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OVERVIEW:

Company Summary

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PRESENTATION

Christopher Schott - *JPMorgan Chase & Co - Analyst*

So good morning, everybody. I'm Chris Schott at J.P. Morgan, and it's my pleasure to be introducing Royalty Pharma today. It's a really unique business in our view, a company that's helping finance a lot of the innovation that's occurring across the biopharma space. From the company, we have Pablo Legorreta, the company's Founder and CEO. Pablo, Happy New Year and looking forward to the presentation.

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Thank you, Chris. Happy New Year to you and to everyone in the room. It's a real pleasure for me to be here. I think it's probably my 28th year at J.P. Morgan, something like that, and sixth year since we're a public company. But good morning and good afternoon to those of you on the web.

My name is Pablo Legorreta, and I'm the Founder and CEO of Royalty Pharma. I'm thrilled to be here to share my excitement for our business. What I plan to leave you with today are two important takeaways. First, a clear appreciation of the rapid growth and enormous potential of the royalty funding in life sciences. And second, our clear path to deliver significant value creation and share price appreciation in the coming years.

Before I begin, you can see on the slide our customary forward-looking statements.

For those investors who are less familiar with Royalty Pharma, we are the clear leader in the fast-growing biopharma royalty market, and we have no obvious publicly traded comp. This inevitably raises questions of how to value Royalty Pharma, how to benchmark the company's performance and what is an appropriate peer set. When we addressed many of these questions at our Investor Day in September 2025, the starting point was our new corporate goal, which clearly defines our ambition. Our goal is to be the premier capital allocator in life sciences with consistent compounding growth.

We aim to deliver against this ambitious goal by dynamically allocating capital in the best interest of our shareholders to deliver sustained attractive returns and to strengthen our competitive moats.

Slide 4 summarizes how 2025 was one of the most important and defining years in Royalty Pharma's history, marked by strong financial performance, transformative strategic actions and impressive capital deployment. It was a truly remarkable year for us.

Starting with the financials, we expect to deliver between 14% and 16% growth in Portfolio Receipts, our top line, driven by the strength of our diversified portfolio. We're also now reporting a return on invested capital and return on invested equity on a quarterly basis.

In the third quarter, we maintained strong returns in our business with returns on invested capital of 15.7% and return on invested equity of 22.9% for the last 12 months. This performance is the result of a repeatable investment process that has delivered double-digit growth through multiple market environments. We also completed one of the most transformative steps in our company's evolution through the internalization of our external manager. This brought together our unique royalty portfolio and our valuable intellectual capital. We are already seeing significant benefits from reduced costs as well as improved alignment and governance.

Turning to capital allocation. We deployed capital of $2.6 billion in the year on value-creating royalty transactions, bringing in eight new royalties. A particular highlight was our innovative transaction with Revolution Medicines on the exciting Phase 3 oncology therapy, daraxonrasib, which we believe establishes a new funding paradigm for biotech companies.

And we also returned significant capital to our shareholders with a repurchase of $1.2 billion of shares and our growing dividend. Lastly, looking at our portfolio, we received multiple positive clinical and regulatory updates, which we expect will contribute significantly to our growth and returns in the coming years.

Slide 5 is a favorite of mine as it demonstrates our consistent double-digit growth on average since our IPO. We have delivered this impressive record year in, year out, regardless of the market backdrop. In fact, over the period since our IPO, we've had consistent beats and raises. Slide 6 shows that we have delivered ahead of analyst expectations in 15 of the last 22 quarters. This speaks to the quality of our asset allocation and selection driven by our incredible investment process.

Importantly, we don't believe this can be replicated by others. We're focused on identifying the best therapies in the biopharma industry, and our history has shown that these consistently outperformed.

On slide 7, at our first Investor Day in 2022, we provided two clear long-term financial goals. We're targeting a compounded annual growth in Portfolio Receipts of 10% or more between 2020 and 2030, which means a top line of $4.7 billion or more by the end of this decade. We also increased our projected rate of capital deployment to $10 billion to $12 billion over the next five years compared with our prior target of greater than $7 billion.

I am delighted to say that our strong performance in 2025 puts us ahead of the run rate of this measure. Let's move on to slide 8, which we believe shows the fundamentals behind our industry and why they are so compelling. The answer is simple. Royalties fill a critical funding role for biopharma. They are increasingly being recognized as an important part of a biopharma company's capital structure with clear advantages to traditional debt and equity in multiple scenarios. For debt funding, the main advantage is that it has the lowest cost of capital and is not dilutive to equity. However, it typically comes with strict operational covenants. Equity has been popular historically as it's been the only source of funding for most biotech companies. However, it comes with the highest cost of capital and is broadly dilutive to shareholders. This all changed when Royalty Pharma introduced royalties as a new source of funding.

