UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission file number 001-39329

Royalty Pharma plc

(Exact name of registrant as specified in its charter)

England and Wales	**98-1535773**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

110 East 59th Street
New York, New York 10022

(Address of principal executive offices and zip code)

(212) 883-0200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A ordinary shares, par value $0.0001	RPRX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 1, 2026, Royalty Pharma plc had 443,274,104 Class A ordinary shares outstanding and 132,558,100 Class B ordinary shares outstanding.

ROYALTY PHARMA PLC

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "target," "forecast," "guidance," "goal," "predicts," "project," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective assets, our industry, our beliefs and our assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q in the context of the numerous risks outlined in Part II under Item 1A. under "Risk Factors."

These risks and uncertainties include factors related to, among other topics:

- sales risks of biopharmaceutical products on which we receive royalties;
- uncertainties related to the acquisition of interests in development-stage biopharmaceutical product candidates and our strategy to add development-stage product candidates to our product portfolio;
- the assumptions underlying our business model;
- our ability to successfully execute our royalty acquisition strategy;
- our use of leverage;
- our ability to leverage our competitive strengths and to realize the benefits of our 2025 internalization of our manager;
- our ability to attract and retain highly talented professionals;
- the effect of changes to tax legislation and our tax position; and
- the risks, uncertainties and other factors we identify elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the U.S. Securities and Exchange Commission ("SEC").

Although we believe the expectations reflected in the forward-looking statements are reasonable, any of those expectations could prove to be inaccurate, and as a result, the forward-looking statements based on those expectations also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q should not be regarded as a representation by us that our plans and business objectives will be achieved. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results or revised expectations.

PART 1. FINANCIAL INFORMATION
Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ROYALTY PHARMA PLC
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)
(Unaudited)

	As of March 31, 2026	As of December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 586,395	$ 618,696
Financial royalty assets	779,844	854,386
Available for sale debt securities	21,900	18,800
Other royalty income receivable	27,511	29,316
Other current assets	10,161	6,893
Total current assets	**1,425,811**	**1,528,091**
Financial royalty assets, net	16,542,353	16,208,482
Equity securities	173,270	171,312
Available for sale debt securities	406,800	419,000
Equity method investments	265,697	289,968
Goodwill	924,634	924,634
Other assets	76,850	79,293
Total assets	**$ 19,815,415**	**$ 19,620,780**
Liabilities and shareholders' equity		
Current liabilities		
Distributions payable to non-controlling interests	$ 87,417	$ 72,825
Accounts payable and accrued liabilities	25,483	19,404
Interest payable	25,302	110,818
Current portion of long-term debt	380,000	380,000
Other current liabilities	17,480	53,164
Total current liabilities	**535,682**	**636,211**
Long-term debt	8,576,443	8,570,917
Accrued compensation liabilities	648,672	577,870
Other liabilities	117,785	120,843
Total liabilities	**9,878,582**	**9,905,841**
Commitments and contingencies		
Shareholders' equity		
Class A ordinary shares, $0.0001 par value; issued and outstanding: 2026–443,628 and 2025–428,669	45	43
Class B ordinary shares, $0.000001 par value; issued and outstanding: 2026–132,558 and 2025–148,438	—	—
Class R redeemable shares, £1 par value; issued and outstanding: 2026–50 and 2025–50	63	63
Deferred shares, $0.000001 par value; issued and outstanding: 2026–427,355 and 2025–411,475	—	—
Additional paid-in capital	4,384,056	4,123,088
Retained earnings	2,507,091	2,356,318
Non-controlling interests	3,048,287	3,238,039
Treasury interests	(2,709)	(2,612)
Total shareholders' equity	**9,936,833**	**9,714,939**
Total liabilities and shareholders' equity	**$ 19,815,415**	**$ 19,620,780**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended March 31,	
	2026	**2025**
Income and other revenues		
Income from financial royalty assets	$ 594,992	$ 539,490
Other royalty income and revenues	35,584	28,757
Total income and other revenues	**630,576**	**568,247**
Operating (income)/expense		
Provision for changes in expected cash flows from financial royalty assets	(197,485)	(127,140)
Provision for credit losses on unfunded commitments	(3,700)	—
Research and development funding expense	39,790	50,500
General and administrative expenses (includes $122,292 and $703 of share-based compensation expense for the three months ended March 31, 2026 and 2025, respectively; see Note 4)	159,490	110,705
Financial royalty asset impairment	69,443	—
Total operating expense, net	**67,538**	**34,065**
Operating income	**563,038**	**534,182**
Other (income)/expense		
Equity in earnings of equity method investees	(21,758)	(6,443)
Interest expense	93,722	65,261
Losses on equity securities	20,166	45,878
Losses on available for sale debt securities	6,680	3,281
Interest income	(6,229)	(11,290)
Other non-operating expenses, net	2,201	3,062
Total other expense, net	**94,782**	**99,749**
Consolidated net income before tax	468,256	434,433
Income tax expense	—	—
Consolidated net income	**468,256**	**434,433**
Net income attributable to non-controlling interests	173,566	195,084
Net income attributable to Royalty Pharma plc	**$ 294,690**	**$ 239,349**
Earnings per Class A ordinary share:		
Basic	$ 0.67	$ 0.55
Diluted	$ 0.67	$ 0.55
Weighted average Class A ordinary shares outstanding:		
Basic	436,790	435,480
Diluted	556,837	578,102

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share amounts)

(Unaudited)

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-in Capital	Retained Earnings	Non-Controlling Interests	Treasury Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2025	428,669	$ 43	148,438	$ —	50	$ 63	411,475	$ —	$ 4,123,088	$ 2,356,318	$ 3,238,039	$ (2,612)	$ 9,714,939
Distributions	—	—	—	—	—	—	—	—	—	—	(139,210)	—	(139,210)
Dividends ($0.235 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(104,490)	—	—	(104,490)
Other exchanges	15,737	2	(15,737)	—	—	—	15,737	—	255,920	—	(255,825)	(97)	—
Share-based compensation and share issuances for EPAs, Equity Incentive Plans and forfeiture of shares issued for Internalization	343	—	(143)	—	—	—	143	—	16,017	(251)	31,717	—	47,483
Repurchases of Class A ordinary shares	(1,121)	—	—	—	—	—	—	—	(10,969)	(39,176)	—	—	(50,145)
Net income	—	—	—	—	—	—	—	—	—	294,690	173,566	—	468,256
Balance at March 31, 2026	**443,628**	**$ 45**	**132,558**	**$ —**	**50**	**$ 63**	**427,355**	**$ —**	**$ 4,384,056**	**$ 2,507,091**	**$ 3,048,287**	**$ (2,709)**	**$ 9,936,833**

