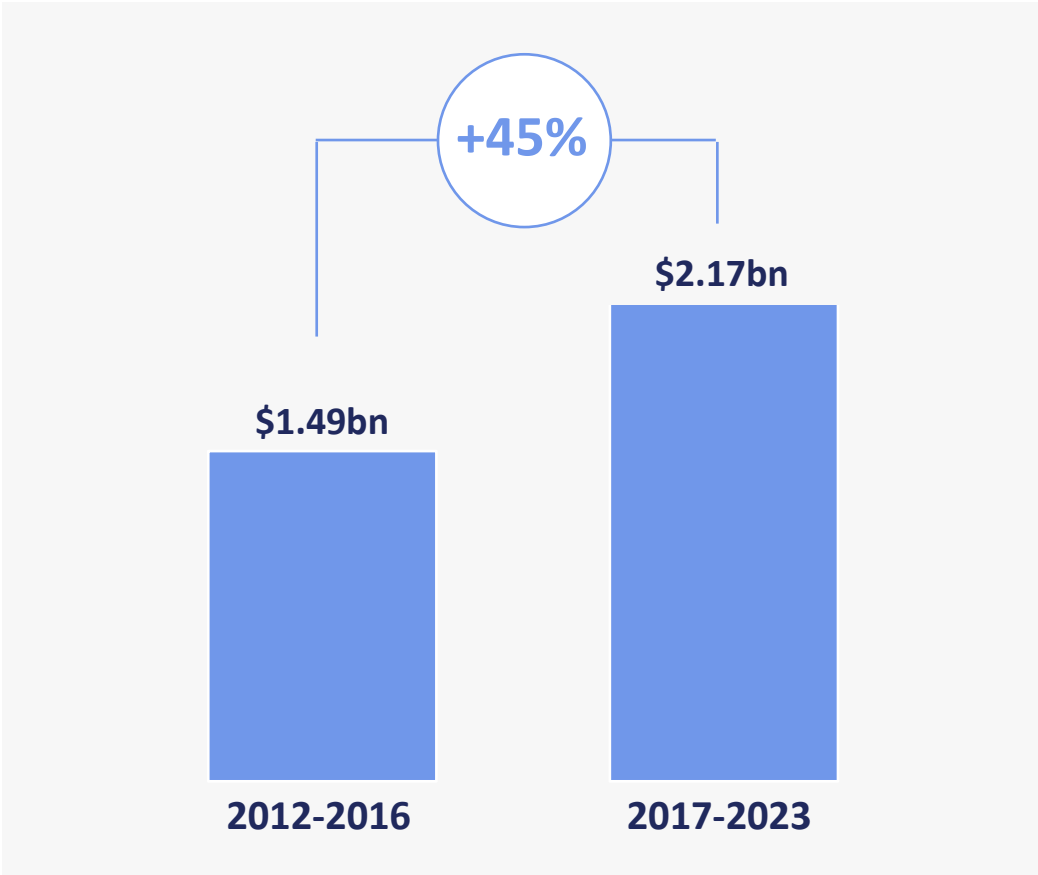
1. See slide 60 for definitions. Refer to the Appendix for a GAAP to non-GAAP reconciliation.

# Track record of delivering strong growth

Portfolio Receipts<sup>(1)</sup>

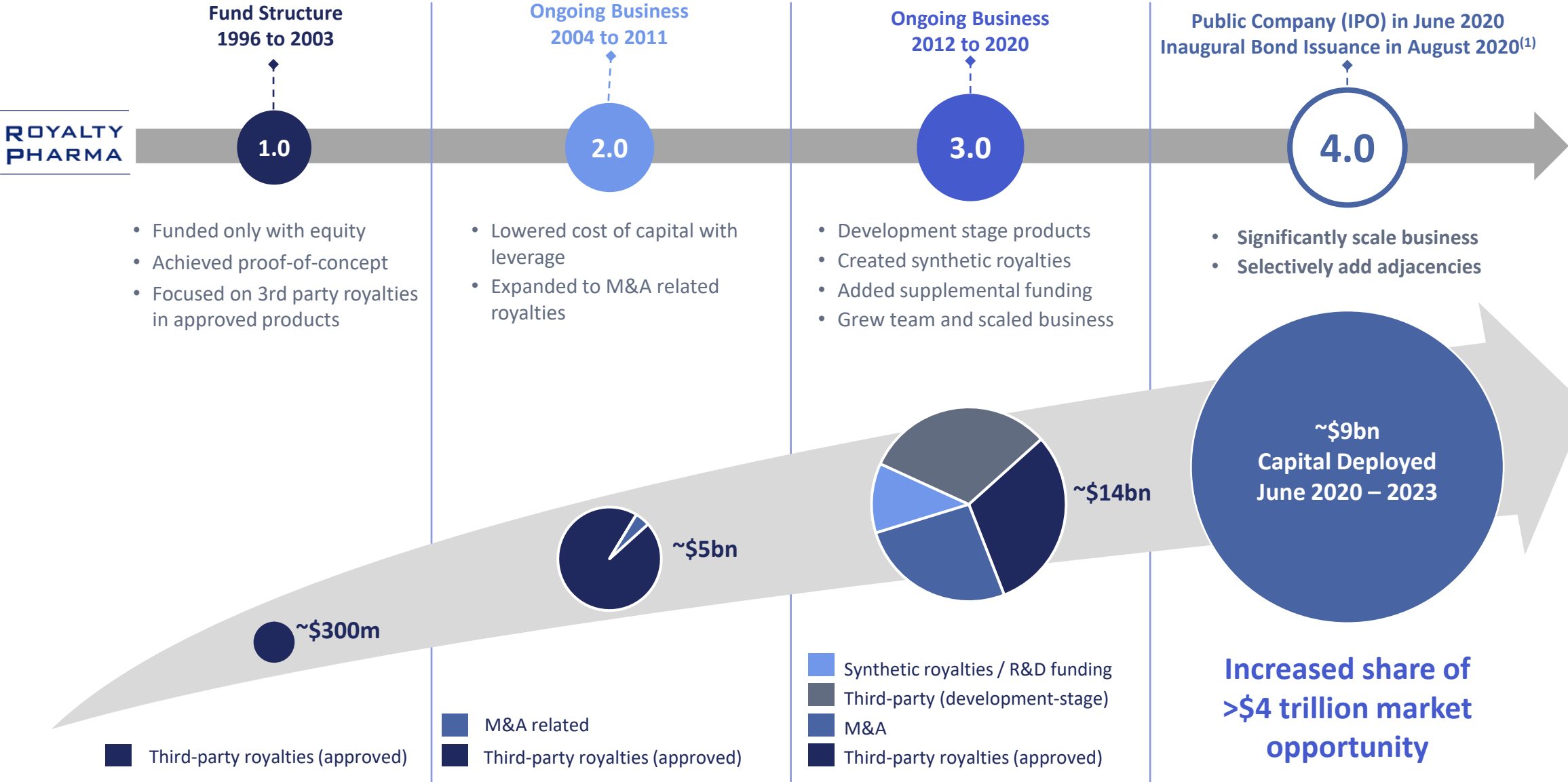


Capital deployed  
(annual average)







1. Portfolio Receipts for periods 2020 and earlier are pro forma for current non-controlling interests. See slide 60 for additional information.

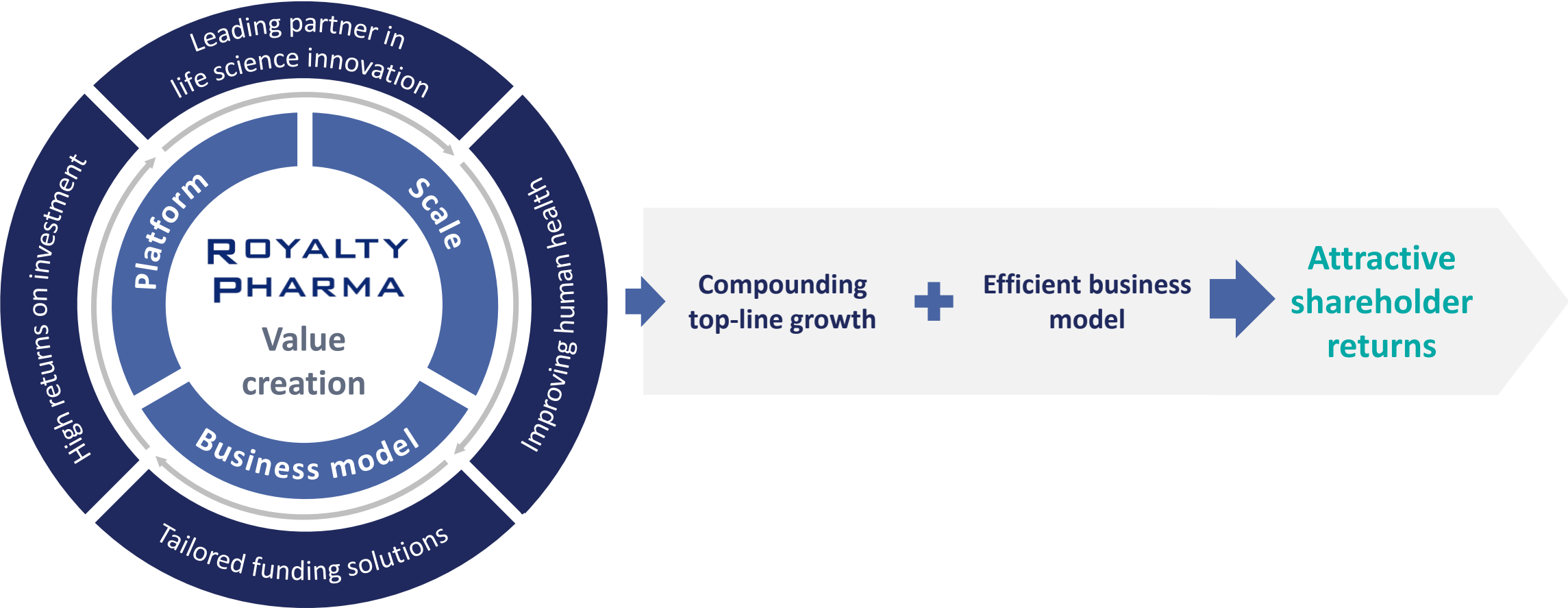
# Innovative business model supports biopharma ecosystem



# Strong competitive moat in biopharma royalty funding

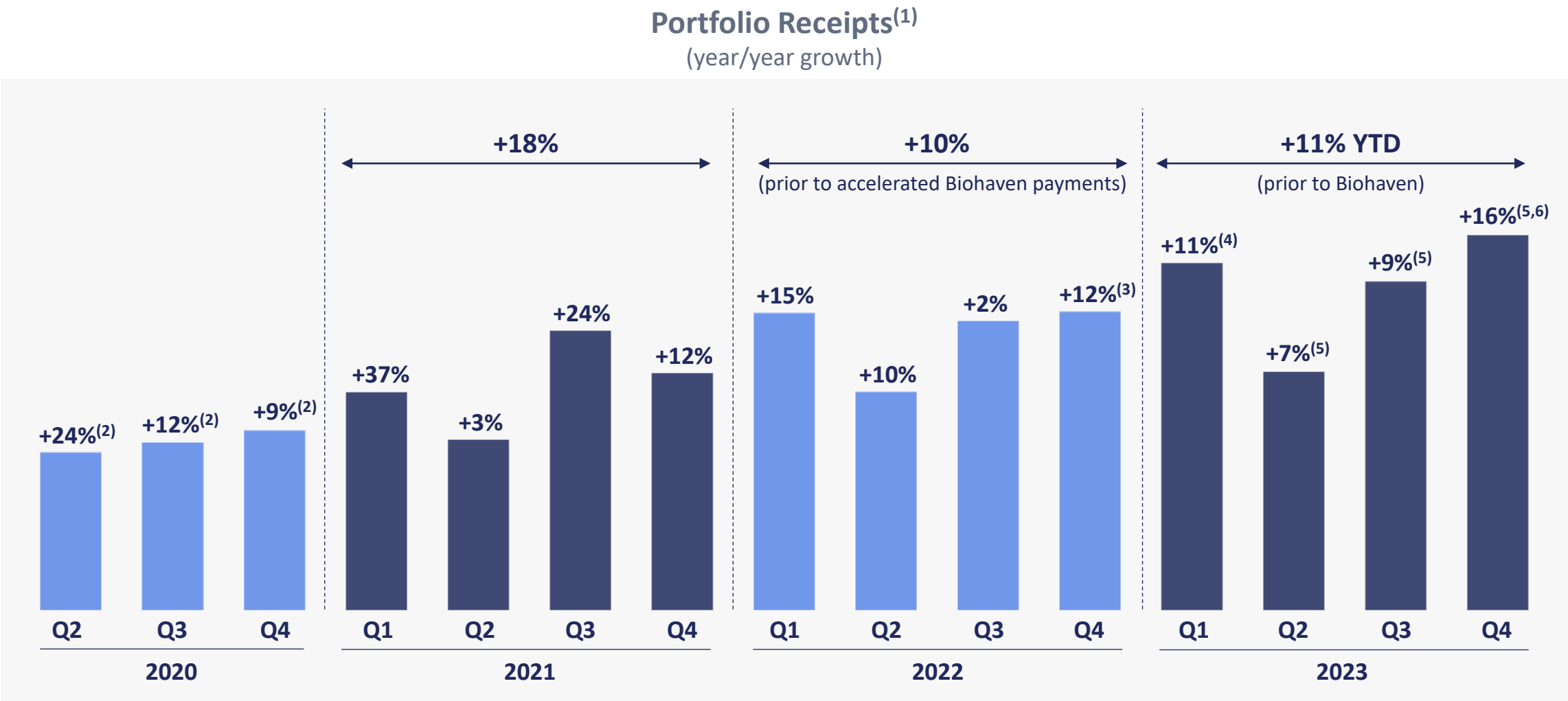
	 Business model	 Scale	 Platform
	<ul style="list-style-type: none"><li>Publicly traded company</li><li>Long royalty durations</li><li>~7-8% cost of capital</li><li>~2.5% cost of debt<sup>(1)</sup></li></ul>	<ul style="list-style-type: none"><li>Portfolio &gt;45 products</li><li>Large investment capacity</li><li>Deep capital markets access</li><li>Ability to leverage portfolio</li></ul>	<ul style="list-style-type: none"><li>Long-tenured team</li><li>Singular biopharma focus</li><li>Long collaboration history</li><li>Deep industry relationships</li><li>Partner of choice</li></ul>
Other Royalty Buyers	<ul style="list-style-type: none"><li>Serial fund structures</li><li>Often shorter royalty durations</li><li>High-single to double-digit cost of capital</li></ul>	<ul style="list-style-type: none"><li>Smaller, concentrated portfolios</li><li>Funded with significantly more expensive private debt and equity</li></ul>	<ul style="list-style-type: none"><li>Multi-strategy</li><li>New to industry</li></ul>

# Powerful engine for value creation and compounding growth



Consistently replenishing portfolio, powering long-term compounding growth

# Impressive track record of strong growth since IPO



1. See slide 60 for definitions.  
2. On pro forma basis. See slide 60 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.

# Significant accomplishments since IPO

		2020	2023	Increase	
Growth	Portfolio Receipts <sup>(1)</sup>	\$1.8bn	~\$2.53bn / ~3.05bn	~41% / 69%	↑
	2020-2025 PR CAGR outlook <sup>(2)</sup>	6-9%	11-14%	>65%	↑
Capital deployment	Announced deal value (prior 3 years)	\$3.7bn	\$10.5bn	~2.8x	↑
	5-year capital deployment target <sup>(3)</sup>	>\$7bn	\$10-12bn	>55%	↑
Portfolio	New therapies added (prior 3 years)	14	24	~71%	↑
	Development-stage therapies <sup>(4)</sup>	3	12	4x	↑
Platform	Full time employees <sup>(5)</sup>	35	89	>2.5x	↑
	In-depth opportunity reviews <sup>(6)</sup>	50	93	86%	↑

PR: Portfolio Receipts

1. See slide 60 for definitions. Portfolio Receipts of \$1.8 billion are for the period ended December 31, 2020; ~\$2.53 billion excludes a \$50 million payment related to oral zavegepant and the \$475 million Zavzpret milestone payment, and ~\$3.05 billion represents the expected total Portfolio Receipts to be reported for the period ended December 31, 2023.

2. The 2020-2025 Portfolio Receipts CAGR of 6-9% was provided on August 12, 2020. The 2020-2025 Portfolio Receipts CAGR of 11-14% was provided at May 17, 2022 Investor Day. The increase is calculated using the midpoint of each of the PR outlook ranges. See slide 60 for factors that may impact our outlook.

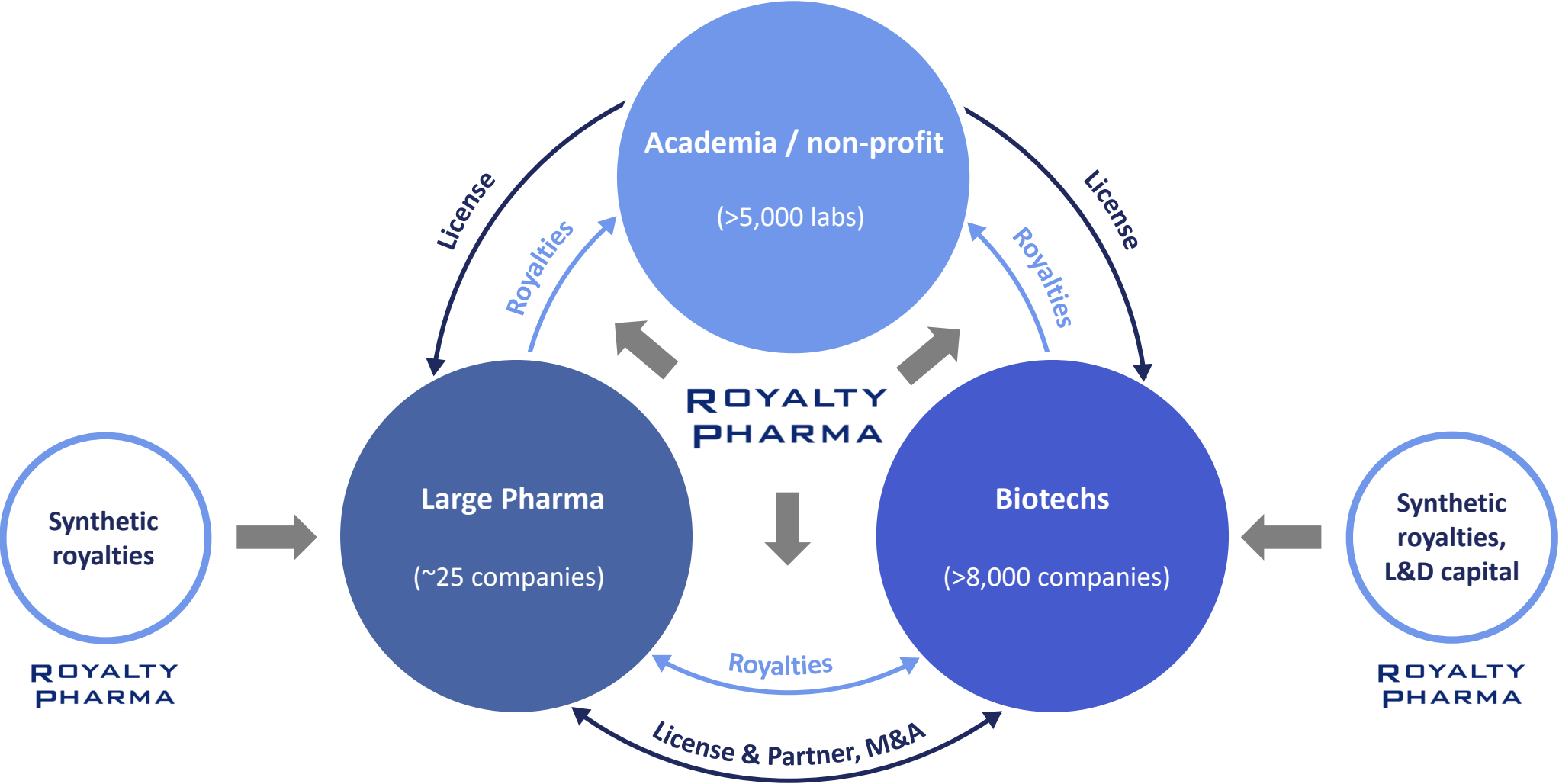
3. Capital deployment target of >\$7bn provided on August 12, 2020. Capital deployment target of \$10-12bn provided at May 17, 2022 Investor Day. See slide 60 for factors that may impact our capital deployment target. The increase is calculated using the midpoint of today's 5-year capital deployment target range.