Royalties offer the greatest flexibility, no operational restrictions and are nondilutive to equity holders. Also, royalties are targeted and can be tailored to the individual needs of a company.

Slide 9 illustrates why for the right company, we also believe royalties offer important advantages versus partnering with a biopharma company. Royalties allow our partners to retain strategic optionality as the profile of their product or pipeline matures by creating new, or as we call them synthetic royalties, as well as providing launch capital, our partners enjoy many advantages over a licensing deal. For example, they retain operational control, a higher proportion of the economics in their product and avoid administrative complexity from joint decision-making.

Our transaction with Revolution Medicines is a great example of a company deciding to pursue royalties instead of partnering with a global pharma partner. And as the quote on the right from a biotech CFO highlights, selling a large portion of the economics and decision-making rights to a larger pharma partner may also limit the potential attractiveness to an acquirer later down the line. Our market is growing rapidly.

On slide 10, over the past five years, the value of announced royalty transactions has averaged $7.1 billion per year. That's around double the previous five years and nearly triple the level of 15 years ago. And 2025 was a record year with $10 billion in transactions. We expect this growth to continue, underscored by the increasing recognition of the benefits of biopharma royalties, the huge demand for capital in life sciences and the incredible pace of scientific innovation.

Within the overall market, we expect synthetic royalties to be a very important growth driver, and I want to briefly focus on this next. Slide 11 highlights the strong growth in synthetic royalty transactions as well as the huge potential for future expansion. Similarly to the broader royalty market, 2025 set a new record for synthetic royalty transactions with the value jumping 50% to $4.7 billion compared to 2024.

This is almost half of the growth in the overall royalty market. And we see so much growth still to come. The graphic on the right shows that historically, biopharma funding has been dominated by equity, licensing deals and debt. Synthetic royalties have been a small part, just 5% of the overall funding picture over the last five years. From our ongoing partnership discussions, we see synthetic royalties being routinely discussed at the Board level and C-suites as an important and growing funding modality. This growing recognition was affirmed by the findings of Deloitte's first-of-its-kind report on the biopharma royalty market in September 2025, which surveyed more than 110 biopharma leaders. Our expectation is that synthetics will continue to be a key growth driver in the coming years.

Moving to slide 12. Royalty Pharma had our strongest year ever for synthetic royalty transactions in 2025, with four synthetic deals totaling more than $2 billion. This was over 5x higher than the transaction value in the year of our IPO. Each transaction was based around potentially transformative best-in-class therapies with the Revolution Medicines deal the largest. And 2026 is off to a strong start with a synthetic royalty transaction on Teva's potential vitiligo therapy, TEV-53408, with a value of up to $500 million.

Slide 13 looks more broadly at the investments we made in 2025 and our transaction funnel. As you can see, we were incredibly busy and reviewed more than 480 potential royalty transactions. This resulted in 155 CDAs signed, 109 in-depth reviews and 36 proposals submitted. Our disciplined and highly selective approach resulted in us executing eight transactions for nine therapies or just 2% of our initial reviews for an announced value of around $4.7 billion. On slide 14, I want to take a step back to highlight how we manage and mitigate risk. In short, we deploy our capital in opportunities with attractive risk reward, where there is compelling proof-of-concept data or the product is already approved.

We rarely invest in early-stage opportunities and instead focus on where our team can drive the greatest conviction. As a result of this disciplined risk/reward approach, we built an exceptional track record with around 90% of our development-stage investments going on to receive approval, which is well ahead of the typical industry success rate.

Slide 15 expands on this point by illustrating the relatively low risk profile of our portfolio. The vast majority, 86% of our invested capital at work, which is essentially our capital deployed for all active investments in our portfolio, is currently in approved products. Our exposure to unapproved products is only around 11% and has historically always been low. This reflects the success of our development-stage investments. Importantly, only 3% of our capital has been invested in investments that did not ultimately get approved, which we believe is an impressive figure.

