Royalty Pharma plc

Company Registered Number 12446913

Annual Report and Financial Statements for the year ended December 31, 2025

INTRODUCTION AND CONTENTS

Royalty Pharma plc (the "Company" or the "Parent Company") is a public limited company incorporated under the laws of England and Wales and is listed on The Nasdaq Global Select Market. The term "Group" refers to Royalty Pharma plc and its subsidiaries on a consolidated basis. This section therefore covers the requirements for being a quoted company within the meaning of the Companies Act 2006, as follows:

This UK Annual Report and Accounts has been prepared to satisfy the Companies Act 2006 and will be included in the 2026 Annual Meeting materials made available to shareholders.

COMPANY INFORMATION

Registered Office	The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE	
Company Registered Number	12446913	
Directors	Pablo Legorreta	
	Bonnie Bassler	
	Vlad Coric	-appointed April 8, 2025
	Errol De Souza	
	Catherine Engelbert	
	Henry Fernandez	-served through August 13, 2025
	Carole Ho	-appointed July 17, 2025
	David Hodgson	
	Ted Love	
	Gregory Norden	
	Elizabeth Weatherman	-appointed July 17, 2025
Company Secretary	Computershare Company Secretarial Services Limited The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE	
Independent Auditors	Ernst & Young Chartered Accountants EY Building, Harcourt Centre, Harcourt Street, Dublin 2 Ireland	

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYALTY PHARMA PLC

Opinion

In our opinion:

- Royalty Pharma plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Royalty Pharma plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2025	Balance sheet as at 31 December 2025
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 12 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included

- obtaining management's assessment of the going concern status of the group and parent company;
- evaluating management's method of assessing going concern in light of market volatility and the present uncertainties;
- challenging management's assumptions and judgments;
- calculating financial ratios to ascertain the financial health of the group;
- obtaining copies of the debt agreements to identify the covenants in place and assess the likelihood of these being breached based on management forecasts and our sensitivity analysis; and
- reviewing the group and parent company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• All audit work performed for the purposes of the audit was undertaken by the Group audit team. • We performed an audit of the complete financial information of the subsidiaries. • We performed an audit of the complete financial information of the standalone parent company.
Key audit matters	• Group: Fair Valuation of financial assets and liabilities using the Monte Carlo Simulation method • Group: Accounting for the acquisition of the external manager in accordance with FRS 102 (the "Internalization") • Parent: Recoverability of the investment in subsidiary undertaking
Materiality	• Overall group materiality of $252 million which represents 1.5% of consolidated net assets.

An overview of the scope of the parent and group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls and changes in the business environment when assessing the level of work to be performed at each company.

All audit work performed for the purposes of the audit was undertaken by the Group audit team

Climate change

Stakeholders are increasingly interested in how climate change will impact Royalty Pharma plc. The Group has determined that the most significant future impacts from climate change on their operations could be the potential increased operating costs due to additional regulatory requirements and the risk of disruptions to the business. These are explained on page 21 in the UK Statutory Strategic Report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Governmental Regulation and Environmental Matters note on page 21 how they have reflected the impact of climate change in their financial statements. This disclosure also explains where governmental and societal responses to climate change risks are still developing, these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of United Kingdom Generally Accepted Accounting Practice

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk and the significant judgements and estimates disclosed in the Governmental Regulation and Environmental Matters note and whether these have been appropriately reflected. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Fair Value of financial assets and liabilities, specifically the Financial Royalty Assets, Legacy SLP interests and Class C Special Interests, using the Monte Carlo Simulation method As disclosed in Note 5 to the consolidated financial statements, the group's total financial royalty assets were carried at $25,490,621thousand (2024: $22,922,408 thousand), the groups Legacy SLP interests were carried at $203,000 thousand (2024: $253,000 thousand) and the Class C Special Interest was carried at $452,260thousand (2024: $884,000 thousand) as of 31 December 2025. Auditing the fair valuation of the financial assets and liabilities and the related income statement accounts is complex due to the high subjectivity and estimation uncertainty of the assumptions used by management to estimate the fair value using the Monte Carlo Simulation model. The key assumptions in the determination of the expected cash flows used in the model, are estimates of product growth rates in the royalty life and royalty duration. The other key unobservable inputs used in the Mote Carlo Simulation model include the WACC, volatility, operating leverage and market price of risk. This area requires the most significant level of audit effort in terms of involvement from the audit team executives and specialists and the overall numbers of hours allocated to the testing of the valuation of the financial assets and liabilities.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls related to the valuation of financial assets and liabilities and the related income statement accounts. This included testing controls over management's review of the significant assumptions and other inputs used in estimating the royalty duration and product growth rates. To test the valuation of the financial assets and liabilities and the related income statement accounts, our audit procedures included, among others, evaluating the methodology and completeness and accuracy of the data used to develop the key assumptions identified. For example, with the support of statistical modelling specialists, we evaluated management's statistical methodology for sales growth forecasts and performed sensitivity analysis over the resulting forecasted product sales. We tested the inputs to the cashflows included in the model, principally comprising historic product sales and third-party analyst estimates of nearer-term sales amounts, by comparing to analyst reports or published sales information. For royalty duration, among other procedures, we compared management's assessment of the likely date of expiry of the group's cash flows against original purchase agreements, as well as independently assessing the royalty duration against available published information sources, such as those from regulatory bodies, counterparties, and product marketers. We assessed the historical accuracy of management's estimates by comparing expected cash flows to actual cash receipts. We engaged audit team members with specialised valuation knowledge to gain an understanding of the approach taken by Management's valuation specialist and to assess the appropriateness of the methodology used, specifically the Monte Carlo simulation method, and to develop their own point estimate for the financial assets and liabilities held at fair value. This included testing of key inputs such as the WACC, Volatility, Operating leverage and MPR. This was done by developing the input independently or through using alternative inputs. We also evaluated the related disclosures in the consolidated financial statements.	Our planned audit procedures were completed without material exception.
Group: Accounting for the acquisition of the external manager in accordance with FRS 102 (the "Internalization") The Company completed its acquisition of Royalty Pharma Manager, LLC for a total GAAP consideration of $171.6m. The transaction was accounted for as a business combination. As a result of the Internalization, the Company reclassified $422.5m of the Class C special interest	We reviewed and evaluated management's accounting analysis of the transaction under FRS 102, with the assistance of EY's technical accounting group We assessed the allocation of the purchase price, goodwill and related adjustments We tested the valuation and reclassification of the fair value of the Employee EPAs under Monte Carlo.	Our planned audit procedures were completed without material exception.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
to Employee Equity Performance Awards (Employee EPA) which are fair valued using a Monte Carlo simulation. Additionally, Goodwill of $459.7m has been recorded as part of the Internalization The reclassification and valuation of the Employee EPAs required management to make significant judgments, estimates and assumptions. Auditing the reclassification and valuation of the Employee EPAs was complex due to the judgment and estimation required by management. The complexity is due to the high subjectivity and estimation uncertainty of the assumptions used by management to estimate the fair value using the Monte Carlo Simulation model.	We reviewed the disclosures in the financial statements to confirm that they are appropriate in accordance with UK GAAP.	
Parent: Recoverability of the investment in subsidiary undertaking The parent company's investment in its subsidiary undertaking, Royalty Pharma Holdings Ltd., was carried at $16,563,740thousand (2024: $12,573,902 thousand) as of 31 December 2025. Under FRS 102 the investment is recorded at cost less impairment. Refer to the summary of significant accounting policies in Note 2 and also to Note 4 of the parent company financial statements. The carrying amount of the parent company's investment in Royalty Pharma Holdings Ltd., together with the related impairment charge, represents substantially all of the parent company's net assets and total expenses as at 31 December 2025, respectively. The recoverability of this asset is not at a high risk of significant material misstatement or subject to significant judgment. However, due to its materiality in the context of the parent company's financial statements, this is considered to be the area that had the greatest effect on our overall audit of the parent company.	We obtained management's impairment assessment and reviewed the calculations. With the support of valuation specialists, we assessed the inputs used to estimate the recoverable amount and value in use calculations. Additionally, we recomputed the impairment calculation We also audited the financial statements of Royalty Pharma Holdings Ltd., and we considered the results of our work over its financial results and net assets	Our planned audit procedures were completed without material exception.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $252 million (2024: $233 million), which is 1.5% (2024: 1.5%) of consolidated net assets. We considered Net Assets to be an appropriate basis for determining materiality in the current year as the majority of assets and liabilities are measured at fair value through profit or loss. The basis of materiality is in line with the expectation of users of these financial statements and the overall business environment.

We determined materiality for the Parent Company to be $253 million (2024: $190 million), which is 1.5% (2024: 1.5%) of net assets.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely $125.8 million (2024: $116.5 million). We have set performance materiality at this percentage to ensure that the risk of errors exceeding performance materiality was appropriately managed.

With respect to the parent company, on the basis of our risk assessments, together with our assessment of the parent company's overall control environment, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely $126.4 million (2024: $95 million). We have set performance materiality at this percentage to ensure that the risk of errors exceeding performance materiality was appropriately managed.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $12.6 million (2024: $11.7 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report as set out on pages 14-43 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives

rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company; or
- the parent company financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are
    - Securities Exchange Act of 1934
    - Companies Act 2006
    - Accounting principles generally accepted in the United Kingdom, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)
    - Certain material subsidiaries are established in Ireland as regulated entities. These entities must individually comply with Irish legislation and with the rules of the Central Bank of Ireland applicable to such entities.
- We understood how Royalty Pharma plc is complying with those frameworks by making inquiries of management including with the Chief Compliance Officer, to understand how the group maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation such as the compliance manual, correspondence with relevant authorities and minutes of meetings of the Board of Directors and of the audit committee and other relevant committees. We also attended meetings of the audit committee during the period.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by discussing with management to understand where they considered there was a susceptibility to fraud; and assessing any whistleblowing incidences for those with a potential financial reporting impact. We considered the internal control environment of the group to address material misstatements, or that otherwise prevent, deter and detect fraud and how management monitors these controls including the risk of management override of controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, internal and external legal counsel, Chief Compliance Officer and those charged with governance. We also tested journals identified by specific risk criteria, analysed the correlation between accounts and tested transactions relating to the purchase of financial royalty assets and other financial instruments back to source documentation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the

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Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Dean Phillips
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Dean Phillips (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Dublin
9 April 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Group and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland," and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed for the Group and Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STRATEGIC REPORT

Introduction

The directors of Royalty Pharma plc (the "Company", "we", "us", or "our") present their Strategic Report on the Group and the audited consolidated financial statements for the year ended December 31, 2025.

Business Overview

We are the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry. Since our founding in 1996, we have been pioneers in the royalty market, collaborating with innovators from academic institutions, research hospitals and not-for-profits through small and mid-cap biotechnology companies to leading global pharmaceutical companies. We have assembled a portfolio of royalties which entitles us to payments based directly on the top-line sales of many of the industry's leading therapies, which includes royalties on more than 35 commercial products, including Vertex's Trikafta and Alyftrek, GSK's Trelegy, Biogen's Tysabri and Spinraza, Roche's Evrysdi, Astellas and Pfizer's Xtandi, Johnson & Johnson's Tremfya, AbbVie and Johnson & Johnson's Imbruvica, Servier's Voranigo, Gilead's Trodelvy, Amgen's Imdelltra and Alnylam's Amvuttra, among others, and 20 development-stage product candidates.

We strive to be the premier capital allocator in life sciences with consistent, compounding growth. Our highly selective investment approach focuses on identifying and tracking important new therapies, which allows us to act efficiently when opportunities arise. Supported by an experienced investment team, a rigorous due diligence process and a focus on high-quality therapies addressing significant unmet patient needs, we pursue royalty opportunities that best meet our investment criteria.

Over more than 30 years, we have refined our business model and investment platform that creates strong competitive advantages. Our model combines a unique structure, long investment time horizon, structuring flexibility, scale and diversification, and singular focus on biopharmaceuticals. This is reinforced by our investment platform anchored in deep life sciences expertise, exceptional talent, extensive industry relationships, an industrialized investment process and proprietary data and analytics capabilities.

Biopharmaceutical Industry and the Role of Royalties

Our business is supported by significant growth and unprecedented innovation within the biopharmaceutical industry. Global prescription pharmaceutical sales are projected to grow from $1.2 trillion in 2025 to $2.0 trillion in 2032, representing a compound annual growth rate of 7% according to EvaluatePharma. This growth is being driven by global secular trends, including population growth, increased life expectancy and growth of the middle classes in emerging markets. In addition, an acceleration of medical research in recent years has led to a better understanding of the molecular origins of disease and identification of potential targets for therapeutic intervention, which has increased R&D investments in new therapies.

The pace of innovation coupled with the proliferation of new biotechnology companies and the increasing cost of drug development has created a significant capital need in recent years that we believe will provide a sustainable tailwind for our business. We estimate that over the next decade academia and other non-profit institutions will spend over $1 trillion in R&D, unprofitable biopharmaceutical companies will spend over $1 trillion in R&D and selling, general and administrative expenses, and profitable biopharmaceutical companies will spend over $2 trillion in R&D.

As a result of the increasing cost and complexity of drug development, the creation of a new drug today typically involves a number of industry participants and can lead to multiple royalties. Academia and other research institutions conduct basic research and license new technologies to industry for further development. Biotechnology companies typically in-license these new technologies, add value through applied research and early-stage clinical development, and then either out-license the resulting product candidates to large biopharmaceutical companies, or commercialize the products themselves. As new drugs are transferred along this value chain, royalties are created as compensation for the licensing or selling institutions.

China is also emerging as a strategic market for biopharmaceutical companies and there has been a recent significant increase in licensing deals between Chinese biotechnology companies and global multinational biopharmaceutical companies. The royalty market in China represents an important long-term opportunity as the licensing activity has primarily been focused on therapies in early-stage development.

Biotechnology companies are also increasingly creating royalties on existing therapies within their portfolios, known as synthetic royalties, in order to provide a source of non-dilutive capital to fund their businesses. Given our leadership position within the biopharmaceutical royalty market, we are able to capitalize on the growing volumes of royalties created as new therapies are developed.

Royalties play a fundamental and growing role in the biopharmaceutical industry. They are increasingly being seen as an important part of a biopharmaceutical company's diversified capital structure and a complement to equity and debt. Royalties offer financial flexibility, no operational restrictions and are non-dilutive to equity holders. Furthermore, royalties can be targeted and tailored to the individual needs of a company. In addition, royalties are emerging as an attractive alternative to a traditional partnership with a larger global biopharmaceutical company, as they allow the biotechnology company to retain operational control of their program, a higher proportion of the economics and reduce administrative complexity.

We estimate the market for biopharmaceutical royalties reached $10.0 billion in transaction value in 2025, which is an approximately 40% increase over the average value of $7.1 billion over the prior five years (2021-2025). The rapid expansion of the royalty market reflects the growing recognition in the life sciences industry of the benefits of royalty funding, and this growth has come in both strong and more restrictive capital market environments.

Biopharma royalty market transaction value
($ in billions)

We have executed transactions with an aggregate announced value of $19.4 billion from 2020 through 2025, which represents an estimated market share of approximately 48% of all royalty transactions during this period. In comparison, we believe our nearest competitor has executed $5.5 billion of transactions over the same period, representing an estimated market share of 14%. Given the scale of our business relative to our competitors, we have a particularly strong market share of large transactions within the growing biopharmaceutical royalty market. Since 2020, there have been 21 large royalty transactions each with an aggregate value of $500 million or more. We have executed 13 of these 21 large transactions, for a total transaction value of approximately $12.7 billion and an estimated market share of 69% based on the transaction value.

Our Business Model

We believe that the following elements of our business and product portfolio provide a unique and compelling proposition to investors seeking exposure to a premier capital allocator in life sciences with consistent, compounding growth.

Our business model captures many of the most attractive aspects of the biopharmaceutical industry, but with reduced exposure to many common industry challenges. The biopharmaceutical industry benefits from many attractive characteristics, including long product life cycles, significant barriers to entry and non-cyclical revenues. We have a highly flexible approach that is agnostic to both therapeutic area and treatment modality, allowing us to acquire royalties on the most attractive therapies from across the biopharmaceutical industry. We focus on the acquisition of royalties on approved products or development-stage product candidates that have generated strong proof of concept data, avoiding the risks associated with early-stage R&D. By acquiring royalties, we are able to realize payments based directly on the top-line sales of leading biopharmaceutical therapies, without the costs associated with fixed R&D, manufacturing and commercial infrastructure.

Our unique role in the biopharmaceutical ecosystem positions us to benefit from multiple compounding growth drivers. As a result of our significant scale and highly flexible business model, we believe that we are uniquely positioned to capitalize on multiple compounding growth drivers: an accelerating understanding of the molecular origins of disease, technological innovation leading to the creation of new treatment modalities, an increasing number of biopharmaceutical industry participants with significant capital needs, competitive industry dynamics which reward companies that can rapidly execute broad clinical development programs, increasing US Food and Drug Administration ("FDA") drug approvals, and the potential for multiple royalties to be created from each new drug that reaches the market.

Our portfolio provides direct exposure to a broad array of blockbuster therapies. As of December 31, 2025, our portfolio included royalties on 16 therapies that each generated end-market sales of more than $1 billion in 2025, including seven therapies that each generated end-market sales of $3 billion or more. The therapies within our portfolio are marketed by leading global biopharmaceutical companies for whom these products are important sources of revenue. Given the marketers' significant focus on and investment in these products, they are motivated to invest substantial resources in driving continued sales growth.

Our portfolio is highly diversified across products, therapeutic areas and marketers. As of December 31, 2025, our portfolio consists of royalties on more than 35 marketed biopharmaceutical therapies which address a wide range of therapeutic areas, including rare diseases, neuroscience, oncology, hematology, immunology, respiratory and diabetes. In 2025, no individual product accounted for more than 26% of our Portfolio Receipts. The royalties in our portfolio entitle us to payments based directly on the top-line sales of the associated therapies, rather than the profits of these therapies. As such, the diversification of our cash generation directly reflects the diversification of our royalties, rather than varying levels of product-level profitability, as would typically be expected within a biopharmaceutical company.

The key growth-driving royalties in our portfolio are protected by long patent lives. The estimated weighted average duration of our portfolio is approximately 13 years based on projected cumulative cash royalty receipts. Our largest marketed royalty in 2025 was on Vertex's cystic fibrosis franchise. Existing patent applications covering Trikafta, the most significant product in that franchise, are expected to provide exclusivity through 2037. Several of our marketed royalties have unlimited durations and could provide cash flows for many years after key patents have expired.

Our simple and efficient operating model generates substantial cash flow to allocate in the best interest of our shareholders. Our high cash flow conversion provides us with significant capital that we can redeploy dynamically in a disciplined manner to fund new royalty acquisitions and to return to shareholders through dividends or share repurchases. Royalty Pharma employs a dynamic capital allocation framework that is designed to support long term shareholder value creation. In 2025, we generated Portfolio Receipts of $3.3 billion. We deployed $2.6 billion of cash in 2025 to acquire royalties, milestones and other contractual receipts, paid dividends and distributions of $511.9 million and repurchased $1.2 billion of shares.

We have a talented, long-tenured team with extensive experience and deep industry relationships. Our team has significant experience identifying, evaluating and acquiring royalties on biopharmaceutical therapies. Together they have been responsible for $33.9 billion in announced transactions of biopharmaceutical royalties, milestones and other contractual receipts from 2012 through 2025. Our acquisitions have included many of the industry's leading therapies such as Trikafta, Tremfya, Evrysdi, Trelegy and Xtandi. Our long history of collaboration has resulted in deep relationships with a broad range of participants across the biopharmaceutical industry.

Our Strategy

We intend to grow our business by continuing to partner with constituents across the biopharmaceutical value chain to fund innovation. Our growth strategy is tailored to the needs of our partners through a variety of structures:

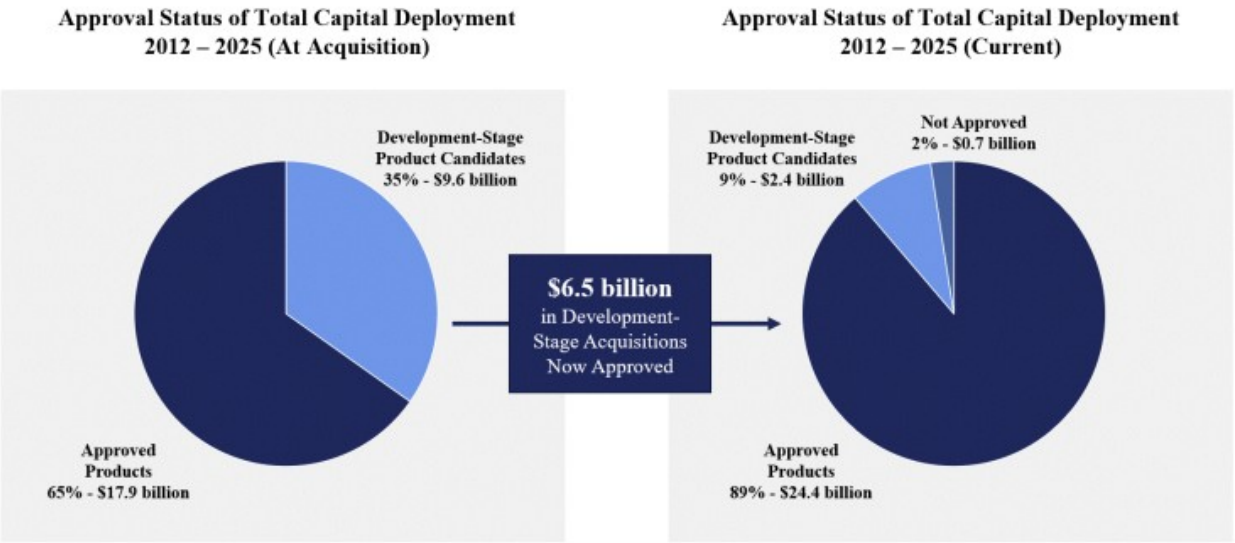
- ***Third-party Royalties –*** Existing royalties on approved or late-stage development therapies. A royalty is the contractual right to a percentage of top-line sales from a licensee's use of a product, technology or intellectual property. The majority of our current portfolio consists of third-party royalties.

- ***Synthetic Royalties –*** Newly-created royalties on approved or late-stage development therapies with strong proof of concept. A synthetic royalty is the contractual right to a percentage of top-line sales by the developer or marketer of a therapy in exchange for funding.

- ***Other Funding Modalities –*** We may provide other forms of capital to our partners as a component within a royalty transaction to increase the scale of our capital. This may include senior unsecured debt, direct equity investments and launch and development capital (in exchange for fixed long term payments).

Additionally, we may identify additional opportunities, platforms or technologies that leverage our capabilities.

From 2012 through 2025, we deployed $27.5 billion of cash to acquire royalties, milestones and other contractual receipts. This includes $17.9 billion on approved products and $9.6 billion on development-stage product candidates. As of December 31, 2025, products underlying $6.5 billion of these development-stage acquisitions have already been approved, representing a success rate to date of 90%, while products underlying $0.7 billion were not approved and products underlying $2.4 billion are still in development.



Our investment approach is agnostic to both therapeutic area and treatment modality, allowing us to acquire royalties on the most attractive therapies across the biopharmaceutical industry. We have a strong base of institutional knowledge of important therapeutic areas and key industry trends. Our team of scientific experts actively monitors the evolving treatment landscape across many therapeutic areas and treatment modalities in order to identify new opportunities. We analyze a wide range of scientific data and stay in constant communication with leading physicians, scientists, biopharmaceutical executives and venture capital firms. This allows us to quickly assess and gain conviction in the value of assets when acquisition opportunities arise. Additionally, our focus on acquiring royalties on approved products, often in the early stages of their commercial launches, and on development-stage product candidates with strong proof of concept data, mitigates development risk and expands our opportunity set.

