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RPRX.OQ - Royalty Pharma PLC at Sanford C Bernstein Healthcare Leaders and Disruptors Healthcare Forum

EVENT DATE/TIME: SEPTEMBER 23, 2025 / 6:50PM GMT

OVERVIEW:

Company Summary

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PRESENTATION

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

All right. So I will do a quick intro and then we can go from there.

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Okay, great.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

So thank you all for being here today. It's wonderful to have Royalty Pharma here with us. We are very, very privileged to have you joining us for the conversation.

For anyone who doesn't know me yet, my name is Courtney Breen. I cover the large cap pharma names focused on the US at Bernstein. And I'm very privileged to have this conversation today. I think Royalty is in a unique space in the market and kind of plays across kind of biotech partners through large cap pharma partners. And so looking forward to diving into that a little bit.

But first of all, we're going to let Marshall take us through a few slides, learn a little bit about Royalty Pharma together, and then we'll dive into Q&A. Just a reminder for everyone, we do have the Pigeon Hole app if you have particular questions that you want me to integrate into the Q&A, please send those through, and I will integrate them into the conversation. But with that, Marshall, thank you so much for being with us. And I will let you take the floor and run us through a couple of slides that you have.

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Absolutely. Great. Thank you so much for having us. So just to introduce myself. My name is Marshall Urist, I head up the Research & Investments team at Royalty Pharma, been there for going on 12 years now. So as we said, we take -- go through a few slides just to introduce everyone to who we are and what we do. which is well timed because we actually just finished up our Investor Day this year about 10 days ago.

So if anyone wants to take a deep dive, go to our website and spend three, four hours with us going through everything you could ever possibly want to know about Royalty Pharma.

So just maybe to level set for a little bit to give everyone a sense of who we are and our scale. So we are the number one buyer, the largest buyer of biopharmaceutical royalties in the world. We've been at this for coming up on 30 years. So our founder and CEO was one of the sort of originators and creators of this space. And I think that competitive, that kind of market lead kind of still gives us some real advantages to this day.

We're a big company now for our space. So we have over 50 products in our portfolio. We are guiding to Portfolio Receipts, that's kind of like the aggregate royalties that we receive every year, of \$3.1 billion this year, cash flow of about \$2.5 billion. We have a market cap of \$20 billion-plus, about 100 employees right now.

So we went public in the summer of 2020, and I think we've really enjoyed the challenge of executing in front of the public markets over the last five years and are super confident and excited about the future. So we've delivered low double-digit, 12% kind of CAGR of our Royalty Receipts every year. We gave at our recent Investor Day, some kind of detailed look at our returns. We've delivered unlevered, I think it's an important point of the unlevered IRRs in the mid-teens consistently. Since our IPO over the last five years, we've grown the company significantly. Our team has deployed a lot of capital, deployed \$14 billion since our IPO.

But at the same time, and this is an important theme, we allocate capital really carefully, and we've returned over \$4 billion through buybacks and repurchases over that time, and we are always trying to kind of simplify and optimize our structure, and so we internalized our investment manager for anyone who is kind of familiar with the technicalities of that structure.

So I think one of the most exciting things about our business is the dramatic growth and expansion that our space is seeing. We've seen an explosion of biotech innovation. And with that has come the need for a broader number of capital sources that serve company needs in different ways, and that is really the role that we play across all the parts of our business. You can see the business has grown very significantly over the last nearly 30 years.

So this is one of the key themes that we talk about, I think, a really important thing and message about how we think about our company, which is we always want to be the optimized buyer of royalties in the world. And what that means at a very high level is we are always evolving our company, if it's our approach, our structure, how we buy royalties to make sure that we maintain market leadership. We certainly don't rest on our position in the industry. We always want to be pushing. And so as I mentioned, we really kind of founded this industry in a lot of ways and have kind of built on all of our competitive advantages that are all here over that time. But I think an important thing about the spirit of how we do it is that we are always trying to get better in every way.

So our kind of big -- our overarching ambition is to be the best capital allocator in the life sciences space. And so this is the framework that we talk about with our shareholders, which is we are always thinking every investment really carefully about how we are allocating capital. Is every dollar we send out the door, the highest and best use of that capital for our shareholders.