Moving to slide 16. We're good at identifying opportunities that have not been appreciated by the investment community. Most of our recent investments have performed well since our IPO, with many still in the early stages of their product life cycle and are in strong growth trajectories ahead. When we weigh the outcomes by the capital we deployed, around $17 billion since 2020, the analyst consensus for five-year sales has increased by 40% on average since we invested. That said, I should stress that our investment decisions are always driven by our own internal forecasts, but using the analyst consensus is a good proxy for showing our ability to identify winners.

Importantly, when we look at returns on slide 17, even for transactions where the consensus has decreased, you can see that all but two are on track to achieve our target returns. This reflects the fact that our investments are underpinned by our own internal forecast as well as our ability to creatively structure transactions that mitigate risk.

In the next couple of slides, I want to highlight what we believe is one of the most unappreciated elements of our business, namely our pipeline of 20 exciting products that are in development stage. Slide 18 shows that we're exceptionally well positioned for the next wave of value creation with one of the deepest and most innovative development stage pipelines in the industry. This portfolio has already delivered with a number of successful Phase 3 readouts and filings in 2025.

Most recently, the FDA approval and upcoming launch of Cytokinetics Myqorzo in obstructive hypertrophic cardiomyopathy. Based on these events, we expect to see several royalty-generating launches this year, beginning with Myqorzo later this month as well as Teva's TEV-'749 in schizophrenia and Emalex's ecopipam in Tourette's syndrome.

Slide 19 sets out why there is much more to come from our development stage pipeline with multiple pivotal trial readouts expected over the next 24 months. 2026 will be a big derisking year. We'll see the first Phase 3 data on daraxonrasib in pancreatic cancer, a drug which we believe has the potential to totally revolutionize this devastating disease. We'll also see the first outcomes trial for our investments in the Lp(a) class of drugs with Novartis' pelacarsen first. We continue to believe that the Lp(a) class could be the next major class of cardiovascular disease drugs, and we're perfectly positioned with the two lead pipeline products in pelacarsen and Amgen's olpasiran. We'll also see data on Biogen's litifilimab in lupus late this year or early next. In 2027, we expect pivotal data from Sanofi's frexalimab in multiple sclerosis as well as olpasiran, which I already mentioned. Each of these potentially transformative therapies could add very significant royalties to our top line.

Slide 20 shows the potential launches that we expect to power our attractive compounding growth beyond 2030, including the therapies I just discussed. We would argue this is one of the most exciting and innovative pipelines in all of biopharma. The vast majority are products that are either first-in-class or best-in-class with clear blockbuster potential. In aggregate, we estimate the combined peak sales at over $43 billion on a non-risk-adjusted basis. Based on the respective royalty rates, this could translate to over $2.1 billion in annual peak royalties to Royalty Pharma with daraxonrasib, frexalimab and the Lp(a) class potentially being the largest contributors.

Having focused on growth so far, I want to switch gears on slide 21 and talk about returns. We're consistently investing at attractive returns that will drive long-term value creation for our shareholders. Our primary measure for analyzing deals has always been internal rate of return and cash-on-cash multiples. We aim to invest in long-duration assets at attractive IRRs that drive strong multiples on the cash that we're investing. But we also recognize our IRR can be challenging for investors to calculate on every single deal. That's why we recently introduced two new return metrics that are easy to calculate and speak to cash returns on the overall portfolio. The first is return on invested capital. It's been consistently around 15% since our IPO and is similar to the unlevered IRRs that we would expect on individual deals. The second is return on invested equity, which shows the impact of conservative leverage on our equity returns. That has been consistent in the low 20s. Again, similar to the levered returns that we would expect on individual deals. Not only are these returns strong, but they have been remarkably stable, and we expect to maintain these returns into the future.

On slide 22, I want to highlight the dynamic capital allocation framework, which drives how we deploy our capital. Essentially, it's driven by the relative attractiveness of royalties and the relative value of our equity. If royalties are more attractive, we'll allocate more capital to royalties. If our equity is more attractive, we'll shift our capital allocation to buybacks. If both are attractive, we'll take a blended approach. And if neither are attractive, we'll be patient and build up cash or we can pay down debt and increase our dividends. We look at every investment decision through this lens.

Slide 23 shows that we have significant financial capacity to execute our strategy and drive value creation. Looking out to 2030, we have the capacity to deploy around $30 billion of capital. The largest component will be royalties, at least $2 billion to $2.5 billion on average per year. That's a conservative figure. We also expect to return capital to shareholders through repurchasing shares, especially when there's dislocations versus intrinsic value and through growing our dividend. All of those decisions will be made through the lens of the dynamic capital allocation framework I just described. If the opportunity is bigger, we have access to over $10 billion of additional capacity, all while maintaining our strong commitment to our investment-grade credit rating.