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-in Capital	Retained Earnings	Non-Controlling Interests	Treasury Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2024	445,985	$ 45	143,128	$ —	50	$ 63	392,255	$ —	$ 4,103,482	$ 2,845,653	$ 3,395,785	$ (2,662)	$ 10,342,366
ASU 2025-07 adoption impact	—	—	—	—	—	—	—	—	—	(12,000)	—	—	(12,000)
Contributions	—	—	—	—	—	—	—	—	—	—	2,253	—	2,253
Distributions	—	—	—	—	—	—	—	—	—	—	(171,443)	—	(171,443)
Dividends ($0.22 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(95,357)	—	—	(95,357)
Other exchanges	2,258	—	(2,258)	—	—	—	2,258	—	321,661	—	(321,669)	8	—
Share-based compensation and related issuances of Class A ordinary shares	2	—	—	—	—	—	—	—	515	—	—	—	515
Repurchases of Class A ordinary shares	(22,655)	(2)	—	—	—	—	—	—	(215,127)	(507,981)	—	—	(723,110)
Net income	—	—	—	—	—	—	—	—	—	239,349	195,084	—	434,433
Balance at March 31, 2025	**425,590**	**$ 43**	**140,870**	**$ —**	**50**	**$ 63**	**394,513**	**$ —**	**$ 4,210,531**	**$ 2,469,664**	**$ 3,100,010**	**$ (2,654)**	**$ 9,777,657**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Cash collections from financial royalty assets	$ 915,598	$ 829,737
Cash collections from intangible royalty assets	3,773	177
Other royalty cash collections	33,616	31,759
Distributions from equity method investees	3,722	13,396
Interest received	6,497	12,025
Development-stage funding payments	(25,500)	(50,500)
Payments for operating and professional costs	(36,251)	(101,696)
Payments for Employee EPAs	(9,696)	—
Interest paid	(173,526)	(138,822)
Net cash provided by operating activities	**718,233**	**596,076**
Cash flows from investing activities:		
Distributions from equity method investees	42,306	36,262
Purchases of equity securities	(22,500)	(4,427)
Proceeds from equity securities	375	—
Proceeds from available for sale debt securities	4,320	12,586
Proceeds from sales of available for sale debt securities	—	510,553
Acquisitions of financial royalty assets	(452,366)	(1,057)
Milestone payments	(50,000)	(50,000)
Net cash (used in)/provided by investing activities	**(477,865)**	**503,917**
Cash flows from financing activities:		
Distributions to legacy non-controlling interests - Portfolio Receipts	(77,973)	(84,625)
Distributions to continuing non-controlling interests	(39,880)	(53,833)
Dividends to shareholders	(104,490)	(95,357)
Repurchases of Class A ordinary shares	(50,100)	(708,781)
Contributions from legacy non-controlling interests - R&D	—	220
Contributions from non-controlling interests - other	—	1,077
Other	(226)	—
Net cash used in financing activities	**(272,669)**	**(941,299)**
Net change in cash and cash equivalents	(32,301)	158,694
Cash and cash equivalents, beginning of period	618,696	929,026
Cash and cash equivalents, end of period	**$ 586,395**	**$ 1,087,720**

See accompanying notes to these unaudited condensed consolidated financial statements.

1. Organization and Purpose

Royalty Pharma plc is a public limited company incorporated under the laws of England and Wales. "Royalty Pharma," the "Company," "we," "us" and "our" refer to Royalty Pharma plc and its subsidiaries on a consolidated basis. We are the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry. Our principal asset is a controlling equity interest in Royalty Pharma Holdings Ltd ("RP Holdings"), a private limited company incorporated under the laws of England and Wales. We conduct our business through RP Holdings and its subsidiaries.

Prior to May 16, 2025, we were externally managed by RP Management, LLC, a Delaware limited liability company (the "Legacy Manager" or "RPM"), pursuant to advisory and management agreements (collectively, the "Legacy Management Agreement"). On May 16, 2025, we 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.

2. Summary of Significant Accounting Policies

Basis of Preparation and Use of Estimates

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

In the opinion of management, all adjustments considered necessary to present fairly the results of the interim periods have been included and consist of normal and recurring adjustments. Certain information and footnote disclosures have been condensed or omitted as permitted under GAAP. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2025 included in our Annual Report on Form 10-K.

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income, revenues and expenses during the reporting period. Actual results may differ from those estimates. The results for the interim periods are not necessarily indicative of results for the full year.

Basis of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Royalty Pharma and all majority-owned and controlled subsidiaries, as well as variable interest entities, where we are the primary beneficiary. We consolidate based upon evaluation of our power, through voting rights or similar rights, to direct the activities of another entity that most significantly impact the entity's economic performance. For consolidated entities where we own or are exposed to less than 100% of the economics, we record *Net income attributable to non-controlling interests* in our condensed consolidated statements of operations equal to the percentage of the economic or ownership interest retained in such entities by the respective non-controlling parties, except for the RP Holdings Class C Interests (as defined below), which are recorded based on their rights.

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). 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, we 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").

We consummated an exchange offer on February 11, 2020 (the "Exchange Offer") to facilitate our 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, we became the indirect owner of an 82% economic interest in Royalty Pharma Investments which entitled us 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, we acquired the remaining interest in RPCT owned by Royalty Pharma Select Finance Trust, a Delaware statutory trust ("RPSFT").

We report four non-controlling interests:

1. The Legacy Investors Partnerships' ownership of approximately 18% in Old RPI, which is the only remaining historical non-controlling interest that existed prior to our IPO.
2. 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").
3. Pablo Legorreta's ultimate ownership of the RP Holdings' Class C ordinary share (the "RP Holdings Class C Special Interest") which entitles him to receive Equity Performance Awards (the "Founder's Equity"). See discussion in Note 5–Shareholders' Equity.
4. 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, we 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, the Founder's Equity 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.