We take a disciplined approach in assessing opportunities and seek to acquire exposure to therapies based on our framework of 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; and
- Compelling value proposition for government and commercial payors.

Our focus is to create significant long-term value for our shareholders by acquiring both approved and development-stage product candidates through a variety of structures. In evaluating these acquisition opportunities, we focus on the following financial characteristics:

- **Attractive risk-adjusted returns:** we focus on generating attractive returns on our investments on a risk-adjusted basis. We evaluate opportunities across approved products as well as development-stage product candidates, primarily post proof of concept, and target returns based on the risk spectrum.

- **Long duration cash flows:** we prioritize long-duration assets over short-duration assets that may boost near-term financial performance. The durability of our cash flows also allows us to add leverage to our portfolio, enhancing returns and providing capital that we can use to acquire additional assets.

- **Growth and scale:** we seek assets that drive value creation and are accretive to our long-term growth profile.

We conduct extensive due diligence when evaluating potential new opportunities. We have end-to-end capabilities that span clinical and commercial analysis, valuation and transaction structuring. We have a highly focused and experienced team that conducts proprietary primary market research, forms its own views on the clinical and commercial outlook for the product, and builds its own financial models, allowing us to generate direct insights and to take significant accountability and ownership for our investments. We invest significant time and resources across all levels of the organization, including senior leadership, in the evaluation of potential opportunities.

Key Performance Indicators ("KPI's")

In 2025, we generated $3.3 billion of Portfolio Receipts (as defined below) which does not include the $511 million of proceeds from our sale of the MorphoSys Development Funding Bonds, and announced transactions with a total potential value of $4.7 billion. 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 (as defined below) and milestones and other contractual receipts. Royalty receipts is defined as variable payments based on sales of products, net of contractual payments to the legacy non-controlling interests, that are attributed to Royalty Pharma. We deployed $2.6 billion of cash to acquire royalties, milestones and other contractual receipts ("Capital Deployment") in 2025, which also includes payments made during the year for transactions from prior years. Capital Deployment represents the total outflows that will drive future Portfolio Receipts.

Corporate Responsibility

Our mission is to accelerate innovation in life sciences and thereby positively impact patient lives globally. To accomplish this, we partner with innovators such as academic institutions, research hospitals, nonprofits and companies at the forefront of discovering lifesaving therapies to improve human health through solutions tailored to the needs of our partners. We believe that our corporate responsibility strategy, policies and practices will create sustainable long-term value for our company, our employees, our shareholders and other stakeholders, while also helping us reduce risk and identify new opportunities.

We maintain robust governance policies and practices that adhere to high standards of regulatory compliance, ethics, transparency and integrity. Our Board believes that its independence from and oversight of management are maintained effectively through its leadership structure, composition and sound corporate governance policies and practices.

We support expanding patient access to health care and medicine by providing funding to organizations addressing unmet patient needs through innovation and engaging in philanthropic activities. We incorporate material corporate responsibility, regulatory, geopolitical and reputational considerations, including access to health and medicine, research and development, ethical clinical trials, therapeutic area profile, ethical conduct and product quality and safety into our investment decision-making and management practices. This includes considering key risks and opportunities during the due diligence process and, where we believe we can have a material impact, engaging on these matters with our partners.

We are committed to implementing key sustainability practices across our operations and taking steps to measure, manage and minimize our environmental impact where possible. We believe that sustainability is critical to addressing related risks and opportunities for our business. We are focused on tracking our carbon footprint, mitigating our impact through energy efficiency and identifying ways to reduce our environmental impact.

Employees

As of December 31, 2025, we had 100 employees. None of our employees are represented by labor unions or covered by any collective bargaining agreement. We believe relations with our employees are satisfactory. In May 2025, we completed the acquisition of our former external manager (the "Internalization") and became an integrated company with all employees of the former manager becoming employees of Royalty Pharma, LLC, a wholly-owned subsidiary of RP Holdings. Refer to Note 3 of the Financial Statements for additional discussion of the Internalization.

Human Capital

Our ability to hire and retain top talent is a driving force behind our culture. We are focused on creating a supportive and values-based organization where our employees can thrive. We continue to invest in our workplace culture and support our employees across many facets of wellness and personal development. As of December 31, 2025, 48% of the workforce are women and approximately 36% of the workforce are ethnically diverse.

Governmental Regulation and Environmental Matters

Our business has been and will continue to be subject to numerous laws and regulations. Failure to comply with these laws and regulations could subject us to administrative and legal proceedings and actions by various governmental bodies. Our compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position in excess of those affecting others in our industry.

We believe that there are no compliance issues with laws and regulations that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, that have adversely affected, or are reasonably expected to adversely affect, our business, financial condition or results of operations, and we do not currently anticipate material capital expenditures arising from environmental regulation. We believe that climate change could present risks to our business. Some of the potential impacts of climate change to our business include increased operating costs due to additional regulatory requirements and the risk of disruptions to our business. We do not believe these risks are material to our business at this time.

Summary of Risk Factors

Our business is subject to a number of risks, including risks that may adversely affect our business, financial condition or results of operations. These risks include, but are not limited to, risks related to:

Risks Relating to Our Business

- risks related to sales of biopharmaceutical products on which we receive royalties;
- risks related to the growth and dynamics of the royalty market;
- uncertainties related to acquiring interests in development-stage biopharmaceutical product candidates;
- potential strategic acquisitions of operating biopharmaceutical companies;
- our use of leverage in connection with our capital deployment;
- our ability to leverage our competitive strengths;
- our ability to generate increasing royalty receipts and to achieve attractive returns on our investments, including maintaining attractive internal rates of return and consistent returns on invested capital and returns on invested equity;
- marketers of products that generate our royalties are outside of our control;

- disputes with our partners or payors of our royalties;
- governmental regulation of the biopharmaceutical industry;
- interest rate risk, foreign exchange fluctuations and inflation;
- the assumptions underlying our business model;
- the competitive nature of the biopharmaceutical industry;

Risks Relating to Our Organization and Structure

- our organizational structure, including our status as a holding company;
- our ability to attract and retain highly talented professionals;
- we may not realize the anticipated benefits of the Internalization and we may be exposed to new risks and costs;

Risks Relating to Our Class A Ordinary Shares

- volatility of the market price of our Class A ordinary shares;
- our incorporation under English law;

Risks Relating to Taxation

- the effect of changes to tax legislation and our tax position;

General Risk Factors

- cyber-attacks, data breaches or other failures in information technology systems; and
- legal claims and proceedings that could adversely affect our business, financial condition or results of operations.

Social, Community and Human Rights

The Company has several policies that promote the principles of human rights. The Company respects the human rights of all its employees, including provision of a safe, clean environment; ensuring its employees are free from discrimination and coercion; not using child or forced labor and respecting the rights of privacy and protecting access and use of employee personal information. The Company has policies that promote equal opportunities, including the right of every employee to be treated with dignity and respect and not to be harassed or bullied on any grounds.

Section 172 Statement

The directors of the Company must act in accordance with a set of general duties. As a company incorporated in the UK, these duties are detailed in Section 172 of the Companies Act 2006, which is summarized as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

As part of their orientation, a director of the Company is briefed on their duties and they can access professional advice from the Company or independent advisers, if they deem it necessary. Additionally, we believe that it is important to recognize that in an organization such as ours, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making authority to management of the Company.

Decision-Making / Governance and Performance Oversight

The Board typically delegates day-to-day management and decision-making to senior management, subject to oversight by our Board. Management provides information and reports to the Board in order for the Board to exercise effective oversight of management's actions, to monitor and manage risk, and to assess management's performance. Directors ensure that management is acting in accordance with the strategy and plans agreed by the Board and its delegated authorities. The culture, values and standards that underpin this delegation ensure that when decisions are made, their broader impact has been considered. The Board also reserves certain matters for its own consideration so that it can exercise judgment directly when making important decisions, and in doing so promote the success of the Company. The Board oversees the Company's financial reporting, internal control processes, risk management and governance and the Board believes these processes are operating effectively.

Overview of How the Board Discharges its Duties and Manages Risk

The Board, as a whole, has responsibility for overseeing our risk management process, although the committees of our Board oversee and review risk areas that are particularly relevant to them. The risk oversight responsibility of our Board and its committees is supported by our management reporting processes. Our management reporting processes are designed to provide our Board and management responsible for risk assessment with visibility into the identification, assessment, and management of critical risks and management's risk mitigation strategies. These areas of focus include competitive, economic, operational, financial (accounting, credit, investment, liquidity, compensation-related risk and tax), legal, cybersecurity and reputational risks. Our Board reviews strategic and operational risk in the context of discussions, question and answer sessions, and reports from management at each regular Board meeting, receives reports on committee activities at each regular Board meeting, and evaluates the risks inherent in transactions. Our Audit Committee assists our Board in fulfilling its oversight responsibilities with respect to risk management.

Each committee of our Board meets with management and representatives of outside advisors to oversee risks associated with their respective principal areas of focus. We believe this division of responsibilities is an effective approach for addressing the risks we face and that our Board leadership structure supports this approach.

Culture, Values and Standards

Culture, values and standards underpin how a company creates and sustains value over the longer term and are key elements of how it maintains a reputation for the highest standards of integrity and trust. They also guide and assist in decision making and thereby help promote a company's long-term success and positive impact on all stakeholders. We maintain robust governance policies and practices that adhere to high standards of regulatory compliance, ethics, transparency and integrity. The Board recognizes its role in establishing appropriate values and standards that positively influence the behavior of the Company, management and other stakeholders.

Shareholders, Employees, Suppliers and Community and Environment

The Board seeks to communicate effectively with shareholders and understand their views, and also to act fairly between different shareholders. Employees are central to the long-term success of the Company, and as such, the Board considers their interests, and, to assist in doing so, have means of engaging with and understanding their views. Fostering business relationships with key stakeholders is also important to the Company's success. In their decision making, directors consider the impact of the Company's operations on the community and environment.

In our UK Statutory Directors' Report under "Stakeholder Engagement" we describe how we identify and communicate with our key stakeholders, and why the Board believes each stakeholder group is important to the Company. By engaging with stakeholders on a regular basis, the Board is able to understand stakeholder concerns and incorporate those concerns, where possible, into its decision making.

Shareholders

We believe in engaging with our shareholders, prospective shareholders and research analysts to address the issues that matter most to them. Dialogue with these constituencies helps us understand their perspectives on our goals and expectations for performance, as well as identify issues that might affect our long-term strategy, corporate governance and compensation practices. As such, we offer several opportunities to provide feedback to our Board and management.

Furthermore, the Board has established a process to receive communications from shareholders and other interested parties. Shareholders and other interested parties may contact any member of the Board, including our lead independent director, any committee of the Board or any chair of any such committee by mail or our website.

Community and Environment

We collaborate with organizations seeking to address health needs, improve health outcomes, spur innovation and expand patient care opportunities. Approximately one-fifth (by value) of the royalty transactions we have completed since 2012 have been with leading academic and non-profit institutions. By partnering with these institutions, we have provided capital which has been used to further scientific research (for example, the Cystic Fibrosis Foundation). We are committed to good corporate citizenship and actively support the work of a number of patient advocacy groups and medical research foundations, including the Mount Sinai-Royalty Pharma Alliance for Health Equity Research, the Leukemia & Lymphoma Society and Life Science Cares.

On behalf of the Board

Pablo Legorreta
Director
April 9, 2026

STATUTORY DIRECTORS' REPORT

The directors of Royalty Pharma plc (the "Company", "we", "us", or "our") present their report together with the audited consolidated financial statements for the year ended December 31, 2025.

Corporate Governance Arrangements

The directors attach great importance to the Company having corporate governance arrangements which promote the success of the Company and take into account the interests of its various stakeholders. Company specific arrangements and the way in which they have been applied in the year are set out in the Company's proxy statement and relevant internal codes and policies can be found on the Company's website. The Company has decided not to apply any externally published corporate governance code as there is no equivalent to the UK Corporate Governance Code for NASDAQ quoted companies, and the Company is already subject to extensive corporate governance requirements under the US Securities and Exchange Commission and NASDAQ rules.

Board of Directors

The directors who held office during the year ended December 31, 2025 and up to the date of the signing of the financial statements, unless otherwise noted, were as follows:

- Pablo Legorreta
- Bonnie Bassler
- Vlad Coric - appointed April 8, 2025
- Errol De Souza
- Catherine Engelbert
- Henry Fernandez - served through August 13, 2025
- Carole Ho - appointed July 17, 2025
- David Hodgson
- Ted Love
- Gregory Norden
- Elizabeth Weatherman - appointed July 17, 2025

In line with the Company's Articles of Association, all directors will serve a one-year term to expire at the 2026 Annual Meeting.

Our Board and its committees meet regularly throughout the year and act by written consent from time to time. During the year ended December 31, 2025, our Board met ten times, the Audit Committee met eight times, the Management Development and Compensation Committee met five times, and the Nominating and Corporate Governance Committee met four times. During the year ended December 31, 2025, each member of our Board attended at least 75% of the aggregate of all meetings of our Board and of all meetings of committees of our Board on which such director served. This includes all meetings held during the period in which they served on the Board or its committees.

Details of the directors' remuneration, the Directors' Remuneration Policy and directors' shareholdings and share interests are set out under the Directors' Remuneration Report. Biographical details of the directors are set out in the Company's proxy statement for the year ended December 31, 2025, which can be found at the Investors section of *www.royaltypharma.com.*

Third Party Indemnity Provision for Directors

The Company has entered into indemnification agreements with each of its directors. The indemnification agreements provide directors with contractual rights to indemnification, expense advancement and reimbursement, to the fullest extent permitted by English law.

Company Details and Branches outside the UK

Royalty Pharma plc is a public limited company incorporated and domiciled in England and Wales and is listed on The Nasdaq Global Select Market. The address of the registered office is The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE. The Company's principal executive offices are located in New York, New York in the United States, and the Company has no branches.

The information in this report, including information referred to below, shall be deemed to comply with the Companies Act 2006 requirements for the UK Statutory Directors' Report. Some disclosures which would typically be included in the UK Statutory Director's Report have instead been included in the Strategic Report.

Description of the principal activities of the Group and likely future development's of the Group's business

The principal activities and likely future developments of the Group are outlined in the Strategic Report, beginning on page 15 of this Annual Report.

Dividends

In 2025, we declared and paid four quarterly cash dividends of $0.22 per Class A ordinary share for an aggregate amount of $378.3 million to holders of our Class A ordinary shares. Future dividends are subject to declaration by our Board of directors. We do not have a legal obligation to pay a quarterly dividend or dividends at any specified rate or at all. To the extent approved and payable, we intend to pay dividends on or about March 10, June 10, September 10 and December 10 to holders of record on or about the twentieth day of each such prior month.

Research and development activities

The research and development activities of the Group are outlined beginning on page 15 of the Strategic Report of this Annual Report.

Post Balance Sheet Events

Details of post balance sheet events are outlined in Note 19 of the Group's consolidated financial statements.

Related Party Transactions

Related party transactions are outlined in Note 17 of the Group's consolidated financial statements.

Environmental Matters

The environmental matters of the Group are outlined beginning on page 21 of the Strategic Report of this Annual Report.

Financial Risk Management

Market Risk

We are subject to certain risks which may affect our results of operations, cash flows and fair values of assets and liabilities, including volatility in foreign currency exchange rates and interest rates. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of US interest rates, particularly because the nature of the marketable securities we hold. In order to manage our exposures, we follow established risk management policies and procedures, including the use of derivative financial instruments, such as swaps, rate locks and forwards. We do not enter into derivative instruments for trading or speculative purposes. The counterparties to these contracts are all major financial institutions.

Foreign Currency Exchange Risk

Our results of operations are subject to foreign currency exchange risk through transactional exposure resulting from movements in exchange rates between the time we recognize royalty income or royalty revenue and the time at which the transaction settles, or we receive the royalty payment. The *Accrued royalty receivable* accounts for the most common type of transactional exposure. Because we are entitled to royalties on worldwide sales for various products, there is an underlying exposure to foreign currency as the marketer converts payment amounts from local currencies to US dollars using a quarterly average exchange rate. Therefore, cash received may differ from the estimated receivable based on fluctuations in currency. In addition, certain products pay royalties in currencies other than US dollars, which also creates foreign currency risk primarily with respect to the Euro, British pound, Canadian dollar, Swiss franc and Japanese yen, as our functional and reporting currency is the US dollar. To manage foreign currency exchange risk, we may periodically utilize non-deliverable forward exchange or other hedging contracts. We do not currently have any foreign exchange contracts in place.

Interest Rate Risk

We are subject to interest rate fluctuation exposure through our investments in money market accounts and marketable securities, the majority of which bear a variable interest rate. As of December 31, 2025, we held cash and cash equivalents of $618.7 million, of which $235.1 million was cash and $383.6 million was invested in interest-bearing money market funds. As of December 31, 2024, we had cash and cash equivalents of $929.0 million, of which $360.7 million was cash and $568.3 million was invested in interest-bearing money market funds.

The objectives of our investment policy are the preservation of capital and fulfillment of liquidity needs. In order to maximize income without assuming significant market risk, we maintain our excess cash and cash equivalents in money market funds and marketable securities, largely composed of investment grade, short to intermediate term fixed income and debt securities. Because of the short term maturities of our cash equivalents and the short term nature of our marketable securities, we do not believe that a decrease in interest rates would have any material negative impact on the fair value of our cash equivalents or marketable securities.

Our debt portfolio is managed on a consolidated basis and management makes financing decisions to achieve the lowest cost of debt capital and to maximize portfolio objectives. As of December 31, 2025, 100% of our outstanding Notes have fixed interest rates. We have a $1.8 billion Revolving Credit Facility, a $350 million Uncommitted Credit Facility and a $380 million Term Loan with variable interest rates. The Revolving Credit Facility and the Uncommitted Credit Facility had no outstanding borrowings as of December 31, 2025. We are subject to interest rate fluctuation exposure related to the amounts drawn under the credit facilities.

Credit and Counterparty Risk

We are exposed to credit risk related to the counterparties with which we do business. We are subject to credit risk from our royalty assets, our receivables and our financial instruments, primarily derivative and debt securities. The majority of our royalty assets and receivables arise from contractual royalty agreements that pay royalties on the sales of underlying pharmaceutical products in the United States, Europe and the rest of the world, with concentrations of credit risk limited due to the broad range of marketers responsible for paying royalties to us and the variety of geographies from which our royalties on product sales are derived. The products in which we hold royalties are marketed by leading biopharmaceutical industry participants, including, among others, Vertex, GSK, Biogen, Roche, Astellas, Pfizer, Johnson & Johnson, AbbVie, Servier, Gilead, Amgen and Alnylam. As of December 31, 2025 and 2024, Vertex, as the marketer and payor of our royalties on the cystic fibrosis franchise, accounted for 30% of our current portion of *Financial assets at fair value through profit or loss* and represented the largest individual marketer and payor of our royalties.

We monitor the financial performance and creditworthiness of the counterparties to our royalty agreements and debt securities so that we can properly assess and respond to changes in their credit profile. To date, we have not experienced any significant losses with respect to the collection of income or revenue on our royalty assets or debt securities.

Liquidity Risk

Our primary source of liquidity is cash provided by operations. For 2025 and 2024, we generated $2.9 billion and $2.8 billion, respectively, in *Net cash provided by operating activities*. We believe that our existing capital resources, cash provided by operating activities and access to our unsecured revolving credit facility (the "Revolving Credit Facility") will continue to allow us to meet our operating and working capital requirements, to fund planned strategic acquisitions and R&D funding arrangements, and to meet our debt service obligations for the foreseeable future. We have historically operated at a low level of fixed operating costs. We no longer pay management fees following the Internalization, which comprised the majority of our cash G&A expenses historically. Our primary cash operating expenses include interest expense, employee personnel costs, rent expense, and legal and professional fees.

We have access to substantial sources of funds in the capital markets and we may, from time to time, seek additional capital through a combination of additional debt or equity financings. As of December 31, 2025 and 2024, the par value of all of our outstanding senior unsecured notes was $9.2 billion and $7.8 billion, respectively. Additionally, we have up to $1.8 billion of available revolving commitments under our Revolving Credit Facility and up to $350 million of an uncommitted line of credit under our Uncommitted Credit Facility. A summary of our borrowing activities, balances and compliance with certain debt covenants under various financing arrangements is included in Note 10 - Borrowings of the Notes to the Consolidated Financial Statements.

We have historically funded our investments through operating cash flows, equity contributions and debt. Our low operating costs coupled with a lack of capital expenditures and low taxes have contributed to our strong financial profile, resulting in high operating leverage and high cash flow conversion. We expect to continue funding our current and planned operating costs (excluding acquisitions) principally through our cash flow from operations and investments through cash flow and issuances of equity and debt. We have supplemented our available cash and cash equivalents on hand with attractive debt capital to fund certain strategic acquisitions.

Our ability to satisfy our working capital needs, debt service and other obligations, and to comply with the financial covenants under our financing agreements depends on our future operating performance and cash flow, which are in turn subject to prevailing economic conditions and other factors, many of which are beyond our control.

Share Repurchases

In January 2025, our Board of directors authorized a new share repurchase program, which replaced the share repurchase program announced in March 2023, under which we may repurchase up to $3.0 billion of our Class A ordinary shares. The repurchases may be made in the open market or in privately negotiated transactions. The new share repurchase program has been approved by our Board of directors through June 2027 and shareholders have approved the terms of our share repurchase contracts and counterparties thereto through May 2030. In 2025, we repurchased and retired 37.4 million shares at a cost of approximately $1.2 billion. In 2024, we repurchased and retired 8.4 million shares at a cost of approximately $229.9 million. As of December 31, 2025, approximately $1.8 billion remained available under the share repurchase program.

Capital Structure

We have two classes of voting shares: Class A ordinary shares and Class B ordinary shares, each of which has one vote per ordinary share. The Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of shareholders, except as otherwise required by applicable law. Our Class B ordinary shares are not publicly traded and holders of Class B ordinary shares only have limited rights to receive a distribution equal to their nominal value upon a liquidation, dissolution or winding up. As of December 31, 2025, we have 428,669 thousand Class A ordinary shares and 148,438 thousand Class B ordinary shares outstanding.

An exchange agreement entered into by, among others, us, Royalty Pharma Holdings Ltd ("RP Holdings"), RPI US Partners 2019, LP and RPI International Holdings 2019, LP (collectively the "Continuing Investors Partnerships"), RPI International Partners 2019, LP, RPI US Feeder 2019, LP, RPI International Feeder 2019, LP RPI EPA Vehicle, LLC ("EPA Vehicle"), PL RPH Holdings, LLC, RP MIP (Cayman), LP, and PL RPH AIV, LLC, (as amended from time to time, the "Exchange Agreement") governs the exchange of RP Holdings' Class B ordinary shares (the "RP Holdings Class B Interests") indirectly held by the Continuing Investors Partnerships for our Class A ordinary shares. Pursuant to the Exchange Agreement, RP Holdings Class B Interests are exchangeable on a one-for-one basis for our Class A ordinary shares on a quarterly basis. Each such exchange also results in the re-designation of the same number of our Class B ordinary shares as deferred shares. As of December 31, 2025, we have 411,475 thousand deferred shares outstanding.

In addition, we have in issue 50 thousand Class R redeemable shares, which do not entitle the holder to voting or dividend rights. As required by the Companies Act 2006, the Class R redeemable shares were issued to ensure Royalty Pharma Limited had sufficient sterling denominated share capital upon its re-registration in 2020 as Royalty Pharma plc, a public limited company. The Class R redeemable shares may be redeemed at our option in the future. Any such redemption would be at the nominal value of £1 each.

Employee Engagement

Because the Company has fewer than 250 UK employees for the year ended December 31, 2025, the Company is not required to report on employee engagement in the UK Statutory Directors' Report. However, the Company is committed to continued engagement of its employees through effective communications and a consultative framework.