4. Development-stage therapies for 2020 period is as of November 2020; development-stage therapies for the today period is as of December 2023.

5. Full time employees of our Manager for the 2020 period is as of December 31, 2019; full time employees of our Manager for the today period is as of December 2023.

6. In-depth opportunity reviews of 50 is for the period ended December 31, 2020 and 93 is for the period ended December 31, 2023.

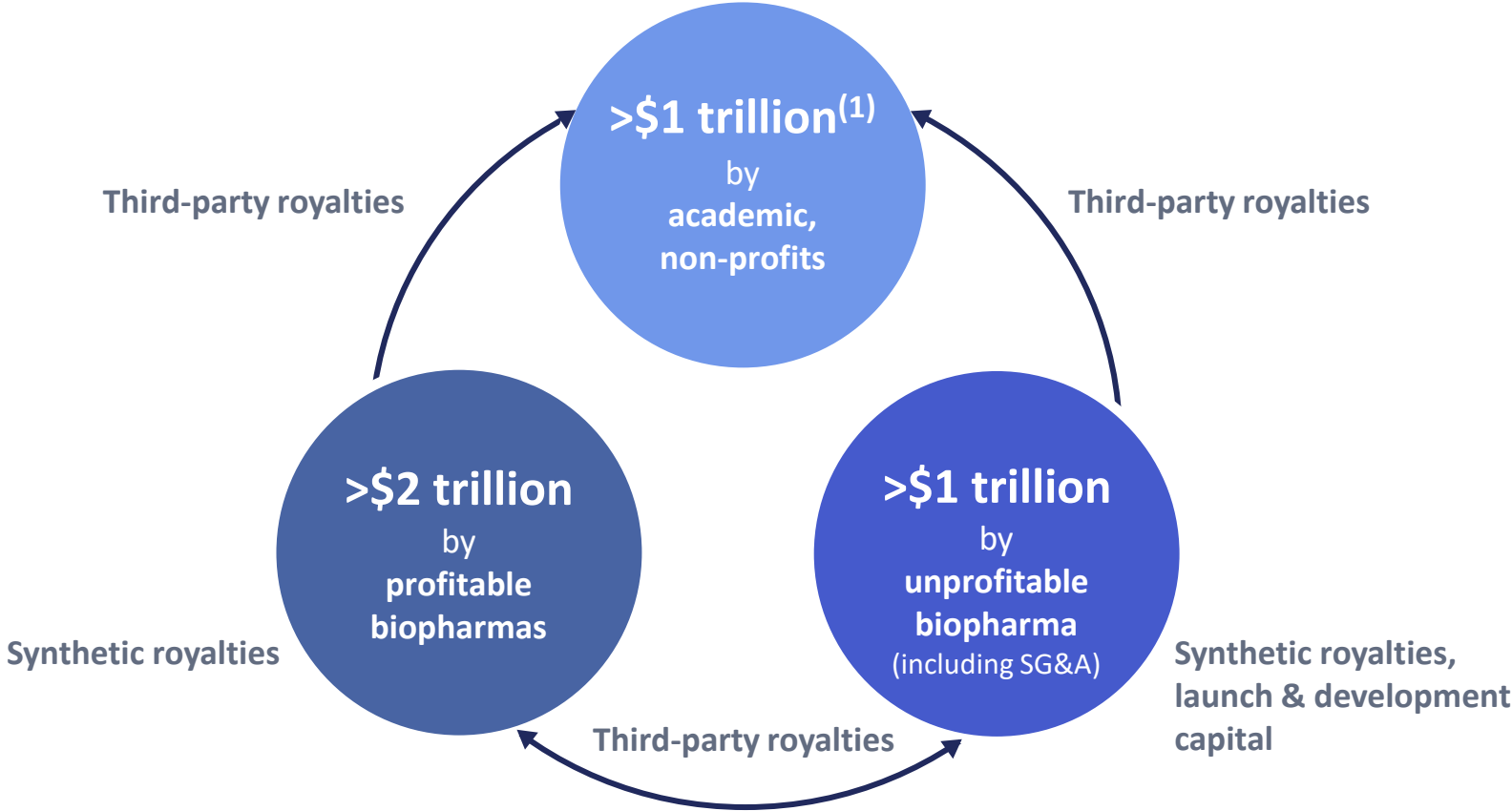
# Industry fragmentation and complexity drive royalty creation



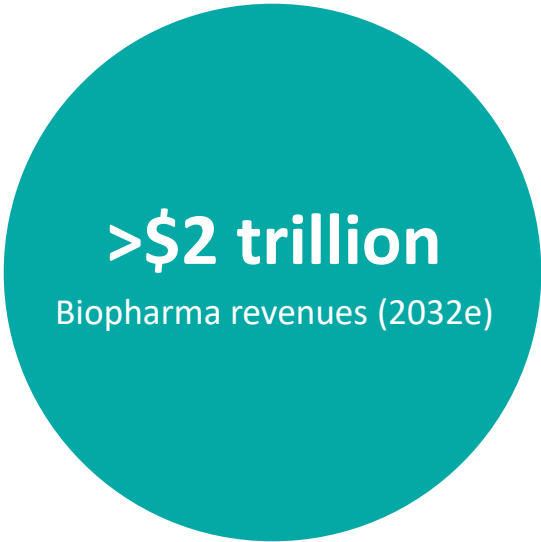


# Significant opportunity to fund biopharma innovation

Biopharma ecosystem cumulative R&D spend over next decade

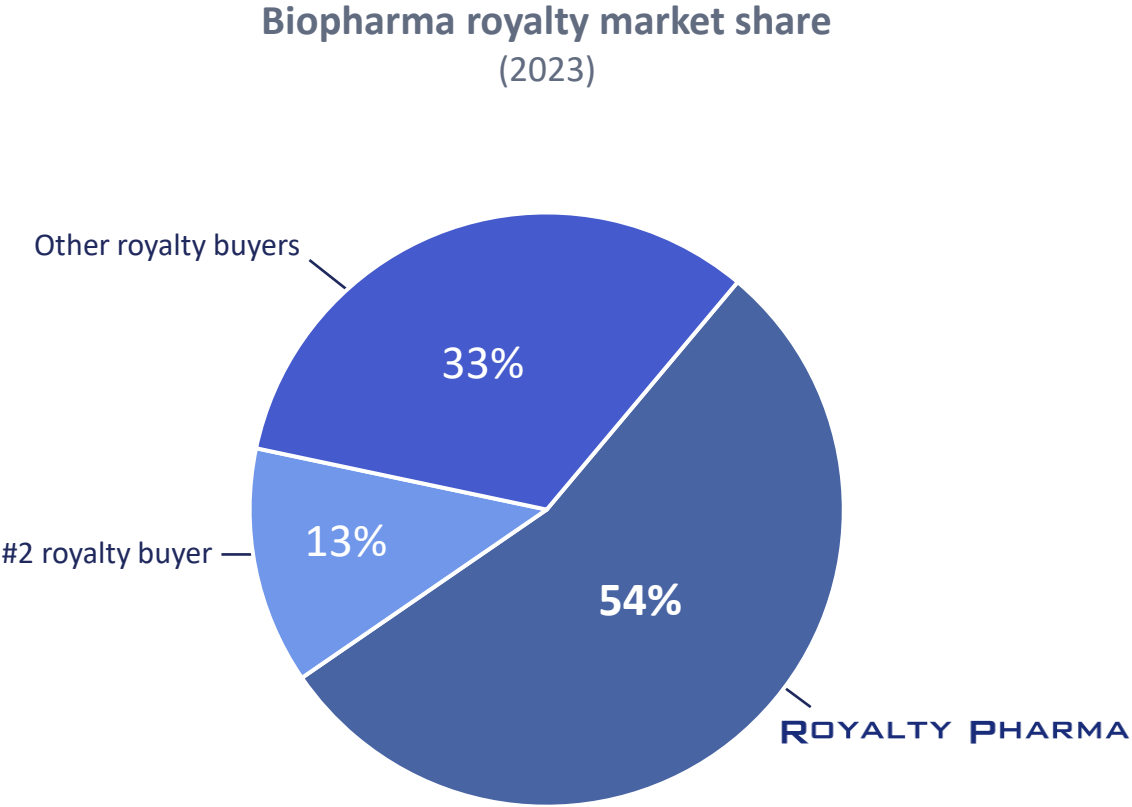
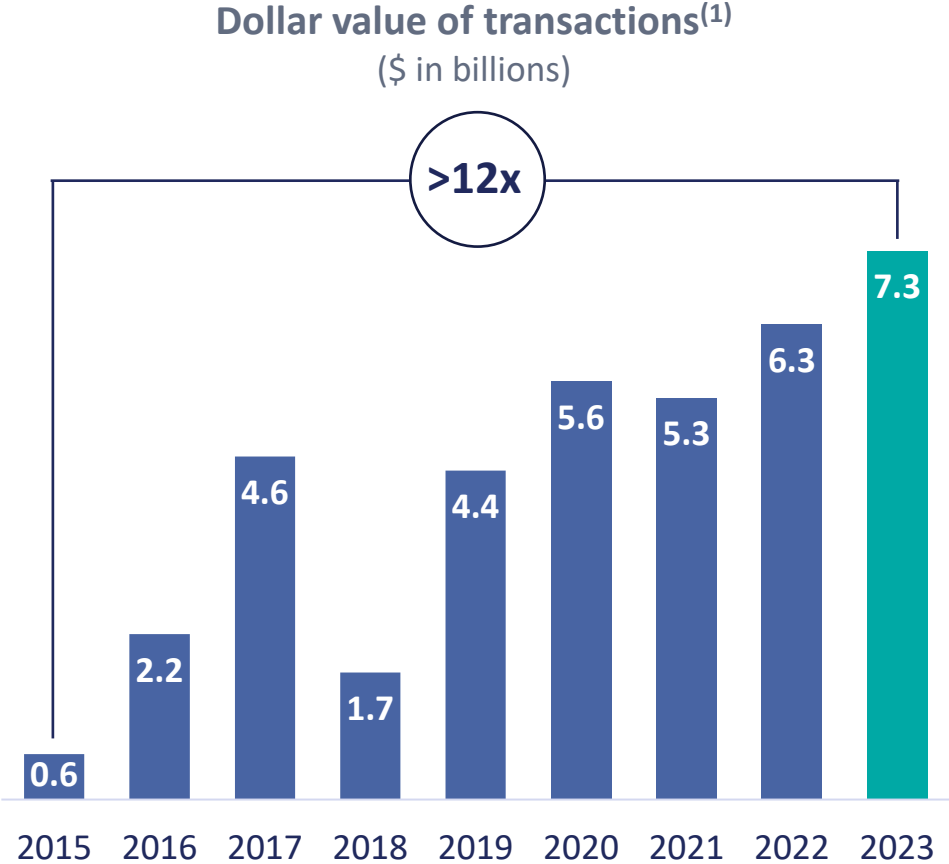


Global pharma market<sup>(2)</sup>



Entire biopharma ecosystem drives our pipeline

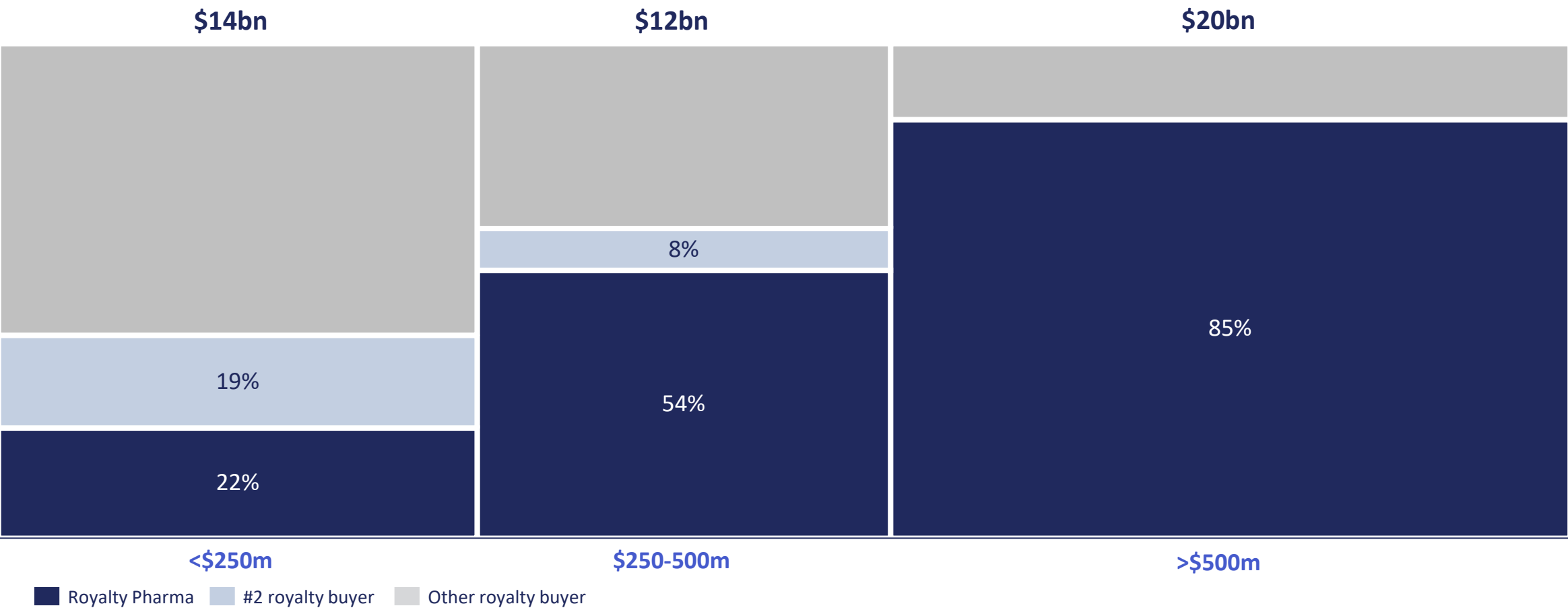
# Strong momentum for biopharma royalty funding market



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

# Royalty Pharma is the leader in royalty transactions

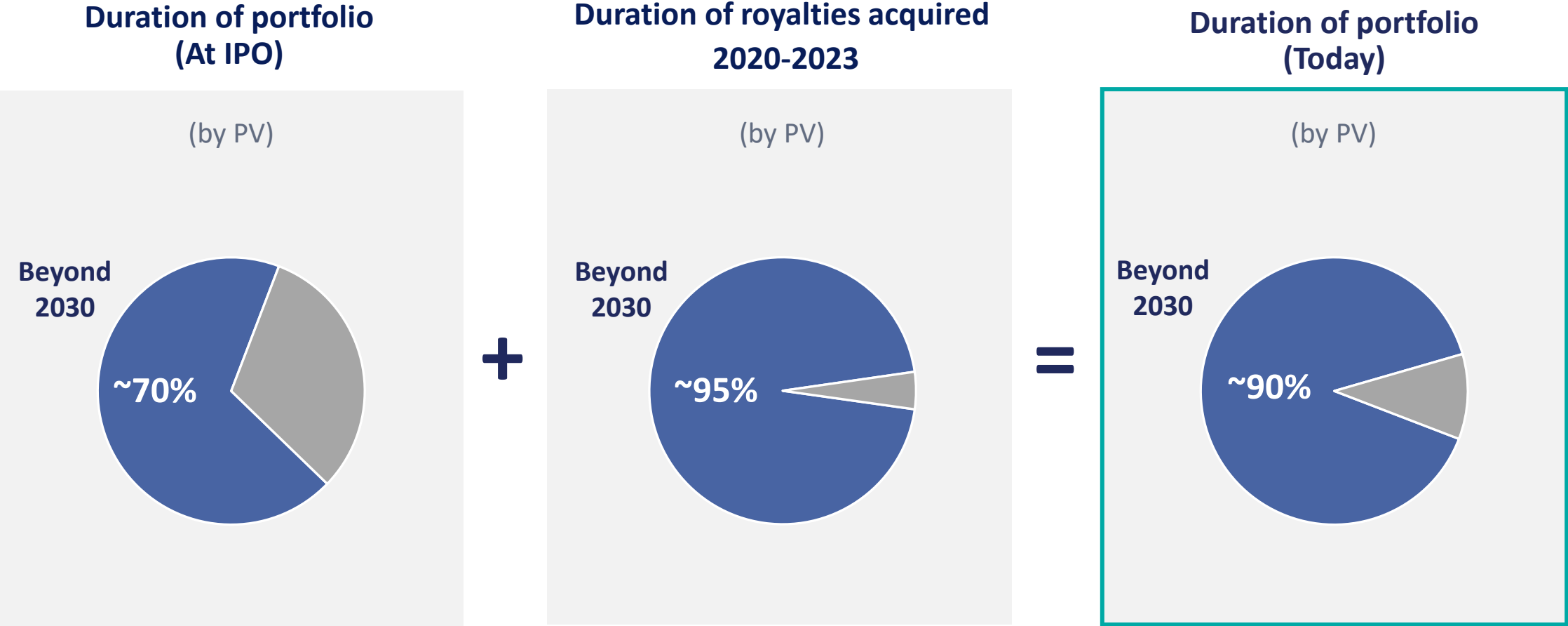
Biopharma royalty market size and share by transaction value, 2012-2023<sup>(1)</sup>



Royalty Pharma has maintained ~60% overall share since 2012 and is the go-to partner for larger transactions

1. Internal estimates of historical biopharma royalty market size based on announced transactions; size of blocks are relative to total announced value in each deal size range.