Concentrations of Credit Risk

Financial instruments that subject us to significant concentrations of credit risk consist primarily of financial royalty assets and available for sale debt securities. The majority of our financial royalty assets arise from contractual royalty agreements that entitle us to royalties on the sales of underlying biopharmaceutical 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 industry participants, including, among others, Vertex, GSK, Biogen, Roche, Astellas, Pfizer, Johnson & Johnson, AbbVie, Servier, Gilead, Amgen and Alnylam. As of March 31, 2026 and December 31, 2025, Vertex, as the marketer and payor of our royalties on the cystic fibrosis franchise, accounted for 31% and 32% of our current portion of financial royalty assets, respectively, 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 so that we can properly assess and respond to changes in their credit profile. To date, we have not experienced any significant credit losses with respect to the collection of income on our royalty assets.

Recently Adopted and Issued Accounting Standards

In September 2025, the Financial Accounting Standards Board ("FASB") issued amendments which refine the scope of the guidance on derivatives in Accounting Standards Codification ("ASC") 815 and clarify the guidance on share-based payments from a customer in ASC 606 ("ASU 2025-07"). ASU 2025-07 adds a new scope exception to the derivative guidance for contracts, such as certain research and development funding arrangements, that are not traded on an exchange and contain an underlying that is based on the operations or activities specific to one of the parties involved. ASU 2025-07 is effective for annual reporting periods beginning after December 15, 2026, with early adoption permitted in any interim or annual period for which financial statements have not yet been issued or made available for issuance.

We adopted ASU 2025-07 in the fourth quarter of 2025 using the modified retrospective transition method, effective January 1, 2025. The only impact of adopting this standard related to the CK-586 research and development ("R&D") funding arrangement, which we entered into in 2024 and had previously accounted for as a derivative. Upon reassessment under the new guidance, we concluded that the CK-586 funding arrangement qualifies for the derivative scope exception. Accordingly, we recorded a $12.0 million cumulative-effect adjustment to the opening balance of retained earnings as of January 1, 2025 to derecognize the derivative asset and reflect the CK-586 funding arrangement as R&D expense. The accompanying condensed consolidated financial statements for the three months ended March 31, 2025 have been recast to reflect the adoption of ASU 2025-07 by removing the losses previously recognized on such derivative. Accordingly, the recast amounts differ from those previously reported in the Company's Form 10-Q for the three months ended March 31, 2025.

Segment Information

Our chief operating decision maker ("CODM") is our 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, we concluded that we operate 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 our condensed consolidated financial statements is consolidated net income. The accounting policies of our single reportable segment are the same as those for the condensed 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 condensed consolidated statements of operations. Likewise, the measure of segment assets is reported on the condensed consolidated balance sheets as total assets.

Significant Accounting Policies

There have been no material changes to our significant accounting policies from our Annual Report on Form 10-K for the year ended December 31, 2025.

3. Internalization

On January 10, 2025, we 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 we agreed to acquire all of the equity interests of RP Manager from the Sellers (the "Internalization"). The Sellers included our 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 our 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. We completed the acquisition of RP Manager on May 16, 2025 and accounted for the transaction as a business combination in accordance with ASC 805.

The announced transaction value for the Internalization of $1.1 billion included cash and 24.5 million newly issued RP Holdings Class E Interests, of which 1.7 million shares were recognized as part of the purchase price and 22.8 million shares were 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. In accordance with ASC 805, the $380 million term loan was not recognized as part of the purchase price. Instead, it was recorded as a liability acquired in the preliminary allocation of purchase price below.

In addition, we issued replacement equity awards in the form of RSUs to employees and recognized a liability related to the Employee EPAs. As described and each term as defined in Note 5–Shareholders' Equity, 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. Accordingly, at the closing of the Internalization, the portions of each of these components attributable to the pre-Internalization service period were included as part of the purchase price.

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

Cash	$	81,950
Fair value of equity attributable to pre-Internalization service period:		
RP Holdings Class E Interests		57,000
Employee RSUs		3,778
Employee EPAs		422,479
Total purchase price	**$**	**565,207**

RP Holdings Class E Interests

We 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 our 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 purchase price. 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. We recognize the related share-based compensation expense over the corresponding vesting periods.

Employee RSUs

We issued approximately 316 thousand Class A ordinary shares as replacement awards to certain employees (the "Employee RSUs") valued at $10.5 million based on our 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–Shareholders' Equity, after the Internalization, employees who participate in the EPAs became employees of Royalty Pharma, LLC, and the service required for vesting became service required to be rendered to the Company. Accordingly, we began to account for the Employee EPAs under ASC 718 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 distributions as tax advances related to the Employee EPAs are presented as an operating activity in the condensed consolidated statement of cash flows.

As a result of the Internalization, we recognized a liability for the Employee EPAs. The fair value of approximately $422.5 million, measured as of the closing of the Internalization, was considered attributable to service rendered pre-Internalization and was included as part of the purchase price. The fair value of the remaining Employee EPAs is recorded as share-based compensation expense over the corresponding vesting period. The fair value of the Employee EPAs is recognized as a liability within *Accrued compensation liabilities* on the condensed consolidated balance sheets and is estimated using a Monte Carlo simulation methodology. See Note 4–Share-Based Compensation for additional discussion.

Preliminary Allocation of the Purchase Price

We 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. Our 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 purchase price 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.

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

	Preliminary allocation of purchase price	Location on Condensed Consolidated Balance Sheet
Cash and cash equivalents	$ 7,535	Cash and cash equivalents
Other current assets	1,458	Other current assets
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)	Long-term debt
Operating lease liabilities, current	(2,749)	Other current liabilities
Operating lease liabilities	(18,218)	Other liabilities
Other liabilities	(5,988)	Other liabilities
Goodwill	924,634	Goodwill
Total purchase price	**$ 565,207**	

Following the Internalization, we no longer pay Management Fees (as defined in Note 16–Related Party Transactions). The Internalization did not result in the recognition of gains or losses in the condensed consolidated statements of operations.

We recorded approximately $28.9 million of acquisition-related costs within *General and administrative expenses* in the consolidated statement of operations for the year ended December 31, 2025. These costs, primarily related to legal, advisory and professional services, were paid during 2025 and are included within *Payments for operating and professional costs* on the consolidated statement of cash flows for the year ended December 31, 2025.

4. Share-Based Compensation

Prior to the Internalization, our share-based awards consisted solely of RSUs issued to directors, for which we recognized immaterial share-based compensation expense. As a result of the Internalization, we began to recognize share-based compensation expense related to RP Holdings Class E Interests issued as part of the Internalization, Employee EPAs and Employee RSUs. Share-based compensation expense is comprised of the following (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
RP Holdings Class E Interests	$ 31,717	$ —
Employee EPAs	88,704	—
Employee and Director RSUs	1,871	703
Total Share-Based Compensation	**$ 122,292**	**$ 703**

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 as of the Internalization are expensed generally over vesting periods ranging from five to nine years thereafter.