Political Donations

The Company has not made political donations, or incurred any political expenditure, in the years ended December 31, 2025 and 2024. In addition, the Company has not made any contributions to a non-EU or non-UK political party during the years ended December 31, 2025 and 2024. Moreover, the Company has not sought shareholder approval in relation to political donations during the years ended December 31, 2025 and 2024.

Greenhouse Gas Emissions

The Company has no direct greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Section 172 Statement and Stakeholder Engagement

As discussed in our Section 172 Statement in the Strategic Report, our Board recognizes that the long-term success of the Company requires effective engagement with its stakeholders. The following table sets forth the engagement mechanisms that are currently in place with the Company's key stakeholders – its shareholders, employees, suppliers and the community.

Stakeholder Group	Why it is Important for the Company to Engage	How the Board Engages with the Stakeholder Group	How Management Engages with the Stakeholder Group	The Topics of Engagement that are Key to the Stakeholder Group	Outcomes Influenced by the Company Engagement Activities
Shareholders	Raise investor interest and promote investment Promote longevity of shareholder base	Communicate important information in the proxy statement In-person attendance at Annual Meeting Published address for communication with directors	Frequent outreach calls, one-on-one meetings and presentations Attend and present at investor forums and conference Maintain an "Investors" section of the Company's website Communicate important information in the proxy statement	Strategy Financial Performance Capital Structure Corporate responsibility initiatives Matters presented to shareholder vote Creation of long-term value	Increased disclosure of activities Company website enhanced to centralize corporate governance disclosures
Employees	Retain experienced employees A positive corporate culture improves workforce effectiveness Develop and retain a diverse workforce	Review of succession planning by the Management Development and Compensation Committee	Motivate stakeholders with competitive compensation Support and promote stakeholder career advancement Hold town hall meetings with stakeholders Whistleblower hotline to anonymously communicate stakeholder concerns	Stakeholder diversity and inclusion Competitive remuneration Access to retirement planning	Positive corporate culture improves workforce effectiveness Accumulation of experience and skilled stakeholder leaders Improve decision-making from diverse stakeholders with varied perspectives Promotion of positive corporate culture through action on stakeholder concerns

Stakeholder Group	Why it is Important for the Company to Engage	How the Board Engages with the Stakeholder Group	How Management Engages with the Stakeholder Group	The Topics of Engagement that are Key to the Stakeholder Group	Outcomes Influenced by the Company Engagement Activities
Suppliers	Collaborative stakeholder partnerships improve productivity Legal compliance by stakeholders	Oversee risks related to suppliers and external vendors	Clear contractual terms and conditions with stakeholders to ensure legal compliance	Stakeholder engagement reviews to monitor for legal or ethical concerns	Improved stakeholder performance through aligned expectations Advancement of shared commitment to ethical business practices
Community	Employees accepted and supported by surrounding stakeholders Employment of a diverse workforce from local stakeholders	Oversight of risk tolerance levels Review of corporate responsibility activities	Local stakeholder employment efforts of skilled candidates Support non-profit local stakeholder organisations Engagement of local stakeholder leaders to raise awareness of Company activities and performance	Stakeholder employment opportunities Employment of a skilled and diverse workforce reflecting local stakeholders Positive Company impact on local stakeholders Support non-profit stakeholder organisations	Employment of stakeholders Support of stakeholders fundraisers and non-profit organisations

Principal Decisions

In making the following principal decisions for the year ended December 31, 2025, our Board considered feedback from the stakeholder engagement initiatives described above as well as the need to maintain a reputation for high standards of business conduct.

Going Concern

The Company's principal business activities, together with factors likely to affect its future development, performance and position are set out in this Strategic Report.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. For this purpose, the foreseeable future is deemed to consist of at least the twelve months following the issuance of the Company's financial statements.

After reviewing the Company's performance projections, the directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. As a result, they have adopted the going concern basis in preparing the financial statements.

The Company believes that it has sufficient mitigating actions available and that it could address plausible downside scenarios. The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

STATUTORY DIRECTORS' REPORT
(continued)

Statement of Disclosure to the Statutory Auditor

In accordance with the Companies Act 2006, the directors who held office at the date of approval of this UK Statutory Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish the Company's auditors are aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young Chartered Accountants as auditor of the Company is to be proposed at the 2026 Annual Meeting.

On behalf of the Board

Pablo Legorreta
Director
April 9, 2026

DIRECTORS' REMUNERATION REPORT

Introduction

Royalty Pharma plc (the "Company") is subject to disclosure regimes in both the United States and United Kingdom. While some of the disclosure requirements in these jurisdictions overlap or are otherwise similar, some differ and require distinct disclosures. This report represents our Directors' Remuneration Report which includes disclosures required by English law and which forms part of the statutory Annual Report and Accounts of Royalty Pharma plc for the year ended December 31, 2025. Related and complementary information is included in the Compensation Discussion and Analysis ("CD&A") section of the proxy statement for the year ended December 31, 2025 as required by the U.S. Securities and Exchange Commission. The CD&A section of the proxy statement for the year ended December 31, 2025 can be found at the Investors section of *www.royaltypharma.com*. The Directors' Remuneration Report is approved by the Management Development and Compensation Committee on behalf of the Board. In addition, the UK Directors' Remuneration Report has been approved by and signed on behalf of the Board.

Annual Statement by the Chair of the Management Development and Compensation Committee

On behalf of the Board, we present the statutory Directors' Remuneration Report for the year ended December 31, 2025. In line with UK remuneration reporting regulations, the Company is required:

- to seek binding approval from shareholders for a Directors' Remuneration Policy (at least every three years); and
- to seek, annually, advisory approval for an Annual Report on Remuneration which describes the implementation of the Directors' Remuneration Policy.

This Directors' Remuneration Report includes this Annual Statement along with the Annual Report on Remuneration for the financial year ended December 31, 2025 which, together, will be subject to an advisory shareholder vote at our Annual General Meeting of Shareholders ("Annual Meeting") on June 4, 2026.

The current Directors' Remuneration Policy was approved by shareholders at the 2025 Annual Meeting on May 12, 2025. The Directors' Remuneration Policy took formal effect from the date of approval and will be in place for the next three-year period unless a new policy is presented to shareholders for approval before then. All payments to directors during the policy period will be consistent with the approved policy. The full shareholder approved Directors' Remuneration Policy is included in the Directors' Remuneration Report for the financial year ended December 31, 2024.

Although we are required to report on remuneration in the UK, being solely US listed, the Management Development and Compensation Committee's approach to compensation arrangements with respect to the Directors is set primarily within a US context. As stated above, related and complementary information is included in the CD&A section of the proxy statement for the year ended December 31, 2025 which can be found at the Investors section of *www.royaltypharma.com*.

In the year ended December 31, 2025, all decisions taken on remuneration were in accordance with the terms of reference of the Management Development and Compensation Committee and involved the exercise of appropriate commercial judgment. No discretion was exercised in relation to directors' remuneration in the year beyond the exercise of the commercial judgment of the Management Development and Compensation Committee.

Independent Directors' Fees

The fee structure for other directors reflects the non-executive nature of the Board, which itself reflects the Company's business model as an externally managed company.

DIRECTORS' REMUNERATION REPORT

A director receives fees for their service on the Board if the director is considered independent. A director is independent if he or she (i) is not a full- or part-time officer or employee of the Company or any affiliate or subsidiary; (ii) is "independent" for purposes of service on the Board within the meaning of the listing rules of Nasdaq; and (iii) was not appointed to the Board by the exercise of a power of appointment by a shareholder of the Company.

All of the independent directors serving on the Board receive an annual cash retainer of $150,000 and an annual equity award with a grant date value of $250,000 in recognition of his or her service to the Board. Each such annual equity award will be granted in connection with each Annual Meeting, or, for new independent directors, in a pro-rated amount in connection with their election to the Board. Each of these annual equity awards is scheduled to vest upon the director's continued service through our Annual Meeting for the following year.

In addition, each new independent director receives an initial equity award with a grant date value of $100,000 at the commencement of his or her service on our Board. This policy does not provide for any additional annual cash retainer for service as a chairperson or member of any standing committee of our Board or any fee for attendance of Board or committee meetings. Independent directors may elect to receive all or a portion their retainer in our Class A ordinary shares, with the number of shares determined by the 10-day trailing volume-weighted average price of the shares on the date of payment.

Article 192 of the Company's Articles of Association provides that directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Shareholder Engagement

In the year ended December 31, 2025, the Company engaged with shareholders before, during and after the proxy season to review and receive feedback on the Company's governance practices and design of our executive compensation program. Topics discussed include: (a) Company performance and progress against our long-term strategy; (b) executive compensation program; (c) current and emerging corporate governance practices and trends, including corporate responsibility considerations; (d) risk management and (e) Board composition and leadership structure. The feedback received from these discussions, as well as from third-party rating agencies, was carefully considered by the Board, the Nominating and Corporate Governance Committee and the Management Development and Compensation Committee.

Role of the Management Development and Compensation Committee

Members

As of December 31, 2025, the chairman of the Management Development and Compensation Committee is David Hodgson and the other members of the Management Development and Compensation Committee are Bonnie Bassler, Vlad Coric and Elizabeth Weatherman, all of whom are non-executive directors that the Company considers to be independent. The Management Development and Compensation Committee's charter can be found at the Investors section of *www.royaltypharma.com*.

The principal functions of the Management Development and Compensation Committee include: reviewing and evaluating the compensation of each of the Company's executive officers, including the Chief Executive Officer, in accordance with any employment agreements or other compensatory arrangements of the Company's executive officers; determining the remuneration for our non-employee directors for Board and Committee service; ensuring appropriate leadership development; developing temporary and permanent succession plans for senior management; providing feedback regarding the Company's senior management team; and reviewing and assessing risks arising from compensation policies and practices.

DIRECTORS' REMUNERATION REPORT

Role of Compensation Consultant

The Management Development and Compensation Committee directly engaged Semler Brossy Consulting Group, LLC ("Semler Brossy") in 2025 to serve as its independent compensation consultant. The Management Development and Compensation Committee selected Semler Brossy based on its expertise with leading companies. The Management Development and Compensation Committee takes into consideration the advice of Semler Brossy to inform its decision-making process and has sole authority for retaining and terminating its consultant, as well as approving the terms of engagement, including fees. Services provided by Semler Brossy to the Management Development and Compensation Committee relating to executive compensation in 2025 included: proposed management compensation arrangements related to the Internalization; and other insights and perspectives on executive compensation matters. Semler Brossy does not provide any other services to the Company. The Management Development and Compensation Committee has determined Semler Brossy to be independent from management and that its engagement did not present any conflicts of interest. Fees paid to the Management Development and Compensation Committee's external compensation consultant with respect to 2025 were approximately $43,588, such fees being charged on the firm's standard terms of business for advice provided. From time to time, the Management Development and Compensation Committee may engage other consultants and advisors in connection with various compensation matters.

Approval

The Directors' Remuneration Report was approved by the Management Development and Compensation Committee with respect to the compensation of our directors on behalf of the Board on April 9, 2026. In addition, the Directors' Remuneration Report has been approved by and signed on behalf of the Board.

Ordinary resolutions will be included for shareholder approval in relation to the Directors' Remuneration Report at the 2026 Annual Meeting. The voting results will be set out in next year's report.

Annual Report on Directors' Remuneration (Audited)

The Annual Report on Remuneration sets out how we implemented our remuneration arrangements in 2025 and how we intend to implement the Directors' Remuneration Policy for the 2026 financial year. An advisory resolution to approve this report will be put to shareholders at the 2026 Annual Meeting.

DIRECTORS' REMUNERATION REPORT

Single total figure table (Audited)

The following table sets forth the total compensation paid to our directors for the years ended December 31, 2025 and 2024.

All amounts shown in $	Year	Salary/ fees[1]	Short-term equity awards[2]	Manager related payment[3]	Total remuneration[4]	Total fixed remuneration	Total variable remuneration
Pablo Legorreta	2025	937,500	—	43,081,842	44,019,342	937,500	43,081,842
	2024	—	—	31,190,909	31,190,909	—	31,190,909
Bonnie Bassler	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Vlad Coric[5]	2025	109,615	352,384	—	461,999	109,615	352,384
	2024	—	—	—	—	—	—
Errol De Souza	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Catherine Engelbert	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Henry Fernandez[6]	2025	92,935	249,891	—	342,826	92,935	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Carole Ho[7]	2025	68,071	314,934	—	383,005	68,071	314,934
	2024	—	—	—	—	—	—
David Hodgson	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Ted W. Love	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Gregory Norden	2025	150,000	249,891	—	399,891	150,000	249,891
	2024	150,000	255,186	—	405,186	150,000	255,186
Elizabeth Weatherman[7]	2025	68,071	314,934	—	383,005	68,071	314,934
	2024	—	—	—	—	—	—

(1) Amounts reported in this column for 2025 include the value of Class A ordinary shares received in lieu of (i) first quarter cash fee payments on March 28, 2025 based on a Class A ordinary share price of $32.8658 for Dr. Bassler and Mr. Fernandez (1,141 Class A ordinary shares, respectively); (ii) second quarter cash fee payments on June 30, 2025 based on a Class A ordinary share price of $35.2395 for Dr. Bassler and Mr. Fernandez (1,064 Class A ordinary shares, respectively); (iii) third quarter cash fee payments on September 30, 2025 based on a Class A ordinary share price of $35.7872 for Dr. Bassler and Mr. Fernandez (1,047 and 501 Class A ordinary shares, respectively); and (iv) fourth quarter cash fee payments on December 31, 2025 based on a Class A ordinary share price of $38.7418 for Dr. Bassler (967 Class A ordinary shares). Amounts reported in this column for 2024 include the value of Class A ordinary shares received in lieu of (i) first quarter cash fee payments on March 31, 2024 based on a Class A ordinary share price of $30.2283 for Dr. Bassler and Mr. Fernandez (1,240 Class A ordinary shares, respectively); (ii) second quarter cash fee payments on June 30, 2024 based on a Class A ordinary share price of $26.7998 for Dr. Bassler and Mr. Fernandez (1,399 Class A ordinary shares, respectively); (iii) third quarter cash fee payments on September 29, 2024 based on a Class A ordinary share price of $27.9249 for Dr. Bassler and Mr. Fernandez (1,342 Class A ordinary shares, respectively); and (iv) fourth quarter cash fee payments on December 29, 2024 based on a Class A ordinary share price of $24.9416 for Dr. Bassler and Mr. Fernandez (1,503 Class A ordinary shares, respectively).

(2) The amounts reported in this column represent the aggregate grant date fair value of restricted share units granted to directors in 2025 and 2024 as defined in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718, or ASC 718. This amount does not reflect the actual economic value realized by the director, which will vary depending on the performance of our Class A ordinary shares. During 2025, each of Dr. Bassler, Dr. Coric, Dr. De Souza, Ms. Engelbert, Mr. Fernandez, Mr. Hodgson, Dr. Love and Mr. Norden received an annual equity award grant of 7,614 restricted share units (determined by dividing $250,000 by the volume-weighted average price ("VWAP") of the Class A ordinary shares for the ten trading days immediately prior to such grant date of May 13, 2025). Each of Dr. Ho and Ms. Weatherman received a prorated annual equity award grant of 5,806 restricted share units (determined by dividing such awards by the VWAP of the Class A ordinary shares for the ten trading days immediately prior to such grant of July 31, 2025). Dr. Coric also received an initial equity award grant of 3,184 restricted share units (determined by dividing $100,000 by the VWAP of the Class A ordinary shares for the ten trading days immediately prior to such grant date of April 21, 2025). Each of Dr. Ho and Ms. Weatherman also received an initial equity award grant of 2,752 restricted share units (determined by dividing $100,000 by the VWAP of the Class A ordinary shares for the ten trading days immediately prior to such grant date of July 31, 2025). During 2024, each of Dr. Bassler, Dr. De Souza, Ms. Engelbert, Mr. Fernandez, Mr. Hodgson, Dr. Love and Mr. Norden received an annual equity award grant of 9,293 restricted share units (determined by dividing $250,000 by the VWAP of the Class A ordinary shares for the ten trading days immediately prior to such grant date of June 6, 2024). As of December 31, 2025, Dr. Bassler, Dr. De Souza, Ms. Engelbert, Mr. Hodgson, Dr. Love and Mr. Norden held 7,614 unvested restricted share units, respectively. As of December 31, 2025, Dr. Ho and Ms. Weatherman held 8,558 unvested restricted shares units, respectively. As of December 31, 2025 Dr. Coric held 10,798 unvested restricted share units. As of December 31, 2024, Dr. Bassler, Dr. De Souza, Ms. Engelbert, Mr. Fernandez, Dr. Love and Mr. Norden held 9,293 unvested restricted share units, respectively.

(3) Mr. Legorreta did not receive a salary prior to the Internalization on May 16, 2025. As a result of his ownership interest in our former external manager, Mr. Legorreta was entitled to certain profits of our former external manager, which consisted of the operating and personnel payment from Royalty Pharma less the expenses of our former external manager, including office expense and the compensation of the employees of our former external manager. The amount reported in this column represented the profits of our former external manager attributable to Mr. Legorreta as a result of his ownership interest in our former external manager prior to the Internalization.

(4) The aggregate emoluments (being salary/fees, bonuses and benefits) of all directors for 2025 and 2024 was $47,989,523 and $34,027,211, respectively. No taxable benefits, long-term incentives or pensions were provided to any director as such no amounts were required to be reported in columns in the table above.

(5) Dr. Coric was determined by our Board to be independent and began to receive remuneration for his services on April 8, 2025.

(6) Mr. Fernandez's service ended on August 13, 2025.

(7) Dr. Ho and Ms. Weatherman were determined by our Board to be independent and began to receive remuneration for their services on July 17, 2025.

Payments for Loss of Office and to Past Directors (Audited)

There were no payments for loss of office or payments to past directors made in 2025 or 2024. There is no Company policy relating to loss of office. When applicable, such terms would be addressed on a case by case basis in, for example, a separation agreement.

Service Contracts

Our directors do not have service contracts, however they are elected for a one-year term.

Shareholder Voting on Remuneration Matters

The UK Director's Remuneration Policy was approved at the 2025 Annual Meeting held on May 12, 2025, the voting outcome of which was:

	Votes for and Discretionary	Votes Against	Total Vote	Abstain	Broker Non-Votes
UK directors' remuneration policy	398,711,622	41,343,662	440,055,284	694,900	52,966,444

DIRECTORS' REMUNERATION REPORT

At the 2025 Annual Meeting held on May 12, 2025, the UK Directors' Remuneration Report for the year ended December 31, 2024 received the following votes from shareholders:

	Votes for and Discretionary	Votes Against	Total Vote	Abstain	Broker Non-Votes
UK Directors' Remuneration Report	400,460,685	40,145,539	440,606,224	132,960	52,966,444

Directors' Shareholdings and Share Interests (Audited)

The following table sets forth information for each director regarding the number of shares held as of December 31, 2025.

Director	Class A Ordinary Shares Held Outright	Restricted Share Units	Total Holding of Class A Ordinary Shares and Share Interests	Total Holding of Class B Ordinary Shares and Share Interests	Total Holding of Shares and Share Interests
Pablo Legorreta	4,545,330	—	4,545,330	86,852,402	91,397,732
Bonnie Bassler	65,518	7,614	73,132	—	73,132
Vlad Coric	—	10,798	10,798	—	10,798
Errol De Souza	73,738	7,614	81,352	500,140	581,492
Catherine Engelbert	43,514	7,614	51,128	—	51,128
Carole Ho	—	8,558	8,558	—	8,558
David Hodgson	25,714	7,614	33,328	79,476	112,804
Ted Love	46,234	7,614	53,848	—	53,848
Gregory Norden	187,234	7,614	194,848	—	194,848
Elizabeth Weatherman	—	8,558	8,558	—	8,558

Relative Importance of Spend on Pay

The following table sets out the total amounts spent in the years ended December 31, 2025 and 2024 on remuneration paid to employees and distributions to shareholders.

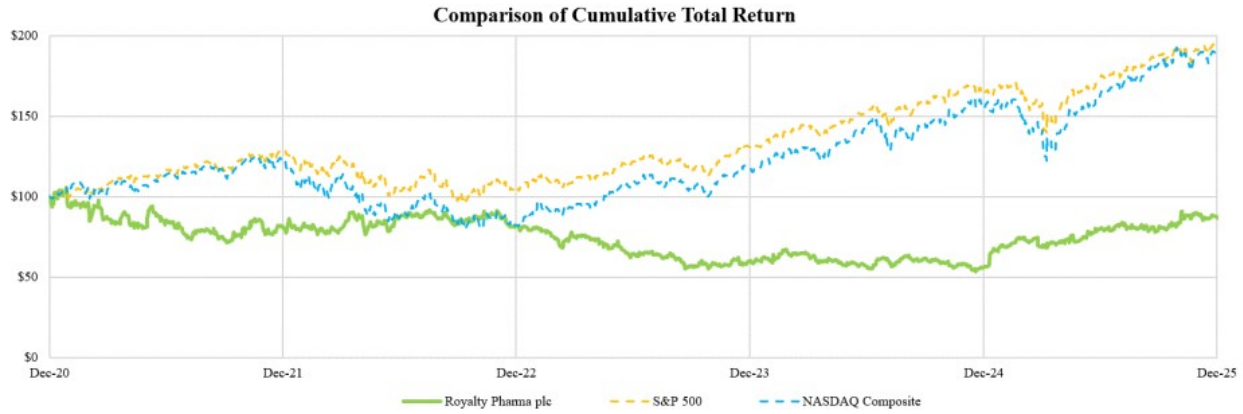
	For the years ended December 31,		
All amounts shown in $	2025	2024	% Change
Employee remuneration[(1)]	226,751,968	—	N/A
Share buybacks	1,227,383,475	229,650,466	434.5%
Dividend	378,252,693	376,465,091	0.5%

(1) Because the Company was externally managed prior to May 16, 2025, the Company did not employ personnel or pay any employee remuneration for the year ended December 31, 2024.

Total Shareholder Return

The graph below compares the cumulative total stockholder return, calculated on a dividend-reinvested basis, on our Class A ordinary shares, the Standard & Poor's 500 Index ("S&P 500") and the Nasdaq Composite Index ("Nasdaq Composite"). The Management Development and Compensation Committee considers these as appropriate indices against which to compare the Company's performance. They are widely accepted as relevant indices and include the companies that investors are likely to consider alternative investments.

The graph assumes an initial investment of $100 in our Class A ordinary shares at the market close on December 31, 2020 and its relative performance is tracked through December 31, 2025. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A ordinary shares.



CEO Remuneration History Table

The table below details certain elements of the remuneration paid to the director undertaking the role of chief executive officer over the same period as presented in the total shareholder return graph:

Financial year	Chief executive officer	Single figure of total remuneration[(1)]	Annual bonus pay-out against maximum %[(2)]	Long term incentive vesting rates against maximum opportunity %[(2)]
2025	Pablo Legorreta	44,019,342	N/A	N/A
2024	Pablo Legorreta	31,190,909	N/A	N/A
2023	Pablo Legorreta	84,837,077	N/A	N/A
2022	Pablo Legorreta	93,478,402	N/A	N/A

(1) For 2025, reflects salary paid by us for services after the consummation of the Internalization. As a result of his ownership interest in the our former external manager, Mr. Legorreta was entitled to certain profits of former external manager, which consisted of the operating and personnel payment from Royalty Pharma less the expenses of former external manager, including office expense and the compensation of the employees of former external manager. The amount shown above under "Single figure of total remuneration" prior to 2025 represents the profits of our former external manager attributable to Mr. Legorreta prior to the Internalization on May 16, 2025.

(2) The CEO does not participate in annual bonus and long-term incentive schemes.