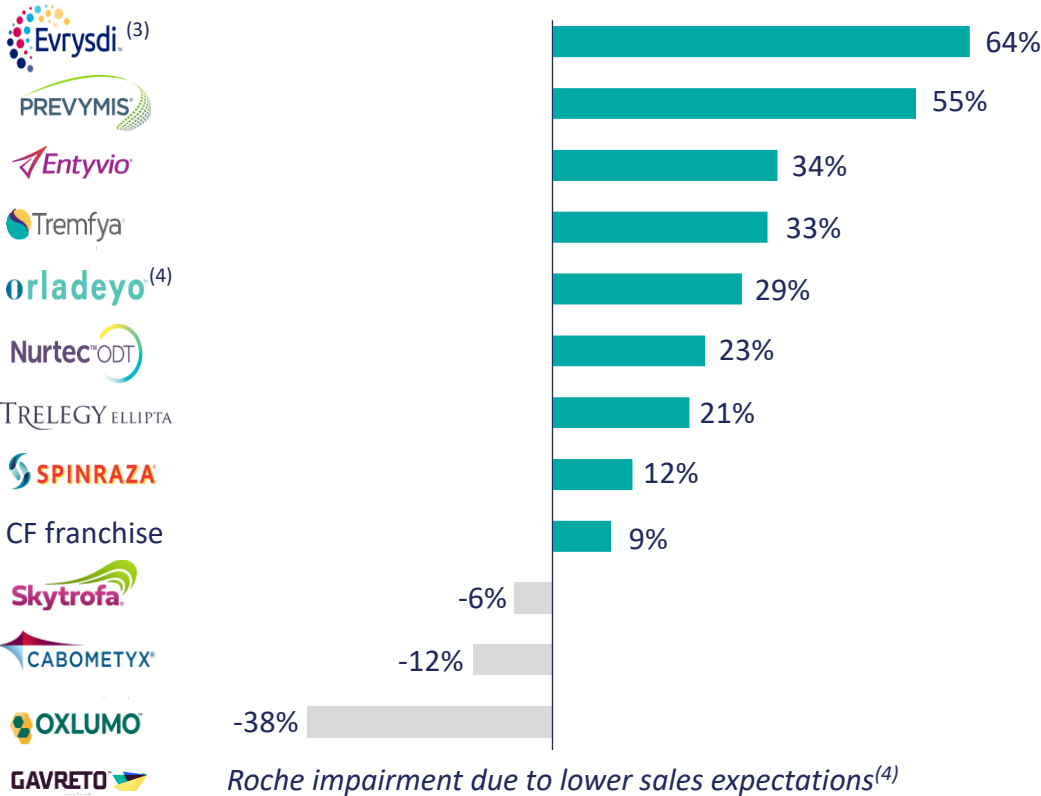
# Long duration portfolio consistently replenished



~13 year weighted average royalty portfolio duration

# Strong early performance of recent transactions<sup>(1)</sup>

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



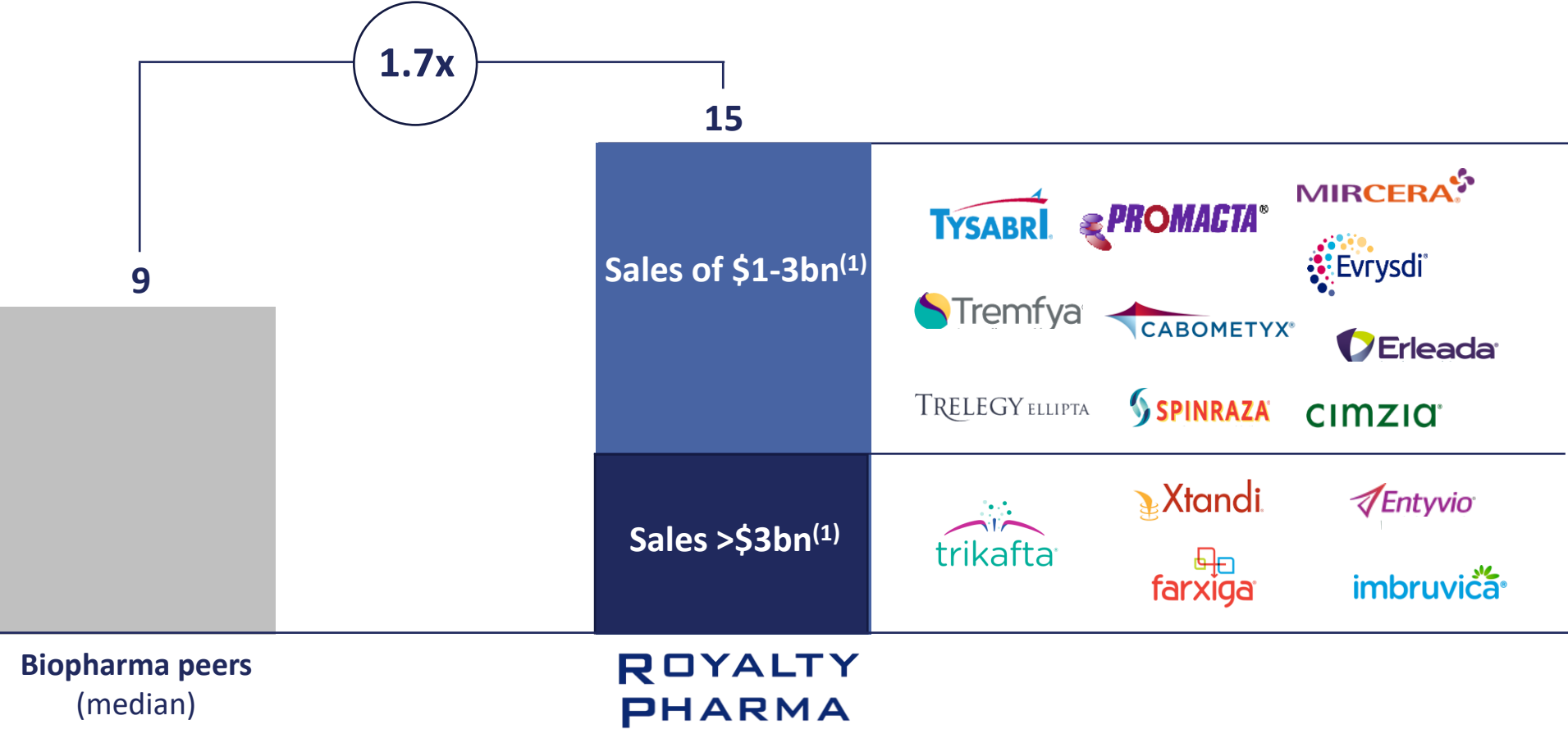
Development-stage therapies  
(Transactions since 2020; select past events)

	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.

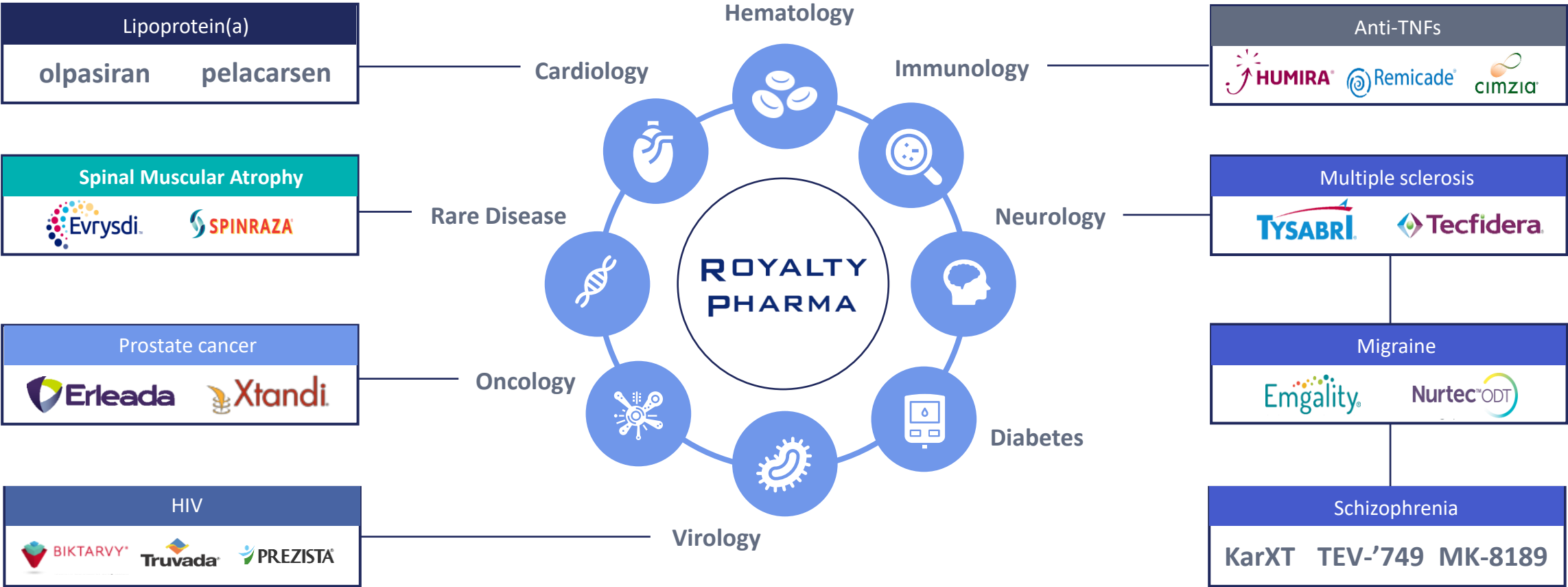
- 1. Recent transactions include transactions since 2020.
- 2. Consensus sales sourced from Visible Alpha as of January 2024 and includes therapies with consensus available at the time of the deal and now.
- 3. Change in Evrysdi consensus sales is from date of initial PTC transaction (July 20, 2020).
- 4. Change in Orladeyo consensus sales is from date of initial BioCryst transaction (December 7, 2020).
- 5. Roche Finance Report 2022, February 2, 2023.

# Industry leading exposure to blockbuster products



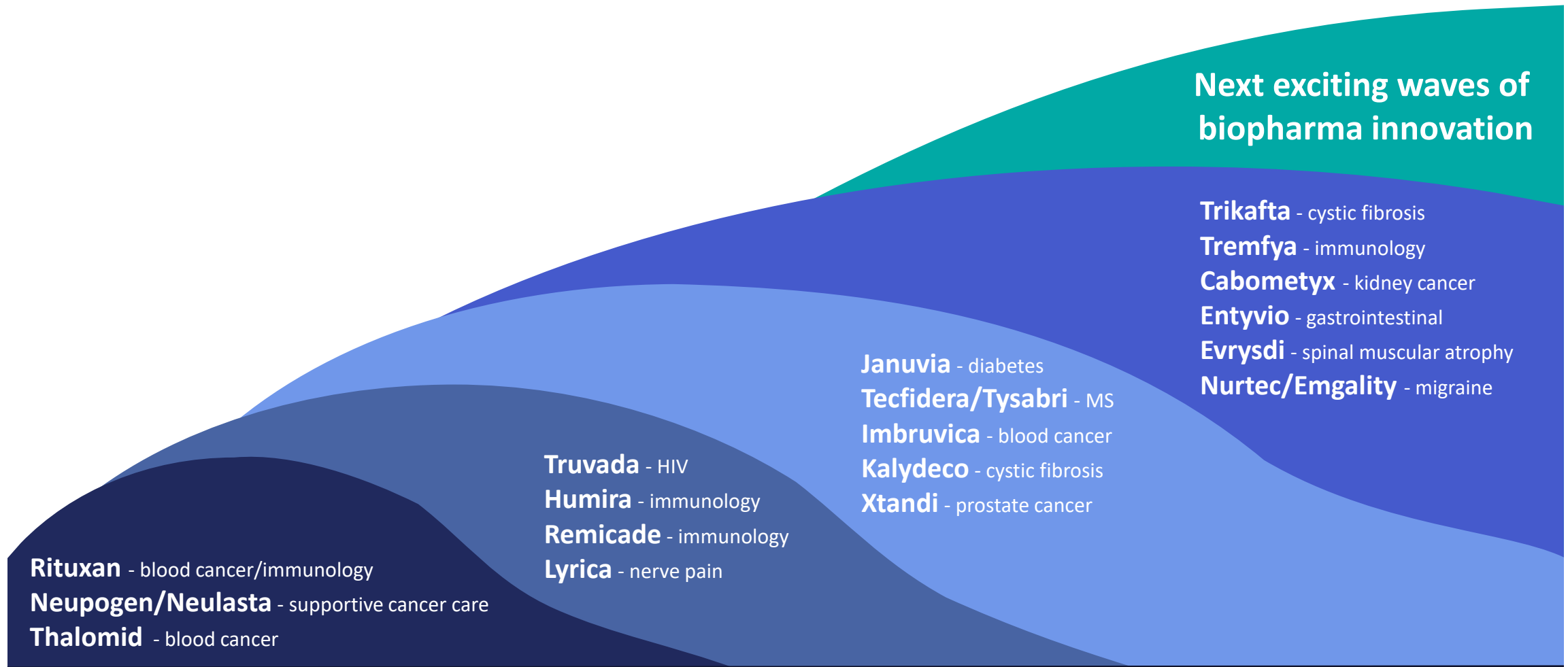
Portfolio includes premier products and franchises backed by strong support from marketers

# Unique ability to invest in multiple products in the same class



Portfolio agnostic to therapeutic area, modality and drug class

# Participating in most important waves of biopharma innovation





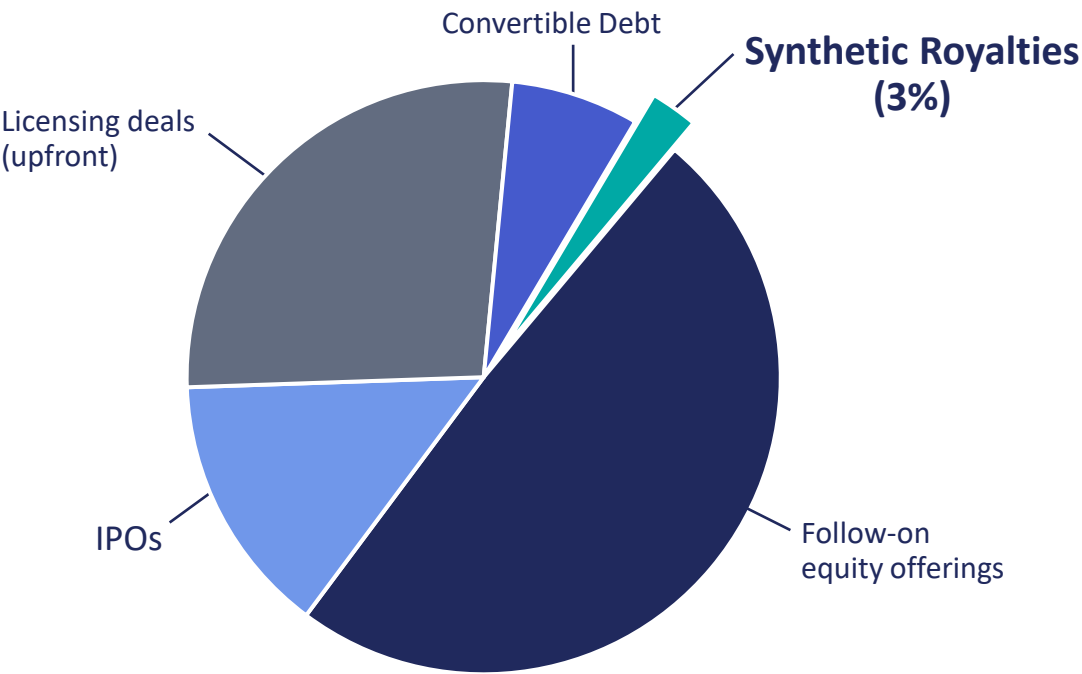
# Synthetic royalties are an attractive funding modality

	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	✓		

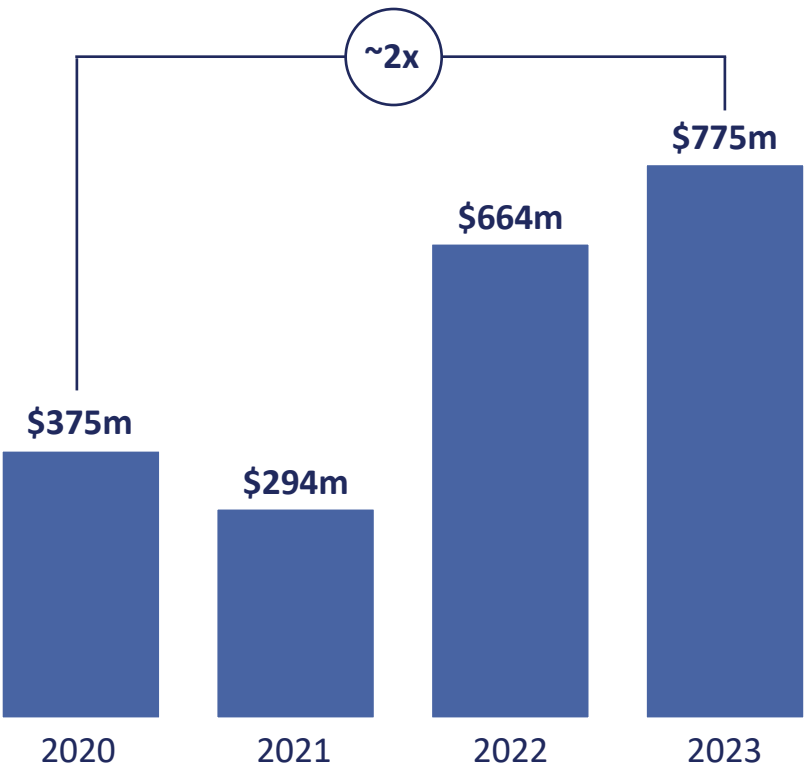
Synthetic royalties – a compelling innovation with significant growth potential