Slide 24 addresses the question about benchmarking Royalty Pharma against a valid peer set. For investors, Royalty Pharma combines the attractive attributes of certain industries.

With respect to biopharma, its exposure to transformative therapies that drive consistent strong growth, alternative asset managers for the rapid expansion of their addressable market and focus on sustained high returns for their shareholders, capital allocators for their acquisitive nature and the ability to allocate capital efficiently and effectively at high rates of return and royalty buyers in other parts of the economy, such as precious metals. None of these industries exactly mirror our business, but we think this diverse group offers important comparisons and a valid benchmark for our performance. We believe we compare well given our track record of diversified double-digit growth and sustained attractive returns.

On my final slide, we see a clear path to substantial share price appreciation. We expect very attractive growth supported by best-in-class pharma diversification. Our top-line target of $4.7 billion or more in 2030 represents a CAGR of at least 9% plus from 2025 to 2030. Our top-line growth is expected to translate to over $7.50 in Portfolio Cash Flow per share in 2030 with a CAGR from 2025 to 2030 of 11% plus, a more than 60% increase compared to our 2025 estimates.

Importantly, this is value-creating growth as we expect to deliver consistent mid-teens returns on invested capital with IRRs on deals well in excess of our cost of capital. Altogether, this positions us to deliver substantial value creation with at least a mid-teens annualized total shareholder return over the period. And with our appropriate recognition of our platform value, we see the potential for significantly greater share price appreciation in the years to come. This should be through multiple appreciation or increase. With that, I would be happy to take your questions.

I think I'll stay up here and maybe my colleagues can join us here on the podium.

QUESTIONS AND ANSWERS

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great. Well, Pablo, I appreciate all those comments. Maybe just to start the conversation, you laid out the 2030 target, very healthy growth for the business. Can you just help us bridge a little bit when we think about that growth number, how much of that's coming from current royalties? How much of that is coming from assets late in development? How much of that is coming from future royalty deals?

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Sure. I think I'll start, and Terry should get into the specifics, but I'll start just by saying that, that $4.7 billion number is super, super conservative. I think we're going to vastly exceed that figure. If you just look at the growth we will be reporting this year and actually what I talked about today, which is 15% top-line growth, it's significantly higher than what is implied by these numbers, which is more like a 9%, 10% growth. So it's a conservative number. But Terry, do you want to go through the specifics of how much of it comes from the existing portfolio?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes. Sure. So about half. At the time of our Investor Day, we said about half of it would come from things that we already own today and then the other half would come from new deals. Since the Investor Day, we have done a couple of deals. So that factors in a little bit, but it's roughly that range.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

And can I just follow up, I know some conservatism baked in here. The target of $2 billion to $2.5 billion of royalties per year, the market is obviously growing. You've expanded this market. The returns seem highly attractive. Why shouldn't we think about much more capital deployment going towards royalties these next few years?

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

I think the potential is definitely there for us to deploy more than the $2 billion to $2.5 billion. In fact, this year, I think cash out the door is more like $2.7 billion and total capital committed is about $4.7 billion. Obviously, that includes payments that we will make over time to deals that were structured in 2025. So it is a very conservative number. We've always been conservative. And I think there's new things that are happening in the markets that might, in the future, make us maybe be a little bit more realistic or maybe increase this. Things like China, for example, which is a whole new development, and we were able to do last year the first deal in our history with a Chinese company, BeOne, where we bought for $1 billion, the royalty, Imdelltra, the Amgen drug.

And then as you saw, the synthetic market is really developing really, really strongly, and that's a market where we're extremely well positioned to continue to fund late-stage clinical trials for biotech companies. And the deal that we did with Revolution Medicines, which was, I think, a landmark deal really signaled to the market, biotech companies that Royalty Pharma is now an alternative to a big pharma partnership, a totally new thing that now biotech companies can think of to fund their products by themselves with us as their partner, retain a lot more of the economics and retain operational flexibility. So, there are signs out there of us being able to deploy a lot more capital. And just stay tuned, and we'll see what happens.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yes. Maybe just building on that RevMed deal. I know you said that deal structure sparked some interest across the space. Can you talk a little bit about what the funnel for deals looks like on the synthetic side?

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Sure, Marshall, why don't you take that question?