DIRECTORS' REMUNERATION REPORT

Annual Percentage Change in Remuneration of Directors

The table below shows the annual percentage change in remuneration of the directors:

	Percentage change from 2025 to 2024	Percentage change from 2024 to 2023	Percentage change from 2023 to 2022	Percentage change from 2022 to 2021	Percentage change from 2021 to 2020[1]
	Payment/Fees[2]	Payment/Fees[2]	Payment/Fees[2]	Payment/Fees[2]	Payment/Fees[2]
Pablo Legorreta	38.1%	(63.2)%	(9.2)%	88.8%	(1.1)%
Bonnie Bassler	—	—	—	—	83.8%
Vlad Coric[3]	N/A	N/A	N/A	N/A	N/A
Errol De Souza	—	—	—	—	83.8%
Catherine Engelbert	—	—	—	—	84.8%
Henry Fernandez[4]	(38.0)%	—	—	—	139.0%
Carole Ho[5]	N/A	N/A	N/A	N/A	N/A
David Hogdson[6]	—	—	91.6%	N/A	N/A
Ted Love	—	—	—	—	139.0%
Gregory Norden	—	—	—	—	83.8%
Elizabeth Weatherman[5]	N/A	N/A	N/A	N/A	N/A
Average Employee[7]	N/A	N/A	N/A	N/A	N/A

(1) Percentage change from 2021 to 2020 represents changes between the period from February 6, 2020 (date of incorporation) to December 31, 2020 and the year ended December 31, 2021.
(2) Represents manager related payments for Mr. Legorreta and annual fees for our independent directors. Mr. Legorreta does not receive a salary. As a result of his ownership interest in our former external manager prior to the Internalization on May 16, 2025, Mr. Legorreta was entitled to certain profits of our former external manager, which consisted of the operating and personnel payment from Royalty Pharma less the expenses of our former external manager, including office expense and the compensation of the employees of our former external manager.
(3) Mr. Coric was elected by shareholders to serve as a director that began on the date of the 2025 Annual Meeting.
(4) Mr. Fernandez began to receive remunerations for his services as independent director on July 31, 2020, however his service ended on August 13, 2025.
(5) Ms. Ho and Ms. Weatherman began to receive remunerations for their services as independent directors on July 17, 2025.
(6) Mr. Hodgson was elected by shareholders to serve as a director that began on the date of the 2022 Annual Meeting.
(7) Because the Company was externally managed prior to the Internalization, the Company did not employ personnel or pay any employee remuneration prior to May 16, 2025.

Implementation of the UK Directors' Remuneration Policy for 2026

Details of how the UK Directors' Remuneration Policy section will be implemented for 2026 is set out in the table below:

Independent Directors

Annual Fees	Our independent directors will each receive an annual retainer of $150,000.
Equity Awards under the 2020 EIP	Our independent directors will each receive shares of grant value of $250,000.

DIRECTORS' REMUNERATION REPORT

CEO Remuneration

Base Salary	Mr. Legorreta is entitled to a base salary per annum in accordance with normal payroll practices. See table under Illustration of the Application of the UK Director's Remuneration Policy below.
Benefits	The CEO is entitled to market competitive levels of benefits in line with those provided to other senior executives. Any reasonable business-related expenses (including tax thereon if determined to be a taxable benefit) can be reimbursed.

Notes to the Policy Tables

(1) All members of the Board are reimbursed for reasonable costs and expenses incurred in attending Board meetings.

Director Share Ownership Policy

The Company operates a share ownership policy under which independent directors are ordinarily required to build and maintain during his or her tenure at the Company beneficial ownership of a number of Class A ordinary shares with a value equal to five times the annual cash retainer.

The number of shares for such purposes shall be their prevailing value until such minimum threshold is achieved at which point such number of shares then held will be the relevant number of shares to thereafter maintained.

Beneficial ownership for such purposes may include shares held (i) directly or indirectly or by or for the benefit of immediate family members; (ii) by trusts for the benefit of such person or such person's immediate family members, or (iii) in a 401(k) plan, IRA or deferred compensation plan; and (b) shares of restricted Class A ordinary shares and shares subject to outstanding restricted share unit awards, in either case, that vest solely based on the passage of time.

Each independent director appointed or elected to the Board of directors has five (5) years from the date of appointment or election to the Board of directors to meet this requirement. Compliance for such directors is measured at the five (5) year anniversary date of the director's appointment or election. Each independent director's continuing compliance with the ownership guidelines will be measured at least once a year by the Management Development and Compensation Committee.

Shares acquired under Annual Equity Awards are ordinarily expected to be retained towards meeting the share ownership policy to the extent there is a shortfall against them as at the time of the relevant settlement.

Recruitment Remuneration

Remuneration agreed in connection with a non-executive director's recruitment will ordinarily be within the scope of the remuneration policy as set out in the table above.

Remuneration agreed in connection with the recruitment of an executive director will comprise such elements (of such value) as the Management Development and Compensation Committee considers appropriate with regard to the skills and experience of the recruit and market practice. For example, such elements would likely include salary, bonus and typical benefits.

DIRECTORS' REMUNERATION REPORT

Approach

The UK Directors' Remuneration Policy provides that fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to attract, retain and motivate candidates of high caliber to ensure effective governance of the Company. As a solely US listed company, the Management Development and Compensation Committee approach to compensation arrangements is set within a U.S. context. As our business is at the intersection of the biopharmaceutical and capital allocation sectors, when considering the level of the directors' remuneration, the Management Development and Compensation Committee review remuneration levels in the biopharmaceutical and capital allocation sectors as well as other relevant information. The Management Development and Compensation Committee will obtain independent advice as necessary.

Policy on Payment Following Loss of Office

Prior to the Internalization, none of the directors have a service contract. The terms of their appointment provide that directors shall retire and be subject to election at the first Annual Meeting after their appointment and to reelection annually thereafter. The terms also provide that a director may be removed without notice and that compensation will not be due on leaving office.

If the employment of Mr. Legorreta is terminated, any compensation payable will be determined by reference to the terms of his employment in force at the time. Details of the obligations on his employer in the event of his termination of employment are set out in the section headed "Service Contracts" below.

Unvested equity awards will usually lapse on termination of service (including voluntary departure) save for potentially different good leaver treatment. The effect of a participant's termination of service on outstanding awards, including whether the awards may be exercised, settled, vested, paid or forfeited, will be determined by the Management Development and Compensation Committee and may be set forth in the participant's award agreement.

In the event of certain corporate transactions, including a change of control, the Board of directors may determine the appropriate treatment of an award, which may include (but is not limited to) it vesting in full, being settled in cash or being varied or replaced so as to relate to other assets (including shares in another company). Awards under the 2020 EIP accelerate and vest in full in connection with a change of control.

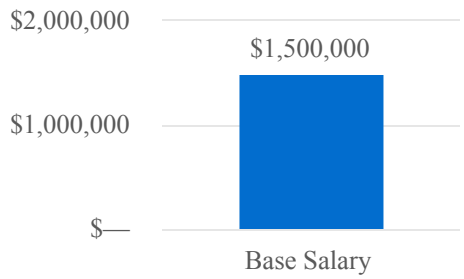
Service Contracts

Following the Internalization, Mr. Legorreta's offer letter agreement (the "Service Agreement") with an affiliate of the Company became effective. The Service Agreement is of unlimited duration, but Mr. Legorreta's employment is on an "at-will" basis. If Mr. Legorreta's employment is terminated for Good Reason (as defined in the Service Agreement) or without Cause (as defined in the Service Agreement) (other than due to death or disability) then he will be entitled to payment of his base salary for 12 months following termination, payable primarily in monthly installments.

DIRECTORS' REMUNERATION REPORT

Illustration of the Application of the UK Director's Remuneration Policy

The following table provides an illustration of the potential remuneration for the year ended December 31, 2026 for Mr. Legorreta computed in accordance with the UK Director's Remuneration Policy outlined above.



Consideration of Shareholders' Views

As described in the proxy statement, we regularly seek and carefully consider shareholder feedback regarding our compensation practices. In particular, the Management Development and Compensation Committee will take into account the results of the shareholder vote on compensation related matters and any discussions with shareholders on compensation matters over the year when making future compensation decisions in respect of directors.

CEO Pay Ratio

As of the date of this report, the Company did not meet the minimum threshold of 250 employees in the UK required for the CEO pay ratio to be disclosed. In order to establish our UK employee population, we considered any employees in the UK or working in the UK but employed through legal entities outside the UK.

Consideration by the Management Development and Compensation Committee of Matters Relating to Directors' Remuneration

The Management Development and Compensation Committee is responsible for overseeing the remuneration of the pay of directors. The members of the Management Development and Compensation Committee are David Hodgson (Chairman), Bonnie Bassler, Vlad Coric and Elizabeth Weatherman.

The members of the Management Development and Compensation Committee have no personal financial interest, other than as shareholders, in matters to be decided, and no potential conflicts of interest arising from cross-directorships. The members of the Management Development and Compensation Committee are all independent directors and have no day-to-day involvement in running the business.

The chairman of the Management Development and Compensation Committee, with input from the other committee members, directs the agenda for each committee meeting and seeks input from management.

Signed on behalf of the Board by:

David Hodgson
Chairman of the Management Development and Compensation Committee
April 9, 2026

ROYALTY PHARMA PLC

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2025

Royalty Pharma plc
Consolidated Statements of Comprehensive Income

USD $000	Notes	For the years ended December 31, 2025	2024
Income			
Gain on financial royalty assets at fair value through profit or loss	5	$ 3,732,155	$ 534,788
Other income	2	10,751	17,542
Total income		**3,742,906**	**552,330**
Other (income)/expense			
General and administrative expenses		526,673	244,984
Gain on other financial instruments at fair value through profit or loss	5	305,564	(131,871)
Gain on investments in associates at fair value through profit or loss	8	24,607	(32,968)
Interest expense	10	307,664	225,512
Interest income		(33,591)	(47,343)
Other non-operating expense, net		37,757	5,073
Total other expense, net		**1,168,674**	**263,387**
Profit before taxation		2,574,232	288,943
Taxation	13	—	—
Profit after taxation		2,574,232	288,943
Profit attributable to non-controlling interests		654,975	70,835
Profit attributable to Royalty Pharma plc		**$ 1,919,257**	**$ 218,108**
Profit per share attributable to Royalty Pharma plc shareholders:			
Basic	12	$ 4.47	$ 0.49
Diluted	12	$ 4.44	$ 0.49

The accompanying notes form an integral part of these financial statements.

Royalty Pharma plc
Consolidated Balance Sheets

USD $000	Notes	As of December 31, 2025	2024
Non-current assets			
Goodwill	3	$ 430,967	$ —
Financial assets at fair value through profit or loss	5, 6	26,127,933	23,825,127
Investments in associates at fair value through profit or loss	6, 8	417,514	560,666
Other assets		49,293	3,711
Total non-current assets		**27,025,707**	**24,389,504**
Current assets			
Debtors	7	6,893	4,187
Financial assets at fair value through profit or loss	5, 6	902,502	868,926
Cash and cash equivalents	9	618,696	929,026
Total current assets		**1,528,091**	**1,802,139**
Current liabilities			
Creditors		19,404	13,370
Notes payable	10	380,000	997,773
Interest payable	10	110,818	98,062
Financial liabilities at fair value through profit or loss	5, 6	72,825	75,811
Other current liabilities		45,698	68,600
Total current liabilities		**628,745**	**1,253,616**
Net current assets		**899,346**	**548,523**
Total assets less current liabilities		**27,925,053**	**24,938,027**
Non-current liabilities			
Financial liabilities at fair value through profit or loss	5, 6	2,244,990	2,806,795
Notes payable	10	8,570,917	6,614,653
Other liabilities	4	340,630	—
Total non-current liabilities		**11,156,537**	**9,421,448**
Net assets		**$ 16,768,516**	**$ 15,516,579**
Capital and reserves			
Share capital	11	$ 106	$ 108
Share premium	11	4,598,391	3,894,039
Other reserves	11	16,121	14,783
Profit and loss account	11	7,844,019	7,841,037
Non-controlling interest	11	4,313,048	3,769,842
Treasury interests		(3,169)	(3,230)
Total equity		**$ 16,768,516**	**$ 15,516,579**

The financial statements were approved by the Board of directors of Royalty Pharma plc (Company Number: 12446913) on April 9, 2026 and are signed on its behalf by:

Pablo Legorreta
Director
April 9, 2026

The accompanying notes form an integral part of these financial statements.

Royalty Pharma plc
Consolidated Statements of Changes in Equity

USD $000	Share capital	Share premium	Other reserves	Profit and loss account	Non-controlling interests	Treasury interests	Total
Balance as of December 31, 2023	**$ 108**	**$ 3,674,733**	**$ 12,439**	**$ 8,243,647**	**$ 4,025,208**	**$ (3,190)**	**$ 15,952,945**
Contributions	—	—	—	—	3,877	—	3,877
Distributions	—	—	—	—	(125,158)	—	(125,158)
Share-based compensation and related issuances of Class A ordinary shares	—	—	2,344	—	—	—	2,344
Other exchanges	1	219,306	—	(14,347)	(204,920)	(40)	—
Dividends paid	—	—	—	(376,465)	—	—	(376,465)
Repurchases of Class A ordinary shares	(1)	—	—	(229,906)	—	—	(229,907)
Profit after taxation	—	—	—	218,108	70,835	—	288,943
Balance as of December 31, 2024	**$ 108**	**$ 3,894,039**	**$ 14,783**	**$ 7,841,037**	**$ 3,769,842**	**$ (3,230)**	**$ 15,516,579**
Contributions	—	—	—	—	2,340	—	2,340
Distributions	—	—	—	—	(135,831)	—	(135,831)
EIP and other share-based compensation	—	29,591	1,334	219,727	108,945	—	359,597
Other exchanges	2	674,761	—	(530,601)	(144,223)	61	—
Dividends paid	—	—	—	(378,317)	—	—	(378,317)
Repurchases of Class A ordinary shares	(4)	—	4	(1,227,084)	—	—	(1,227,084)
Shares and share-based awards issued for Internalization	—	—	—	—	57,000	—	57,000
Profit after taxation	—	—	—	1,919,257	654,975	—	2,574,232
Balance as of December 31, 2025	**$ 106**	**$ 4,598,391**	**$ 16,121**	**$ 7,844,019**	**$ 4,313,048**	**$ (3,169)**	**$ 16,768,516**

The accompanying notes form an integral part of these financial statements.

Royalty Pharma plc
Consolidated Statements of Cash Flows

USD $000	Notes	For the Year Ended December 31, 2025	2024
Cash flows from operating activities			
Cash collections from financial royalty assets		$ 3,458,679	$ 3,075,471
Other royalty cash collections		10,812	31,432
Distributions from investments in associates		13,396	13,396
Interest received		34,308	46,482
Payments for Employee EPA's		(10,943)	—
Payments for operating and professional costs		(293,126)	(248,470)
Interest paid		(276,291)	(159,570)
Net cash provided by operating activities		**2,936,835**	**2,758,741**
Cash flows from investing activities:			
Acquisition of businesses, net of cash received		(103,315)	—
Distributions from investments in associates		105,149	23,641
Investments in associates		—	(10,955)
Purchases of equity securities		(58,427)	(62,500)
Proceeds from equity securities		34,723	98,575
Purchases of debt securities		(175,000)	(150,000)
Proceeds from debt securities		21,226	19,786
Purchases of marketable securities		510,553	—
Acquisitions of financial royalty assets		(2,115,778)	(2,495,456)
Acquisitions of other financial assets		—	(18,000)
Milestone payments		(271,313)	(75,000)
Other		(8,946)	2,039
Net cash used in investing activities		**(2,061,128)**	**(2,667,870)**
Cash flows from financing activities:			
Distributions to Legacy Interests		(354,901)	(362,280)
Distributions to non-controlling interests		(167,475)	(125,159)
Dividends to shareholders	11	(378,317)	(376,465)
Contributions from Legacy Interests		3,577	1,230
Contributions from non-controlling interests		2,340	3,877
Proceeds from revolving credit facility	10	1,275,000	—
Repayment of notes payable	10	(1,000,000)	—
Proceeds from issuance of notes payable, net of discount	10	1,954,475	1,471,235
Debt issuance costs and other		(16,563)	(12,616)
Repurchases of Class A ordinary shares	11	(1,227,383)	(229,651)
Repayment of revolving credit facility	10	(1,275,000)	—
Other		(1,790)	(9,026)
Net cash provided by/(used in) financing activities		**(1,186,037)**	**361,145**
Net change in cash and cash equivalents		(310,330)	452,016
Cash and cash equivalents, beginning of period		929,026	477,010
Cash and cash equivalents, end of period		**$ 618,696**	**$ 929,026**

The accompanying notes form an integral part of these financial statements.

1. General information

Royalty Pharma plc (the "Company" or "Royalty Pharma"), formerly Royalty Pharma Ltd, is a public limited company incorporated on February 6, 2020 and domiciled in England and Wales. On April 22, 2020, the Company re-registered under the Companies Act 2006 as a public company under the name of Royalty Pharma plc. The Company had an initial public offering on June 16, 2020 and is listed on the NASDAQ Global Select Market under the symbol "RPRX."

The registered office of the Company is The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE. The principal activity of the Company is to carry on business as a holding company. It operates and controls the business affairs of Royalty Pharma Holdings Ltd ("RP Holdings") through ownership of RP Holdings' Class A ordinary shares (the "RP Holdings Class A Interests") and RP Holdings' Class B ordinary shares (the "RP Holdings Class B Interests"). The Company conducts its business through RP Holdings and its subsidiaries.

RP Holdings is the sole owner of Royalty Pharma Investments 2019 ICAV ("RPI 2019 ICAV"), which is an Irish collective asset management vehicle, and is the successor to Royalty Pharma Investments, an Irish unit trust ("Old RPI"). RP Holdings is owned by Royalty Pharma plc, and, indirectly, by various partnerships (the "Continuing Investors Partnerships") and, post-Internalization, by the Holders of RP Holdings Class E Interests (as defined below). Prior to the Exchange Offer (defined below), Old RPI was owned by various partnerships (the "Legacy Investors Partnerships").

Prior to May 16, 2025, the Group was externally managed by RP Management, LLC, a Delaware limited liability company (the "Legacy Manager" or "RPM"), pursuant to advisory and management agreements (collectively, the "Management Agreement"). On May 16, 2025, the Group completed the Internalization (as defined below) and became an integrated company with the former employees of RPM becoming employees of Royalty Pharma, LLC, a wholly-owned subsidiary of RP Holdings. Refer to Note 3–Internalization for additional discussion.

The Group is the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry. The Group funds innovation in the biopharmaceutical industry both directly and indirectly - directly by partnering with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly by acquiring existing royalties from the original innovators.

2. Summary of significant accounting policies

Basis of presentation

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). These consolidated financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Group has elected to apply the recognition and measurement provisions of International Financial Reporting Standard 9 "Financial Instruments" ("IFRS 9") to its financial instruments available under FRS 102.

The consolidated financial statements have been prepared on a going concern basis and the historical cost convention except for assets and liabilities held at fair value. The following accounting policies have been applied consistently with respect to items that are considered material in relation to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of Royalty Pharma and all majority-owned and controlled subsidiaries, as well as variable interest entities, where the Company is the primary beneficiary. The Group consolidates based upon evaluation of its power, through voting rights or similar rights, to direct the activities of another entity that most significantly impact the entity's economic performance. Excluding the Legacy Interests (defined below) and the Class C Special Interest (defined below), which are accounted for as financial liabilities, for consolidated entities where the Group owns or is exposed to less than 100% of the economics, the Group records *Profit/(loss) attributable to non-controlling interests* in its consolidated statements of comprehensive income equal to the percentage of the economic or ownership interest retained in such entities by the respective non-controlling parties.

RP Holdings is owned by Royalty Pharma plc, and, indirectly, by various partnerships and, post-Internalization, by the Holders of RP Holdings Class E Interests (as defined below). RP Holdings is the sole owner of Royalty Pharma Investments 2019 ICAV ("RPI 2019 ICAV"), which is an Irish collective asset management vehicle and is the successor to Royalty Pharma Investments, an Irish unit trust. In 2022, the Group became an indirect owner of an 82% economic interest in Royalty Pharma Investments ICAV, which was previously owned directly by Royalty Pharma Investments. In connection with the Internalization, Royalty Pharma Investments distributed all of its assets to Royalty Pharma Investments 2011 ICAV (together with Royalty Pharma Investments ICAV, "Old RPI").

The Company consummated an exchange offer on February 11, 2020 (the "Exchange Offer") to facilitate the initial public offering ("IPO"). Prior to the Exchange Offer, Royalty Pharma Investments was owned by various partnerships (the "Legacy Investors Partnerships"). Through the Exchange Offer, investors which represented 82% of the aggregate limited partnership in the Legacy Investors Partnerships exchanged their limited partnership interests in the Legacy Investors Partnerships for limited partnership interests in RPI US Partners 2019, LP and RPI International Holdings 2019, LP which are part of the Continuing Investors Partnerships. Following the Exchange Offer, the Company became the indirect owner of an 82% economic interest in Royalty Pharma Investments which entitled the Group to 82% of the economics of its wholly-owned subsidiary RPI Finance Trust, a Delaware statutory trust ("RPIFT"), and 66% of Royalty Pharma Collection Trust, a Delaware statutory trust ("RPCT"). In December 2023, the Group acquired an additional 20% interest in RPCT owned by Royalty Pharma Select Finance Trust, a Delaware statutory trust ("RPSFT"). The remaining 14% interest in RPCT is owned by the Legacy Investors Partnerships.

The Legacy Investors Partnerships' interests in RPCT, RPIFT, and RPI ICAV, and RPSFT's interest in RPCT are collectively referred to as the ("Legacy Interests").

RPI EPA Vehicle, LLC ("EPA Vehicle") owns the RP Holdings Class C ordinary share (the "RP Holdings Class C Special Interest").

The Group reports two non-controlling interests:

1. The Continuing Investors Partnerships' indirect ownership in RP Holdings through their indirect ownership of RP Holdings Class B ordinary shares (the "RP Holdings Class B Interests").
2. The Sellers' (as defined in Note 3–Internalization) indirect ownership in RP Holdings through their indirect ownership of RP Holdings' Class E ordinary shares (the "RP Holdings Class E Interests"). In connection with the Internalization, the Group issued 24.5 million RP Holdings Class E Interests to the Sellers (the "Holders of RP Holdings Class E Interests"), subject to vesting conditions, as part of the transaction consideration.

The Continuing Investors Partnerships and the Holders of RP Holdings Class E Interests, collectively, are referred to as the "continuing non-controlling interests."

All intercompany transactions and balances have been eliminated in consolidation.

Recently Adopted and Issued Accounting Standards

In March 2024, the FRC issued Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review 2024 (the 'Periodic Review 2024 amendments'). The Company elected to early adopt the Periodic Review 2024 amendments as of January 1, 2025. The adoption of the new guidance did not have a material impact on the Group's consolidated financial statements.

Going concern

After reviewing the Group's performance projections, the directors are satisfied that the Group has adequate access to resources to enable it to meet its obligations and to continue in operational existence for a period of at least 12 months from the issuance of these financial statements. As a result, they have adopted the going concern basis in preparing the financial statements.

Judgements and key sources of uncertainty

The preparation of the consolidated financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as of the balance sheet date and the amounts reported for revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. FRS 102 requires management to exercise judgement in the process of applying the accounting policies.

The most critical accounting policies relate to the Group's financial royalty assets and the full descriptions can be found below. Similarly, the most significant judgments and estimates applied by management are associated with the measurement of the Group's financial royalty assets at fair value. The Group's management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 6 - Fair value measurements below.

Foreign currency translation

The functional and reporting currency of the Group is the United States Dollar ("USD" or "$").

Assets and liabilities denominated in a currency other than the USD are translated into USD at the exchange rates at the balance sheet date. Income and expenses denominated in currencies other than USD are translated at the exchange rates on the respective dates of such transactions.