And so this is kind of the framework that we think about it. When we think about against our stock price and how attractive the royalty opportunities are. So when there's a lot of attractive opportunities, and our stock is trading at a discount to its intrinsic value, like it has been recently, we've been doing both. We've been deploying capital to grow our portfolio and new royalties and also buying back stock. And so as the world -- as things evolve as well the market for royalties maybe is more or less attractive over time and our share price, obviously, hope it shifts to the right here over time as well, we will incorporate all of that information to how we allocate capital. So one of the things and the team that I lead that we're really proud of is our investment approach. And we are highly, highly selective into how we choose the products that we want to be involved with. Our number one product selection criteria is the quality and the importance of the product. If not, do we see a return here -- simply is this an important medicine that we want to be a part of our portfolio. And when you look at the products we have in our portfolio, I think see a clear theme of that across all the products we might touch on some of those today. But to achieve that, we have to have a very flexible approach in a really open model.

So we've built our team to be able to invest in any therapeutic area, approved, unapproved any therapeutic area, and we've invested across, I think, something like 60 different therapeutic areas or 60 different diseases over the last five years alone.

And I think we have -- we talked about the consistency of our returns, but we really think a lot about risk reward and how can we structure our investments to sort of be optimally positioned for us and for our shareholders and for our partners.

So this is what our kind of transaction funnel looked like in 2024. So we saw because we are the biggest player in a growing space, we saw a ton of things, right? We saw over 440 different things last year and the sort of this funnel sort of shows you just how selective we are, right? We looked at 440 things and ended up doing eight deals, right, last year. So we are highly, highly selective in the products that we're involved with and to the point I just made, you can see some of the things that we invested in that we invested in last year, some really premier products that are having great launches this year like Voranigo or Niktimvo, Yorvipath from Ascendis, some really great products here.

So did I skip -- that's right. Okay. So last -- one of the exciting things about our market is we do buy royalties like you think about a pre-existing royalty is one part of our business. It's a royalty that comes out of a licensing transaction. The other big part of our business is what we call synthetic royalties. And that's basically when we work directly with the company to invest in that company and create a royalty. So we basically get a portion of future revenue to fund the business. And as you can see here, this market has been expanding dramatically over \$3 billion in 2024. And we think the future is really exciting for these.

Synthetic royalties represented over the last four years, I guess, five years, excuse me, just low single digits, or 3% of all the capital raised in our space, and we've grown and this has been a big growth driver for us. And this tells you why we're so excited about this because that number could double or triple, it would still be that 3% could double or triple. And that's a really attractive growth opportunity for us and still would be a small minority of the capital that's raised in our space. And I think that's an important theme that we see how this industry should be funded, which is it's going to take all of these things, right, equity, debt, partnership, whatever it might be, and royalty is going to be an important part of the kind of biopharma capital structure of the future.

How are we tracking towards our financial targets? So here's two that we talked about. So we talked -- we have -- our financial target number one is a Portfolio Receipts CAGR of 10% or more between the decade 2020 to 2030. And you could see we're tracking above that 12% CAGR through this year. So we feel really good about where we are.

Second, we had a five-year capital deployment target that we talked about at -- in 2022 of \$10 billion to \$12 billion. And you can see we're tracking really nicely towards that. If you think about it purely on actual capital out the door. If you think about total capital committed, we're already well above that target. So really finding attractive places to invest.

We have publicly communicated return targets for our investments, they've been consistent. We haven't really changed these at all since we went public. This is a common question for investors, which is approved products, we target an unlevered IRR, that unlevered is important, talk about that in one minute, of high single to low double digits. But in reality, I think we've seen an environment that's really kind of a low double-digit kind of unlevered IRRs for our approved products. Development-stage products, are teens. And you can see we've also been in that range or above. I think why don't we stop there. I think this puts together why we are in a great market. We have the platform that is optimized to invest in this space. We consistently generate attractive returns and our growth outlook is really attractive. So that's a quick spin through RP, but happy to talk about any of these topics or anything else?

QUESTIONS AND ANSWERS

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Fantastic. Thank you so much, Marshall. I think that's really good underpinning for contextualizing Royalty and where you're at today and the journey that you've been on. Kind of as I heard you go through the slides and as I kind of spent some time digging through your website and digging through the Investor Day, I think there are a couple of things that I noticed, first is kind of that distinctive ability to identify deals that are going to be positive. And the second was also identifying opportunities that translate to a lucrative outcome, not only for you but also for the partner at play, the kind of royalty payer at the time. I want to start with a few basics to understand and kind of begin to kind of understand your approach to delivering that. And so first is, you also spoke in these slides about 60 different disease areas over the last five years. And certainly, kind of from my experience, and when you talk to large cap pharma companies, they say, well, to be able to look at kind of research that's going on outside, I need to be doing research inside to fully understand what good looks like. How on earth do you have the capability spread and the context to be able to look at those 60 disease states and feel good about those opportunities? What's your secret source here?