As of March 31, 2026, we had $609.8 million of unrecognized compensation expense related to 18.4 million RP Holdings Class E Interests that are expected to vest over a weighted average period of 5.3 years.

Employee EPAs

In accordance with ASC 718, we account for the Employee EPAs as liability-classified share-based compensation arrangements. 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–Shareholders' Equity).

We recognized a liability of approximately $422.5 million related to Employee EPAs as of the date of the Internalization. The fair value of the remaining Employee EPAs is recognized as share-based compensation expense over the remaining vesting period. We remeasure the fair value of the Employee EPAs at each reporting date with changes in the fair value recognized as part of share-based compensation expense. As of March 31, 2026 and December 31, 2025, the fair value of Employee EPAs were $648.7 million and $577.9 million, respectively, as recorded within *Accrued compensation liabilities* on the condensed consolidated balance sheets.

We estimated the fair value of the Employee EPAs using a Monte Carlo simulation methodology under the option pricing framework. Using the Monte Carlo model, we first simulate cash flows for all underlying investments within the respective portfolio, incorporating a range of potential outcomes driven primarily by projected product sales and reflecting features such as milestone payments, royalty tiers, caps and floors, as well as sales-level volatility. Based on these simulated portfolio outcomes, the Monte Carlo model estimates the probability of satisfying the applicable performance and return thresholds that determine Employee EPA payouts.

As of March 31, 2026, we had $105.6 million of unrecognized expense related to the Employee EPAs that are expected to vest over a weighted average period of 1.9 years.

Employee and Directors RSUs

We issue 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.

5. Shareholders' Equity

Capital Structure

Royalty Pharma plc has 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. The 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 March 31, 2026, Royalty Pharma plc had 443,628 thousand Class A ordinary shares and 132,558 thousand Class B ordinary shares outstanding.

An exchange agreement entered into by, among others, Royalty Pharma plc, RP Holdings, the Continuing Investors Partnerships, RPI International Partners 2019, LP, RPI US Feeder 2019, LP, RPI International Feeder 2019, LP, RPI EPA Vehicle, LLC and certain recipients nominated by the Sellers (as amended from time to time, the "Exchange Agreement") facilitates the exchange of RP Holdings Class E Interests and the exchange of RP Holdings Class B Interests for Class A ordinary shares. Pursuant to the Exchange Agreement, RP Holdings Class B Interests are exchangeable on a one-for-one basis for Class A ordinary shares on a quarterly basis. Each such exchange also results in the re-designation of the same number of Class B ordinary shares as deferred shares. Such deferred shares are non-voting and do not confer a right to participate in our profits or any right to receive dividends. As of March 31, 2026, Royalty Pharma plc had 427,355 thousand deferred shares outstanding.

In addition, Royalty Pharma plc issued 50 thousand Class R redeemable shares, which do not entitle the holder to voting or dividend rights. As required by the U.K. Companies Act 2006, the Class R redeemable shares were issued to ensure sufficient sterling denominated share capital. 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.

Class A Ordinary Share Repurchases

In January 2025, our board of directors authorized a share repurchase program 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 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 the first quarter of 2026, we repurchased 1.1 million shares at a cost of approximately $50.1 million. As of March 31, 2026, approximately $1.7 billion remained available under the share repurchase program.

In connection with our repurchase of Class A ordinary shares that began in the second quarter of 2023, RP Holdings also began to retire a corresponding number of RP Holdings' Class A ordinary shares ("RP Holdings Class A Interests") held by us which reduces our ownership in RP Holdings and which is reflected through *Other exchanges* in the tables below and in our condensed consolidated statements of shareholders' equity.

Non-Controlling Interests

The changes in the balances of our non-controlling interests are as follows (in thousands):

	Legacy Investors Partnerships	Continuing Investors Partnerships	Founder's Equity	RP Holdings Class E Interests Holders	Total
December 31, 2025	**$ 1,083,319**	**$ 1,799,783**	**$ —**	**$ 354,937**	**$ 3,238,039**
Distributions	(92,180)	(25,422)	(15,894)	(5,714)	(139,210)
Other exchanges	**—**	(222,050)	—	(33,775)	(255,825)
Share-based compensation	—	—	—	31,717	31,717
Net income	63,213	78,049	15,894	16,410	173,566
March 31, 2026	**$ 1,054,352**	**$ 1,630,360**	**$ —**	**$ 363,575**	**$ 3,048,287**

	Legacy Investors Partnerships	Continuing Investors Partnerships	Founder's Equity[(1)]	Total
December 31, 2024	**$ 1,188,340**	**$ 2,207,445**	**$ —**	**$ 3,395,785**
Contributions	1,264	989	—	2,253
Distributions	(97,906)	(32,061)	(41,476)	(171,443)
Other exchanges	—	(321,669)	—	(321,669)
Net income	76,850	76,758	41,476	195,084
March 31, 2025	**$ 1,168,548**	**$ 1,931,462**	**$ —**	**$ 3,100,010**

(1) Amounts represent the entirety of the EPAs prior to the Internalization.

Continuing Investors Partnerships

The Continuing Investors Partnerships hold the number of Class B ordinary shares equal to the number of RP 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.

Founder's Equity

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 our founder and Chief Executive Officer, Pablo Legorreta, to receive distributions 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 new 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 RPM, which was not a consolidated entity. Accordingly, Founder's Equity, including the employee participation in the EPAs, was accounted for as non-controlling interest. Post-Internalization, Founder's Equity only includes Mr. Legorreta's retained EPAs, which continues to be accounted for as non-controlling interest. The Employee EPAs are accounted for as liability-classified share-based compensation arrangements.