Marshall Urist - *Royalty Pharma PLC - Executive Vice President,Research & Investments*

Yes, absolutely. So we're -- as Pablo's communicated, super excited about that deal. And we're having multiple conversations with companies about deal structures that are like that or similar to that. I think in our mind, we're going to find the highest quality opportunities that make sense. A couple of things have to be true for a deal like that to work. It has to be an incredible drug and clinical plan behind it. And then two, it has to be with the right team who has the ambition to do big things, which is what the RevMed team had. And when you put those together with our scale and flexibility, we can do great deals like that. So I don't think it's not -- it's definitely not one size fits all, and there's tons of variety of things that look a little bit like that, that we'll do. But I think the message of us being flexible, innovative, trying to find the right structure for the company and the team to achieve their goals is what we'll continue to do and be creative about that.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Can I just on -- it seems like as you lay on the slides, a lot of rationale that makes sense for some of your partners to look at these synthetic royalties. What are the hurdles you're finding as you talk to these management teams and boards about considering the structure?

Christopher Hite - *Royalty Pharma PLC - Executive Vice President, Vice Chairman*

Yes. I'm not really sure. The hurdles are really from our perspective, do we -- we have a high bar, right? I mean I think last year, we looked at 480 transactions. I think we did 8. So as Pablo said, 2%. So I think maybe when I joined six years ago, and I think the evolution of synthetic market has really taken hold. We had that Deloitte survey last year that we referenced in our Analyst Day, where there's really an acceptance of this product now. And I think those -- the prior sort of maybe pushbacks you'd hear from a CFO or whatnot, you don't hear those anymore.

It really is a -- investment banking teams go out. And they have equity capital markets. They have convert teams, and now they have royalty teams because it really is an accepted form of capital for these companies. It's really on us, do we want to invest it? We have a very high bar.

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

But we still have to continue to educate the market of the uniqueness of royalties, and that's something we do all the time. And for example, speaking of China, we've been to China twice this past year with big teams and have, in one case, 40 meetings with companies, and we'll continue to go. And I was in Australia also meeting biotech companies. And there are areas of the world where Royalty Pharma is not known, and we need to educate these companies, and that should lead to more activity, and it's very exciting.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Excellent. Maybe one specific question on the RevMed deal. Obviously, there's been some headlines out there and I'm not asking to comment on likelihood of those. But just how do we think about that -- what happens to that transaction in the event that RevMed were to be acquired? I know that's in the past been some value unlock, but can you just elaborate on the deal structure?

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Marshall, why don't you --?

Marshall Urist - *Royalty Pharma PLC - Executive Vice President,Research & Investments*

Yes, absolutely. So just to remind everyone, so we announced that transaction last summer. The synthetic royalty component to it is $1.25 billion, and we funded $250 million of that upfront, and we got a little over -- we got a downward tiering royalty that starts a little over 2.5%. And whether or not there's a transaction, if there's a transaction, there's absolutely no effect on that portion. Now the future tranches, it depends all -- it's timing.

So if there is a transaction that's announced prior to the next tranche trigger, which is the Phase 3 trial that's coming up here in the first half, the acquirer would have the option to cancel that piece. But -- so it all depends on timing and what they decide to do. But the offset to that is if there was a transaction and this product ends up in the hands of a bigger company, I think it certainly enhances the value of the -- and the global potential and the number of indications of the piece that we do retain.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Absolutely. Excellent. You mentioned China as a growth opportunity for the company. What do you think it takes to be successful in that market? Is this -- you mentioned education being one part of this. I guess there are different kind of IP legal risks you can say to that market. But just talk a little bit about how meaningful of a potential growth driver that is for royalty.

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

I think it is a very significant opportunity. There's really strong science coming out of China, not highly innovative. It's not sort of new mechanism of action or modalities. But these teams that many of them were educated in the US and have gone back to China to start biotech companies are really good. So it is a huge opportunity. And the way I see it is that if you think -- and in the past, we had a statistic of how many biotech companies exist in the world. And the number we used to talk about is probably 7,000 to 8,000 biotech companies. Someone that is in the Chinese market and knows China told me recently that there's -- just in China, there's about 3,000 biotech companies,

which is a huge number. Obviously, many are early stage. But the capital needs in China are very, very significant. And funding is not very straightforward. The amount of capital available to these companies is very limited. So it is a big opportunity. And what's interesting for us is that if you think of these Chinese companies, they're very local. There are some exceptions, BeOne, Zai Lab, Hengrui that have started to go out of China and have built businesses, clinical teams and maybe commercial teams in the US and Europe, but they're starting. They're not established yet. They're starting. But leaving those companies aside, the vast majority of companies where there is a lot of innovation are local. And they will need Western partners, US and European companies to partner with to help them run the clinical trials in the US and European populations that are required to get these products approved. And then they need partners to help them commercialize.