# Synthetic royalty opportunity is large and rapidly growing

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

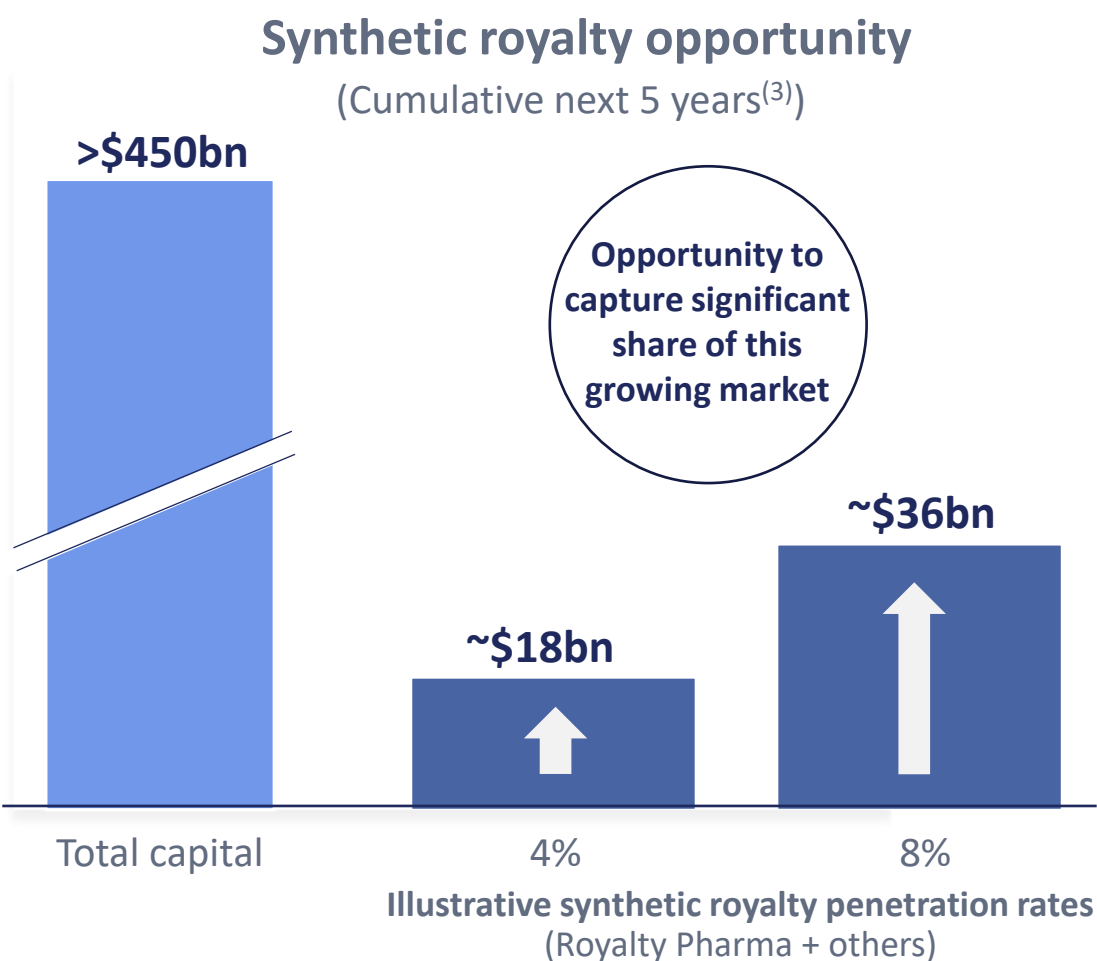
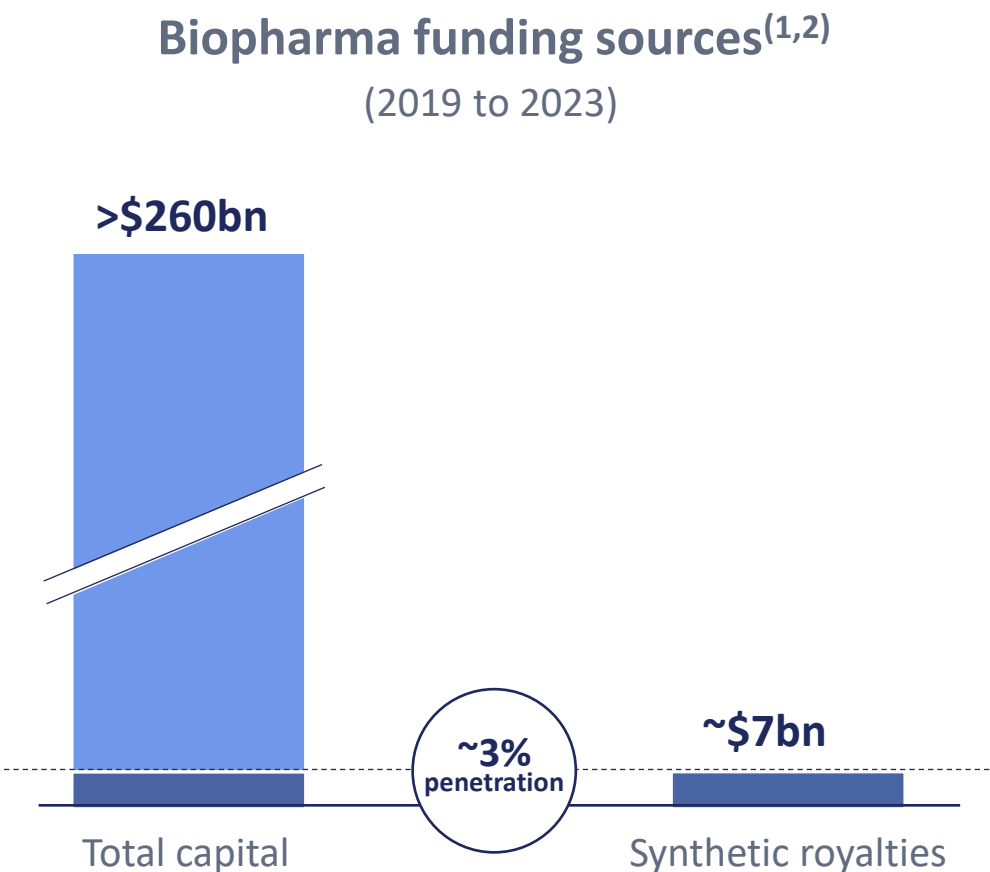


Strongest year ever for RP synthetic royalty transactions  
(Announced value)<sup>(3)</sup>



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.





# Synthetic royalty market has room for significant expansion



Source: Dealogic, Biomedtracker, internal estimates, Evaluate.

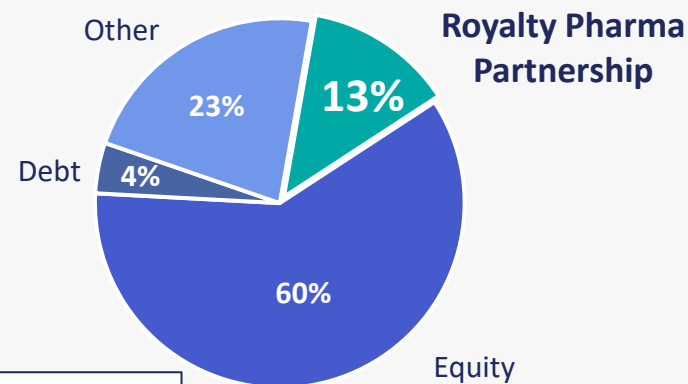
- 1. Includes capital raised through initial public offerings (IPOs), follow-on offerings, equity linked issuances and upfronts from licensing deals.
- 2. Royalty funding includes upfront investment consideration, including acquisitions of synthetic royalties and associated equity investments.
- 3. Estimated capital needs for today's unprofitable biopharmas based on Visible Alpha, Dealogic, internal estimates.

# Providing needed capital for M&A transactions

	Mid-cap M&A	Large pharma M&A	Divestitures
<b>Challenge</b>	Cash flow constraints historically have meant equity is the primary funding source	Non-strategic assets at target companies may significantly increase acquisition price	Increasing FTC scrutiny of M&A transactions may reduce attractiveness of target due to regulatory concerns
<b>Our solution</b>	Enable delivery of cash through synthetic royalty creation, third-party royalty monetization and/or launch and development capital	Reduce net price of acquisition by monetizing non-strategic royalty assets at target companies acquired by large pharma	Finance the acquisition of assets that must be divested due to anti-trust concerns
<b>Examples</b>	 	 	<b>Emerging opportunity</b>

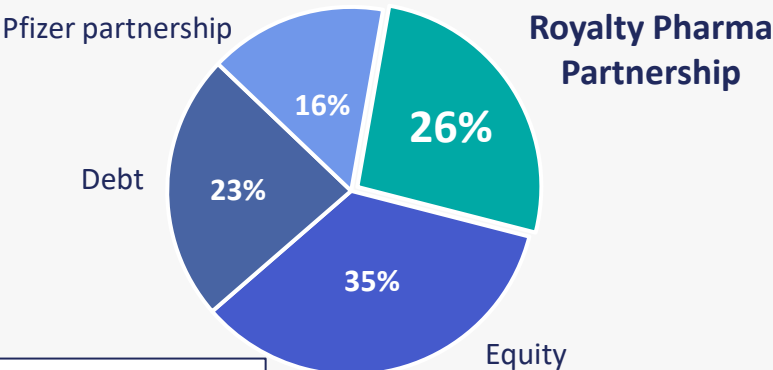
# Emerging funding paradigm for successful biotechs

Immunomedics raised ~\$1.9bn in capital<sup>(1)</sup>



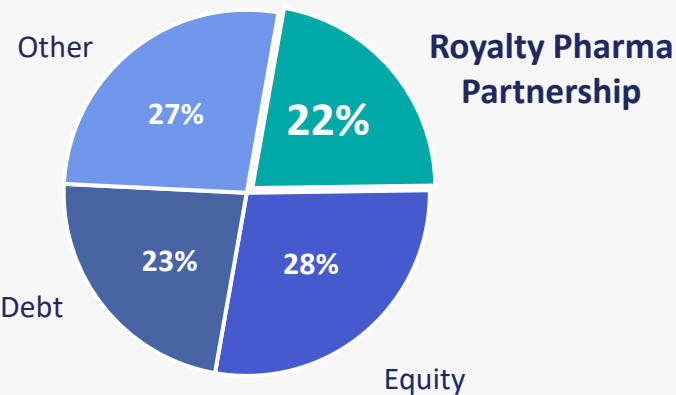
Acquired by Gilead for ~\$21bn  
1.9x CoC return to date + future royalties

Biohaven raised ~\$3.2bn in capital<sup>(2)</sup>

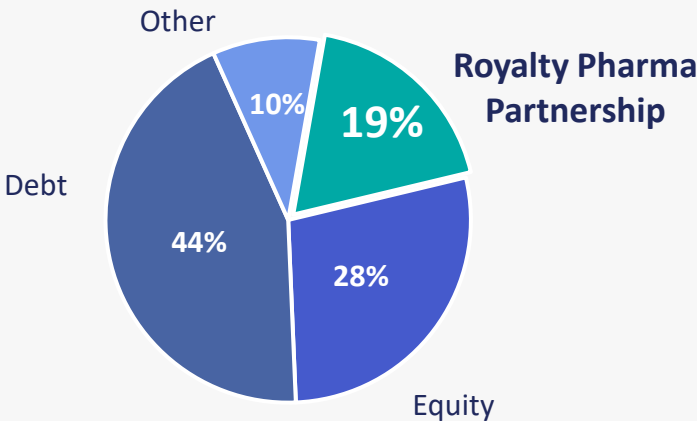


Acquired by Pfizer for ~\$12bn  
1.9x CoC return to date + future royalties

Cytokinetics raised ~\$2.5bn in capital<sup>(3)</sup>



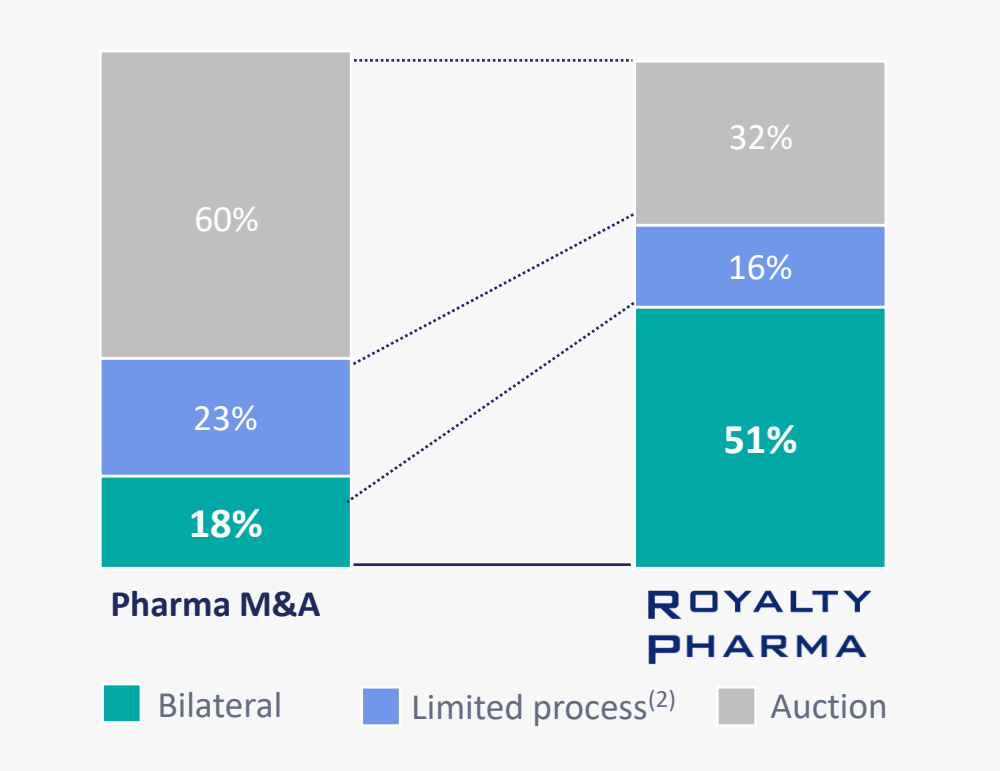
BioCryst raised ~\$1.8bn in capital<sup>(4)</sup>



CoC: cash on cash  
Note: estimates based on publicly available information as of date of announced transaction. Debt and Royalty Pharma partnerships assume fully drawn facilities and maximum transaction value. Other primarily includes upfront payments.  
1. Capital raised since January 1, 2013. 2. Capital raised since Biohaven’s May 2017 IPO. Only includes upfront payment from Pfizer partnership. 3. Capital raised since Cytokinetics expanded license agreement with Amgen, June 12, 2013. 4. Capital raised since BioCryst’s December 2012 corporate restructuring to focus strategy on advancing hereditary angioedema program.

# Proprietary sourcing provides competitive advantage

Source of deals<sup>(1)</sup>



- ✓ Network of deep relationships
- ✓ Track record of “win-win” outcomes
- ✓ Scale advantages
- ✓ Strong record of value-enhancing acquisitions

Majority of Royalty Pharma transactions negotiated on a bilateral basis

1. Includes all Royalty Pharma transactions announced from January 2016 to March 2023; analysis of Schedule 14D-9s for pharma M&A transactions and includes biotech acquisitions greater than \$1 billion in value (57 in total). Percentages are based on number of transactions.  
2. Limited process is three or fewer parties involved in process.

# Unique Research & Investments team and process



Pioneering the royalty  
market for 25+ years

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Innovating new funding solutions,  
including synthetic royalties



One Royalty Pharma team at the  
center of every transaction

---

Long-tenured expert team  
with deep scientific experience



Open business model: tailored  
solutions and true partnerships

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Proud of partnerships that grow  
over multiple transactions



Platform built to scale  
with the royalty market

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Team and process growing to address the  
large opportunity ahead



Exhaustive diligence process  
sharpened over decades

---

Able to integrate and interpret a broad  
and expanding information set



Leveraging big data through  
Strategy & Analytics

---

Unique platform for clinical trial analysis  
and market evaluation

# Our framework focuses on key product success factors



Strong  
scientific  
rationale



Significant impact  
on patients and/or  
caregivers



Conviction in probability of  
clinical and regulatory success  
for pre-approval programs