Segment Information

The Company operates within one geographical market, the United Kingdom, with its geographical location located within the United States of America. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer who reviews financial information presented on a consolidated basis to allocate resources, evaluate financial performance and make overall operating decisions. As such, the Company concluded that the Group operates as one single reportable segment, which is primarily focused on acquiring biopharmaceutical royalties. The measure of segment profit or loss that is most consistent with the Group's consolidated financial statements is consolidated profit or loss. The accounting policies of the Group's single reportable segment are the same as those for the consolidated financial statements. The level of disaggregation and amounts of significant segment expenses that are regularly provided to the CODM are the same as those presented in the consolidated statements of comprehensive income.

Financial Royalty Assets

An acquisition of a financial royalty asset provides the buyer with contractual rights to cash flows from the sale of patent-protected biopharmaceutical products by unrelated biopharmaceutical companies. The majority of the Group's royalties provide it with rights that are protective and passive in nature. In other words, the Group does not own the intellectual property or have the right to commercialize the underlying products.

Accounting for financial royalty assets

Financial royalty assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial royalty assets are recorded in the consolidated balance sheets at fair value within *Financial assets at fair value through profit or loss*. All transaction costs for such instruments are recognized directly in profit or loss. Subsequent changes in the fair value of those financial royalty assets are recorded within *Net gain or loss on financial instruments at fair value through profit or loss*.

The fair value of financial royalty assets is calculated based on forecasted expected future cash flows of the underlying biopharmaceutical product and applying a Monte Carlo simulation under the option pricing framework to the projected future royalty payments. See further discussion in Note 6 - Fair value measurements on use of the Monte Carlo simulation model. The below discussion refers to inputs into the forecasted expected future cash flows and market variables that impact management's estimation and the changes in fair value.

Management's judgment is required in forecasting the expected future cash flows of the underlying royalties. The amounts and duration of forecasted expected future cash flows are largely impacted by sell-side equity research analyst coverage, commercial performance of the product, and royalty duration, each discussed in further detail below.

- *Analyst coverage.* Expected future cash flows are derived from sales projections for the underlying biopharmaceutical products, based primarily on sell-side equity research analyst consensus forecasts. These forecasts incorporate market research on global economic conditions, industry trends and product life cycles. The Group's policy is to rely on sell-side research analysts' consensus sales forecasts to derive annual sales projections for each financial royalty asset over the periods for which the Group is entitled to royalties or milestones. When analyst estimates do not extend through the full royalty term, the Group projects future sales using statistical curves which are modelled using a combination of historical product trends and available consensus estimates. Depending on the level of details provided in analyst models, management may apply additional assumptions to allocate annual sales to quarterly periods and by geographic regions, determine product and pricing mix for franchises, or exclude sales for unapproved products. Contractual royalty rates, terms and milestones are then applied to the adjusted sales projections to estimate the royalty or milestone payments over the asset's life, forming the basis for expected future cash flows used in calculating and measuring fair value.

- *Commercial performance*. The approval of a product for use in new indications can extend the date through which the Group is entitled to royalties or milestones on that product. If a product is removed from all or a portion of a market, subsequent sell-side equity research analysts' consensus sales forecasts will reflect the expected drop in sales. Both the new cash flow streams and the cessation of cash flow streams related to a product's performance in the market over the royalty term can materially affect the Group's forecast of expected future cash flows, which directly impacts the calculation of fair value.

- *Royalty duration*. The duration of a royalty can be based on a variety of factors, such as regulatory and marketing approval dates, patent expiration dates, the number of years from first commercial sale, the first date of manufacture of the patent-protected product, the entry of generics or a contractual date arising from litigation, which are all impacted by the point in time in the product's life cycle at which the Group acquires the royalty. Royalty durations vary by geography as the United States, European Union and other jurisdictions may be subject to different country-specific patent protection terms or exclusivity based on contractual terms. Products may be covered by a number of patents and, where a royalty term is linked to the existence of valid patents, management is required to make judgments about the patent providing the strongest protection to align the period over which management forecasts expected future cash flows to the royalty term. It is common for the latest expiring patent in effect at the date the Group acquires a financial royalty asset to be extended, adjusted or replaced with newer dated patents subsequent to the Group's acquisition of a royalty due to new information, resulting in changes to the royalty duration in later periods. Patents may expire earlier than expected at the time of the acquisition due to the loss of patent protection, loss of data exclusivity on intellectual property, contractual licensing terms limiting royalty payments based on time from product launch, recent legal developments or litigation. Macroeconomic factors, such as changes in economies or the competitive landscape, including the unexpected loss of exclusivity to the products underlying the Group's portfolio of royalties, changes in government legislation, product life cycles, industry consolidations and other changes beyond the Group's control could result in a positive or negative impact on its forecast of expected future cash flows and the related calculation of fair value

As part of the preparation of the forecasted expected future cash flows, which relies on the sources and variables discussed above, management is required to make assumptions around the following forecast inputs: (1) estimates of the duration of the royalty, which includes consideration of the strength of patent protection and anticipated timing for entry of generics, (2) product growth rates and sales trends in outer years, generally projected through statistical curves (3) the product and pricing mix for franchised products, (4) the geographical allocation of annual sales data from sell-side equity research analysts' models, and (5) the portion of sales that are subject to royalties which is referred to as royalty bearing sales. The most sensitive of these assumptions relates to management's estimate of the royalty duration in the final years of an asset's life. In some cases, patent protection may extend to a later period than the expiration date management has estimated. Management may apply a shorter royalty term in this situation if, based on its experience and expertise, management believes that it is more likely that the associated patents are subject to opposition or infringement, that the market for a particular product may shift based on pipeline approvals and products, or that product sales may be harmed by competition from generics. For products providing perpetual royalties, management applies judgment in establishing the duration over which it forecasts expected future cash flows.

A shortened royalty term can result in a decline in fair value or a reduction in royalty payments compared to expectations, or a permanent impairment. Additionally, royalty payments may occasionally continue beyond the estimated royalty expiration date for such reasons the Group cannot foresee such as excess inventory in the channel or additional scope of patent protection identified after expiry, including royalties the Group may become entitled to from new indications, new compounds, or for new regulatory jurisdictional approvals.

Certain acquisition agreements provide for future incoming or outgoing contingent payments based on the commercial, regulatory or clinical performance of the related biopharmaceutical product generally over a multi-year period. For purposes of calculating fair value of financial royalty assets, milestones payable or receivable are reflected in the forecasted expected future cash flows in the period in which the milestone criteria is projected to be satisfied based on sell-side equity research analysts' consensus sales forecasts. Regulatory milestones are considered based on probability of technical success, among other factors. The Group assess all milestone payments to determine whether it must account for these arrangements as derivative instruments.

The current portion of financial royalty assets represents an estimation for current quarter royalty receipts which are collected during the subsequent quarter and for which the estimates are derived from the latest external publicly available sell-side equity research analyst reports, reported in arrears.

Other income

When royalties are received for financial royalty assets that no longer have a fair value recorded on the consolidated balance sheets, such income is recognized as *Other income* in the consolidated statements of comprehensive income.

Fair value measurements

The Group's financial instruments consist primarily of cash and cash equivalents, equity securities, derivative instruments, debt securities, royalty interests and notes payable. With the exception of notes payable which is accounted for at amortized cost, these financial instruments and the Group's investments in associates are reported at their respective fair values on the Group's consolidated balance sheets.

For financial instruments and investments in associates carried at fair value, the level in the fair value hierarchy is based on the lowest level of inputs that is significant to the fair value measurement in its entirety. The Group determines the fair value of assets and liabilities using the fair value hierarchy, which establishes three levels of inputs that may be used to measure fair value as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Prices or valuation that require inputs that are both significant to the fair value measurement and unobservable

Management uses valuation techniques to determine the fair value of financial instruments and investments in associates (where active markets quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Refer to Note 6 for further discussion on the Group's fair value measurements.

Cash and Cash Equivalents

Cash and cash equivalents include cash held at financial institutions and all highly liquid financial instruments with original maturities of 90 days or less.

Equity Securities and Debt Securities

Equity securities primarily consist of investments in publicly traded equity securities. The equity securities are considered financial assets and are measured and recorded at fair value with unrealized gains and losses recognized through profit or loss. For equity securities without a readily determinable fair value, the Group measures the securities at cost less impairment, if any. In determining whether a security without a readily determinable fair value is impaired, management considers qualitative factors to identify an impairment including the financial condition and near-term prospects of the issuer. Investments classified as debt securities are also considered financial assets and recorded at fair value with changes in fair value recognized in profit or loss.

Derivative Instruments

Derivative instruments are measured at fair value on the consolidated balance sheets with movements in fair value recognized in profit or loss.

Acquisitions

The Group first determines whether a set of assets acquired constitutes a business and should be accounted for as a business combination. If the assets acquired do not constitute a business, the Group accounts for the transaction as an asset acquisition. Business combinations are accounted for by means of the purchase method of accounting under FRS 102.19.6. The purchase method of accounting for business combinations requires the Group to use significant estimates and assumptions, including fair value estimates, as of the business combination date. Under the purchase method, the Group recognizes separately from goodwill the identifiable assets acquired and the liabilities assumed, generally at the acquisition date fair value. The excess of the cost to acquire the business over the fair value of the net assets acquired is recorded as goodwill.

Goodwill

As a result of the Internalization (as defined below), the Group recorded goodwill which represents the excess of the cost to acquire the business over the fair value of the net assets acquired. In accordance with FRS 102.19.23, the goodwill acquired in the Internalization is measured at cost less accumulated amortization and accumulated impairment, if any. Goodwill is considered to have a finite useful life and is amortized over 10 years. The Group has one cash generating unit and assesses goodwill for impairment annually.

Investments in Associates

Investments in entities that provide the Group with the ability to exercise significant influence, but not control are classified as investments in associates on the consolidated balance sheets and recorded initially at fair value. The Group has determined that its investments in associates are considered held as part of an investment portfolio, as the Group holds these investments for capital appreciation. In accordance with FRS 102.14.4B, the Group subsequently records its investments in associates at fair value, with changes in fair value recognized in profit or loss.

Legacy Interests and Class C Special Interest

The Legacy Interests and the Class C Special Interest are considered financial liabilities as they represent a contractual obligation of the Group to deliver cash. The Group has elected to record these financial liabilities at fair value with changes in fair value recognized in profit or loss. As a result of the internalization, some of the Class C special interest financial liability was derecognized and some was reallocated to share-based compensation in the form of Employee EPAs as explained in Note 3.

Share-based Compensation

The Group accounts for share-based compensation in accordance with FRS 102.26 – Share-based payments. The Group has share-based compensation arrangements in the form of (1) Employee EPAs (as defined in Note 3), (2) RP Holdings Class E Interests, which were issued as part of the Internalization consideration, and (3) RSUs, which are issued to directors and employees. RP Holdings Class E Interests and RSUs are both equity classified. Share-based compensation expense for equity-classified awards is measured at grant-date fair value and recognized on a straight-line basis over the requisite service period within *General and administrative expenses*. The Group has elected to account for forfeitures as they occur.

Employee EPAs are accounted for as a combination of equity-classified and liability-classified awards based on the expected method of settlement. The liability-classified portion is remeasured at each reporting date using a Monte Carlo simulation methodology. The equity-classified portion is remeasured through the accounting grant date, as described in Note 5, after which fair value is fixed and recognized on a straight-line basis over the remaining requisite service period. Changes in fair value are recognized in share-based compensation expense.

Income Taxes

The Group periodically assesses if its activities, as conducted through its subsidiaries, and as currently contemplated, constitute being engaged in the conduct of a trade or business within the United States. Neither the US Internal Revenue Code ("the Code") nor the applicable Treasury regulations provide a general definition of what constitutes as being engaged in the conduct of a trade or business within the United States, and the limited case law on the subject does not provide definitive guidance. Based on the Group's periodic assessment, it believes that it is not engaged in the conduct of a trade or business within the United States, and as such, the Group does not record a provision for US income taxes with respect to effectively connected income for the years presented in the consolidated financial statements.

The Group has funding arrangements in place where its counterparties have drawn on capital or are allowed to draw on capital over a prescribed period of time. Income from these funding arrangements is subject to US taxation and the Group records a provision for US income taxes within *General and administrative expenses* in accordance with FRS 102.29 – *Income Taxes,* with respect to this income. The Group expects the associated income tax provision expense to become more significant in the future as it enters into more funding arrangements.

The Group operates so as to be treated solely as resident in the UK for tax purposes. As a UK tax resident company, the Group is subject to UK corporation tax on its worldwide taxable profits and gains. UK tax resident companies are subject to UK corporation tax on receipt of dividends or other income distributions in respect of shares held by them, unless those dividends or other distributions fall within an exempt class. The Group believes that dividends received by the Group from RP Holdings, and dividends received by RP Holdings from RPI 2019 ICAV, should fall within such an exempt class and therefore should not be subject to UK corporation tax. As such, the Group does not record a provision for UK income taxes with respect to the dividends received from RP Holdings or with respect to the dividends received by RP Holdings from RPI 2019 ICAV.

The Group is also subject to the UK's "controlled foreign companies" rules (the "UK CFC Rules"). The UK CFC Rules, broadly, apply to UK tax resident companies that have, alone or together with certain other persons, interests in a non-UK tax resident company (the "Controlled Foreign Company") which is controlled by a UK person or persons. The charge under the UK CFC Rules applies by reference to certain types of chargeable profit arising to the Controlled Foreign Company, whether or not that profit is distributed, subject to specific exemptions. Certain non-UK entities in which the Group holds a greater than 25% interest, including RPI 2019 ICAV (which is an Irish tax resident) and Old RPI (which is an Irish tax resident and is held indirectly by the Group through its participation in RP Holdings), are considered Controlled Foreign Companies for UK tax purposes. The Group is therefore required to apply the UK CFC Rules in respect of its direct and indirect interests in these entities on an ongoing basis. The Group does not expect material tax charges to arise under the UK CFC Rules with respect to its direct and indirect interests in these entities and the Group therefore do not record a provision for UK income taxes related to this matter.

Other Taxation Matters

The Group is subject to US federal withholding tax on certain fixed or determinable annual or periodic gains, profits and income, such as royalties from sources within the United States, unless reduced or eliminated under an applicable tax treaty or provision of the Code. Generally, this tax is imposed by withholding 30% of the payments, or deemed payments, that are subject to this tax. The Group believes its subsidiaries are eligible for benefits under the US-Ireland income tax treaty, and, under that treaty, are not subject to any US withholding taxes on US-source royalty, interest or other income payments.

Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing profit attributable to the Group by the weighted average number of Class A ordinary shares outstanding during the period. Diluted EPS is calculated by dividing profit attributable to the Group by the weighted average number of Class A ordinary shares outstanding during the period, including the number of Class A ordinary shares that would have been outstanding if the potentially dilutive securities had been issued.

The Group's Class B ordinary shares, Class R redeemable shares and deferred shares do not share in the profits or losses attributable to the Group and are therefore not participating securities.

The Group's outstanding Class B ordinary shares are considered potentially dilutive shares of Class A ordinary shares because Class B ordinary shares, together with the related RP Holdings Class B Interests and vested RP Holdings Class E Interests, are exchangeable into Class A ordinary shares on a one-for-one basis. In addition, potentially dilutive securities also include Class B ordinary shares contingently issuable for the EPAs and Class A ordinary shares issuable upon vesting of RSUs issued to directors and employees.

Potentially dilutive shares are included in the denominator to compute diluted EPS if (i) the inclusion of the ordinary shares is dilutive for the respective reporting periods, and (ii) contingencies are satisfied as of the end of the reporting period for ordinary shares that are contingently issuable. The "if-converted" method is used to determine the potentially dilutive effect of the outstanding Class B ordinary shares, and the treasury stock method to determine the potentially dilutive effect of the unvested RSUs.

3. Internalization

On January 10, 2025, the Group entered into an agreement (as amended, the "Purchase Agreement") with RPM, Royalty Pharma Manager, LLC, a Delaware limited liability company ("RP Manager") and the sellers named therein (the "Sellers"). Pursuant to the Purchase Agreement, RPM contributed substantially all of its previously held assets and liabilities to RP Manager and the Group agreed to acquire all of the equity interests of RP Manager from the Sellers (the "Internalization"). The Sellers include the Group's founder, chief executive officer and chairman, Pablo Legorreta, RPM I, LLC and RP MIP Holdings, LLC ("RP MIP Holdings"), as the former equity owners of RPM. The equity interest holders of RP MIP Holdings include the Group's named executive officers and certain employees of the Legacy Manager, who became employees of Royalty Pharma, LLC, a subsidiary of RP Manager, in connection with the Internalization. The Group completed the acquisition of RP Manager on May 16, 2025 and the Group accounted for the acquisition as a business combination in accordance with FRS 102.19.

The announced transaction value for the Internalization of $1.1 billion included cash and 24.5 million newly issued RP Holdings Class E Interests, with an aggregate fair value of $812.4 million, of which 1.7 million shares were recognized as part of the purchase price and 22.8 million shares are subject to vesting, with related share-based compensation expense to be recognized over the vesting period post-Internalization. The announced transaction value also included the assumption of a $380 million term loan, which was not recognized as part of the purchase price. Instead, it was recorded as a liability acquired in the allocation of purchase price below.

In addition, the Group issued replacement equity awards in the form of RSUs to employees and recognized the portion attributable to the pre-Internalization service period as part of the purchase price.

The following table presents the components of the total cost to acquire RP Manager (in thousands):

Cash	$	81,917
Transaction costs		28,899
Fair value of equity attributable to pre-Internalization service period:		
RP Holdings Class E Interests		57,000
Employee RSUs		3,778
Total purchase price	**$**	**171,594**

In connection with the Internalization, the Group also reclassified a portion of the liability related to the Class C Special Interest to *Capital and reserves* and *Other liabilities* for the portion related to vested Employee EPAs. The difference between the reclassified portion from *Financial liabilities at fair value through profit and loss* and the amounts attributed to vested Employee EPAs was $71.4 million, which was recorded as a reduction to goodwill. As described and each term as defined in Note 5, the Employee EPAs represent the participation of certain employees in the economic returns of the EPAs for a specific Portfolio, which exclude Founder's Equity, which represents Mr. Legorreta's retained EPAs.

RP Holdings Class E Interests

The Group issued 24.5 million RP Holdings Class E Interests and an equal number of Royalty Pharma plc Class B ordinary shares to the Sellers, with an aggregate fair value of $812.4 million based on the Company's stock price of $33.12 upon the closing of the Internalization. Approximately 1.7 million of the RP Holdings Class E Interests, valued at approximately $57.0 million, were considered to be attributable to services rendered pre-Internalization and were included as part of the cost to acquire the business. The remaining 22.8 million RP Holdings Class E Interests with an aggregate fair value of approximately $755.4 million are subject to straight-line vesting generally over five to nine years and forfeiture if vesting conditions are not met. The Group recognizes the related share-based compensation expense over the corresponding vesting periods.

Employee RSUs

The Group issued approximately 316 thousand Class A ordinary shares as replacement awards to certain employees (the "Employee RSUs") valued at $10.5 million based on the Company's stock price of $33.12 upon the closing of the Internalization. Approximately $3.8 million of the Employee RSUs were considered to be attributable to service rendered pre-Internalization and were included as part of the purchase price. The remaining Employee RSUs are subject to straight-line vesting generally over a period up to four years and forfeiture if vesting conditions are not met.

Employee EPAs

As described and each term as defined in Note 5 - Financial instruments, after the Internalization, employees who participate in the EPAs ("Employee EPAs") became employees of Royalty Pharma, LLC, and the service required for vesting became service required to be rendered to the Company. Accordingly, the Group began to account for the Employee EPAs under FRS 102.26 as compensation arrangements and began recognizing share-based compensation expense over the remaining post-Internalization service period. The Employee EPAs exclude Founder's Equity, which represents Mr. Legorreta's retained EPAs. The periodic cash payments as tax advances related to the Employee EPAs are presented as an operating activity in the consolidated statement of cash flows.

As a result of the Internalization, the Group reclassified a portion of the liability for the Employee EPAs to *Capital and reserves*. The fair value of approximately $422.5 million, measured as of the closing of the Internalization, was considered attributable to service rendered pre-Internalization. The difference between the reclassified portion from *Financial liabilities at fair value through profit and loss* and the amounts attributed to vested Employee EPAs was $71.4 million, which was recorded as a reduction to goodwill. The fair value of the remaining Employee EPAs is recorded as share-based compensation expense over the remaining vesting period. The fair value of the Employee EPAs is recognized partially as a liability within *Financial liabilities at fair value through profit or loss* on the consolidated balance sheet and partially as equity within *Share-based compensation and related issuances of Class A ordinary shares* on the consolidated statement of changes in equity and is estimated using a Monte Carlo simulation methodology. See Note 6 - Fair value measurements for additional discussion.

Allocation of the Purchase Price

The Group allocated the purchase price to the estimated fair values of assets and liabilities acquired. The purchase price allocation is based on management's estimates and assumptions, as well as information compiled by management. The Group's estimates and assumptions are subject to change during the measurement period of up to twelve months from the date of the Internalization as further information becomes available. The excess of the total cost to acquire the business over the fair value of the net assets acquired was allocated to goodwill. The goodwill recorded as part of the Internalization includes the assembled workforce and synergies resulting from the Internalization. During 2025, the Group recorded $28.7 million of goodwill amortization within *Other non-operating expense, net* in the consolidated statements of comprehensive income.

The following is a summary allocation of the purchase price (in thousands):

	Allocation of purchase price	Location on Consolidated Balance Sheet
Cash and cash equivalents	$ 7,535	Cash and cash equivalents
Other current assets	1,458	Debtors
Property, plant and equipment	23,085	Other assets
Operating lease right of use asset	20,967	Other assets
Other assets	172	Other assets
Accounts payable and accrued liabilities	(1,867)	Accounts payable and accrued liabilities
Interest payable	(3,822)	Interest payable
Term loan	(380,000)	Notes payable
Operating lease liabilities, current	(2,749)	Other current liabilities
Operating lease liabilities	(18,218)	Other liabilities
Other liabilities	(5,988)	Other liabilities
Financial liabilities at fair value through profit or loss	71,356	Financial liabilities at fair value through profit or loss
Goodwill	459,665	Goodwill
Total purchase price	**$ 171,594**	

Following the Internalization, the Group no longer pays Operating and Personnel Payments (as defined in Note 16 - Commitments and contingencies). The Internalization did not result in the recognition of gains or losses in the consolidated statements of comprehensive income.

In 2025, $55.2 million of *General and administrative expenses* included in the consolidated statement of profit and loss were in respect of RP Manager since the acquisition date.

4. Share-Based Compensation

The Group records share-based compensation expense on a straight-line basis over the corresponding service-based vesting periods within *General and administrative expenses* in the consolidated statements of comprehensive income. The Group has elected to account for forfeitures as they occur.

Prior to the Internalization, the Group only recognized share-based compensation expense related to RSUs issued to directors. As a result of the Internalization, the Group began to recognize share-based compensation expense related to RP Holdings Class E Interests that were issued as part of the Internalization consideration, Employee EPAs and Employee RSUs. The share-based compensation expense is comprised of the following (in thousands):

	For the years ended December 31,	
	2025	2024
RP Holdings Class E Interests	$ 108,945	$ —
Employee EPAs	128,510	—
Employee and Director RSUs	5,611	3,224
Total Share-Based Compensation	**$ 243,066**	**$ 3,224**

RP Holdings Class E Interests

In connection with the Internalization, approximately 22.8 million RP Holdings Class E Interests with an aggregate fair value of approximately $755.4 million will be expensed generally over vesting periods ranging from five to nine years.

In 2025, the Group recorded $108.9 million of share-based compensation expense related to the RP Holdings Class E Interests.

Employee EPAs

In accordance with FRS 102.26, the Group accounted for the Employee EPAs as a combination of liability-classified share-based compensation arrangements for the portion that is expected to be cash settled for tax advances and equity-classified share-based compensation arrangements for the portion that is expected to be equity-settled. The Employee EPAs are subject to a service-based vesting period, generally four years, commencing at the start of each respective Portfolio (as defined in Note 5 - Financial instruments).