We began making EPA payments in the first quarter of 2025 upon achievement of certain performance and return thresholds. In the first quarter of 2026 and 2025, total EPAs earned were $33.5 million and $41.5 million, respectively. Settlement of the EPAs consist of a combination of approximately equal amounts of Class A ordinary shares and cash payments, which are provided as tax advances. The table below summarizes the components of total EPAs earned (in thousands):

	For the Three Months Ended March 31,		Location Recorded in Condensed Consolidated Financial Statements
	2026	2025	
Founder's Equity[1]	$ 15,894	$ 41,476	*Net income attributable to non-controlling interests*
Employee EPAs	17,624	—	*Accrued compensation liabilities* (reduction of Employee EPAs liability)
Total	**$ 33,518**	**$ 41,476**	
Form of Settlement			
Cash	$ 18,440	$ 21,772	*Distributions to continuing non-controlling interests* (Founder's Equity) *Payments for Employee EPAs* (Employee EPAs)
Shares[2]	15,078	19,704	
Total	**$ 33,518**	**$ 41,476**	

(1) For the first quarter of 2025, Founder's Equity includes $19.7 million for Mr. Legorreta's retained EPAs and $21.8 million attributable to employees' participation in the EPAs, which were considered part of Founder's Equity prior to the closing of the Internalization.

(2) Amounts represent shares earned during the respective quarter that are payable at each quarter end. As of March 31, 2026, $15.1 million is expected to be settled in shares in the second quarter of 2026. As of March 31, 2025, $19.7 million was settled in shares in the second quarter of 2025.

Holders of RP Holdings Class E Interests

We issued 24.5 million RP Holdings Class E Interests as part of the transaction for the Internalization, all of which were outstanding at closing of the Internalization and approximately 24.2 million remained outstanding as of March 31, 2026. 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 above table and in our condensed consolidated statements of shareholders' equity. The Holders of RP Holdings Class E Interests are entitled to any dividends and distributions from RP Holdings on a pro rata, per share basis and pari passu with holders of RP Holdings Class A Interests and RP Holdings Class B Interests. They are also entitled to a pro rata portion of RP Holdings' net assets on the same basis. Accordingly, we record *Net income attributable to non-controlling interests* for Holders of RP Holdings Class E Interests based on the weighted average number of RP Holdings Class E Interests outstanding during the period. 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 March 31, 2026, approximately 3.8 million of RP Holdings Class E Interests had legally vested.

Non-Controlling Interests Ownership

The changes in RP Holdings ownership among the Continuing Investors Partnerships, the Holders of RP Holdings Class E Interests and us are reflected through *Other exchanges* in the above tables and in our condensed consolidated statements of shareholders' equity. These changes typically result from activities during the period, including (1) the exchanges of RP Holding Class B Interests for Class A ordinary shares, (2) retirement of RP Holdings Class A Interests in connection with our repurchase of Class A ordinary shares and (3) the exchanges of RP Holding Class E Interests for Class A ordinary shares.

As of March 31, 2026, the ownership of RP Holdings was as follows: 4% by the Holders of RP Holdings Class E Interests, 19% by the Continuing Investors Partnerships and 77% by Royalty Pharma plc. As of March 31, 2025, the ownership of RP Holdings was as follows: 25% by the Continuing Investors Partnerships and 75% by Royalty Pharma plc.

Dividends

The holders of Class A ordinary shares are entitled to receive dividends subject to approval by our board of directors. The holders of Class B ordinary shares do not have any rights to receive dividends; however, RP Holdings Class B Interests and RP Holdings Class E Interests are entitled to dividends and distributions from RP Holdings. In the first quarter of 2026, we declared and paid one quarterly cash dividend of $0.235 per Class A ordinary share in an aggregate amount of $104.5 million to holders of our Class A ordinary shares.

6. Available for Sale Debt Securities

Funding Arrangements with Cytokinetics

In May 2024, we expanded our funding collaboration with Cytokinetics, Incorporated ("Cytokinetics"). As part of the expanded funding collaboration, we provided funding of $100 million for Cytokinetics' Phase 3 clinical trial of omecamtiv mecarbil ("Cytokinetics Development Funding") and amended the funding agreement that we 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 total funding of up to $525 million.

Our return on the Cytokinetics Development Funding depends on the outcome of omecamtiv mecarbil's Phase 3 clinical trial and approval by the U.S. 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, we 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, we 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, we 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, we have funded a total of $275 million under tranches one, four, five and six as of March 31, 2026, 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, we expect 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 each tranche was funded. We began receiving quarterly repayments on tranche one and tranche six in the fourth quarter of 2023 and first quarter of 2026, respectively.

We elected the fair value option to account for the Cytokinetics Development Funding and the Cytokinetics Commercial Launch Funding (collectively the "Cytokinetics Funding Arrangements") as it most accurately reflects the nature of the funding arrangements. The funded Cytokinetics Funding Arrangements are recorded within *Available for sale debt securities* on the condensed consolidated balance sheets. The Cytokinetics Funding Commitments are recognized at fair value within *Other liabilities* on the condensed consolidated balance sheets. The changes in the fair value of the funded Cytokinetics Funding Arrangements and Cytokinetics Funding Commitments are recorded within *Losses on available for sale debt securities* in the condensed consolidated statements of operations.

Further, as part of the expanded funding collaboration in May 2024, we purchased Cytokinetics common stock and provided funding for clinical trials of CK-586 in exchange for a royalty. Lastly, the funding collaboration also included the restructuring of our royalty on Myqorzo, formerly known as aficamten.

7. Fair Value Measurements and Financial Instruments

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	As of March 31, 2026				As of December 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Money market funds[1]	$ 321,103	$ —	$ —	$ 321,103	$ 383,568	$ —	$ —	$ 383,568
Available for sale debt securities[2]	—	—	21,900	21,900	—	—	18,800	18,800
Total current assets	**$ 321,103**	**$ —**	**$ 21,900**	**$ 343,003**	**$ 383,568**	**$ —**	**$ 18,800**	**$ 402,368**
Equity securities	173,270	—	—	173,270	171,312	—	—	171,312
Available for sale debt securities[2]	—	—	406,800	406,800	—	—	419,000	419,000
Total non-current assets	**$ 173,270**	**$ —**	**$ 406,800**	**$ 580,070**	**$ 171,312**	**$ —**	**$ 419,000**	**$ 590,312**
Liabilities:								
Cytokinetics Funding Commitments	—	—	(11,000)	(11,000)	—	—	(9,100)	(9,100)
Total non-current liabilities	**$ —**	**$ —**	**$ (11,000)**	**$ (11,000)**	**$ —**	**$ —**	**$ (9,100)**	**$ (9,100)**

(1) Recorded within *Cash and cash equivalents* on the condensed consolidated balance sheets.
(2) Related to the funded Cytokinetics Funding Arrangements.

For the first quarter of 2026 and 2025, we recognized losses of $20.5 million and $45.9 million, respectively, on equity securities still held as of March 31, 2026.