And also kind of how early do you start evaluating these opportunities versus when you actually decide I've got enough data in my hands to feel good about this kind of how do you get along that kind of comfort pathway to?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Those are key questions. So as I mentioned, we've been at this for a while, right? And so we've developed a system to kind of deal with that complexity. And we've had to evolve a lot because the world has gotten more complex over the past few years. So the way our team operates kind of everyone in our team kind of operates as a generalist, right?

And so that's why we have incredible people on our team, and we develop them to be generalists. So the way we can kind of work on 60 different things over time is what we've gotten really good at is our internal team, we supplement our internal team by going out for each and every transaction and identifying the very, very best people for that specific project to work with us for that project. And so that clinical, commercial, manufacturing, formulation, devices, whatever it might be, we will build a team around that disease area or that specific product for each and every investment. And being able to grow that team and then transact or not transact and move on, it's how we kind of build our team to be able to do that. The other thing is and this sounds simple, but is really important is that we do really start with important products that have good data, because I know, we all know when you're sitting there, when you have to squint at the data and squint at the curves or is this a difference or work hard to convince yourself, usually, that tells you something.

And so something that really guides us, which is if we have to work hard to convince ourselves that it's important data. Usually, there's value in that. So that's the other thing that really helps us because we really try to focus on things that are kind of important in some way.

And so that's why the other part of your question was, that's also why when you're working on great drugs, great data, it's also really helpful in terms of getting to a great answer with your partner because at that point, you kind of both want the same thing.

It's not like a zero-sum game, it's we're really excited about this product. We want to put capital into it to help you move faster, get it to the next stage in a way that works for you and works for us, right? And that's how we operate. And so it's more like a partnership than it is sort of a kind of us versus them kind of adversarial zero-sum approach. And it's been really powerful for us.

The other part or the other question was yeah, so a couple of things. I think you asked when. So basically, we have been investing pre-approval now for over a decade plus. If you look historically, about 40% of our dollars invested have been prior to approval, and that percentage has been pretty consistent over time.

If you look even recently, it surprised us in a way that we put more capital to work in approved products over the past few years than I think we necessarily expected. So we usually are Phase 3 and later. And that's for two reasons. One is that that's when the capital needs are greatest, right? So we're a big company to do transactions that matter, we need to focus on when capital needs are greatest, which naturally sort of forces us later, which speaks to your other part of your question, which is probability of success, which is we are sort of privileged and lucky in the sense that they're -- we work with companies who have done the really hard work to get things to that stage. And where the risk is highest is not where we are most active. And I think that really helps us. And then the last piece is coming back to this theme, we are sort of high conviction, right? When it's a royalty, it's not whether it's 70% or 80%, because 80% of zero from a royalty perspective is still 0. So we really focus on super high conviction things. And if we don't feel it, we don't do it. So that's sort of why we've been sort of fortunate to have the track record we have.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Super helpful. And maybe just to dig in a little bit more as you think about kind of the ideal partner or the ideal therapy or modality. Are there particular kind of segments that stand out that kind of just become more no-brainers than other areas where you have to spend a bit more time kind of convincing yourself?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Yeah. So the kind of high level to answer to your question is no, right? Because we are so product-based, like everything is about the fact pattern around that single product. And so that's why you've seen us invest -- there's no rhyme reason to it, it's sort of all over the place.

We do definitely have like thematic things that we think are interesting. I'll give you an example and how it led to some of our investments. So one of the things we had noticed several years ago is there were like some really big markets that pharma in sort of the total shift to kind of specialty and high-priced drugs had kind of left behind, right? Migraine was one example for us, right? Like you had seas of generics, they were all like the same drug. And so we said that's interesting, right? And so we went out and looked for are there things that are interesting. We ended up making several investments in the CGRP space that were interesting.

Psychiatry was another one, right? Totally we had been totally kind of abandoned by pharma, and we went to look for opportunities there. We've made a couple of investments there. We invested in Cobenfy which is a product Bristol's launching now, and we made an investment in Teva's Phase 3 for a long-acting injectable of olanzapine that Teva recently presented some great data for. We invested in that.

But we never go out and say I need a product in obesity, right? We don't have an obesity investment right now. You might imagine we get asked like every day, we go out, what are you doing in obesity. But we're not going to go out and check a box just to have something in a space. If it doesn't make sense, we're not going to do it. There's plenty of places for us to invest. We don't need to sort of say I must be in this space or that space.