The Group recognized a liability of approximately $234.8 million within *Other liabilities*, and $187.7 million within equity related to Employee EPAs as of the date of the Internalization representing the value of outstanding awards attributable to pre-combination services. The fair value of Employee EPAs attributable to post-combination services is recognized as share-based compensation expense over the remaining service period. Because the fair value of Employee EPAs depends on investments made throughout a Portfolio's two-year investment period, the Group concluded that the accounting grant date occurs at the end of such two-year period. Prior to the accounting grant date, both the liability-classified and equity-classified components are remeasured to fair value at each reporting date using a Monte Carlo simulation methodology that assumes the reporting date is the grant date. After the accounting grant date, the fair value of the equity-classified portion is fixed at the grant-date fair value and recognized over the remaining service period, while the liability-classified portion continues to be remeasured at each reporting date through settlement. Changes in the Employee EPA awards' fair value are recognized as part of share-based compensation expense. Fair value inputs are consistent with those used for other Level 3 valuations (see Note 6).

In 2025, the Group recorded $128.5 million of share-based compensation expense related to the Employee EPAs. As of December 31, 2025 the Group had $317.9 million and $219.7 million within *Other liabilities* and equity related to Employee EPAs representing the value of outstanding awards attributable to pre-combination services.

Employee and Directors RSUs

The Group issues RSUs to employees and independent directors under the 2025 Equity Incentive Plan and the 2020 Independent Director Equity Incentive Plan, respectively. The 2025 Equity Incentive Plan became effective on May 16, 2025 in connection with the Internalization and 2 million Class A ordinary shares were authorized for issuance. The 2020 Independent Director Equity Incentive Plan was effective on June 15, 2020, whereby 800 thousand Class A ordinary shares were authorized for issuance. As of December 31, 2025, approximately 1.6 million and 321 thousand shares remain available for future issuance under the 2025 Equity Incentive Plan and 2020 Independent Director Equity Incentive Plan, respectively.

In 2025 and 2024, the Group recorded $5.6 million, and $3.2 million of share-based compensation expense related to the employee and directors RSUs, respectively.

5. Financial Instruments

	As of December 31,	
	2025	2024
Financial assets:		
Financial royalty assets	$ 883,702	$ 810,726
Debt securities	18,800	58,200
Total current financial assets	**$ 902,502**	**$ 868,926**
Financial royalty assets	$ 25,490,621	$ 22,922,408
Debt securities	419,000	693,500
Equity securities	201,312	197,219
Derivative instruments	17,000	12,000
Total non-current financial assets	**$ 26,127,933**	**$ 23,825,127**
Financial liabilities:		
Legacy Interests	$ 66,092	$ 75,811
Class C Special Interest	6,733	—
Total current financial liabilities	**$ 72,825**	**$ 75,811**
Funding commitments	$ 9,100	$ 12,080
Legacy Interests	1,783,630	1,910,715
Class C Special Interest	452,260	884,000
Total non-current financial liabilities	**$ 2,244,990**	**$ 2,806,795**

The Group's gains and losses on financial instruments held at fair value through profit or loss is summarized below:

	For the years ended December 31,	
Gain on financial instruments at fair value through profit or loss	**2025**	**2024**
Financial royalty assets	$ 3,732,155	$ 534,788
Debt securities	45,859	154,906
Derivative instruments	5,000	(6,000)
Equity securities	(19,611)	37,605
Legacy Interests	(214,495)	10,360
Class C Special Interest	(122,317)	(65,000)
Total gain on financial instruments at fair value through profit or loss	**$ 3,426,591**	**$ 666,659**

Financial Royalty Assets

Financial royalty assets consist of contractual rights to cash flows relating to royalties derived from the expected sales of patent-protected biopharmaceutical products that entitle the Group to receive a portion of income from the sale of such products by third parties.

Debt Securities and Derivative Instruments

Funding Arrangements with Cytokinetics

In May 2024, the Group expanded its funding collaboration with Cytokinetics, Incorporated ("Cytokinetics"). As part of the expanded funding collaboration, the Group provided funding of $100 million for Cytokinetics' Phase 3 clinical trial of omecamtiv mecarbil ("Cytokinetics Development Funding") and amended the funding agreement that the Group entered into with Cytokinetics in 2022 to provide two additional funding tranches (as amended, "Cytokinetics Commercial Launch Funding"). Following the amendment in May 2024, the Cytokinetics Commercial Launch Funding is comprised of seven tranches with a total funding of up to $525 million.

The Group's return on the Cytokinetics Development Funding depends on the outcome of omecamtiv mecarbil's Phase 3 clinical trial and approval by the US Food and Drug Administration (the "FDA"). If omecamtiv mecarbil's Phase 3 clinical trial is successful and approval by the FDA is received within a specific timeframe, the Group will receive a return of $100 million and the greater of an incremental 2.0% royalty on annual net sales of omecamtiv mecarbil or quarterly fixed payments for 18 quarters and an incremental 2.0% royalty thereafter. If FDA approval is not received within a specific timeframe, the Group will receive a return of 2.4 times the Cytokinetics Development Funding over 18 quarters. If the Phase 3 clinical trial is not successful within a specific timeframe, the Group will receive a return of 2.3 times the Cytokinetics Development Funding over 22 quarters.

Out of the seven tranches of the Cytokinetics Commercial Launch Funding, the Group has funded a total of $275 million under tranches one, four, five and six as of December 31, 2025, including the required minimum draw in April 2025. Tranches two and three are no longer available because the related regulatory milestones were not met. In the fourth quarter of 2025, the contingency for tranche seven was met and up to $175 million became available for Cytokinetics to draw ("Cytokinetics Funding Commitments") through the fourth quarter of 2026. For tranches one, four, five, six and seven, the Group expects to receive a return of 1.9 times the amount drawn over 34 consecutive quarterly payments beginning on the last business day of the seventh quarter following the quarter of the funding date of each tranche. In the fourth quarter of 2023, the Group began receiving quarterly repayments on tranche one.

The Group records the Cytokinetics Development Funding, the Cytokinetics Commercial Launch Funding (collectively the "Cytokinetics Funding Arrangements") and the Cytokinetics Funding Commitments at fair value within *Financial assets at fair value through profit or loss* on the consolidated balance sheets. The changes in the fair value of the funded Cytokinetics Funding Arrangements and Cytokinetics Funding Commitments are recorded within *Gain on financial royalty assets at fair value through profit or loss* in the consolidated statements of comprehensive income.

MorphoSys Development Funding Bonds

In September 2022, the Group provided MorphoSys AG ("MorphoSys") funding of $300 million ("MorphoSys Development Funding Bonds") for which the Group began receiving quarterly repayments in the fourth quarter of 2024. MorphoSys was acquired by Novartis in 2024. In January 2025, the MorphoSys Development Funding Bonds were sold for approximately $511 million.

The MorphoSys Development Funding Bonds are accounted for at fair value as it most accurately reflects the nature of the funding arrangements, and are recognized within *Financial assets at fair value through profit or loss* on the consolidated balance sheets. The changes in the fair value of the MorphoSys Development Funding Bonds are recorded within *Gain on financial royalty assets at fair value through profit or loss* in the consolidated statements of comprehensive income.

Class C Special Interest

In 2020, RP Holdings issued the RP Holdings Class C Special Interest which entitles the holder, through RPI EPA Vehicle, LLC and other intermediary entities that are ultimately controlled by the Group's founder and Chief Executive Officer, Pablo Legorreta, to receive payments of Equity Performance Awards (the "Founder's Equity").

Equity Performance Awards ("EPAs") represent 20% of the Net Economic Profit (as defined below) generated from investments made during each two-year investment period (each, a "Portfolio"). Net Economic Profit is defined as the aggregate cash receipts for all investments in a Portfolio, less Total Expenses, which is defined as interest expense, operating expense, and recovery of acquisition cost related to that Portfolio. Distributions of EPAs occur only upon the satisfaction of specified performance and return thresholds. EPAs are generally settled in RP Holdings Class B Interests, which are immediately exchanged upon issuance for Class A ordinary shares. A portion of the EPAs may be paid in cash as a tax advance to cover income tax obligations incurred by the beneficial owners of the RP Holdings Class C Special Interest.

Mr. Legorreta granted ownership units in the entities that hold the RP Holdings Class C Special Interest to certain employees of RPM. These grants allow such employees to participate on a pro rata basis in the economic returns of the EPAs for a specific Portfolio (the "Employee EPAs"). In exchange for participation in the EPAs, these employees agreed to render services to RPM for generally four years, commencing at the beginning of each Portfolio.

Prior to the Internalization, the service requirement for employee participation in the EPAs was previously tied to services rendered to RP Manager, which was not a consolidated entity. Accordingly, Founder's Equity, including the employee participation in the EPAs, was accounted for as *Financial liabilities at fair value through profit or loss* on the consolidated balance sheets with changes in fair value recorded in *Gain on financial royalty assets at fair value through profit or loss* in the consolidated statements of comprehensive income. Post-Internalization, Founder's Equity only includes Mr. Legorreta's retained EPAs which continues to be accounted for as *Financial liabilities at fair value through profit or loss*.

In 2025, the Group recognized $60.2 million of payments related to Founder's Equity, comprising amounts related to Mr. Legorreta's retained EPAs and amounts recognized prior to the Internalization related to Employee EPAs. $60.2 million was correspondingly recorded as the settlement of a *Financial liability at fair value through profit and loss.*

Out of the $60.2 million in 2025, $31.6 million was paid in cash as a tax advance and presented as a financing activity in the consolidated statement of cash flows, and $28.6 million was settled in shares. The unsettled portion as of December 31, 2025 is recorded within *Financial liabilities at fair value through profit or loss* on the consolidated balance sheet.

Legacy Interests

As the result of historical legal entity restructurings, the Group has a contractual obligation to distribute a portion of the cash flows arising from certain consolidated entities to the Legacy Investors Partnerships. This contractual obligation is accounted for as a *Financial liability at fair value through profit or loss* on the consolidated balance sheets, with changes in fair value recorded in *Gain/loss on financial instruments at fair value through profit or loss* in the consolidated statements of comprehensive income.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honor its contractual obligations. These credit exposures exist primarily within financial royalty assets, available for sale debt securities and receivables. The majority of the Group's financial royalty assets and receivables arise from contractual royalty agreements that pay royalties on the sales of underlying pharmaceutical products in the United States, Europe and the rest of the world, with concentrations of credit risk limited due to the broad range of marketers responsible for paying royalties to the Group and the variety of geographies from which the Group's royalties on product sales are derived. The products in which the Group holds royalties are marketed by leading biopharmaceutical industry participants, including, among others, Vertex, GSK, Biogen, Roche, Astellas, Pfizer, Johnson & Johnson, AbbVie, Servier, Gilead, Amgen and Alnylam.

The Group monitors the financial performance and creditworthiness of the counterparties to its royalty agreements so that it can properly assess and respond to changes in their credit profiles. To date, the Group has not experienced any significant losses with respect to the collection of income or revenues on its royalty assets. The Group's expected credit loss is not material.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. The Group assesses and monitors the liquidity risk to which it may be exposed and to ensure that the liquidity profile of the investments of the Group comply with its underlying obligations. The Group's policy to manage liquidity is to have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions without incurring undue losses or risking damage.

Concentration risk

Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular industry. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The cash flows from the royalty assets held by the Group are payable by different payors and the underlying biopharmaceutical products cover a range of therapeutic areas and, accordingly, for these reasons, management does not consider that the Group has any concentration risk.

Market risk

Certain products pay royalties in currencies other than USD, which creates foreign currency risk, as the Group's functional and reporting currency is USD. Because the Group is entitled to royalties on worldwide sales for various products, there is an underlying exposure to foreign currency as the marketer converts payment amounts from local currencies to dollars using a quarterly average exchange rate. Therefore, cash received may differ from the estimated receivable based on fluctuations in currency. As a result, significant changes in foreign exchange rates can impact the Group's results.

Biopharmaceutical product sales may be lower than expected due to a number of reasons, including pricing pressures, insufficient demand, product competition, failure of clinical trials, lack of market acceptance, obsolescence, loss of patent protection or other factors and development-stage product candidates may fail to reach the market. Unexpected side effects, safety or efficacy concerns can arise with respect to a product, leading to product recalls, withdrawals or declining sales. As a result, royalty payments may be reduced or cease. In addition, these payments may be delayed, causing the Group's near-term financial performance to be weaker than expected.

6. Fair Value Measurements

The following table summarizes assets and liabilities measured at fair value on a recurring basis shown in the Group's consolidated balance sheets as of December 31, 2025 and 2024 using the fair value hierarchy. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value assessment.

USD $000	As of December 31, 2025				As of December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Money market funds [1]	$383,568	$ —	$ —	$ 383,568	$568,317	$ —	$ —	$ 568,317
Debt securities [2]	—	—	18,800	18,800	—	—	58,200	58,200
Financial royalty assets	—	—	883,702	883,702	—	—	810,726	810,726
Total current assets	**$383,568**	**$ —**	**$ 902,502**	**$ 1,286,070**	**$568,317**	**$ —**	**$ 868,926**	**$ 1,437,243**
Financial royalty assets	—	—	25,490,621	25,490,621	—	—	22,922,408	22,922,408
Equity securities	171,312	—	30,000	201,312	184,719	—	—	184,719
Debt securities [2]	—	—	419,000	419,000	—	—	693,500	693,500
Derivative instruments [3]	—	—	17,000	17,000	—	—	12,000	12,000
Investments in associates	—	—	417,514	417,514	—	—	560,666	560,666
Total non-current assets	**$171,312**	**$ —**	**$26,374,135**	**$26,545,447**	**$184,719**	**$ —**	**$24,188,574**	**$24,373,293**
Liabilities:								
Legacy Interests	—	—	66,092	66,092	—	—	75,811	75,811
Class C Special Interest	—	—	6,733	6,733	—	—	—	—
Total current liabilities	**$ —**	**$ —**	**$ 72,825**	**$ 72,825**	**$ —**	**$ —**	**$ 75,811**	**$ 75,811**
Funding commitments [4]	—	—	9,100	9,100	—	—	12,080	12,080
Legacy Interests	—	—	1,783,630	1,783,630	—	—	1,910,715	1,910,715
Class C Special Interest	—	—	452,260	452,260	—	—	884,000	884,000
Total non-current liabilities	**$ —**	**$ —**	**$ 2,244,990**	**$ 2,244,990**	**$ —**	**$ —**	**$ 2,806,795**	**$ 2,806,795**

(1) Recorded within *Cash and cash equivalents* on the consolidated balance sheets.
(2) Related to the funded Cytokinetics Funding Arrangements as of the respective balance sheet dates. As of December 31, 2024, amount also included the MorphoSys Development Funding Bonds, which were sold in January 2025.
(3) Related to the Cytokinetics R&D Funding Derivative recorded within *Financial assets at fair value through profit or loss* on the consolidated balance sheet.
(4) Related to the Cytokinetics Funding Commitments recorded within *Financial liabilities at fair value through profit or loss* on the consolidated balance sheets.

Financial royalty assets

The fair value of financial royalty assets is classified as Level 3 within the fair value hierarchy since it is determined based on inputs that are both significant and unobservable. The Group estimates the fair value of the financial royalty assets by applying a Monte Carlo simulation under the option pricing framework to the projected future royalty payments. The variables impacting the calculation of the projected future royalty payments, or forecasted expected future cash flows for financial royalty assets, are discussed in Note 2 - Significant accounting policies. The Monte Carlo simulation method requires the use of highly subjective assumptions, including Weighted Average Cost of Capital ("WACC"), volatility, operating leverage and Market Price Risk ("MPR"), discussed in further detail below.

- *WACC*. WACC is the return required by both debt and equity investors, weighted by their respective contributions of capital.

- *Volatility*. This is a measure of the dispersion of future outcomes. Volatility is estimated based on observed volatilities of publicly traded comparable companies.

- *Operating leverage*. Operating leverage measures the level of fixed expenses for a business. This is estimated as the ratio of fixed costs to EBITDA based on the historical financials of publicly traded comparable companies.

- *MPR*. MPR is a measure to capture market risk or systemic risk inherent in sales linked to the overall market. This is estimated using a top-down approach based on the estimated WACC for each investment, adjusted for operating leverage.

Cytokinetics Research and Development ("R&D") Funding Derivative

The Group estimated the fair value of the Cytokinetics R&D Funding Derivative as of December 31, 2025 by using a Monte Carlo simulation methodology that includes simulating the interest rate movements using a Geometric Brownian Motion-based pricing model. This methodology simulates the likelihood of future discount rates exceeding the counterparty's assumed cost of debt, which would impact Cytokinetics' decision to exercise its additional investment opt-in right. As of December 31, 2025 this methodology incorporates Level 3 inputs, including the probability of a change of control event occurring during the investment term, a WACC of 9.5%, an assumed revenue volatility of 45%, and an assumed risk-free rate of 4.8%. The Group also assumed probabilities for scenarios involving the occurrence of each regulatory or clinical milestone and possible future net products sales, which impact the decision to exercise its option. The Group's estimate of expectation of the probability and timing of the occurrence of a change of control event, the WACC, revenue volatility, risk-free rate and the probabilities of each scenario could reasonably be different than the assumptions selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

The Group estimated the fair value of the Cytokinetics R&D Funding Derivative as of December 31, 2024 by utilizing probability-adjusted discounted cash flow calculations using Level 3 inputs, including the probabilities of the Group exercising the additional funding option, regulatory approvals and the occurrence of a change of control event during the duration of the arrangement. The Group also assumed a risk adjusted discount rate of 11.1% as of December 31, 2024. The Group's estimate of expectation of timing and probabilities of exercising the additional funding option, regulatory approvals and a change of control event, the risk-adjusted discount rate and the interest rate volatility could reasonably be different than the assumptions selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

Cytokinetics Funding Arrangements and Cytokinetics Funding Commitments

The Group estimated the fair values of the funded Cytokinetics Funding Arrangements as of December 31, 2025 and 2024 by utilizing probability-adjusted discounted cash flow calculations using Level 3 inputs, including an estimated risk-adjusted discount rate and the probability that there will be a change of control event, which would result in accelerated payments. Developing a risk-adjusted discount rate and assessing the probability that there will be a change of control event over the duration of the Cytokinetics Funding Arrangements require significant judgment. The Group's estimate of the risk-adjusted discount rate could reasonably be different than the discount rate selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower. The Group's expectation of the probability and timing of the occurrence of a change of control event could reasonably be different than the timing of an actual change of control event, and if so, would mean that the estimated fair value could be significantly higher or lower than the fair value determined by management at any particular date.

The Group estimated the fair value of the Cytokinetics Funding Commitments as of December 31, 2025 and 2024 using a Monte Carlo simulation methodology that includes simulating the interest rate movements using a Geometric Brownian Motion-based pricing model. This methodology simulates the likelihood of future discount rates exceeding the counterparty's assumed cost of debt, which would impact Cytokinetics' decision to exercise its option to draw on each respective tranche. As of December 31, 2025 and 2024, this methodology incorporates Level 3 inputs, including the probability of a change of control event occurring during the investment term, an assumed interest rate volatility of 42.5% and 40.0%, respectively, and an assumed risk-adjusted discount rate of 10.9% and 11.1%, respectively. The Group also assumed probabilities for the occurrence of each regulatory or clinical milestone, which impacts the availability of each future tranche of funding. The Group's estimate of expectation of the probability and timing of the occurrence of a change of control event, the risk-adjusted discount rate, the interest rate volatility and the probabilities of each underlying milestone could reasonably be different than the assumptions selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

MorphoSys Development Funding Bonds

The Group estimated the fair value of the MorphoSys Development Funding Bonds as of December 31, 2024 based on a discounted cash flow calculation using estimated risk-adjusted discount rates, which are Level 3 inputs. The Group's estimate of the risk adjusted discount rates could reasonably be different than the discount rates selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower. The MorphoSys Development Funding Bonds were sold in January 2025.

Investment in associates

The Group calculated the fair value of the Avillion Entities as of December 31, 2025 using a Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions. The Group calculated the fair value of the Avillion Entities as of December 31, 2024 by applying its ownership percentage to the fair value of the assets and liabilities as presented on the audited financial statements provided by the underlying entities, which are Level 3 inputs as they are determined based upon inputs that are both significant and unobservable. The Avillion Entities are defined in Note 8 - Investments in associates. The fair value related to equity securities acquired from ApiJect Holdings, Inc. ("ApiJect"), a private company, was calculated by the Group using a discounted cash flow with Level 3 inputs, including forecasted cash flows and the weighted average cost of capital. The fair value related to the Legacy SLP Interest was calculated by the Group using a Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions.The Legacy SLP Interests are defined in Note 8 - Investments in associates.

Legacy Interests

The fair value of the Legacy Interests is calculated by management using the Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions. The Group's key assumptions in the method include the projected product sales for royalty-bearing products as estimated by sell-side equity research analysts, royalty duration, weighted average cost of capital and volatility. The Group applied ranges, based on peer group development stage, of WACC, sales volatility, and market price of risk, adjusted for operating leverage, to derive the valuations. The fair value of the Legacy Interests is classified as Level 3 within the fair value hierarchy since it is determined based upon inputs that are both significant and unobservable.

Class C Special Interest

The fair value of the Class C Special Interest is calculated using the Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions. The Group's key assumptions in the method include the weighted average cost of capital, volatility, operating leverage and market price risk. The fair value of the Class C Special Interest is classified as Level 3 within the fair value hierarchy since it is determined based upon inputs that are both significant and unobservable.

7. Debtors

USD $000	As of December 31,	
	2025	2024
Amounts falling due within one year		
Interest receivable	$ 1,193	$ 1,909
Prepaid expenses	4,617	1,171
Other	1,083	1,107
Total debtors	**$ 6,893**	**$ 4,187**

8. Investments in associates

The Group has investments in certain entities at a level that provide the Group with significant influence. The Group accounts for such investments as *Financial assets at fair value through profit or loss.*

The Legacy SLP Interest

In connection with the Exchange Offer, the Group acquired a special limited partnership interest in the Legacy Investors Partnerships (the "Legacy SLP Interest") from the Continuing Investors Partnerships for $303.7 million in exchange for issuing shares in its subsidiary. As a result, the Group became a special limited partner in the Legacy Investors Partnerships. The Legacy SLP Interest entitles the Group to the equivalent of performance distribution payments that would have been paid to the general partner of the Legacy Investors Partnerships and an income allocation on a similar basis. The Legacy SLP Interest is accounted for at fair value within *Financial assets at fair value through profit or loss* on the consolidated balance sheets and the changes in fair value are recorded within *Gain on investments in associates at fair value through profit or loss* on the consolidated statements of comprehensive income. The Legacy Investors Partnerships no longer participate in investment opportunities from June 30, 2020 and, as such, the value of the Legacy SLP Interest is expected to decline over time. The Legacy Investors Partnerships also indirectly own a non-controlling interest in Old RPI and RPI ICAV.

The Avillion Entities

The Group accounts for its partnership interests in Avillion Financing I, LP and its related entities ("Avillion I") and BAv Financing II, LP and its related entities ("Avillion II" and, together with Avillion I, the "Avillion Entities") as investments in associates because the Group has the ability to exercise significant influence over the Avillion Entities. Investments in associates are initially recorded at fair value, with subsequent changes in fair value recorded within *Gain on investments in associates at fair value through profit or loss.*

On December 19, 2017, the FDA approved a supplemental New Drug Application for Pfizer's Bosulif. Avillion I is eligible to receive fixed payments from Pfizer based on this approval under its co-development agreement with Pfizer. The only operations of Avillion I are the collection of cash and unwinding of the discount on the series of fixed annual payments due from Pfizer. The Group received distributions from Avillion I of $13.4 million in each of 2025 and 2024.