Mission and  
execution-oriented  
management team



Strong marketer and  
global commercial  
opportunity



Clear  
commercial  
positioning



Potential for  
multiple indications  
or label expansion



First-in-class or  
best-in-class



Long duration of  
patent protection  
or exclusivity

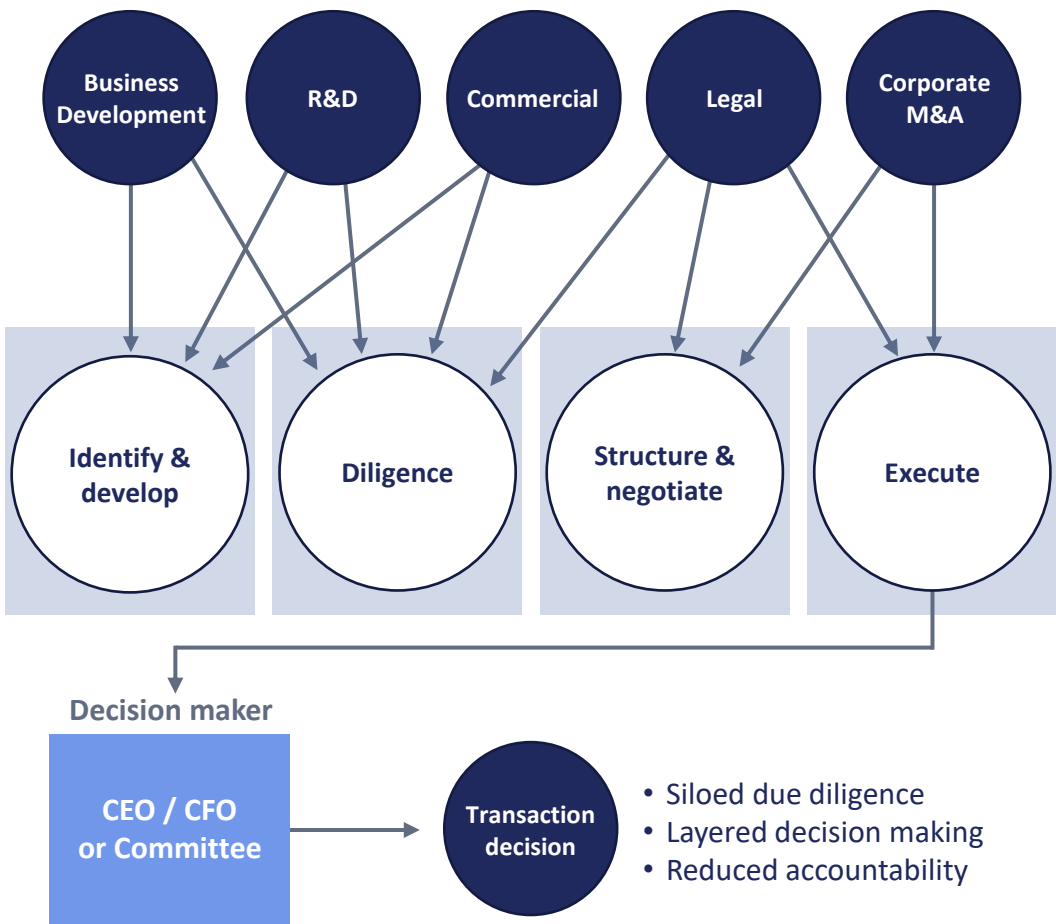


Compelling value  
proposition for government  
and commercial payors

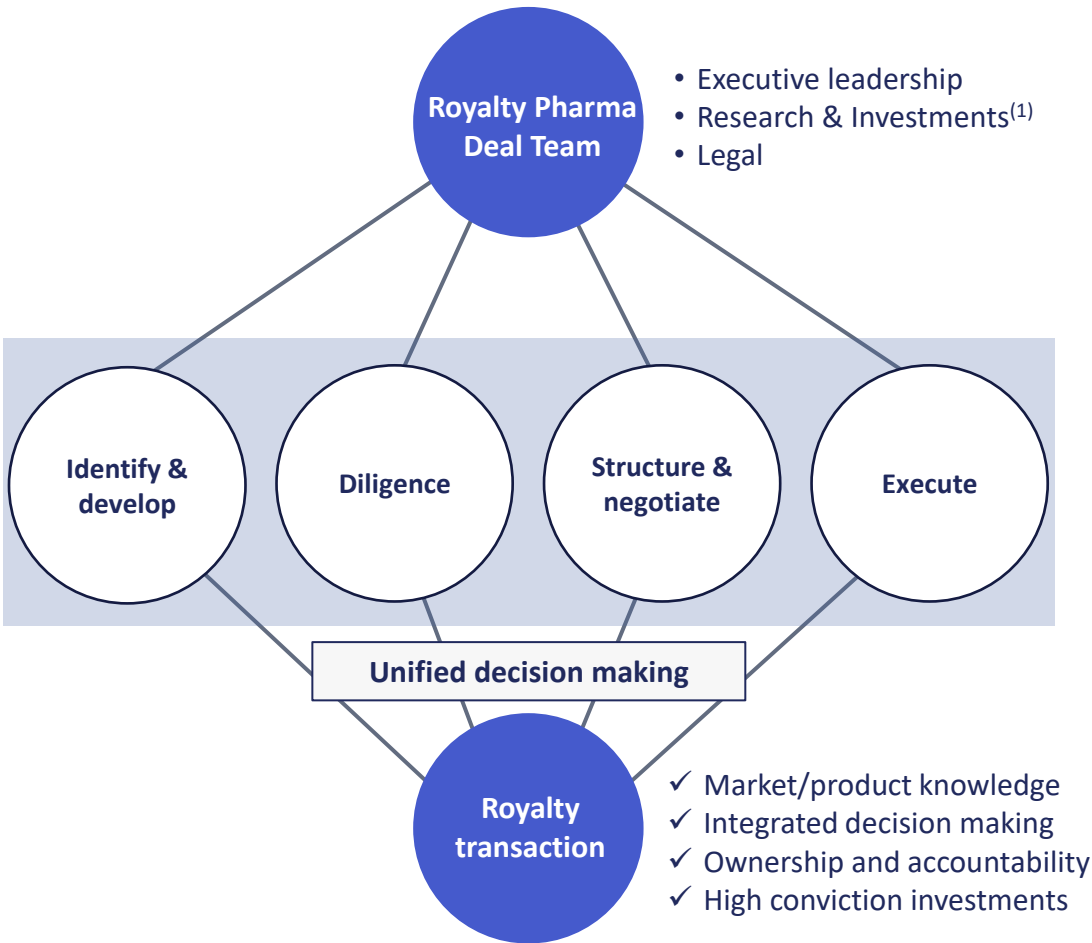


# One Royalty Pharma team at the center of every transaction

## Traditional business development



## Royalty Pharma process



# Extensive due diligence process sharpened over decades



## Clinical



## Regulatory, IP, Manufacturing



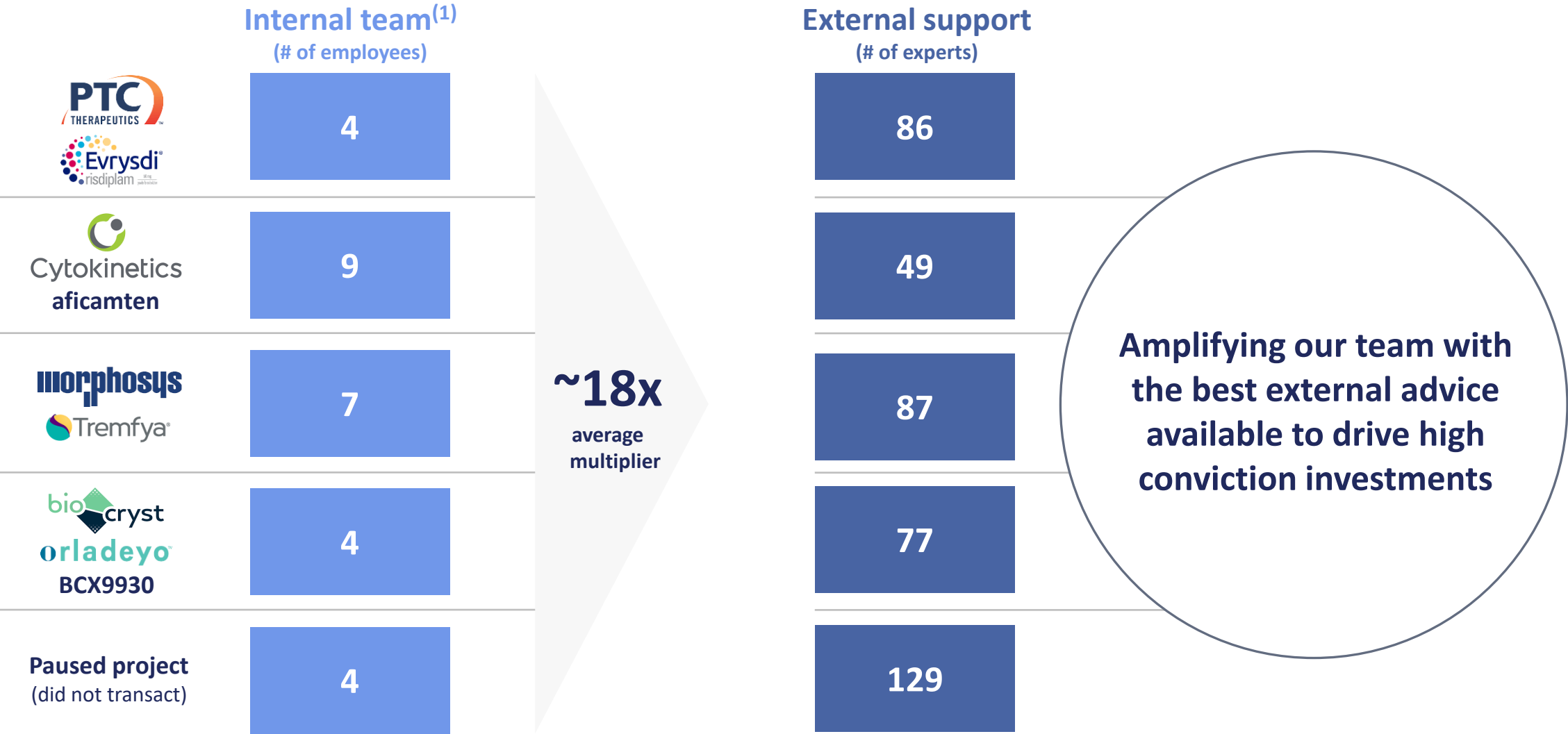
## Commercial



## Contracts, Governance

<b>Physician diligence</b> <ul style="list-style-type: none"> <li>• US/EU/Japan</li> <li>• KOL/academic</li> <li>• Community</li> <li>• Surveys</li> </ul>		<b>Intellectual property</b> <ul style="list-style-type: none"> <li>• US/EU/Japan and other</li> <li>• Litigation scenario analysis</li> <li>• Multiple opinions</li> </ul>		<b>Transactional</b> <ul style="list-style-type: none"> <li>• Accounting treatment</li> <li>• Tax implications</li> </ul>	
<b>Non-clinical</b> <ul style="list-style-type: none"> <li>• Pharmacokinetics</li> <li>• Pharmacodynamics</li> <li>• Dose modeling</li> </ul>		<b>Market sizing</b> <ul style="list-style-type: none"> <li>• Patient finding</li> <li>• Claims-driven</li> <li>• Epidemiology</li> <li>• Scaled market surveys</li> </ul>		<b>Licensing and contracts</b> <ul style="list-style-type: none"> <li>• Analysis of contract language</li> <li>• Risk assessment</li> <li>• Expert structuring and drafting</li> </ul>	
<b>Statistics</b> <ul style="list-style-type: none"> <li>• Probability of success</li> <li>• Effect size modeling</li> <li>• Enrollment modeling</li> <li>• Statistical Analysis Plans</li> </ul>		<b>US pricing</b> <ul style="list-style-type: none"> <li>• Pricing modeling</li> <li>• Gross-to-net modeling</li> </ul>		<b>Payors</b> <ul style="list-style-type: none"> <li>• Payor/PBM executives</li> <li>• Formulary analyses</li> </ul>	
<b>Toxicology</b> <ul style="list-style-type: none"> <li>• Animal toxicologists</li> <li>• Specialized areas – (i.e., ophthalmology)</li> </ul>		<b>Competition</b> <ul style="list-style-type: none"> <li>• Landscape analysis</li> <li>• Product profile and cost comparisons</li> </ul>		<b>International access</b> <ul style="list-style-type: none"> <li>• Market-by-market pricing</li> <li>• Addressable patients</li> <li>• Yearly access caps and other structures</li> </ul>	
<b>Clinical</b> <ul style="list-style-type: none"> <li>• Interview former R&amp;D executives</li> <li>• Patient level data analysis</li> <li>• Immunogenicity and specific safety observations</li> <li>• Clinical trial design and study reports</li> <li>• Comparative analysis</li> </ul>		<b>Manufacturing</b> <ul style="list-style-type: none"> <li>• Modality expertise: small molecule, biologics, gene therapy</li> <li>• Regulatory perspectives</li> <li>• Capacity planning</li> </ul>		<b>Management &amp; governance</b> <ul style="list-style-type: none"> <li>• Experience and strategy</li> <li>• Compensation alignment</li> </ul>	
<b>Patients &amp; Caregivers</b> <ul style="list-style-type: none"> <li>• Efficacy, tolerability, convenience perspectives</li> <li>• Social media</li> </ul>		<b>Drug delivery</b> <ul style="list-style-type: none"> <li>• Auto-injectors and devices</li> <li>• Design and human factors</li> <li>• Formulation technologies</li> </ul>		<b>Environmental, Social &amp; Governance</b> <ul style="list-style-type: none"> <li>• Board oversight</li> <li>• ESG-informed investment processes</li> </ul>	
<b>Regulatory</b> <ul style="list-style-type: none"> <li>• US/FDA meeting minutes</li> <li>• EU/EMA meeting minutes</li> <li>• International (PMDA, other)</li> <li>• Consultants</li> </ul>		<b>Commercial strategy</b> <ul style="list-style-type: none"> <li>• Interview sales and marketing executives, MSLs and district managers</li> <li>• Required promotional spend</li> </ul>			

# Leveraging the best internal and external expertise available



1. Internal team represents Senior Vice Presidents (SVPs) and below in Research & Investments, Legal, Strategy & Analytics and other departments.

# Our ambitious vision for Strategy & Analytics

## Strategic search and evaluation



Development  
landscape scanning



Therapeutic area  
mapping



Monitoring  
emerging science



Clinical trial meta-  
analysis and design

- Horizon scanning to position Royalty Pharma for the future
  - Identify emerging target companies and products
  - Enhance knowledge of pipelines and mechanisms in development
  - Perform clinical trial analysis and competitive intelligence
  - Stay ahead of faster biopharma innovation cycles
- Earlier partner engagement benefits business development

## Data and analytics



Medical claims  
analysis



Real world  
evidence



Sales & marketing  
benchmarking



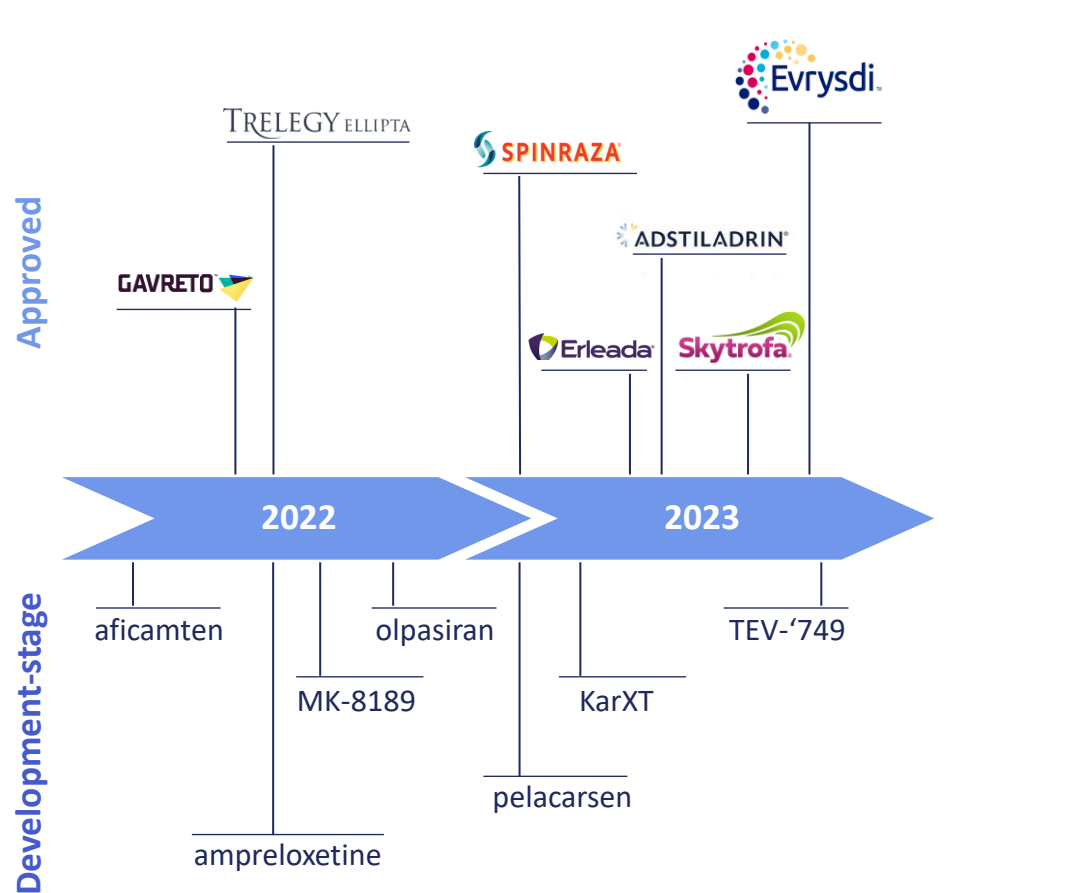
Payor & formulary  
landscape

- Unique insight from proprietary integration of data sources
  - Automation to ensure full coverage at scale
- Best-in-class platform for market evaluation and forecasting
  - Patient mapping – diagnosis, procedures and treatment
  - Long-term ambition to develop for global markets

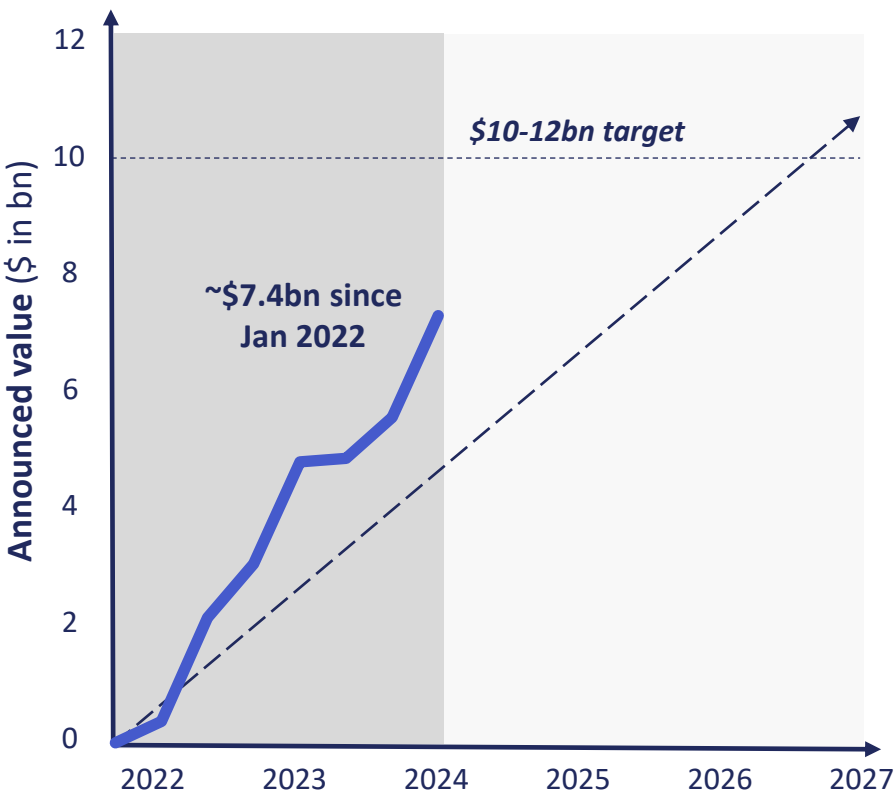
Strategy & Analytics improves Royalty Pharma's investment process and adds value to our partners

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

Transactions announced in 2022 and 2023

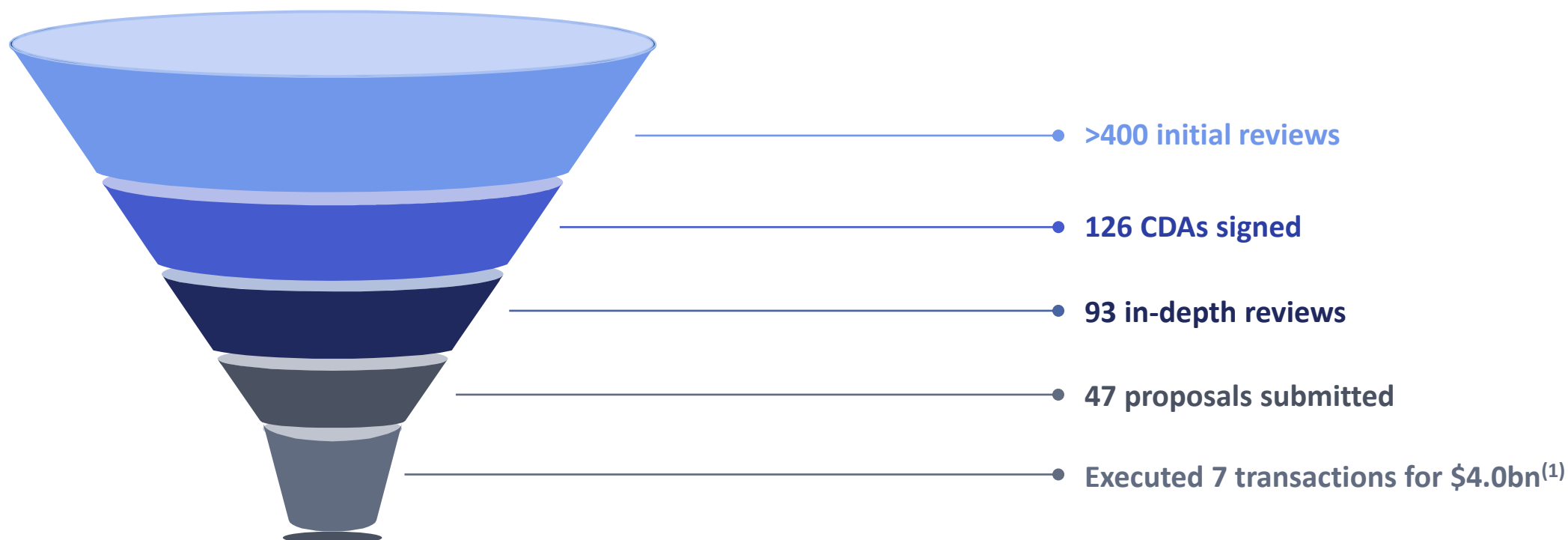


5-year capital deployment target<sup>(1,2)</sup>  
(Announced value, since January 1, 2022)