The tables presented below summarize the change in the combined fair value (current and non-current) of Level 3 financial instruments (in thousands):

	For the Three Months Ended March 31, 2026	
	Debt Securities	Funding Commitments
Balance at the beginning of the period	**$ 437,800**	**$ (9,100)**
Changes in fair value[1]	(4,780)	(1,900)
Redemptions[2]	(4,320)	—
Balance at the end of the period	**$ 428,700**	**$ (11,000)**

(1) Recorded within *Losses on available for sale debt securities* in the condensed consolidated statements of operations.
(2) Amount relates to the quarterly repayments on the Cytokinetics Commercial Launch Funding.

	For the Three Months Ended March 31, 2025			
	Equity Securities	Debt Securities	Funding Commitments	Royalty at Fair Value
Balance at the beginning of the period	**$ 2,241**	**$ 751,700**	**$ (12,080)**	**$ 5,323**
Changes in fair value[1]	—	2,539	(5,820)	—
Sales[2]	—	(510,553)	—	—
Redemptions[3]	—	(12,586)	—	—
Balance at the end of the period	**$ 2,241**	**$ 231,100**	**$ (17,900)**	**$ 5,323**

(1) Recorded within *Losses on available for sale debt securities* in the condensed consolidated statements of operations.
(2) We provided funding of $300 million to MorphoSys in 2022 (“MorphoSys Development Funding Bonds”), which we sold in January 2025.
(3) Amount relates to the quarterly repayments on the MorphoSys Development Funding Bonds prior to the sale and the Cytokinetics Commercial Launch Funding.

Valuation Inputs for Recurring Fair Value Measurements

Below is a discussion of the valuation inputs used for financial instruments classified as Level 3 measurement as of March 31, 2026 and December 31, 2025 in the fair value hierarchy. As of March 31, 2026 and December 31, 2025, we did not have any financial instruments recorded at fair value using Level 2 inputs.

Cytokinetics Funding Arrangements and Cytokinetics Funding Commitments

We estimated the fair values of the funded Cytokinetics Funding Arrangements as of March 31, 2026 and December 31, 2025 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. Our 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. Our 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 us at any particular date.

We estimated the fair value of the Cytokinetics Funding Commitments as of March 31, 2026 and December 31, 2025 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 March 31, 2026 and December 31, 2025 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% as of each date and an assumed risk-adjusted discount rate of 11.8% and 10.9%, respectively. We also assumed probabilities for the occurrence of each regulatory or clinical milestone, which impacts the availability of each future tranche of funding. Our 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.

Fair Value Disclosure of Financial Assets Not Measured at Fair Value

Financial royalty assets are not measured at fair value. Instead, they are measured and carried at amortized cost using the effective interest method on the condensed consolidated balance sheets. Financial royalty assets do not include our entire portfolio of investments, and specifically exclude the following:

1. development-stage product candidates where the funding was (i) expensed as upfront R&D upon acquisition (e.g., Trodelvy and Nurtec ODT) or (ii) expensed as ongoing R&D (e.g., our funding arrangement for litifilimab with Biogen); and
2. contractual funding arrangements (e.g., the Cytokinetics Funding Arrangements), which are accounted for as available for sale debt securities.

We used a Monte Carlo simulation under the option pricing framework to calculate the fair value of our portfolio of financial royalty assets for disclosure given the complexity of our royalty investments, which may include features such as milestone payments, royalty tiers, caps, and floors that could alter the cash flows based on future commercial, clinical or regulatory outcomes. The Monte Carlo model allows us to simulate a range of different outcomes based on various inputs, primarily the underlying projected product sales of each royalty bearing product, to project the cash flows, including royalty receipts and milestone payments, based on each of the simulated sales scenarios. The Monte Carlo methodology also takes volatility at the sales level into consideration. The fair value of financial royalty assets disclosed herein is classified as Level 3 within the fair value hierarchy since it is determined based on inputs that are both significant and unobservable.

As of March 31, 2026, the estimated fair values of the current and non-current portions of financial royalty assets were $0.8 billion and $23.9 billion, respectively. As of March 31, 2026, approximately 10% of the current portion and 6% of the non-current portion of the financial royalty assets was attributable to the legacy non-controlling interests.

As of December 31, 2025, the estimated fair values of the current and non-current portions of financial royalty assets were $0.9 billion and $23.4 billion, respectively. As of December 31, 2025, approximately 7% of the current portion and 7% of the non-current portion of the financial royalty assets was attributable to the legacy non-controlling interests.

8. 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 us and our subsidiaries to receive a portion of income from the sale of such products by third parties.

The gross carrying value, cumulative allowance for changes in expected cash flows, exclusive of the allowance for credit losses, and net carrying value for the current and non-current portion of financial royalty assets are as follows (in thousands):

		As of March 31, 2026		
	Estimated Royalty Duration[1]	Gross Carrying Value	Cumulative Allowance for Changes in Expected Cash Flows (Note 9)	Net Carrying Value[4]
Cystic fibrosis franchise	2039-2041[2]	$ 4,836,196	$ —	$ 4,836,196
Evrysdi	2035-2036	2,307,411	(389,643)	1,917,768
Voranigo	2038	979,753	—	979,753
Tysabri	[3]	1,088,300	(143,935)	944,365
Trelegy	2029-2030	935,020	—	935,020
Imdelltra	2038-2041	926,780	—	926,780
Other	2026-2042	8,969,956	(1,982,732)	6,987,224
Total		**$ 20,043,416**	**$ (2,516,310)**	**$ 17,527,106**
Less: Cumulative allowance for credit losses (Note 9)				(204,909)
Total current and non-current financial royalty assets, net				**$ 17,322,197**

(1) Durations shown represent our estimates as of the current reporting date of when a royalty will substantially end, which may vary by geography and may depend on clinical trial results, regulatory approvals, contractual terms, commercial developments, estimates of regulatory exclusivity and patent expiration dates (which may include estimated patent term extensions) or other factors. There can be no assurances that our royalties will expire when expected.
(2) Royalty is perpetual. We estimate royalty duration of 2039-2041 due to expected Alyftrek patent expiration and potential generic entry thereafter leading to sales decline.
(3) Royalty is perpetual. We have applied an end date of 2035 for purposes of accreting income over the royalty term, which is periodically reviewed based on our estimates of impact from biosimilars.
(4) The net carrying value by asset is presented before the allowance for credit losses. Refer to Note 9–Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets for additional information.