In May 2018, the Group entered into an agreement with Avillion II, which was subsequently amended, to fund a total of $155 million over multiple years for a portion of the costs of Phase 2 and 3 clinical trials to advance Airsupra, formerly known as PT027, which was approved by the FDA in January 2023. Avillion II is a party to a co-development agreement with AstraZeneca to develop Airsupra for the treatment of asthma in exchange for royalties, a series of success-based milestones and other potential payments. In the fourth quarter of 2024, Airsupra met the primary endpoint in the Phase 3 clinical trial, triggering a milestone payment of $55 million from AstraZeneca to Avillion II, of which the Group received its pro rata portion of approximately $27.4 million in the first quarter of 2025. In the third quarter of 2025, the FDA approval of a supplemental NDA for Airsupra triggered a milestone payable of $22 million from AstraZeneca to Avillion II, of which the Group received its pro rata share of approximately $10 million in January 2026. The Group received distributions of $3.0 million and $1.0 million from Avillion II related to the Airsupra royalty in 2025 and 2024, respectively

As of December 31, 2025 and 2024, the Group had unfunded commitments related to the Avillion Entities of $10.3 million.

9. Cash and cash equivalents

USD $000	As of December 31,	
	2025	2024
Cash and cash equivalents		
Cash deposits held at banks	$ 235,128	$ 360,709
Money market funds	383,568	568,317
Total Cash and cash equivalents	**$ 618,696**	**$ 929,026**

10. Borrowings

The terms and conditions of the outstanding borrowings consist of the following:

USD $000			As of December 31,	
Type of Borrowing	Date of Issuance	Maturity	2025	2024
$1,000,000, 1.20% (issued at 98.875% of par)	09/2020	09/2025	$ —	$ 1,000,000
$1,000,000, 1.75% (issued at 98.284% of par)	09/2020	09/2027	1,000,000	1,000,000
$500,000, 5.15% (issued at 98.758% of par)	06/2024	09/2029	500,000	500,000
$1,000,000, 2.20% (issued at 97.760% of par)	09/2020	09/2030	1,000,000	1,000,000
$600,000, 4.45% (issued at 98.909% of par)	09/2025	03/2031	600,000	—
$600,000, 2.15% (issued at 98.263% of par)	07/2021	09/2031	600,000	600,000
$500,000, 5.40% (issued at 97.872% of par)	06/2024	09/2034	500,000	500,000
$900,000, 5.20% (issued at 97.989% of par)	09/2025	09/2035	900,000	—
$1,000,000, 3.30% (issued at 95.556% of par)	09/2020	09/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	09/2020	09/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	07/2021	09/2051	700,000	700,000
$500,000, 5.90% (issued at 97.617% of par)	06/2024	09/2054	500,000	500,000
$500,000, 5.95% (issued at 95.824% of par)	09/2025	09/2055	500,000	—
Term Loan	See below	07/2026	380,000	—
Unamortized debt discount and issuance costs			(229,083)	(187,574)
Total notes payable			**8,950,917**	**7,612,426**
Less: amounts falling due within one year			(380,000)	(997,773)
Total notes payable falling due after one year			**$ 8,570,917**	**$ 6,614,653**

Senior Unsecured Notes

In September 2025, the Group issued $2.0 billion of senior unsecured notes (the "2025 Notes"). The 2025 Notes were issued at a total discount of $45.5 million and the Group capitalized approximately $16.2 million in debt issuance costs, primarily composed of underwriting fees. The 2025 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 5.16% and 5.61%, respectively.

In June 2024, the Group issued $1.5 billion of senior unsecured notes (the "2024 Notes"). The 2024 Notes were issued at a total discount of $28.8 million and the Group capitalized approximately $12.6 million in debt issuance costs primarily composed of underwriting fees. The 2024 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 5.48% and 5.92%, respectively.

The Group issued $1.3 billion and $6.0 billion of senior unsecured notes in 2021 (the "2021 Notes") and 2020 (the "2020 Notes" and, collectively with the "2021 Notes", "2024 Notes" and "2025 Notes", the "Notes"), respectively. The 2021 Notes and 2020 Notes were issued at a total discount of $176.4 million and the Group capitalized approximately $52.7 million in debt issuance costs primarily composed of underwriting fees. The 2021 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 2.80% and 3.06%, respectively. The 2020 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 2.13% and 2.50%, respectively. Through December 31, 2025, the Group repaid $2.0 billion of the 2020 Notes upon maturity.

Interest on each series of the Notes accrues at the respective rate per annum and is payable semi-annually in arrears in March and September of each year. The first interest payment for the 2025 Notes will be in March 2026.

The Notes may be redeemed at the option of the Group at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis at the treasury rate, plus a make-whole premium as defined in the indenture. In each case, accrued and unpaid interest is also required to be redeemed to the date of redemption.

Upon the occurrence of a change of control triggering event and downgrade in the rating of the Notes by two of three credit agencies, the holders may require the Group to repurchase all or part of their Notes at a price equal to 101% of the aggregate principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The Group's obligations under the Notes are fully and unconditionally guaranteed by RP Holdings and RP Manager, non-wholly-owned subsidiaries of Royalty Pharma plc. The Group is required to comply with certain covenants under the Notes and as of December 31, 2025, the Group was in compliance with all applicable covenants.

Term Loan

In connection with the Internalization, RP Holdings and RP Manager were each joined as a borrower under RPM's then existing $380 million term loan (the "Term Loan") with Bank of America, N.A (as amended, the "Loan Agreement"). Pablo Legorreta, Legorreta Investments, LLC and Legorreta Investments II LLC are guarantors under the Term Loan. Upon the closing of the Internalization, RPM was released as a borrower under the Term Loan. In the third quarter of 2025, the Loan Agreement was amended to accelerate the maturity of the Term Loan to July 31, 2026 and decrease the applicable interest rate. Following the amendment, the Term Loan is subject to an interest rate, at the Group's option, of either (i) the Daily SOFR plus 1.25% or (ii) Term SOFR plus 1.25%, each as defined in the Loan Agreement. Interest is payable in arrears quarterly. The Group made the first interest payment in the third quarter of 2025. As of December 31, 2025, the carrying value of the Term Loan approximates fair value, as the interest rate is variable and reflects current market rates. The Term Loan is subject to certain customary covenants, that among other things, requires the Group to maintain (i) a Consolidated Leverage Ratio, (ii) a Consolidated Coverage Ratio, and (iii) a Consolidated Portfolio Cash Flow Ratio, each as described further below under the description of the Credit Agreement that governs the Revolving Credit Facility.

Senior Unsecured Revolving Credit Facility

RP Holdings, as borrower, initially entered into the Amended and Restated Revolving Credit Agreement (the "Credit Agreement") on September 15, 2021, which provides for an unsecured revolving credit facility (the "Revolving Credit Facility"). Amendment No. 3 to the Credit Agreement, which was entered into on December 22, 2023, increased the borrowing capacity to $1.8 billion for general corporate purposes with $1.69 billion of the revolving commitments maturing on December 22, 2028 and the remaining $110.0 million of revolving commitments maturing on October 31, 2027. On January 24, 2024 and April 8, 2025, the Group entered into Amendments No. 4 and 5, respectively, to the Credit Agreement to make certain technical modifications. As of December 31, 2025 and 2024, there were no outstanding borrowings under the Revolving Credit Facility.

The Revolving Credit Facility is subject to an interest rate, at the option of the Group, of either (a) a base rate determined by reference to the highest of (1) the administrative agent's prime rate, (2) the federal funds rate plus 0.5% and (3) Term SOFR plus 1% or (b) Daily SOFR, Term SOFR, the Alternative Currency Term Rate or the Alternative Currency Daily Rate (each as defined in the Credit Agreement), plus in each case, the applicable margin. The applicable margin for the Revolving Credit Facility varies based on the Group's public debt rating. Accordingly, the interest rates for the Revolving Credit Facility fluctuate during the term of the facility based on changes in the applicable interest rate and future changes in the Group's public debt rating.

The Credit Agreement that governs the Revolving Credit Facility and the amended loan agreement that governs the Term Loan contain certain customary covenants, that among other things, require the Group to maintain (i) a Consolidated Leverage Ratio at or below 4.00 to 1.00 (or at or below 4.50 to 1.00 following a qualifying material acquisition) of consolidated funded debt to Adjusted EBITDA, each as defined and calculated as set forth in the Credit Agreement, (ii) a Consolidated Coverage Ratio at or above 2.50 to 1.00 of Adjusted EBITDA to consolidated interest expense, each as defined and calculated as set forth in the Credit Agreement and (iii) a Consolidated Portfolio Cash Flow Ratio at or below 5.00 to 1.00 (or at or below 5.50 to 1.00 following a qualifying material acquisition) of consolidated funded debt to Portfolio Cash Flow, each as defined and calculated as set forth in the Credit Agreement. All obligations under the Revolving Credit Facility are unconditionally guaranteed by the Group. Noncompliance with the leverage ratio, portfolio cash flow ratio and interest coverage ratio covenants under the Credit Agreement could result in the Group's lenders requiring it to immediately repay all amounts borrowed. The Credit Agreement includes customary covenants for credit facilities of this type that limit the Group's ability to engage in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments and acquiring and disposing of assets. The Group was in compliance with the financial covenants as of December 31, 2025.

Uncommitted Credit Facility

In August 2025, the Group entered into an uncommitted line of credit agreement with Société Générale (the "Uncommitted Credit Facility") which provides for an aggregate borrowing capacity of up to $350.0 million for general corporate purposes within a quarter. As of December 31, 2025, there were no outstanding borrowings under the Uncommitted Credit Facility.

Changes in net debt

The changes in net debt during 2025 resulted from the following:

USD $000

	As of January 1, 2025	Cash flows	Other non-cash changes[1]	As of December 31, 2025
Cash and cash equivalents	$ 929,026	$ (310,330)	$ —	$ 618,696
Notes payable	(6,614,653)	(1,937,912)	(398,352)	(8,950,917)
Net debt	**$ (5,685,627)**	**$ (2,248,242)**	**$ (398,352)**	**$ (8,332,221)**

(1) Amortization of debt discount and loan issuance costs.

Principal payments on the Notes

The future undiscounted principal payments of the Group's borrowings over the next five years and thereafter are as follows:

USD $000

Year	Principal Payments
2026	$ 380,000
2027	1,000,000
2028	—
2029	500,000
2030	1,000,000
Thereafter	6,300,000
Total [1]	**$ 9,180,000**

(1) Excludes unamortized debt discount and issuance costs of $229.1 million as of December 31, 2025, which are amortized through interest expense over the remaining life of the underlying debt obligations.

11. Called-up share capital and reserves

The Company was incorporated with 2 Class B ordinary shares issued at $1.00 and 50,000 redeemable shares issued at GBP 1.00.

The Company has two classes of voting shares: Class A ordinary shares with a par value of $0.0001 and Class B ordinary shares with a par value of $0.000001, each of which has one vote per ordinary share. The Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of shareholders, except as otherwise required by applicable law. The Company's Class B ordinary shares are not publicly traded and holders of Class B ordinary shares only have limited rights to receive a distribution equal to their nominal value upon a liquidation, dissolution or winding up. As of December 31, 2025 and 2024, the Company had 428,669 thousand and 445,985 thousand Class A ordinary shares outstanding, respectively. As of December 31, 2025 and 2024, the Company had 143,128 thousand and 148,438 thousand Class B ordinary shares outstanding, respectively.

An exchange agreement entered into by, among others, the Company, RP Holdings, the Continuing Investors Partnerships, RPI International Partners 2019, LP, RPI US Feeder 2019, LP, RPI International Feeder 2019, LP, EPA Vehicle, PL RPH Holdings, LLC, RP MIP (Cayman), LP, and PL RPH AIV, LLC, (as amended from time to time, the "Exchange Agreement") governs the exchange of RP Holdings Class B Interests indirectly held by the Continuing Investors Partnerships for the Company's Class A ordinary shares. Pursuant to the Exchange Agreement, RP Holdings Class B Interests are exchangeable on a one-for-one basis for the Company's Class A ordinary shares on a quarterly basis. Each such exchange also results in the re-designation of the same number of the Company's Class B ordinary shares as deferred shares. Such deferred shares are non-voting and do not confer a right to participate in the profits of the Group or any right to receive dividends. As of December 31, 2025 and 2024, the Company had 411,475 thousand and 392,255 thousand deferred shares outstanding, respectively.

In addition, the Company has in issue 50 thousand Class R redeemable shares, which do not entitle the holder to voting or dividend rights. As required by the Companies Act 2006, the Class R redeemable shares were issued to ensure Royalty Pharma Limited had sufficient sterling denominated share capital upon its re-registration in 2020 as Royalty Pharma plc, a public company. The Class R redeemable shares may be redeemed at the Company's option in the future. Any such redemption would be at the nominal value of £1 each. As of December 31, 2025 and 2024, the Company had 50 thousand Class R redeemable shares outstanding.

The holders of Class A ordinary shares are entitled to receive dividends subject to approval by the Board of directors. The holders of Class B ordinary shares do not have any rights to receive dividends; however, RP Holdings Class B Interests are entitled to dividends and distributions from RP Holdings. In the year ended December 31, 2025, the Company declared and paid four quarterly cash dividends of $0.22 per Class A ordinary share in an aggregate amount of $378.3 million to holders of the Company's Class A ordinary shares.

The share capital represents the nominal value of the Company's ordinary shares.

The share premium reserve contains the premium arising on issue of equity shares.

Other reserves consist of share-based compensation expense recognized in the respective period related to the share-based awards issued to the Company's directors and employees.

In January 2025, the Board of directors authorized a new share repurchase program, which replaced the share repurchase program announced in 2023, under which the Company may repurchase up to $3.0 billion of Class A ordinary shares. The repurchases may be made in the open market or in privately negotiated transactions. The new share repurchase program has been approved by the Board of directors through June 2027 and shareholders have approved the terms of the Company's share repurchase contracts and counterparties thereto through May 2030. In 2025, the Company repurchased and retired 37.4 million shares at a cost of approximately $1.2 billion. In 2024, the Company repurchased and retired 8.4 million shares at a cost of approximately $229.9 million. As of December 31, 2025, approximately $1.8 billion remained available under the share repurchase program.

In order to make share repurchases or pay dividends, the Company is required under UK law to have available "Distributable Reserves." In addition to ongoing profits, distributable reserves may be created through a reduction in share capital approved by the High Court of Justice in England. On August 25, 2020, the Company completed a reduction in share capital to create distributable reserves in excess of $15 billion to support the payment of possible future dividends or future share repurchases, if and to the extent declared by the directors in compliance with their duties under UK law.

The profit and loss account includes the share repurchases as described above, cumulative profits or losses, dividends paid and share issuance costs.

The non-controlling interest represents the Continuing Investors Partnerships' indirect ownership in RP Holdings. The Continuing Investors Partnerships hold the number of the Company's Class B ordinary shares equal to the number of RPH Holdings Class B Interests indirectly held by them. As the Continuing Investors Partnerships exchange RP Holdings Class B Interests indirectly held by them for Class A ordinary shares, the Continuing Investors Partnerships' indirect ownership in RP Holdings decreases. The Company operates and controls the business affairs of RP Holdings through its ownership of RP Holdings Class A Interests and RP Holdings Class B Interests. In connection with the repurchase of Class A ordinary shares that began in the second quarter of 2023, RP Holdings also began to retire RP Holdings Class A Interests held by the Company, which reduces the Company's ownership in RP Holdings. The change in RP Holdings ownership between the Continuing Investors Partnerships and the Company as a result of (1) the exchanges of RP Holding Class B Interests for Class A ordinary shares and (2) retirement of RP Holdings Class A Interests is reflected through *Other exchanges* in the consolidated statements of changes in equity.

As of December 31, 2025, the ownership of RP Holdings was as follows: 4% by the Holders of RP Holdings Class E Interests, 22% by the Continuing Investors Partnerships and 74% by the Company. As of December 31, 2024, the ownership of RP Holdings was as follows: 24% by the Continuing Investors Partnerships and 76% by the Company.

The Company issued 24.5 million RP Holdings Class E Interests as part of the transaction consideration for the Internalization, all of which were outstanding as of the closing of the Internalization and approximately 24.45 million remained outstanding as of December 31, 2025. The Holders of RP Holdings Class E Interests represent a non-controlling interest. The change in RP Holdings ownership following the issuance of RP Holdings Class E Interests is reflected through Other exchanges in the consolidated statements of changes in equity. The Holders of RP Holdings Class E Interests are entitled to any dividends and distributions from RP Holdings pro rata (on a per share basis) and on a pari passu basis with each RP Holdings Class A Interest and RP Holdings Class B Interest. Upon vesting, the RP Holdings Class E Interests are exchangeable on a one-for-one basis for Royalty Pharma plc Class A ordinary shares. As of December 31, 2025, approximately 2.8 million of RP Holdings Class E Interests have legally vested.

12. Earnings per Share

In 2025, Class B ordinary shares contingently issuable for the EPAs were evaluated and included in the diluted earnings per share computation as certain conditions were met. In 2024, Class B ordinary shares contingently issuable for the EPA were evaluated and were determined not to have any dilutive impact.

In the second quarter of 2025, the Group issued 24.5 million RP Holdings Class E Interests and an equal number of Royalty Pharma plc Class B ordinary shares which, upon vesting, are exchangeable on a one-for-one basis for Royalty Pharma plc Class A ordinary shares. The Group used the "if-converted" method to determine the potentially dilutive effect related to the RP Holdings Class E Interests

The following table sets forth the reconciliation of the numerator and denominator used to calculate basic and diluted earnings per Class A ordinary share for 2025 and 2024:

USD $000, except per share amounts	For the year ended December 31,	
	2025	2024
Numerator		
Consolidated profit	$ 2,574,232	$ 288,943
Less: Profit attributable to non-controlling interests	654,975	70,835
Profit attributable to Royalty Pharma plc - basic	1,919,257	218,108
Add: Reallocation of profit attributable to non-controlling interest from the assumed conversion of Class B ordinary shares	654,975	70,835
Profit attributable to Royalty Pharma plc - diluted	$ 2,574,232	$ 288,943
Denominator		
Weighted average Class A ordinary shares outstanding - basic	429,801	448,185
Add: Dilutive effects as shown separately below		
Class B ordinary shares exchangeable for Class A ordinary shares	148,438	143,128
Unvested RSUs	53	37
Shares contingently issuable for the Equity Performance Awards	270	—
Assumed exchanges of eligible Class B ordinary shares by Holders of RP Holdings Class E Interests	1,754	—
Weighted average Class A ordinary shares outstanding - diluted	580,316	591,350
Profit per Class A ordinary share - basic	$ 4.47	$ 0.49
Profit per Class A ordinary share - diluted	$ 4.44	$ 0.49

13. Taxation

In 2025 and 2024, the tax charge was lower than the standard rate of corporation tax of 25% due to the Group's profit not being subject to corporation tax. The factors affecting tax charges are as follows:

USD $000	For the years ended December 31,	
	2025	2024
Profit on ordinary activities before tax	$ 2,574,232	$ 288,943
Profit before tax multiplied by rate of corporation tax in the UK of 25%	643,558	72,236
Effect of:		
Fair value adjustments not subject to taxation	1,015,582	92,487
Current year expense not utilized	(1,659,140)	(164,723)
Total tax charge	**$ —**	**$ —**

The Company has losses carried forward of $4.3 billion and $266.8 million in 2025 and 2024, respectively. No deferred tax assets have been recognized on the balance sheets in either year due to the uncertainty that future taxable profit will be generated that can be offset against such losses.

14. Subsidiary Undertakings

The table below provides details of the Company's subsidiary undertakings as of December 31, 2025. The Company has six direct subsidiaries and a number of indirect subsidiaries, as outlined in the table below:

Name	Nature of business	Equity held	Voting rights held	Country of registration	Registered office
Royalty Pharma Holdings Ltd[1]	Holding company	74.28%	100%	England and Wales	The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE
RPI US Feeder SPV, LLC[1]	Special purpose vehicle facilitating bond offerings	—%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
RPI International Feeder SPV, LLC[1]	Special purpose vehicle facilitating bond offerings	—%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
PL RPH Holdings AIV SPV, LLC [1]	Special purpose vehicle facilitating bond offerings	—%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
RP MIP Holdings SPV, LLC [1]	Special purpose vehicle facilitating bond offerings	—%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
PL RPH Holdings SPV, LLC [1]	Special purpose vehicle facilitating bond offerings	—%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Investments 2019 ICAV	Investments in life sciences royalties, securities and similar rights/assets	74.28%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Royalty Pharma Development Funding, LLC	Investments in life sciences securities, debt, synthetic royalties and similar rights/ assets	74.28%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Finance Corporation	Investments in life sciences royalties, securities and similar rights/assets	74.28%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Investments 2023 ICAV	Investments in life sciences royalties, securities and similar rights/assets	74.28%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland
RPI 2019 Intermediate Finance Trust	Investments in life sciences royalties, securities and similar rights/assets	74.28%	100%	USA - Delaware	Wilmington Trust Company, Rodney Square North, 1100 North Market Street Wilmington, Delaware 19890 [2]
ImmuNext, LLC	Holds life sciences royalty and related assets	74.28%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Manager, LLC	Management and oversight of life sciences investment activities	74.29%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Sub-Manager, LLC	Management and oversight of life sciences investment activities	74.29%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma, LLC	Shared services agreement for affiliated investment entities	74.29%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Sub-Manager A, LLC	Support services for management activities	74.29%	100%	USA - Delaware	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808
Royalty Pharma Investments ICAV	Investments in life sciences royalties, securities and similar rights/assets	61.22%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland
RPI Acquisitions (Ireland) Limited	Investments in life sciences royalties, securities and similar rights/assets	61.22%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Royalty Pharma Investments 2011 ICAV	Investments in life sciences royalties, securities and similar rights/assets	61.22%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland
RPI Finance Trust	Investments in life sciences royalties, securities and similar rights/assets	61.22%	100%	USA - Delaware	Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890[2]
Royalty Pharma Collection Trust	Investments in life sciences royalties, securities and similar rights/assets	63.83%	100%	USA - Delaware	Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890[2]
RP IP HoldCo (Ireland) Limited [3]	Investments in life sciences royalties, securities and similar rights/assets	63.83%	100%	Ireland	70 Sir John Rogerson's Quay, Dublin 2, Ireland

(1) Held directly by Royalty Pharma plc. All other subsidiaries are indirectly held.
(2) Being the registered office of the Trustee.
(3) Subsidiary is in the process of liquidation.

15. Remuneration of auditors and directors

The following table shows the fees payable to the Group's auditor, Ernst & Young, for services rendered by the Group during the year:

USD $000	For the years ended December 31, 2025	2024
Audit of the annual financial statements	$ 4,302,365	$ 3,273,718
Audit of the internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and the review of the financial statements included in the quarterly reports on Form 10-Q	1,306,000	990,015
Tax compliance services	412,733	373,375
Tax advisory services	842,250	1,061,463
Other assurance services	—	—
Other non-audit services	275,662	175,200
Total	**$ 7,139,010**	**$ 5,873,771**

Information regarding directors' remuneration and interests in shares in the Group is included within the Directors' Remuneration Report in this UK Annual Report and Accounts.

16. Commitments and Contingencies

Revolution Medicines Funding Commitments

In June 2025, the Group entered into a two part funding arrangement for up to $2 billion with Revolution Medicines, Inc. ("Revolution Medicines"). The funding arrangement is comprised of the purchase of a royalty on daraxonrasib and a senior secured term loan.

The royalty purchase is comprised of five $250 million tranches, totaling up to $1.25 billion. Out of the five tranches, the first tranche was funded upon closing. Revolution Medicines is required to draw the second tranche upon the occurrence of a certain clinical milestone and has the option to draw the remaining tranches upon the achievement of certain clinical, regulatory, or sales-based milestones. As of December 31, 2025, $1 billion of the royalty remained unfunded.