Courtney Breen - Sanford C Bernstein & Co LLC - Equity Analyst

Fantastic. I think what you've done through the presentation and answering a couple of these questions is kind of paint a very compelling case for kind of Royalty Pharma's business model and kind of what you're able to do.

Why aren't there other Royalty Pharmas out there? Kind of why -- what makes you the clear leader in this space and kind of there aren't many followers kind of trying to replicate exactly what you're doing? What puts -- what enables you to stand apart and perhaps deliver this uniquely compared to the --

Marshall Urist - Royalty Pharma plc - Head of Research & Investments

It's a great question. It actually was one of the kind thematic organizing principles for this last Investor Day that we just did. So there's lots of directions to that question. I think one is we have a very, very unique structure, the way Royalty Pharma is structured, right? This business started 30 years ago as a typical -- you think about a serial fund model, right? So like what private equity does, you raise some money, you invest it if the returns are good, people give you more money and you keep going. -- right? I think our founder tells the story that he invested a royalty fund. It was a ton of work, right? And he had this like great base of royalties, and then he started thinking about starting over, right?

And he was fortunate at the time to have an investor base that wasn't institutional and was actually in the early 2000s, able to convert Royalty Pharma to an ongoing evergreen business model, right, which is -- it was -- it's like a profound event for us because what it meant is it turned us into a totally different thing than a typical investor, right? Because it became a self-funding business model, right?

So the way it works is we -- so the capital we invest is obviously the royalties from our prior investments and the business scaled and scaled and scaled. And so that did two really important things. One is our cost of capital came down dramatically, right? Because you are an ongoing business model, you could lever the business, right? So debt became an important part of our structure. And so that brought our cost of capital down very dramatically. The second thing is it allowed us to invest in a totally different way, right? Because just at a high level, a royalty is usually a 10, 15, 20-year stream, right? Owning that in a fund that has a 5-to-10-year life is really not very efficient, right? And so we are structured to match what we do, right? And so I think that is something that's very, very hard to recreate, number one. The second thing is, everything we invest in, there's only one of them, right? And so you -- to even think about recreating kind of who we are, right, it would take three decades and billions and billions of dollars and I'm not even sure if then you could do it, right? And so I think that is why I think there isn't someone who looks exactly like us.

But I think the other thing to point in mind -- the other thing is that there's been different flavors of competition in our space over time, and we really welcome it, right? Having a robust market where sellers feel like there's multiple bidders is really positive, right? So we don't see this as we are the only kind of player in our space. We dictate price. There's no competition. That's not how it works at all. We are unique, and I think that gives

us multiple competitive advantages in a growing space. But we certainly think there will be other players in our space who are successful. They probably won't do it just like us, but we see, given the size of the opportunity, we want there to be sort of a vibrant marketplace for royalties.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Absolutely. And you've done a variety of different deals recently, and you spoke about a few of them that were particularly asset specific. You also did a pretty sizable transaction with Revolution Medicines, which looks like it's a bit unique to perhaps what you've done in the past. Can you kind of share some of the basics on this particular transaction? How it differs to prior deals? And why this made sense for you and for Revolution now?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Yeah. So no, it's a good question. So it was a very exciting deal that we signed over the summer. So for anyone who doesn't know, Revolution Medicines is an oncology biotech that's in Phase 3 and works in a target called RAS and they're in Phase 3 for pancreatic cancer, and it looks like they -- we certainly believe they have what is going to be the first real breakthrough in pancreatic cancer, which as I'm sure everyone knows, is just a horrible disease, and there's been no real progress in this disease despite all of the innovation in our space.

And we -- the background of the deal was that Revolution Medicines is at a point that we -- is very familiar to people who have been following this space, which is you've built and built and built you're in Phase 3, you're thinking about commercialization, you have to invest in your pipeline behind you to continue to scale. Oncology is an extremely competitive space. So you need to move as fast as possible, push everything as fast as possible. And you need a lot of capital at that point. And historically, the only way to really access that kind of capital was you went and signed a partnership with a big company, right? And a partnership with a big company has some positives to it. But it has some huge negatives we all know. One is that you end up giving away a huge amount of value, right? It can be half of everything globally where it can be a huge part of the ex US and it sort of strategically changes your company, you have a partner, they probably slow you down, right? You got to have committees and meetings about everything. And so they were at this point.