As of March 31, 2026, the balance of $17.3 billion above for total current and non-current financial royalty assets, net included $1.4 billion in unapproved financial royalty assets held at cost related to frexalimab for $522.6 million and other assets, including primarily olpasiran, pelacarsen, neladalkib and olanzapine (TEV-’749).

In the first quarter of 2026, we recorded $69.4 million of non-cash impairment charges related to Tazverik following announcements by Ipsen and Eisai in March 2026 of the voluntary withdrawal of Tazverik across all indications and markets. The impairment charge was recorded within *Financial royalty asset impairment* in the condensed consolidated statement of operations.

	Estimated Royalty Duration[1]	As of December 31, 2025		
		Gross Carrying Value	Cumulative Allowance for Changes in Expected Cash Flows (Note 9)	Net Carrying Value[3]
Cystic fibrosis franchise	2039-2041[2]	$ 4,901,121	$ —	$ 4,901,121
Evrysdi	2035-2036	2,331,262	(494,123)	1,837,139
Voranigo	2038	982,802	—	982,802
Trelegy	2029-2030	993,629	(17,356)	976,273
Imdelltra	2038-2041	924,239	—	924,239
Tremfya	2031-2032	909,607	—	909,607
Other	2025-2042	9,417,689	(2,674,043)	6,743,646
Total		**$ 20,460,349**	**$ (3,185,522)**	**$ 17,274,827**
Less: Cumulative allowance for credit losses (Note 9)				(211,959)
Total current and non-current financial royalty assets, net				**$ 17,062,868**

(1) Durations shown represent our estimates as of December 31, 2025 of when a royalty will substantially end, which may vary by geography and may depend on clinical trial results, regulatory approvals, contractual terms, commercial developments, estimates of regulatory exclusivity and patent expiration dates (which may include estimated patent term extensions) or other factors. There can be no assurances that our royalties will expire when expected.
(2) Royalty is perpetual. We estimate royalty duration of 2039-2041 due to expected Alyftrek patent expiration and potential generic entry thereafter leading to sales decline.
(3) The net carrying value by asset is presented before the allowance for credit losses. Refer to Note 9–Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets for additional information.

9. Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets

The cumulative allowance for changes in expected cash flows from financial royalty assets is presented net within the non-current portion of financial royalty assets on the condensed consolidated balance sheets and includes the following:

- the movement in the cumulative allowance related to changes in forecasted royalty payments to be received based on royalty bearing products' projected sales which are primarily derived from sell-side equity research analysts' consensus sales forecasts,
- the write-off of cumulative allowance at the end of a royalty asset's life which only impacts the condensed consolidated balance sheets, and
- the movement in the cumulative allowance for current expected credit losses, primarily associated with new financial royalty assets with limited protective rights and changes in the underlying cash flow forecasts of financial royalty assets with limited protective rights.

The following table sets forth the activity in the cumulative allowance for changes in expected cash flows from financial royalty assets, inclusive of the cumulative allowance for credit losses (in thousands):

	Activity for the Period
Balance at December 31, 2025[1]	**$ (3,397,481)**
Increases to the cumulative allowance for changes in expected cash flows from financial royalty assets	(96,221)
Decreases to the cumulative allowance for changes in expected cash flows from financial royalty assets	286,656
Write-off of cumulative allowance[2]	478,777
Current period provision for credit losses, net	7,050
Balance at March 31, 2026	**$ (2,721,219)**

(1) Includes $212.0 million related to cumulative allowance for credit losses.
(2) Primarily relates to amounts removed from the cumulative allowance due to changes in expected cash flows associated with Tazverik as a result of the gross write-off of the related $548.3 million financial royalty asset.

10. Non-Consolidated Affiliates

We have equity investments in certain entities at a level that provide us with significant influence. We account for such investments as equity method investments or as equity securities over which we have elected the fair value option.

The Legacy SLP Interest

In connection with the Exchange Offer, we 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 our subsidiary. As a result, we became a special limited partner in the Legacy Investors Partnerships. The Legacy SLP Interest entitles us 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. Our income allocation is equal to the general partner's former contractual rights to the income of the Legacy Investors Partnerships, net of amortization of the basis difference. The Legacy SLP Interest is accounted for under the equity method as we have the ability to exercise significant influence over the Legacy Investors Partnerships. 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.

The income allocation from the Legacy SLP Interest is based on an estimate as the Legacy Investors Partnerships are private partnerships that report on a lag. Our estimate of equity in earnings from the Legacy SLP Interest for the current period will be updated for historical results in the subsequent period.

The Avillion Entities

We account for our 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 equity method investments because RPIFT has the ability to exercise significant influence over the Avillion Entities.

Avillion I's only operations are the collection of cash and unwinding of the discount on the series of fixed annual payments due from Pfizer under its co-development agreement, following the FDA's approval of a supplemental New Drug Application ("NDA") for Pfizer's Bosulif in December 2017.

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. Under our agreement with Avillion II, as amended, we agreed 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. Following the FDA's approval of Airsupra in 2023, we began receiving distributions from Avillion II related to the Airsupra royalty in the first quarter of 2025.

Our maximum exposure to loss at any particular reporting date is limited to the carrying value of our equity method investments plus the unfunded commitments. As of March 31, 2026 and December 31, 2025, we had unfunded commitments related to the Avillion Entities of $10.3 million.

Equity in earnings is recorded within *Equity in earnings of equity method investees* on the condensed consolidated statements of operations and cash distributions are recorded within *Distributions from equity method investees* on the condensed consolidated statements of cash flows. The following tables summarize equity in earnings and cash distributions from our equity method investees (in thousands):

	For the Three Months Ended March 31,	
	2026	**2025**
Equity in (earnings)/losses of equity method investees		
The Legacy SLP Interest	$ (5,688)	$ (8,195)
The Avillion Entities	(16,070)	1,752
Total	**$ (21,758)**	**$ (6,443)**

	For the Three Months Ended March 31,	
	2026	2025
Distributions from equity method investees		
The Legacy SLP Interest	$ 6,059	$ 8,337
Avillion I	13,396	13,396
Avillion II[(1)]	26,573	27,925
Total	**$ 46,028**	**$ 49,658**

(1) For the first quarter of 2026, amount includes approximately $10.3 million, representing our pro rata portion of the $22 million milestone payment Avillion II received from AstraZeneca following the FDA's approval of a supplemental NDA for Airsupra. For the first quarter of 2025, amount includes approximately $27.4 million, representing our pro rata portion of the $55 million milestone payment Avillion II received from AstraZeneca following Airsupra meeting the primary endpoint in the Phase 3 clinical trial.