The term loan is comprised of three $250 million tranches, totaling up to $750 million. Out of the three tranches, Revolution Medicines is required to draw the first tranche upon the occurrence of a certain regulatory milestone and has the option to draw the remaining tranches upon the achievement of certain sales-based milestones. As of December 31, 2025, $750 million of the term loan remained unfunded.

Cytokinetics Funding Commitments

As of December 31, 2025, $175 million remained available under the Cytokinetics Funding Commitments.

Leases

In connection with the Internalization, the Group entered into an operating lease agreement for its office space. The lease agreement has a non-cancelable term through October 31, 2031 and a five-year extension option. The extension option is not recognized as part of the Group's right of use asset and lease liability. As of December 31, 2025, the Group has recognized $19.1 million of right of use asset within *Other assets* and $16.1 million of lease liability within *Other liabilities* on the consolidated balance sheet. In 2025, there were no lease payments recognized as expense on the consolidated statements of comprehensive income.

As of December 31, 2025, the future minimum lease payments under the non-cancelable operating lease are as follows (in thousands):

Year		Payments
2026	$	4,053
2027		3,776
2028		3,721
2029		3,726
2030		3,755
Thereafter		3,129
Total lease payments		**22,160**
Less: imputed interest		(2,903)
Present value of lease liabilities	**$**	**19,257**

Other Commitments

The Group has commitments to advance funds to counterparties through its investment in the Avillion Entities. Please refer to Note 8–Investments in associates for details of these arrangements.

Indemnifications

In the ordinary course of business, the Group may enter into contracts or agreements that contain customary indemnifications relating to such things as confidentiality agreements and representations as to corporate existence and authority to enter into contracts. The maximum exposure under such agreements is indeterminable until a claim, if any, is made. However, no such claims have been made against the Group to date and management believes that the likelihood of such proceedings taking place in the future is remote.

Legal Proceedings

The Group is a party to legal actions with respect to a variety of matters in the ordinary course of business. Some of these proceedings may be based on complex claims involving substantial uncertainties and unascertainable damages. Unless otherwise noted, it is not possible to determine the probability of loss or estimate damages, and therefore an accrual has not been established for any of these proceedings on the consolidated balance sheets as of December 31, 2025 and 2024. When it is determined that a loss is both probable and reasonably estimable, a liability is recorded, and, if the liability is material, the amount of the liability reserved is disclosed. Management does not believe the outcome of any existing legal proceedings to which the Group is a party, either individually or in the aggregate, will adversely affect the Group's business, financial condition or results of operations.

Beginning in the second quarter of 2025, the Group did not receive from Vertex the full amount of royalty receipts on Alyftrek net sales to which the Group believes that it is contractually entitled. Accordingly, the Group commenced the dispute resolution procedures contemplated by the agreements relating to the Group's royalties on Vertex's cystic fibrosis products. Any amounts receivable by the Group, if any, in connection with this dispute will be recognized only upon the resolution of the matter in the Group's favor

17. Related party transactions

Internalization

On May 16, 2025, the Group acquired from the Sellers all of the equity interests in RP Manager. The Sellers include Pablo Legorreta, RPM I, LLC and RP MIP Holdings. Pablo Legorreta is a managing member of the Legacy Manager, holds an interest in the Group, and serves as its Chief Executive Officer and Chairman of its board of directors. The equity interest holders of RP MIP Holdings include the Group's named executive officers. The Sellers received cash and equity consideration, with the equity consideration subject to vesting conditions. Refer to Note 3– Internalization for additional discussion.

Payments to Legacy Manager

Prior to the Internalization, the Group paid a quarterly operating and personnel payment to RPM or its affiliates pursuant to the Legacy Management Agreement equal to 6.5% of the cash receipts from Royalty Investments (as defined in the Legacy Management Agreement) for such quarter and 0.25% of the value of the Group's security investments under GAAP as of the end of such quarter ("Management Fees"). The Group also paid certain costs and expenses of RPM. After the Internalization, the Group no longer pays Management Fees or RPM's costs and expenses.

Total operating and personnel payments incurred, including the amounts attributable to Old RPI, which is an obligation of Legacy Investors Partnerships, are recognized within *General and administrative expenses* in the consolidated statements of comprehensive income. During 2025 and 2024, total operating and personnel payments incurred were $111.7 million and $184.7 million, respectively.

Payments from Legacy Manager

After the Internalization, the Group entered into an agreement with RPM to provide administrative services in exchange for a fee. In 2025, the Group did not recognize material income related to this agreement.

Legacy Interests

The current portion of *Financial liabilities at fair value through profit or loss,* represents the contractual cash flows required to be distributed in the subsequent quarter based on the Legacy Investors Partnerships' interest in Old RPI and RPI ICAV.

Acquisition from Bristol Myers Squibb

In November 2017, RPI Acquisitions (Ireland), Limited ("RPI Acquisitions"), a consolidated subsidiary, entered into a purchase agreement with Bristol Myers Squibb ("BMS") to acquire from BMS a percentage of its future royalties on worldwide sales of Onglyza, Farxiga and related diabetes products marketed by AstraZeneca (the "BMS Purchase Agreement"). On December 8, 2017, RPI Acquisitions entered into a purchase, sale and assignment agreement ("Assignment Agreement") with a wholly-owned subsidiary of BioPharma Credit PLC ("BPCR"), an entity related to the Group. Under the terms of the Assignment Agreement, RPI Acquisitions assigned the benefit of 50% of the payment stream acquired from BMS to BPCR in consideration for BPCR meeting 50% of the funding obligations owed to BMS under the BMS Purchase Agreement.

As of December 31, 2025 and 2024, the financial royalty asset of $10 million and $50 million, respectively, on the consolidated balance sheets represented only the Group's right to the future payment streams acquired from BMS.

Directors and Key Management Compensation

The compensation of the directors of the Company and the executive vice presidents of the Group, who have been deemed the key management personnel of the Group, is set out below. For the year ended December 31, 2025, reflects compensation for services performed following the consummation of the Internalization and compensation paid by our former external manager for services performed prior to the Internalization. Further information about the remuneration of the individual directors is provided in the Director's Remuneration Report.

	For the year ended December 31, 2025
Short-term employee benefits	$ 7,468,192
Share-based payments	22,054,186
	$ 29,522,378

Other Transactions

In October 2025, the Group acquired preferred stock in Kailera Therapeutics Inc. ("Kailera") which was recorded within *Financial assets at fair value through profit or loss* on the consolidated balance sheet as of December 31, 2025. Christopher Hite, the Group's Executive Vice President & Vice Chairman, has served as a director of Kailera since June 2025. This acquisition was conducted in the ordinary course of business and Mr. Hite's role as a director of Kailera is unrelated to this acquisition. No amounts were due from or to Kailera as of December 31, 2025.

In January 2024, the Group acquired a royalty interest in ecopipam which was previously owned by Psyadon Pharmaceuticals, Inc. ("Psyadon"). Errol De Souza, Ph.D., an independent director on the Company's Board of directors, was a shareholder of Psyadon. In connection with this transaction, Dr. De Souza received an upfront payment of $2.5 million and could receive milestone payments of up to $2.22 million in the future.

In connection with the Exchange Offer, the Group acquired the Legacy SLP Interest from the Continuing Investors Partnerships in exchange for issuing shares in one of its subsidiaries. As a result, the Group became a special limited partner in the Legacy Investors Partnerships. The Legacy Investors Partnerships own an economic interest in Old RPI and RPI ICAV, which is accounted for as a financial liability on the consolidated balance sheets. Refer to Note 8–Investments in associates for additional discussion of the Legacy SLP Interest and the Group's investments in other associates.

RPIFT owns 27,210 limited partnership interests in the Continuing Investors Partnerships, whose only substantive operations are their investment in the Group's subsidiaries. The total investment of $4.3 million was recorded as treasury interests, of which $1.1 million were held by non-controlling interests as of December 31, 2025 and 2024.

Each Continuing Investor Partnership and the Holders of RP Holdings Class E Interests is responsible for a pro rata portion based on its ownership percentage of RP Holdings of any costs and expenses in connection with the contemplation of, formation of, listing and ongoing operation of the Group, including any third-party expenses of managing the Group, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations and insurance expenses relating to its affairs.

18. Ultimate controlling party

There is no ultimate controlling party of the Company as ownership is shared among the Company's shareholders.

19. Subsequent events

On January 1, 2026, the Company's Board of directors approved a dividend of $0.235 per Class A ordinary share, which was paid on March 10, 2026.

ROYALTY PHARMA PLC

PARENT COMPANY FINANCIAL STATEMENTS
for the year ended December 31, 2025

Royalty Pharma plc
Parent Company Balance Sheets

USD $000	Notes	As of December 31, 2025	2024
Non-current assets			
Investments in subsidiaries	4	$ 16,563,740	$ 12,573,902
Notes due from Group companies	5	8,570,024	6,613,747
Total non-current assets		**25,133,764**	**19,187,649**
Current assets			
Notes due from Group companies	5	—	997,773
Debtors	6	400,311	219,299
Prepayments and other receivables		—	1,096
Cash at banks		75	225
Total current assets		**400,386**	**1,218,393**
Current liabilities			
Creditors: amounts falling due within one year	7	(105,051)	(1,104,146)
Net current liabilities		**295,335**	**114,247**
Total assets less current liabilities		**25,429,099**	**19,301,896**
Non-current liabilities			
Creditors: amounts falling due after one year	5	(8,570,024)	(6,613,747)
Net assets		**$ 16,859,075**	**$ 12,688,149**
Capital and reserves			
Share capital		$ 106	$ 108
Share premium		4,598,391	3,894,039
Other reserves		17,548	14,783
Profit and loss account		12,243,030	8,779,219
Total equity		**$ 16,859,075**	**$ 12,688,149**

During the years ended December 31, 2025 and 2024, the Company reported a profit of $5.1 billion and $526.7 million, respectively. In addition, the Company elected to take the exemption contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of comprehensive income.

The financial statements were approved by the Board of directors of Royalty Pharma plc (Company Number: 12446913) on April 9, 2026 and are signed on its behalf by:

Pablo Legorreta
Director
April 9, 2026

The accompanying notes form an integral part of these financial statements.

Royalty Pharma plc
Parent Company Statements of Changes in Equity

USD $000	Share capital	Share premium	Other reserves	Profit and loss account	Total
Balance as of December 31, 2023	$ 108	$ 3,674,733	$ 12,439	$ 8,858,936	$ 12,546,216
Issuance of Class A Ordinary shares	1	219,306	—	—	219,307
Share-based compensation and related issuances of Class A ordinary shares	—	—	2,344	—	2,344
Dividends paid	—	—	—	(376,465)	(376,465)
Repurchase of shares	(1)	—	—	(229,906)	(229,907)
Profit after taxation	—	—	—	526,654	526,654
Balance as of December 31, 2024	**108**	**3,894,039**	**14,783**	**8,779,219**	**12,688,149**
Issuance of Class A Ordinary shares	2	674,761	—	—	674,763
Share-based compensation and related issuances of Class A ordinary shares	—	29,591	2,761	—	32,352
Dividends paid	—	—	—	(378,115)	(378,115)
Repurchase of shares	(4)	—	4	(1,225,498)	(1,225,498)
Profit after taxation	—	—	—	5,067,424	5,067,424
Balance as of December 31, 2025	**$ 106**	**$ 4,598,391**	**$ 17,548**	**$ 12,243,030**	**$ 16,859,075**

The accompanying notes form an integral part of these financial statements.

1. General information

Royalty Pharma plc (the "Company" or "Royalty Pharma"), formerly Royalty Pharma Ltd, is a public limited company incorporated on February 6, 2020 and domiciled in England and Wales. On April 22, 2020, the Company re-registered under the Companies Act 2006 as a public company under the name of Royalty Pharma plc. The Company had an initial public offering on June 16, 2020 and is listed on the NASDAQ Global Select Market under the symbol "RPRX."

The registered office of the Company is The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE. The principal activity of the Company is to carry on business as a holding company. It operates and controls the business affairs of Royalty Pharma Holdings Ltd ("RP Holdings"). The Company conducts its business through RP Holdings and its subsidiaries by funding innovation in the biopharmaceutical industry both directly and indirectly - directly by partnering with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly by acquiring existing royalties from the original innovators.

Prior to May 16, 2025, RP Management, LLC (the "Manager") was an external advisor which provided the Company with all advisory and day-to-day management services. On May 16, 2025, the Manager was acquired by RP Holdings and the former employees of RPM became employees of Royalty Pharma, LLC, a wholly-owned subsidiary of RP Holdings.

2. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and Republic of Ireland as issued by the Financial Reporting Council and the Companies Act 2006.

The Company is included in the consolidated financial statements of Royalty Pharma plc, which are prepared in accordance with FRS 102 and are included within this Annual Report.

The Company has taken advantage of the section 408 of the Companies Act 2006 exemption not to present its individual profit and loss account as it has prepared Group accounts.

The Company meets the definition of a qualifying entity under FRS 102. It has taken advantage of the disclosure exemptions available to it in respect of presentation of a Statement of Cash Flows (Section 7), Financial Instruments (Section 11), Share Based Payments (Section 26) and remuneration of key management personnel (Section 33). This information is included in the consolidated financial statements of Royalty Pharma plc as of December 31, 2025 and 2024.

The financial statements have been prepared on a going concern basis, under the historical cost convention. The following accounting policies have been applied consistently with respect to items that are considered material in relation to the financial statements.

Going concern

After reviewing the Company's performance projections, the directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. As a result, they have adopted the going concern basis in preparing the financial statements.

Investments in subsidiaries

Investments are accounted for when acquired. Investments in subsidiaries are recorded at cost less accumulated impairment losses. When there is evidence of impairment at year end, the carrying value of the investment is written down to the greater of its recoverable amount or value in use. If there is a change in economic circumstances in future periods, the impairment loss may be reversed up to the amount of the original impairment.

Foreign currency translation

The functional and reporting currency of the Company is the United States Dollar ("USD or $").

Assets and liabilities denominated in a currency other than the USD are translated into USD at the exchange rates at the dates of the Balance Sheets. Income and expenses denominated in currencies other than USD are translated at the exchange rates on the respective dates of such transactions.

Expenses

All expenses are accounted for on an accrual basis.

Cash at banks

Cash represents cash held at financial institutions.

Dividend income

Dividends receivable on shares are recognized on an ex-dividend basis.

Debtors

Debtors are amounts due from affiliates for professional fees paid on behalf of those affiliates, amounts due from Group companies for dividends declared but not paid, as well as amounts due from Group companies for interest on notes. Debtors are recognized initially at the transaction price and periodically assessed by management for impairment.

Notes due from Group companies

Notes due from Group companies are comprised of notes receivable from subsidiaries, which are initially measured at the transaction price and are subsequently carried at amortized cost using the effective interest method.

Creditors: amounts falling due within one year

Creditors are comprised of amounts due to various counterparties for professional services provided during the ordinary course of business, amounts due for interest on notes payable as well as the portion of the notes payable due within one year.

Amounts due for professional services that are generally payable upon receipt are recognized at the transaction price less amounts settled. Interest is calculated using the effective interest method.

Creditors: amounts falling due after one year

The Company's creditors for amounts falling due after one year are notes payable, which are initially measured at the transaction price and are subsequently carried at amortized cost using the effective interest method.

3. Critical accounting judgements and key sources of uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as of the balance sheet date and the amounts reported for revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. FRS 102 requires management to exercise judgement in the process of applying the accounting policies.

The key source of estimation uncertainty is the valuation of unlisted investments. There is no active market for the shares in private companies and as such the holdings are measured at cost less impairment in accordance with FRS 102, section 9.26. The impairment assessment of investments in subsidiaries involves management's judgement.

4. Investments in subsidiaries

As of December 31, 2025, the Company had six direct subsidiaries, RP Holdings, incorporated on February 10, 2020, RPI US Feeder SPV, LLC and RPI International Feeder SPV, LLC, both formed on August 25, 2020, PL RPH Holdings AIV SPV, LLC, RP MIP Holdings SPV, LLC and PL RPH Holdings SPV, LLC, each formed on May 16, 2025, and a number of indirect subsidiaries, as outlined in Note 14 of the consolidated financial statements.

The Company owns RP Holdings Class A ordinary shares and RP Holdings Class B ordinary shares. Ongoing exchanges of Class B ordinary shares for Class A ordinary shares are permitted, which are initially recognized at fair value, and which result in increases to the Company's investment in RP Holdings. Fair value for non-cash exchanges is equal to the quoted share price at the date the shares are exchanged. Non-cash exchanges occurred quarterly throughout 2025 and 2024. The movement in the investment in subsidiaries balance during 2025 and 2024 was primarily attributable to non-cash exchanges and the non-cash impairment charge in 2024.

There is no active market for the Company's investment in its subsidiaries. The valuation of its investment in RP Holdings is measured at cost less impairment. During the year ended December 31, 2025, the Company recognized a non-cash impairment reversal of $3.3 billion in the profit and loss account related to its investment in RP Holdings. Management estimated the fair value of the Company's investment in RP Holdings utilizing the Company's quoted share price as a proxy for RP Holdings' fair value. As a result, the increase in Royalty Pharma plc's share price from $25.51 as of December 31, 2024 to $38.64 as of December 31, 2025 triggered a related increase in the fair value of RP Holdings. The calculation of the non-cash impairment reversal of the Company's investment in its subsidiary in 2025 was entirely driven by the movement in the share price of Royalty Pharma plc during the year multiplied by the Company's ownership level in RP Holdings.

5. Notes payable and Notes due from Group companies

The Company issued $2.0 billion, $1.5 billion, $1.3 billion and $6.0 billion of senior unsecured notes in 2025, 2024, 2021 and 2020, respectively (the "Notes"). The Company's obligations under the Notes are fully and unconditionally guaranteed by RP Holdings. Interest on each series of the Notes accrues at the respective rate per annum and is payable semi-annually in arrears on March 2 and September 2 of each year. The Notes consist of the following:

USD $000			As of December 31,	
Type of Borrowing	**Date of Issuance**	**Maturity**	**2025**	**2024**
$1,000,000, 1.20% (issued at 98.875% of par)	09/2020	09/2025	$ —	$ 1,000,000
$1,000,000, 1.75% (issued at 98.284% of par)	09/2020	09/2027	1,000,000	1,000,000
$500,000, 5.15% (issued at 98.758% of par)	06/2024	09/2029	500,000	500,000
$1,000,000, 2.20% (issued at 97.760% of par)	09/2020	09/2030	1,000,000	1,000,000
$600,000, 4.45% (issued at 98.909% of par)	09/2025	03/2031	600,000	—
$600,000, 2.15% (issued at 98.263% of par)	07/2021	09/2031	600,000	600,000
$500,000, 5.40% (issued at 97.872% of par)	06/2024	09/2034	500,000	500,000
$900,000, 5.20% (issued at 97.989% of par)	09/2025	09/2035	900,000	—
$1,000,000, 3.30% (issued at 95.556% of par)	09/2020	09/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	09/2020	09/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	07/2021	09/2051	700,000	700,000
$500,000, 5.90% (issued at 97.617% of par)	06/2024	09/2054	500,000	500,000
$500,000, 5.95% (issued at 95.824% of par)	09/2025	09/2055	500,000	—
Unamortized debt discount and issuance costs			(229,976)	(188,480)
Total notes payable			**8,570,024**	**7,611,520**
Less: amounts falling due within one year			—	(997,773)
Total notes payable falling due after one year			**$ 8,570,024**	**$ 6,613,747**

The Company advanced the proceeds of the Notes to RP Holdings through a series of intercompany notes to RP Holdings, RPI US Feeder SPV, LLC, RPI International Feeder SPV, LLC, PL RPH Holdings AIV SPV, LLC, RP MIP Holdings SPV, LLC and PL RPH Holdings SPV, LLC. Note proceeds received by RPI US Feeder SPV, LLC, RPI International Feeder SPV, LLC, PL RPH Holdings AIV SPV, LLC, RP MIP Holdings SPV, LLC and PL RPH Holdings SPV, LLC were then loaned on an intercompany basis to RP Holdings. The key terms of the intercompany notes align with the terms of the senior unsecured notes. Under the terms of the agreements that govern the intercompany notes, the parties have agreed that RP Holdings will make all payments to the holders of the Notes to satisfy the obligations of Royalty Pharma plc under the Notes and in satisfaction of the payment obligations under all of the intercompany notes. In September 2025, $1.0 billion of the Notes were repaid upon maturity. The Company recorded a non-current asset as of December 31, 2025 and a current and non-current asset as of December 31, 2024 on the Parent Company Balance Sheets in relation to these agreements under Notes due from Group companies.

Changes in net debt

The changes in net debt during 2025 resulted from the following:

USD $000	**As of January 1, 2025**	**Cash Flows**	**Other Non-Cash Changes [1]**	**As of December 31, 2025**
Cash and cash equivalents	$ 225	$ (150)	$ —	$ 75
Debt	(6,613,747)	(1,937,912)	(18,365)	(8,570,024)
Net Debt	**$ (6,613,522)**	**$ (1,938,062)**	**$ (18,365)**	**$ (8,569,949)**

(1) Amortization of debt discount and loan issuance costs.

6. Debtors

USD $000	As of December 31,	
	2025	2024
Amounts falling due within one year		
Interest receivable on Notes due from Group companies	$ 104,732	$ 98,062
Amounts receivable from affiliates	295,579	121,237
Total debtors	**$ 400,311**	**$ 219,299**

7. Creditors: amounts falling due within one year

USD $000		As of December 31,	
	Note	2025	2024
Amounts falling due within one year			
Notes payable	5	$ —	$ 997,773
Interest payable		104,732	98,062
Legal and other professional fees		319	8,211
Audit and tax fees		—	100
Total creditors falling due within one year		**$ 105,051**	**$ 1,104,146**

8. Taxation

In 2025 and 2024, the tax charge was lower than the standard rate of corporation tax of 25% due to the Group's profit not being subject to corporation tax. The factors affecting tax charges are as follows:

USD $000	For the years ended December 31,	
	2025	2024
Profit on ordinary activities before tax	$ 5,067,424	$ 526,654
Profit before tax multiplied by rate of corporation tax in the UK	1,266,856	131,664
Effect of:		
Dividends not subject to corporation tax	(446,078)	(183,682)
Expenses not deductible for tax purposes	—	67,250
Current year expenses not utilized	(820,778)	(15,231)
Total tax charge	**$ —**	**$ —**

The Company has losses carried forward of $3.4 billion and $20.0 million in 2025 and 2024, respectively. No deferred tax assets have been recognized on the balance sheets in either year due to the uncertainty that future taxable profit will be generated that can be offset against such losses.

9. Related party transactions

RPI US Partners 2019, LP, RPI International Partners 2019, LP and various partnerships (together the "Continuing Investors Partnerships") hold the Class B ordinary shares of the Company as of December 31, 2025 and 2024. There was no balance due from the Continuing Investors Partnerships to the Company as of December 31, 2025 and 2024.

The Company recorded a dividend receivable of $295.6 million related to Class D dividends that were declared but not yet paid by RP Holdings as of December 31, 2025, as disclosed in Note 6 as amounts receivable from affiliates.

Other balances due to and from related parties as of December 31, 2025 and 2024 relate to the intercompany notes as outlined in Note 5 and interest on these notes as outlined in Note 6 and Note 7.

Other related party transactions are disclosed in the consolidated financial statements. The Company has taken advantage of the exemption under FRS102, not to disclose related party transactions with other companies that are wholly owned within the Group.

10. Ultimate parent undertaking and controlling party

There is no ultimate parent undertaking or controlling party of the Company as ownership is shared among the Company's shareholders.

11. Remuneration of auditors and directors

Information regarding auditors' remuneration is included within the consolidated financial statements.

Information regarding directors' remuneration and interests in shares in the Company is included within the Directors' Remuneration Report contained elsewhere in this UK Annual Report and Accounts.

12. Subsequent events

On January 1, 2026, the Company's Board of directors approved a dividend of $0.235 per Class A ordinary share, which was paid on March 10, 2026.