And so in the past, you would have to go do this deal. And that can kind of limit shareholder value creation, right, because you sort of signed away a big piece of the pie. And so what we were able to craft Revolution Medicines was a \$2 billion partnership. So capital at the scale that you could get from a big company but allows them to remain completely independent, control their own destiny and continue to develop all of their drugs as long as they want to. It doesn't mean they won't sign a partnership or might be in the future, but allows them to continue to do it and allows them to accrue more value for their shareholders. And what we designed was very unique. So I think the scale of it in our space was completely novel.

And then the second thing is that it's a staged deal, which is kind of unique because we put \$250 million in upfront and then there's four more tranches of \$250 million along the way, which is -- each brings successively more synthetic royalty to us, right? So we really partnered with them to give them significant capital now when the Phase 3 works out, when the products approved, when they hit a certain sales milestone and then when they get a major label expansion.

We also gave them access to senior secured debt, right, and of another \$750 million of senior secured debt. So it was sort of like a major package of funding that sort of allows them to continue to push as fast and as hard as they want to, but gives them a lot of flexibility, because of that -- of the \$2 billion, only \$750 million of it is actually is -- that they will take, right? And the rest of it is at their option.

So the other thing that was unique about it was the way it was structured was the tranches in the future actually come at successively lower cost of capital to our partner, which is cool, right, because we are prewiring all of that now and then we'll give them a form of capital, which they can decide at the time, right? How does this compare to the cost -- their cost of equity or ever they might do in the future. But we have a royalty, which we think will be competitively priced at that time. So it was a super novel structure.

And I think an important thing is sort of reflects to your last question, our progress in becoming an institution in our space, right? Because Revolution Medicines is an incredible company, great team, and they're really partnering with us and trusting us right, like they would Merck or Pfizer whoever might partner with them that in five years, six years, whenever some of these cards might turn over, we're going to be there, and we're a partner who can -- who will be there with you over that whole time.

And again, to your question, that's probably very difficult for someone in the fund structure to do that kind of thing, right? And we kind of -- and so we're really excited about this. We think for really strong companies who are in a strong position, right? This is a really attractive way to fund your business.

We've got a lot of incoming inquiries from companies around the space since it's -- since this has been -- since we put this out there. We've had to explain to people. Not everyone is sort of ready for this kind of deal. But we think for the right companies, we're excited about offering kind of an innovative package like this.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Fantastic. That's super helpful to understand because it is very unique and kind of exactly as you say, it offers a different way to access kind of those expansion opportunities for your business when kind of you feel like you have so much promise, but you just need a lot of cash to get there.

One other angle that I kind of wanted to probe this from is look at where kind of the biotech or pharma sector is today, there is kind of fragmented research that's going on. It's now fragmented across many more biotechs contributing to late-stage pipelines. It's also fragmented more geographically with kind of China becoming a bigger and bigger player and contributor of innovative biomedicines.

And then on the other side of the equation, kind of if you look at these large cap names and they have narrowed their focus away from consumer and devices and all these other places and perhaps become more risk on because they're focused on innovative biopharma, which is kind of probability of success and patent cliff that you've got to navigate through a whole lot more.

As you think about those pressures kind of does that translate to a higher kind of path for royalty environment? Or does some of these things kind of get in the way of the trajectory for Royalty Pharma and royalties becoming a larger and larger source of business going forward?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

It's a good observation. I think everything you mentioned to us creates opportunity, right, for a whole host of reasons. But the fragmentation of the industry has been going on for a long time, right? And a lot of that fragmentation each time there's a transition point of innovation across the industry, there's a royalty created or something in a license.

And so that nature of the industry creates our opportunity. And one of the cool things about our space is it also renews our opportunity all the time, right, as those things happen. Pharma, same thing, right? We have another part of our business we didn't touch on is we partner with large pharma companies on to fund specific R&D programs. Another part of what we've done. We've done it with Pfizer, Merck, Sanofi, AZ, like lots of companies around the world. And certainly, as they feel more stress, more need to move faster, I think that different ways to fund the pipeline in a way that is sort of P&L bandwidth expanding is attractive, and I think we offer that to companies as well.

And then you mentioned China, super interesting, and I think kind of highlights one of the attractive parts of our model, which is what we see with all that China licensing activity is that's another, I don't know, in aggregate, how many transactions there's been 75, 100.

That's all of those generally create new royalties, right? A lot of them are creating new royalties that are in the hands of multinational pharma companies around the world. And that's our bread and butter, right?