So the way we see it is that all of these products will be licensed to the Western companies, US and European. And there will be a royalty attached to the product. So many more royalties attached to the Chinese products than what you see in the US and Europe because of that reason. And obviously, that's -- those are really attractive targets for us. And then related to your question about IP and regulations, and we had a question -- this question yesterday in a one-on-one with a very large investor. And what I said to them is, in reality, there's not too much difference because if you think about it, the product developed in China will be patented in the US, in Europe, in China. And we obviously need to make sure that the IP is strong, which is part of our diligence. But there are concerns of many investors about IP infringement locally in China. But that's happening in China by Chinese entities of Western products IP. I do not think it's going to be an issue to have Chinese products that were developed in China that are patented in the US and Europe to have issues of infringement.

And then the other really key thing for us is that if you think about it, in all of these cases, the marketer of the product is very likely to be a very strong US or European company. Like in the case of Imdelltra, it's Amgen. So for us, the payer of the royalties, we bought the royalty from BeOne, but the payer of the royalty is Amgen. And there is a US contract and other contracts under -- in this transaction. But that gives us great comfort.

The last thing I would say about China, and I had a conversation with one of our directors that invest a lot of money in China, in technology and other areas is that he was saying investing equity in China is very tricky. It's difficult to structure things. Sometimes there's political issues or sometimes governments question things related to equity investments in China. And what he said to me is you're in a very unique position because royalties are different. They're sort of under the radar. It's not equity. So you could do a transaction with a Chinese company where you're buying a royalty in their product that's marketed by a Western company, no issue. We could even fund maybe a Chinese biotech company when maybe they already have a partnership with a Western company, US or European company. The product is in good hands, and there's need for investment in clinical trials, and we could fund them and create a royalty. So we've looked at this very carefully, and we're very comfortable.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Excellent. Can I just talk about share repo? You did a good amount of share repo last year. Stocks obviously had a great year last year. When you look at all the opportunities for capital deployment to royalties, et cetera. Like where does repo fit into the mix with where you're trading today?

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Terry, you should take this question.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes. So Chris, I think 2025 is actually a perfect example of how we think about it. So we have -- we laid out this dynamic capital allocation framework, which is based on the relative value of the stock price, relative to intrinsic value and the relative attractiveness of royalties. And when you think about the beginning of last year, right around the time that we announced the internalization, the stock was really depressed at the time. We were focusing at that time on buybacks and less so on royalties. And it was partly driven by the pipeline. The pipeline was a little slower in the beginning of the year. But as the year progressed, our focus shifted. So we bought back a lot of stock in 1Q, dialed back

a little bit in 2Q, dialed back further in 3Q. And over that period, we started doing way more deals. And so I think it's going to continue to be dynamic like that, like 2025, and it's going to be based on that sort of dynamic framework.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great. And just with the environment you see today, is there a bias in terms of what direction you're leaning into in '26?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

So it's a little early. And I think we'll kind of -- we'll take it day by day. We look at -- every time we look at a transaction, we look at, is this the best use of capital? Should we -- would this capital be better used if we were buying back stock right now? And I think right now, the pipeline is looking really strong. And so I think we do think there's going to be a lot of great deal opportunities in 2026.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Excellent. Last minute here or so, maybe not an answer to this one, but CF royalty, I know you've set a very kind of conservative baseline expectation for all of us. Any updates on just when we could get some clarity.

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

So Terry should answer that question, but that $4.7 billion target assumes that we lose. And that's, again, how we've been very conservative. And if we end up winning this case, there's significant upside for us in additional incremental royalties over the $4.7 billion. But Terry, why don't you take the question?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes. And I would add that I think the consensus expectations are -- imply the lower royalty rate as well. So we're in a good position there. As far as timing, we don't have any update. I think that we continue to expect this to be resolved around the end of 2026, give or take.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Excellent. We're out of time. Thank you for all the comments today, and congrats on all the progress.

Pablo Legorreta - *Royalty Pharma PLC - Chief Executive Officer and Chairman of the Board*

Thank you, Chris, and thank you, everyone, for your interest in Royalty Pharma.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Thanks.