# Announced \$4.0 billion of transactions in 2023

## 2023 Royalty Pharma investment activity



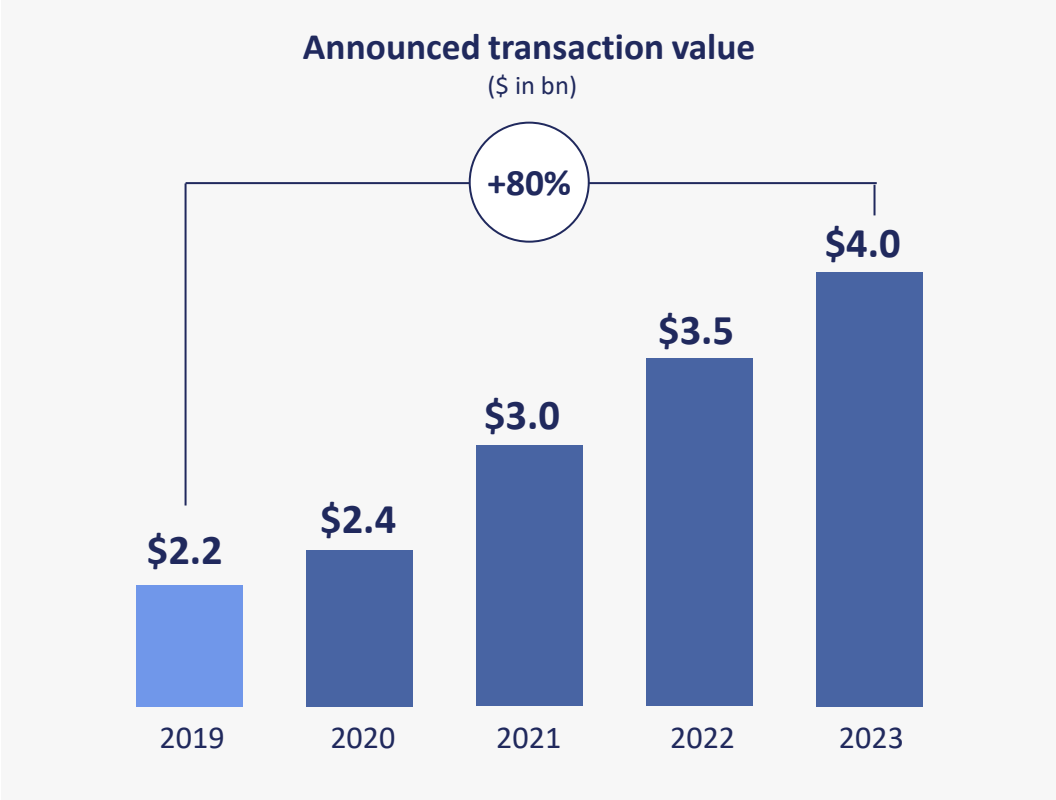
Maintained strong financial discipline: ~2% of initial reviews resulted in an acquired royalty

# Strong Royalty Pharma pipeline trends given market backdrop

Opportunity set increasing



Robust royalty acquisition activity



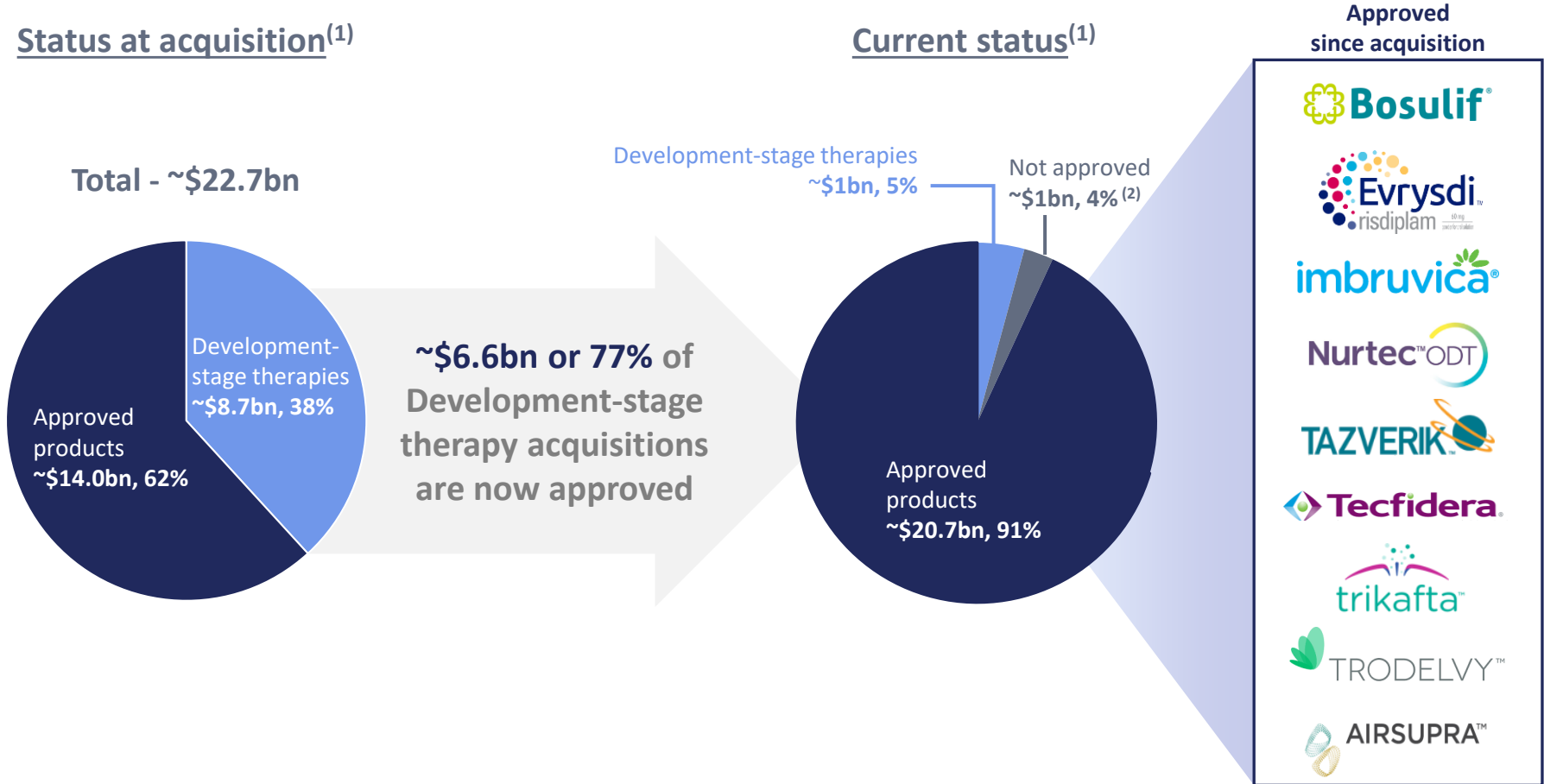
# Acquired approved and development-stage royalties

**Approved products <sup>(2)</sup>**

- Predictable and de-risked cash flows
- Growth from increased penetration
- Additional upside from new indications / geographies

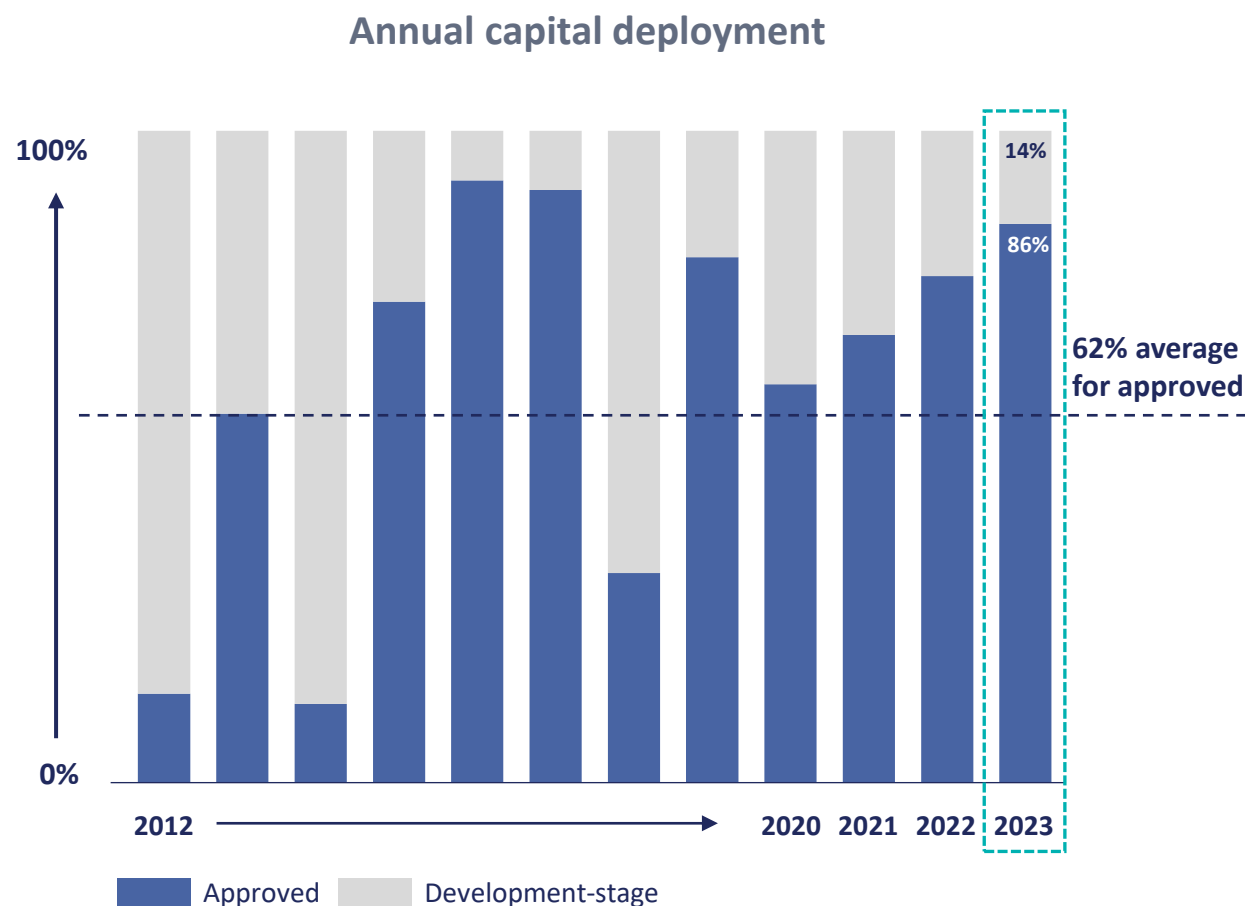
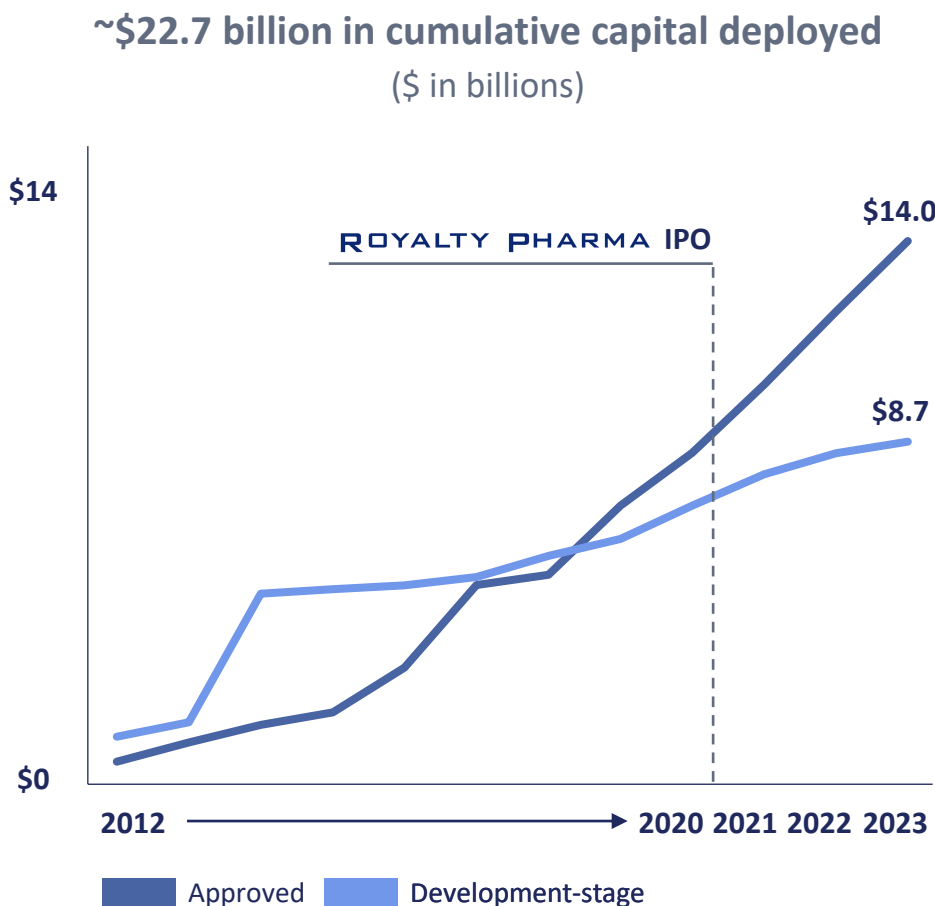
**Development-stage therapies**

- Broad landscape of opportunities
- Require strong proof-of-concept data
- Significant upside potential





# Healthy mix of approved and development-stage therapies



Capital deployed balanced on average across approved and development-stage therapies with some annual variability

# Capital allocation strategy to drive shareholder value creation

\$20 billion in projected 2022-2026 capacity to reinvest and return to shareholders

## Royalty acquisitions

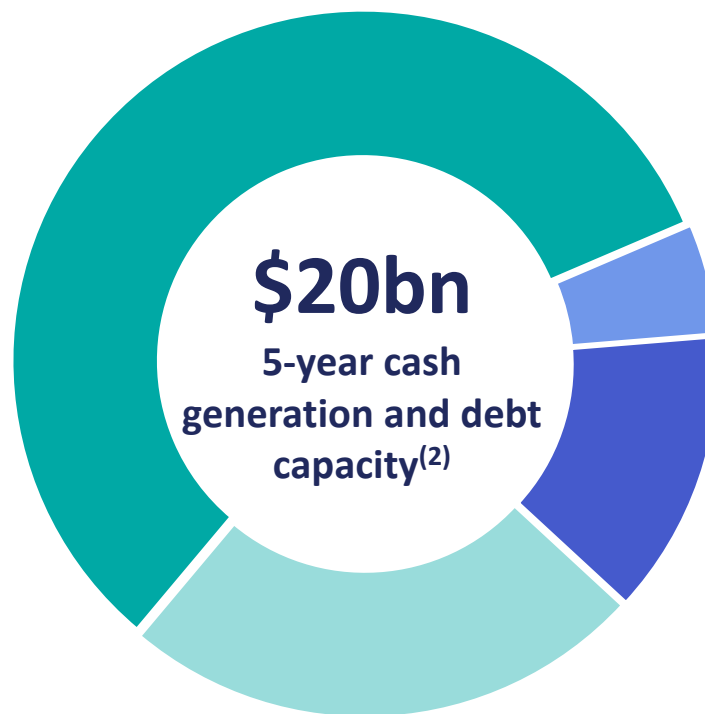
### \$10-\$12bn 5-year target<sup>(1)</sup>

- Announced ~\$7.4bn since 2022 (~\$4.2bn deployed upfront)
- Robust and active transaction pipeline
- Largely self-funded over time via retained cash flow

## Additional Capacity

### Royalty investments prioritized

- >\$4bn capacity with conservative leverage
- Committed to investment grade credit rating



## Share repurchases

### Up to \$1bn (announced March 2023)

- Received shareholder approval at AGM in June 2022
- Repurchased ~10 million shares for \$305m through November 7, 2023
- Authorization valid through June 2027

## Dividends

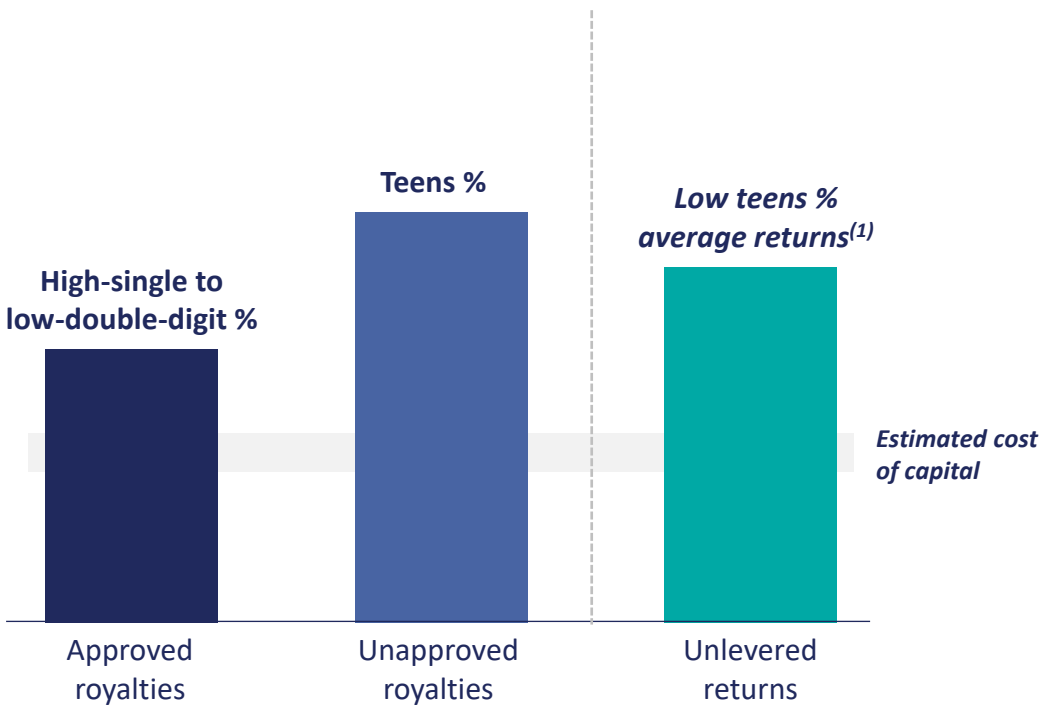
### ~3% annual yield

- Current dividend of \$0.20/quarter
- Commitment to the dividend

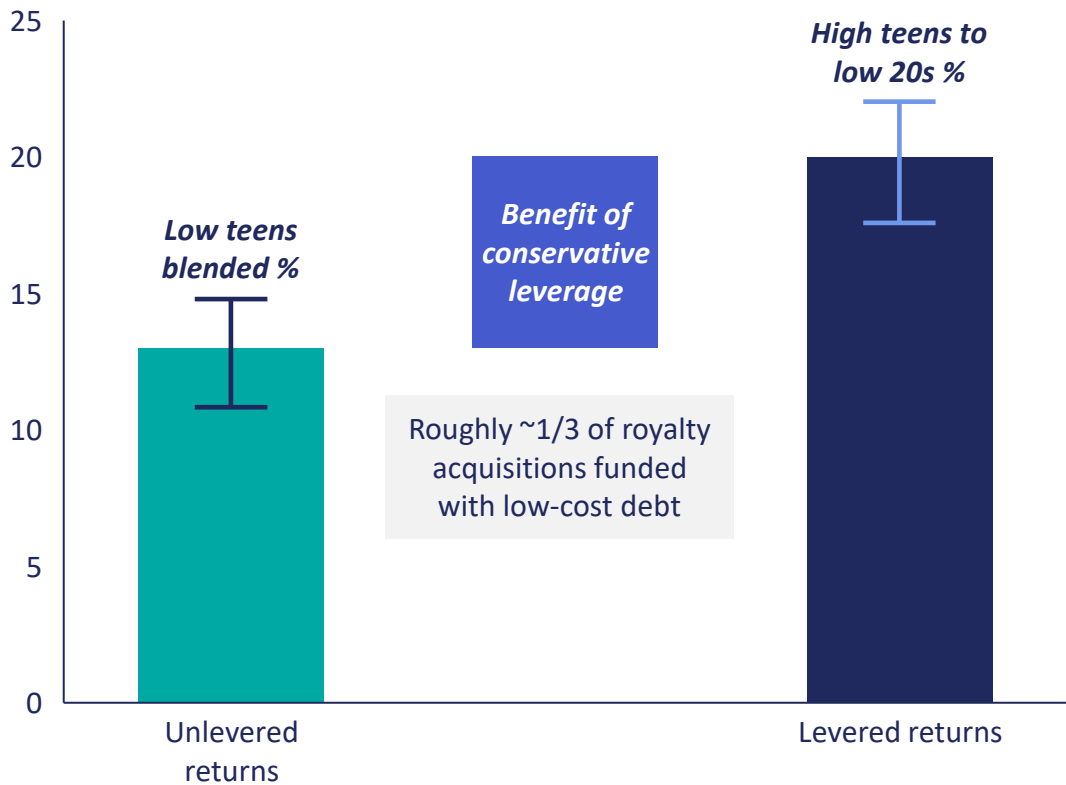
Capital allocation balances primary focus of acquiring royalties with returning capital to shareholders