So to us, you've created a new -- a whole new sort of source of innovation, a whole new market. We have been doing the work to be positioned to be able to hopefully have that as a part of our business in the future. But we're excited about that, too, right? Because if one of these VEGF PD-L1 drugs turns out to be big, and it's in the hands of Bristol Myers whoever it is, right, that's an attractive royalty that we could potentially transact on.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Fantastic. Maybe coming at some of these different pressures in another angle as well, kind of one part of this is you're talking about a royalty stream. Royalty streams are usually a percentage of revenue. So knowing what revenue is going to look like in the future is really, really important. There's a lot of uncertainty in the world as we think about drug pricing, as we think about different geographical opportunities going forward.

In addition, you kind of put that great funnel on the slide earlier where you were saying you're talking -- you looked at 440 opportunities and 8 came out at the bottom.

And so you've got to think about these scenarios around this analysis in a very efficient way to evaluate what might be the parameters that we're playing in, kind of what investments have you made to set yourselves up for success here, kind of what data, what infrastructure do you use? But also kind of how do you think about the world that we're playing in and how much variety there might be in the future in terms of the economics for pharma products?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

It feels like we've been living with the question of sort of price uncertainty forever and certainly, the volume has been turned up to 11 recently. So look, we think really deeply about that. And there is no one answer right now. We are trying to gather all the intelligence that we tend to understand it. But I think what -- we take a few different approaches to it.

One is we are believers that when you focus on important drugs that offer real value whatever happens in the future, those drugs are going to be better positioned.

Second is we do -- our portfolio right now is in a good position with a lot of these cross currents, a couple -- we get sort of questions about portfolio composition. I think one of the things we have relatively little or limited, I should say, kind of government -- US government pay exposure right now. So Medicaid, I think, is less than 10% or so of our business. Medicare is maybe similarly sized, maybe slightly larger but has a couple of pieces which are shorter duration royalties right now where we're closer to the end of the royalty. So we own royalties in Imbruvica, in Xtandi, in Trelegy. Imbruvica and Xtandi have been negotiated. But were going to go out of our portfolio naturally anyway. So we just we're pretty well, we're pretty well positioned right now.

The other thing that we do a lot about, we think about this in structuring. So we have conversations with our partners and say, look, there's a lot that can happen. We need to sort of share in that together. And so we can have structures where if there are underperformance scenarios because of that, the royalty rate might adjust. So there's lots of things that we can do to help mitigate that. But certainly, we are looking forward to more hopefully, one day having more clarity on how all this is going to play out.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

We all are. And in the last few minutes, I really wanted to just take a step back and ask you to talk a little bit about kind of deal structures and Royalty Pharma over the next 5 to 10 years. What does good look like? We talked a little bit about kind of the last three decades and the evolution that the business has been on. As you think about the future, and it's just starting to perhaps invest a little earlier in some opportunities, do some new deal structures. What might the proportion of business or what might kind of the shape of Royalty Pharma look like over the next decade?

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Yeah. We are really excited about where we sit in the ecosystem. And we've been where -- one of the things we really love to do is innovate on structure, and that's why the Revolution Medicines deal that we talked a lot about is so exciting because that is we have really taken pride in the fact that we've tried to be a real innovator and are a real innovator in structuring and coming up with new ways to fund companies through royalties because that obviously feeds back positively because it then creates more opportunity for us to invest into the future. So I think we're going to be doing kind of all of the above when you look forward.

When I look at our pipeline today, we are, the variety is incredible of across the board in terms of regular royalties, synthetic royalties, working with pharma on R&D. So it's all moving forward. There are, where might we innovate? There probably are areas where we could -- and we have done a proof of principle like this with Merck actually where we invested very small dollars to us in something that is maybe post proof of concept, but needs to find a dose, but then where we're committed to once the card turns over positively, really blow out and expand that investment to fund Phase 3.

And so that's a way where for very selective opportunities, we wanted to use our scale and the depth of our resources to put very much smaller dollars to work and things a little earlier that would commit us to funding it as the capital needs growth. And I'm sure we'll come up with new and different ways to innovate as well.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Fantastic. Thank you so much for sharing a little bit about Royalty Pharma with us today. I think this has been a super interesting conversation. And you certainly play at a really interesting place in the entire sector, particularly as we think about the pressures, the evolution and all the things that are going on in the environment as not to mention kind of the funding environment that we're all in as well.

Marshall Urist - *Royalty Pharma plc - Head of Research & Investments*

Yeah. Well, thank you for having us. Super fun and great questions.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

Thank you so much, Marshall.

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