# Consistently attractive returns amplified by conservative leverage

Royalty Pharma target returns



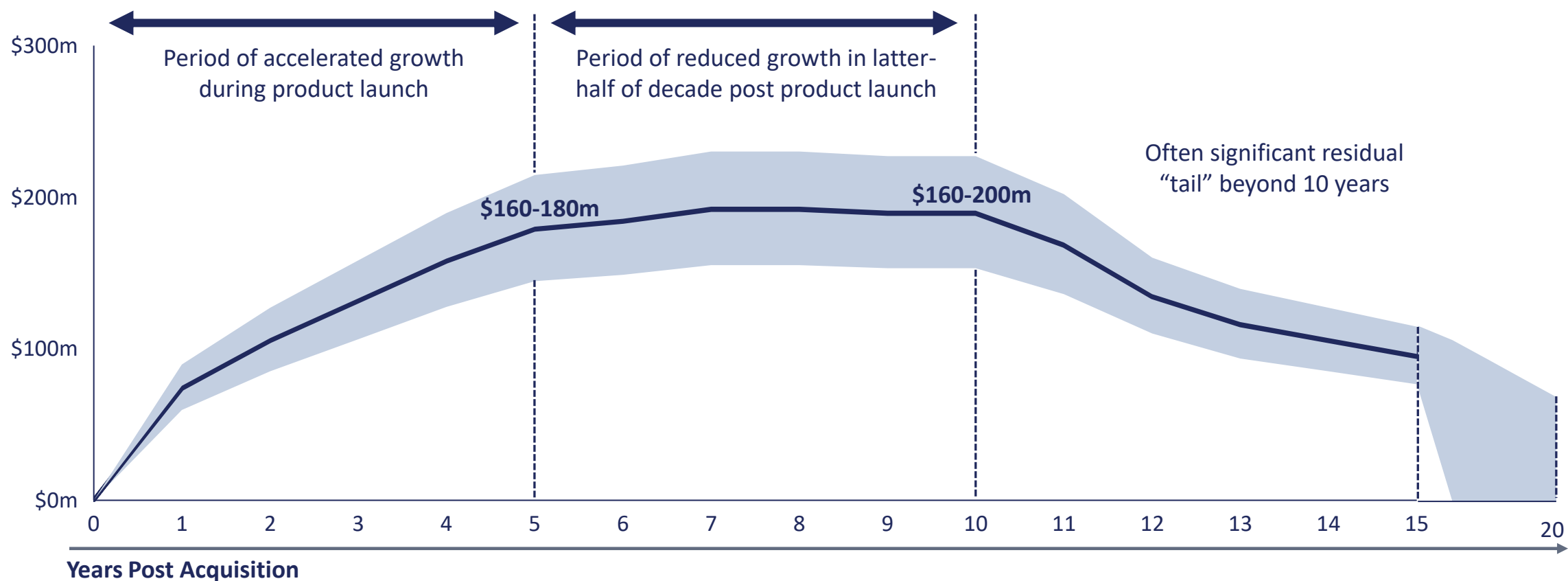
Leverage benefit to target returns




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

# What does \$1bn of investment mean for future top-line?

Representative annual Portfolio Receipts<sup>(1,2)</sup> (“top-line”) from \$1bn of investment - based on blend of historical acquisitions  
(As of May 2022 Investor Day)



# CF to remain important contributor regardless of triple scenario

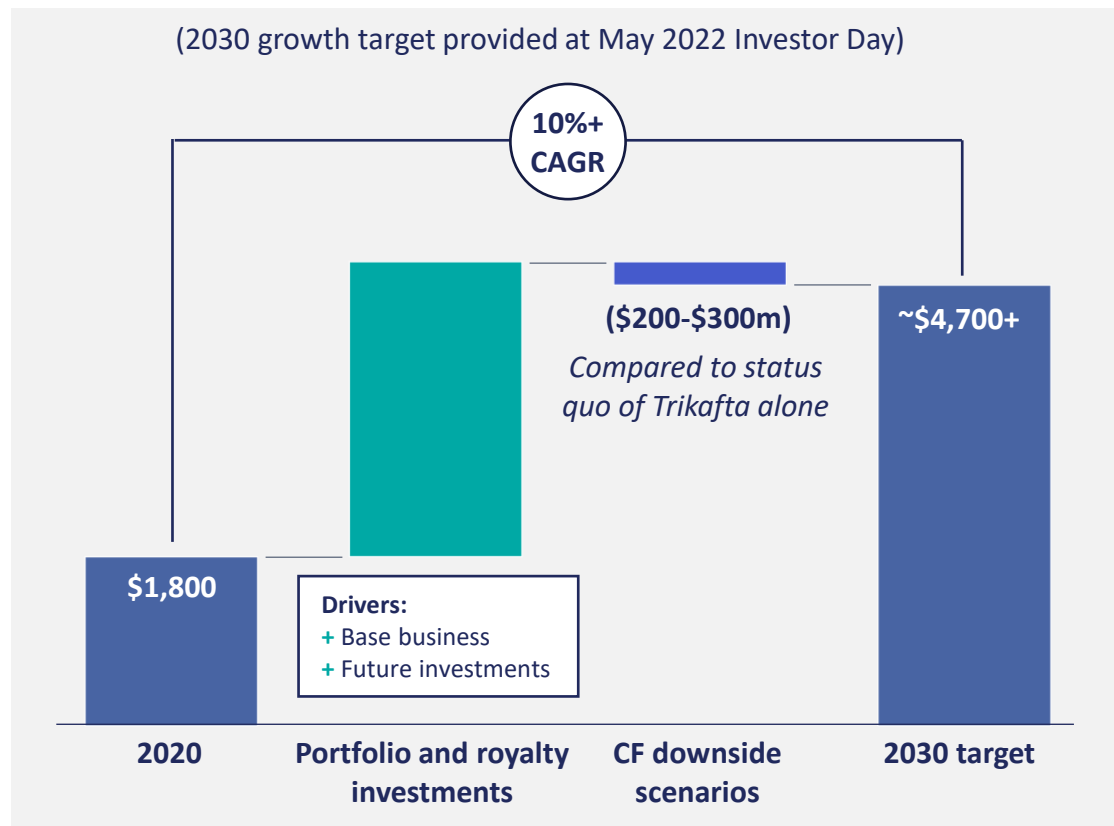
			See Appendix slide 54 for details			
Scenarios	Components		Triple combination blended royalty <sup>(1)</sup>	2030 franchise sales	2030 PR from CF <sup>(3)</sup>	Duration <sup>(4)</sup>
Status quo	<div></div> <div>elexacaftorivacaftortezaftor</div>		~9%	~\$11.5bn Vertex consensus <sup>(2)</sup>	~\$900m from ~\$750m in 2023	2037
RP position						
New CF Triple (deuterated ivacaftor <u>is</u> royalty bearing)	vanzacaftor	deuterated ivacaftor	tezacaftor	~8%	~\$900-950m +\$0-\$50m vs status quo	2039-2041
-----				\$13bn+ RP view with new CF triple		
New CF Triple (deuterated ivacaftor <u>not</u> royalty bearing)	vanzacaftor	deuterated ivacaftor	tezacaftor	~4%	Upside drivers: ~6,000 discontinued patients, geographic & age expansion, patient growth	
<div>Royalty bearing components</div>			Reflects 50-75% conversion from Trikafta to new CF triple			

NPV impact of potential downside scenarios are estimated to be \$1-\$2 per share

# Long-term growth powered by consistent portfolio refreshment

## Portfolio Receipts evolution through 2030<sup>(1)</sup>

(2030 growth target provided at May 2022 Investor Day)



## Continued execution on strategy



### Power of business model

- Transactions since 2020 expected to add ~\$1.2bn in PR by 2025



### Future capital deployment

- Tracking to meet or exceed capital deployment guidance of \$10-\$12 billion from 2022 through 2026



### Increased diversification

- The CF franchise will become a smaller portion of the business as we continue to scale
- CF is ~30% of 2022 PR prior to Biohaven payments and expected to decline to teens % of 2030 PR

Expect to deliver 10%+ top-line CAGR over the decade under downside CF scenarios

# Well positioned in evolving interest rate environment

## Existing capital structure

### Long duration, low-cost debt an underappreciated asset

- Fixed weighted-average coupon of ~2.5% on \$6.3bn of investment grade bonds
- ~70% of existing bonds due 2030 or later
- Committed to investment grade rating
- Revolving credit facility of up to \$1.5bn

## Future investments

### Higher risk-adjusted returns

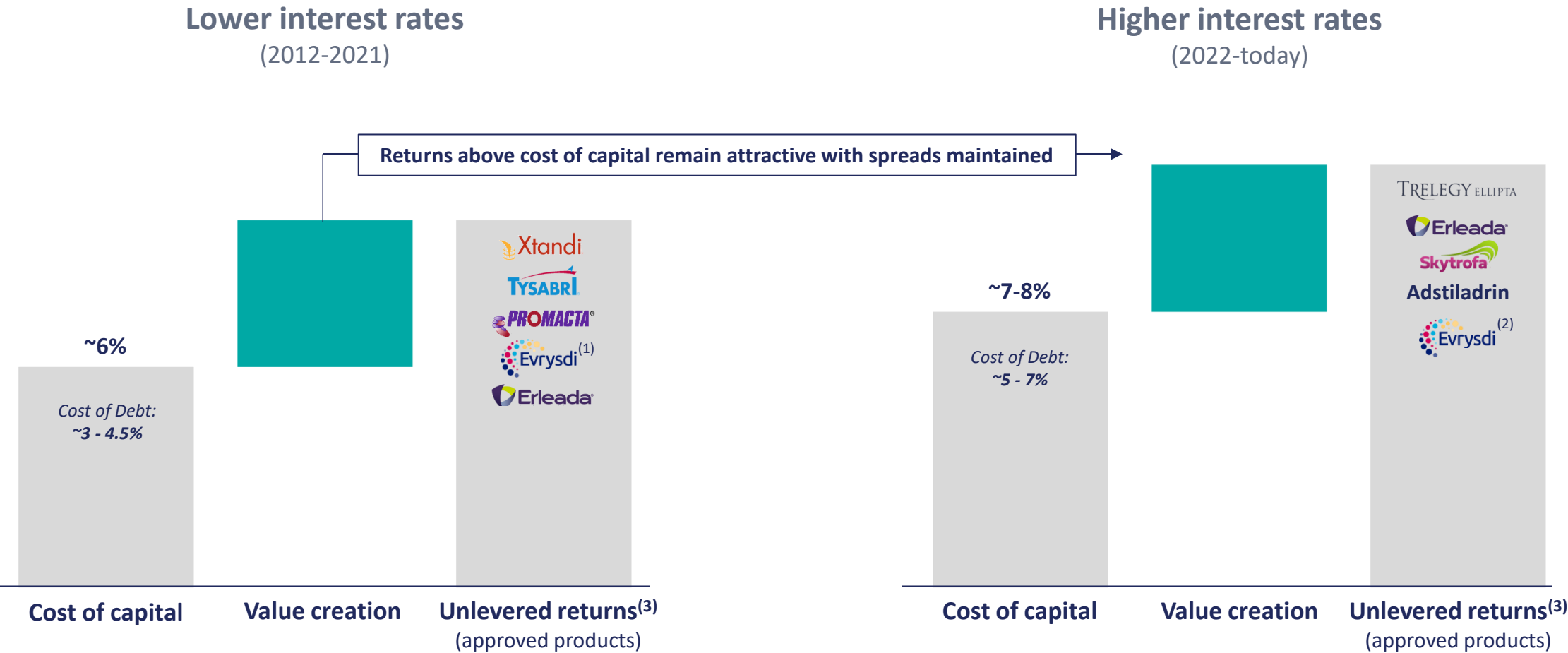
- Higher royalty return expectations in response to higher rate environment
- Maintaining attractive returns above cost of capital with consistent spreads

### Expanding opportunity set

- Higher partner cost of capital accelerates momentum in royalty funding

**Interest rates**

# Continuing to create value in changing market environment



Spreads maintained and larger opportunity set equals greater value creation

1. Transaction purchasing 43% of PTC’s Evrysdi royalty announced July 2020.  
2. Transaction purchasing 67% of PTC’s remaining Evrysdi royalty announced October 2023.  
3. Illustrative returns reflect a combination of actual results and estimated projected returns for investments from 2012 – 2023 YTD. IRR (or returns) are calculated using total cash outflows and total cash inflows, in each case including royalties, milestones and other cash flows.



# Maximizing industry strengths and minimizing challenges

## ↑ 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

**ROYALTY  
PHARMA**

## ↓ Minimizing

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

# A unique way to invest in biopharma

		ROYALTY PHARMA		Large biopharma <sup>(1)</sup>
Growth	2020-2030 top-line <sup>(2)</sup> CAGR	10% or more <sup>(2)</sup>		5% <sup>(3)</sup>
Scale	Number of blockbusters <sup>(4)</sup>	15		9
Cost of capital	Estimated WACC	~7-8%		~7-8%
Risk	Stage of development	Post proof-of-concept to approved		Pre-clinical to approved
Return	Historical return on investments <sup>(5)</sup>	Consistent low teens IRR		?
Income	Dividend yield	~3%		~3.5%
Ownership	Management % ownership of FDSO	16% <sup>(6)</sup>		<1% <sup>(6)</sup>

CAGR: compound annual growth rate; WACC: weighted average cost of capital; IRR: internal rate of return; FDSO: fully diluted shares outstanding

1. Consists of Eli Lilly, Johnson & Johnson, Merck, Pfizer, AbbVie, Bristol Myers Squibb, Gilead, Amgen, Biogen, Vertex, Regeneron, Roche, Novartis, GSK, Sanofi, Novo Nordisk and AstraZeneca.

2. Top-line refers to Royalty Pharma's Portfolio Receipts and includes future investments. Royalty Pharma growth target provided at May 2022 Investor Day. See slide 60 for definitions.

3. Source: Visible Alpha.

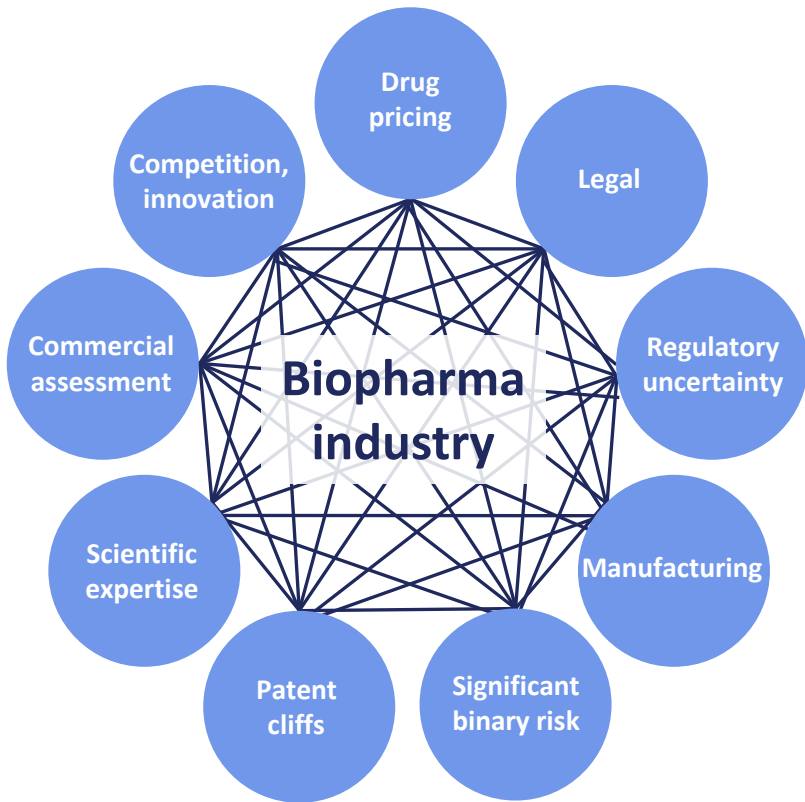
4. Calculated based on 2022 end market sales and excludes products tied to recently expired royalties.

5. Historical return on investments for Royalty Pharma is from 2012 to Q3 2023; IRR (or returns) are calculated using total cash outflows and total cash inflows, in each case including royalties, milestones and other cash flows. Biopharma returns on investments in business development, M&A and R&D.

6. Represents Named Executive Officer (NEO) ownership reported by CapIQ for Large biopharma; Royalty Pharma NEO ownership as disclosed in 2022 proxy filing.

# A simple investment proposition in a highly complex industry

Successful biopharma investing is extremely complex




**ROYALTY PHARMA** offers a simple solution

- ✓ Efficient business of collecting share of top-line revenues on leading products
- ✓ Strong track record of product selection
- ✓ Rigorous diligence processes
- ✓ Highly diversified portfolio
- ✓ Minimal binary clinical risk
- ✓ Proven ability to replenish portfolio

## Appendix

**ROYALTY PHARMA**

# Detailed calculation assumptions for CF triple scenarios

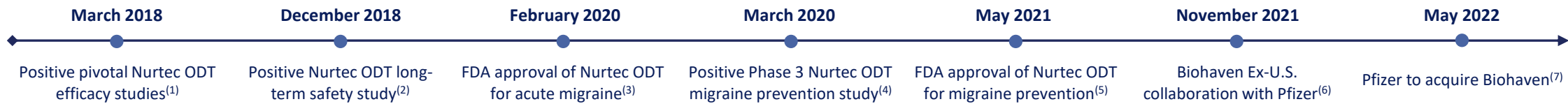
Scenarios	Product	Blended royalty <sup>(1)</sup>	Sales split	Franchise sales	Royalty Receipts	NCI %	2030 PR from CF <sup>(3)</sup>
Status quo (Trikafta only)		~9%	100%	~\$11.5bn <sup>(2)</sup>	~\$1,050m	(13%)	~\$900m
RP position: New CF Triple (deuterated ivacaftor <u>is</u> royalty bearing)	Trikafta	~9%	50%	\$13bn+	~\$1,100m	(13%)	~\$950m
	New CF Triple	~8%	50%				
	Total blended	~9%	100%				
	Trikafta	~9%	25%	\$13bn+	~\$1,050m	(14%)	~\$900m
	New CF Triple	~8%	75%				
	Total blended	~8%	100%				
New CF Triple (deuterated ivacaftor <u>not</u> royalty bearing)	Trikafta	~9%	50%	\$13bn+	~\$850m	(15%)	~\$700m
	New CF Triple	~4%	50%				
	Total blended	~7%	100%				
	Trikafta	~9%	25%	\$13bn+	~\$700m	(17%)	~\$600m
	New CF Triple	~4%	75%				
	Total blended	~5%	100%				
Reflects 50-75% conversion from Trikafta to new triple				Calculations may not tie due to rounding			

# Biohaven partnership blossoms with additional transactions

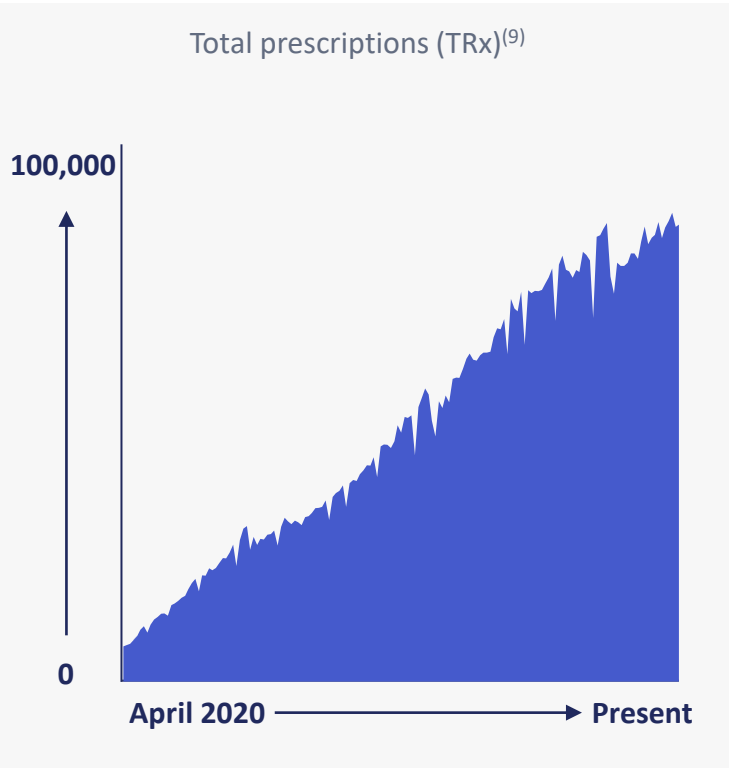
Date	June 2018 <sup>(1)</sup>	December 2018	March 2019 <sup>(2)</sup>	August 2020 <sup>(3)</sup>
Funding type	Royalty and common equity	Common equity	Preferred equity	Royalty and Launch capital
Purpose	Support Nurtec ODT Phase 3 development	Support Nurtec ODT development and FDA filing	Priority review voucher to accelerate Nurtec ODT launch	Pipeline funding and commercialization support
Details	<p><b>\$100m royalty</b> (2.1% royalty on Nurtec ODT and zavegepant sales up to \$1.5bn and 1.5% for sales &gt;\$1.5bn)</p> <p><b>\$50m equity investment</b> (at \$45 per share)</p>	<p><b>\$37m equity investment</b> (at \$37 per share)</p>	<p><b>\$125m preferred equity</b> (upfront)</p> <p><b>Up to \$75m preferred equity</b> (on Nurtec ODT FDA approval – optional, not drawn)</p>	<p><b>\$250m royalty R&amp;D funding</b> (0.4% royalty on Nurtec ODT, up to 3% zavegepant royalty, and potential zavegepant milestones)</p> <p><b>\$200m launch capital</b></p>
Total investment	\$150m	\$37m	Up to \$200m	Up to \$450m

Up to ~\$835m in total funding across multiple deals to accelerate Biohaven's innovative migraine therapies to patients

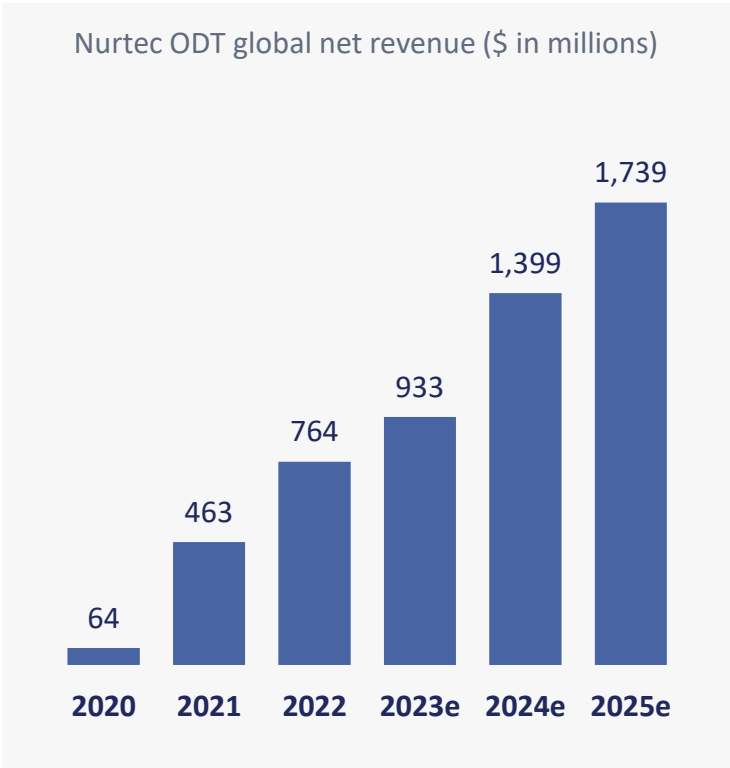
# Nurtec ODT – one of the strongest recent launches in biopharma



## Encouraging oral CGRP<sup>(8)</sup> volumes



## Successful Nurtec ODT launch in US<sup>(10)</sup>



## Pfizer expects significant peak sales<sup>(7)</sup>

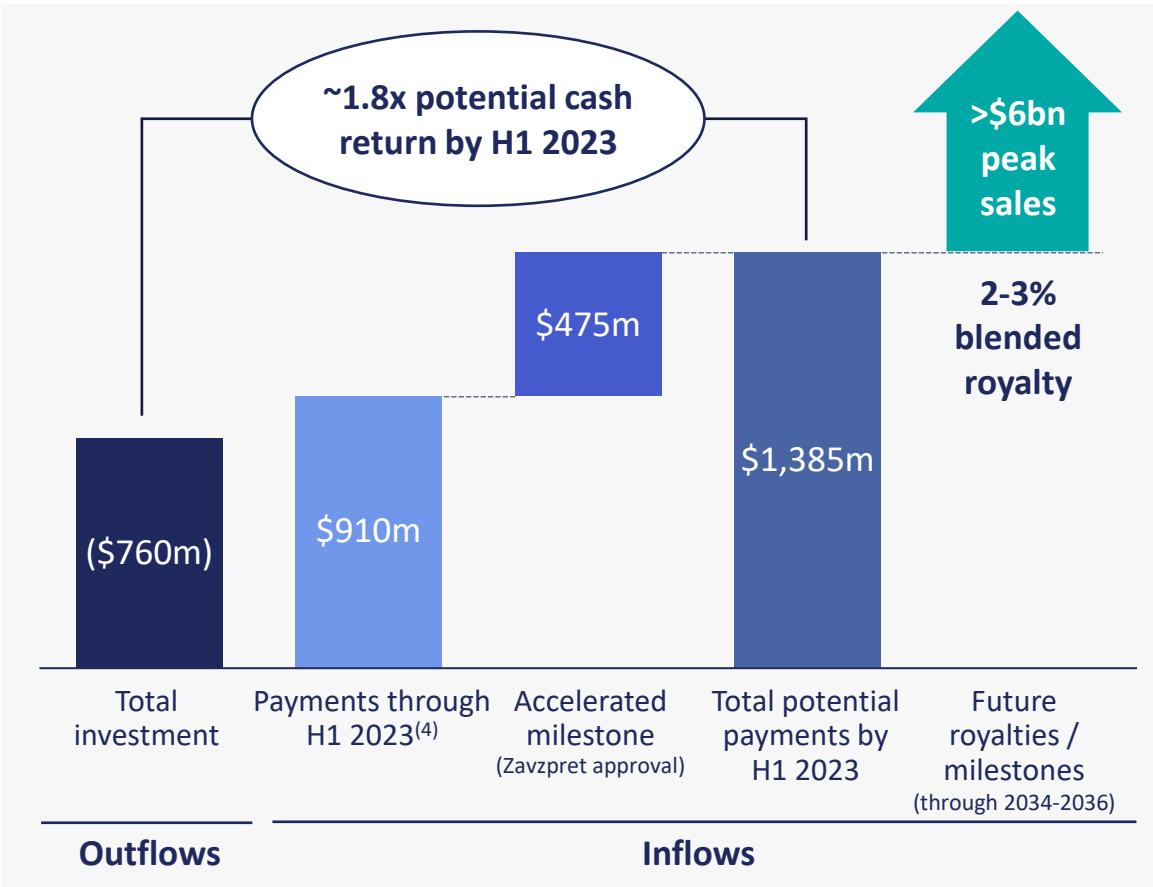


CGRP: calcitonin gene-related peptide  
1. Biohaven press release, March 26, 2018. 2. Biohaven press release, December 10, 2018. 3. Biohaven press release, February 27, 2020. 4. Biohaven press release, March 30, 2020. 5. Biohaven press release, May 27, 2021. 6. Biohaven press release, November 9, 2021. 7. Pfizer press release and presentation, May 10, 2022. 8. Oral CGRPs include Ubrovelvy, Quilipia and Nurtec ODT. 9. IQVIA SMART: TRx volume to May 2023. 10. Visible Alpha consensus as of November 2023.

# Biohaven acquisition accelerates Royalty Pharma returns

- Pfizer, a strong global marketer, is positioned to maximize the potential of Nurtec ODT and zavegepant
  - Doubling number of sales representatives detailing Nurtec
- Acquisition<sup>(2)</sup> accelerated Royalty Pharma’s returns on common and preferred equity
- No impact on Royalty Pharma’s royalty terms, which will provide long-duration cash flows
- Entitled to milestones of up to 1.9 to 2.95x funded amount of \$250m related to zavegepant<sup>(3)</sup>
  - Pre-payment option may accelerate returns

Strong returns for Royalty Pharma shareholders<sup>(1)</sup>

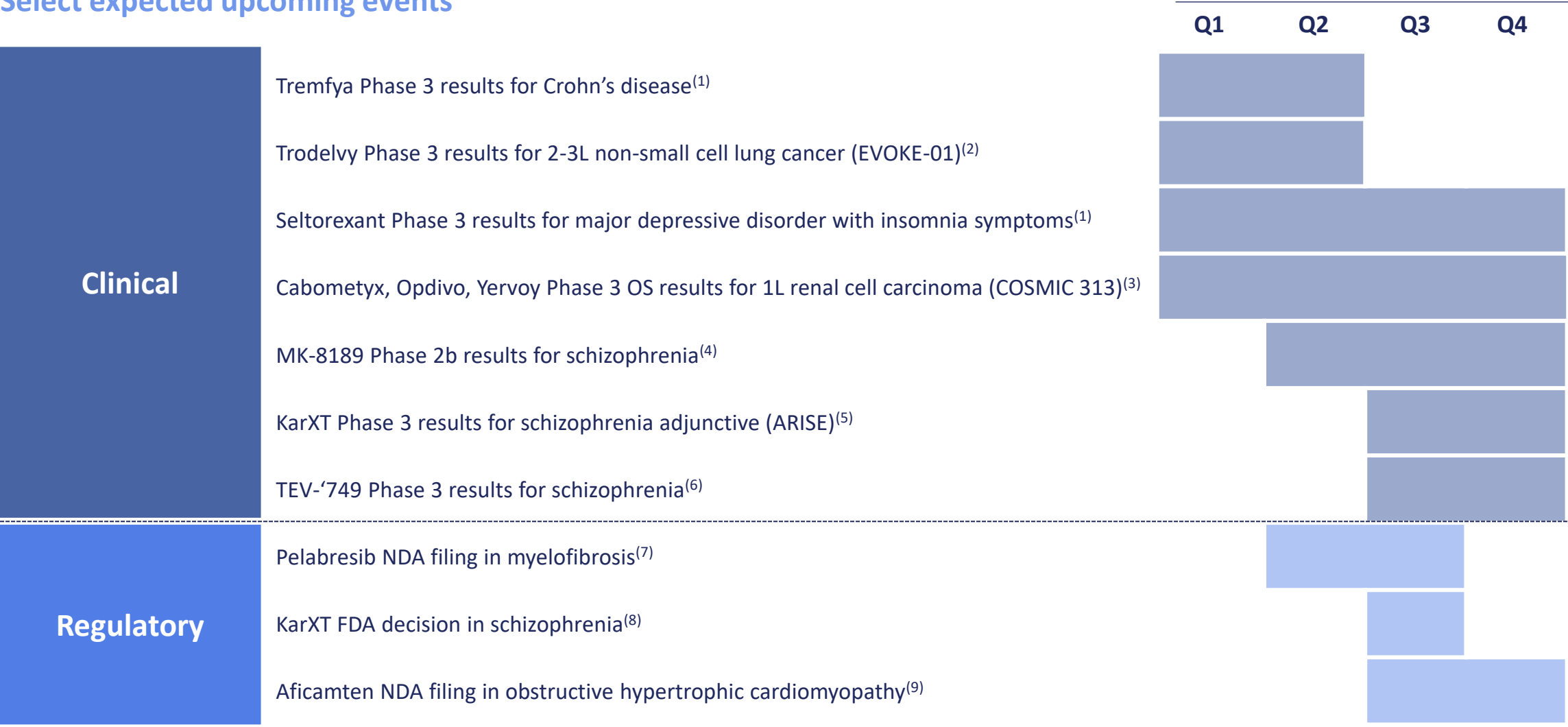


Potential ~1.8x cash return by H1 2023 with further upside from continuing royalties and additional milestones



# Important milestones expected in 2024

## Select expected upcoming events



# Potential royalties on ~40 projects in late-stage development

Phase 2		Phase 3			Registration
New molecular entity	<b>MK-8189</b> Schizophrenia	<b>trontinemab</b> Alzheimer's disease	<b>aficamten</b> oHCM	<b>pelacarsen</b> Cardiovascular disease	<b>olpasiran</b> Cardiovascular disease
		<b>tulmimetostat (CPI-0209)</b> Blood cancer, solid tumors	<b>pelabresib</b> 1L Myelofibrosis	<b>ampreloxetine</b> Symptomatic nOH in MSA	<b>seltorexant</b> MDD w/insomnia symptoms
					<b>TEV-'749</b> Schizophrenia
Additional indication	<b>Trodelvy</b> Lung, HNSCC and endometrial	<b>Trodelvy</b> (+ combinations) 1L mUC	<b>Trodelvy</b> 1L TNBC (PD-L1-)	<b>Trodelvy</b> 2L+ mUC	<b>Imbruvica</b> 1L Follicular lymphoma
	<b>Tazverik</b> (+ hormonotherapy) mCRPC	<b>Trodelvy</b> (+ pembrolizumab) <sup>(1)</sup> 1L mNSCLC	<b>Trodelvy</b> <sup>(2)</sup> 2-3L mNSCLC	<b>Trodelvy</b> (+ pembrolizumab) 1L mTNBC (PD-L1+)	<b>Tremfya</b> Ulcerative colitis
	<b>seltorexant</b> AD with agitation/aggression	<b>Tremfya</b> Giant cell arteritis	<b>Trodelvy</b> (+ pembrolizumab) Adjuvant TNBC	<b>Trodelvy</b> (+ pembrolizumab) <sup>(5)</sup> 1L mNSCLC	<b>Tremfya</b> Crohn's disease
		<b>Skytrofa</b> Turner syndrome	<b>Trodelvy</b> HR+/HER2- chemo-naïve mBC	<b>Cabometyx</b> (+ PD1) 1L metastatic RCC	<b>Tremfya</b> PsA Structural Damage
			<b>Erleada</b> High risk prostate cancer <sup>(3)</sup>	<b>Cabometyx</b> (+ Tecentriq) mCRPC	<b>Spinraza</b> (higher dose) Spinal Muscular Atrophy
			<b>Erleada</b> Localized prostate cancer <sup>(4)</sup>	<b>Cabometyx</b> Advanced NET	<b>Skytrofa</b> Adult GHD
			<b>Tazverik</b> (+ Revlimid, Rituxan) 2L Follicular lymphoma	<b>aficamten</b> nHCM	<b>KarXT</b> Schizophrenia (adjunctive)
					<b>KarXT</b> Psychosis in Alzheimer's disease

■ Rare disease    ■ Neurology  
■ Immunology    ■ Cardio-Metabolic  
■ Cancer

# GAAP to non-GAAP reconciliation – Adjusted EBITDA<sup>(1)</sup>

\$ in millions	FY 2022	FY 2021	FY 2020
<b>Net cash provided by operating activities (GAAP)</b>	<b>2,144</b>	<b>2,018</b>	<b>2,035</b>
Adjustments:			
Proceeds from available for sales debt securities	542	63	3
Distributions from equity method investees	-	1	15
Interest paid, net	145	127	95
Development-stage funding payments – ongoing	2	7	20
Development-stage funding payments – upfront and milestones	175	193	6
Termination payments on derivative instruments	-	16	35
Distributions to non-controlling interests – Portfolio Receipts	(442)	(480)	(544)
Derivative collateral received, net	-	-	(45)
<b>Adjusted EBITDA (non-GAAP)<sup>(1)</sup></b>	<b>2,566</b>	<b>1,944</b>	<b>1,621</b>

# 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 is a key performance metric that 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 on regulatory milestone 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.
- (3) Adjusted EBITDA is important to lenders and is defined under the credit agreement as Portfolio Receipts less payments for operating and professional costs. Operating and professional costs are comprised of *Payments for operating and professional costs* from the statements of cash flows. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated February 15, 2023 and February 15, 2022.

## Long-term Outlook footnote

- (4) 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 & Non-GAAP Financial Information," for factors that may impact the long-term outlook.