11. Research and Development Funding Expense

R&D funding expense consists of certain development-stage funding payments that we have made to counterparties to acquire royalties or milestones on product candidates. The payments can be made upfront, as milestones upon the achievement of certain predefined criteria, or over time as the related product candidates undergo clinical trials.

In the first quarter of 2026, R&D funding expense of $39.8 million was primarily related to litifilimab and TEV-'408. In the first quarter of 2025, R&D funding expense of $50.5 million was primarily related to litifilimab.

Below summarizes our ongoing R&D funding arrangements as of March 31, 2026 (in thousands):

Product Candidates	Counterparties	Total Commitments	Funding Timing	Unfunded Commitments
JNJ-4804	Johnson & Johnson	$ 500,000	Eight fixed quarterly payments commencing in the second quarter of 2026	$ 500,000
TEV-'408[(1)]	Teva Pharmaceuticals	75,000	Variable quarterly payments commencing in second quarter of 2026	75,000
Litifilimab	Biogen	250,000	Six fixed quarterly payments commencing in first quarter of 2025	25,000
Total		**$ 825,000**		**$ 600,000**

(1) In the first quarter of 2026, we entered into an R&D funding arrangement with Teva Pharmaceuticals, a U.S. affiliate of Teva Pharmaceutical Industries Ltd, for TEV-'408 for up to $500 million. Under the agreement, we agreed to co-fund a Phase 2b study for vitiligo for up to $75 million and have the option to provide up to an additional $425 million to co-fund the Phase 3 development program based on the results of the Phase 2b study. In the first quarter of 2026, we accrued $14.3 million of R&D funding expense for our portion of estimated costs incurred for the Phase 2b study, which is recorded within *Other current liabilities* on the condensed consolidated balance sheet and is expected to be paid in the second quarter of 2026.

12. Borrowings

Our borrowings consisted of the following (in thousands):

Type of Borrowing	Date of Issuance	Maturity	As of March 31, 2026	As of December 31, 2025
Senior Unsecured Notes:				
$1,000,000, 1.75% (issued at 98.284% of par)	9/2020	9/2027	$ 1,000,000	$ 1,000,000
$500,000, 5.15% (issued at 98.758% of par)	6/2024	9/2029	500,000	500,000
$1,000,000, 2.20% (issued at 97.760% of par)	9/2020	9/2030	1,000,000	1,000,000
$600,000, 4.45% (issued at 98.909% of par)	9/2025	3/2031	600,000	600,000
$600,000, 2.15% (issued at 98.263% of par)	7/2021	9/2031	600,000	600,000
$500,000, 5.40% (issued at 97.872% of par)	6/2024	9/2034	500,000	500,000
$900,000, 5.20% (issued at 97.989% of par)	9/2025	9/2035	900,000	900,000
$1,000,000, 3.30% (issued at 95.556% of par)	9/2020	9/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	9/2020	9/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	7/2021	9/2051	700,000	700,000
$500,000, 5.90% (issued at 97.617% of par)	6/2024	9/2054	500,000	500,000
$500,000, 5.95% (issued at 95.824% of par)	9/2025	9/2055	500,000	500,000
Term Loan	See below	7/2026	380,000	380,000
Unamortized debt discount and issuance costs			(223,557)	(229,083)
Total debt carrying value			**8,956,443**	**8,950,917**
Less: Current portion of long-term debt			(380,000)	(380,000)
Total long-term debt			**$ 8,576,443**	**$ 8,570,917**

Senior Unsecured Notes

In September 2025, we 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 we capitalized approximately $16.2 million in debt issuance costs, primarily comprised 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.

We issued $1.5 billion, $1.3 billion and $6.0 billion of senior unsecured notes in 2024 (the "2024 Notes"), 2021 (the "2021 Notes") and 2020 (the "2020 Notes" and, collectively with the "2021 Notes", "2024 Notes" and "2025 Notes", the "Notes"), respectively. The 2024 Notes, 2021 Notes and 2020 Notes were issued at a total discount of $205.2 million and we capitalized approximately $65.3 million in debt issuance costs primarily comprised 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 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 March 31, 2026, we have 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 Notes may be redeemed at our option 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 our Notes by two of three credit agencies, the holders may require us 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.

Our obligations under the Notes are fully and unconditionally guaranteed by RP Holdings and RP Manager, our non-wholly owned subsidiaries. We are required to comply with certain covenants under our Notes and as of March 31, 2026, we were in compliance with all applicable covenants.

As of March 31, 2026 and December 31, 2025, the fair value of our outstanding Notes using Level 2 inputs was approximately $7.7 billion and $7.9 billion, respectively.

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 our 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. We made the first interest payment in the third quarter of 2025. As of March 31, 2026 and December 31, 2025, the carrying value of the Term Loan approximates fair value, respectively, as the interest rate is variable and reflects current market rates. The Term Loan is subject to certain customary covenants, that among other things, require us 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

Our subsidiary, 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, we entered into Amendments No. 4 and 5, respectively, to the Credit Agreement to make certain technical modifications. As of March 31, 2026 and December 31, 2025, there were no outstanding borrowings under the Revolving Credit Facility.

The Revolving Credit Facility is subject to an interest rate, at our option, 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 our 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 our 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 us 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 us. Noncompliance with the leverage ratio, Portfolio Cash Flow ratio and interest coverage ratio covenants under the Credit Agreement could result in our lenders requiring us to immediately repay all amounts borrowed. The Credit Agreement includes customary covenants for credit facilities of this type that limit our ability to engage in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments and acquiring and disposing of assets. We were in compliance with the financial covenants as of March 31, 2026.

Uncommitted Credit Facility

In August 2025, we 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 March 31, 2026 and December 31, 2025, there were no outstanding borrowings under the Uncommitted Credit Facility, respectively.

Principal Payments on the Borrowings

The future principal payments for our borrowings as of March 31, 2026 are as follows (in thousands):

Year	Principal Payments
Remainder of 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 $223.6 million as of March 31, 2026, which are amortized through interest expense over the remaining life of the underlying debt obligations.

13. Earnings per Share

In the first quarter of 2026 and 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 the second quarter of 2025, we 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. We use 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 (in thousands, except per share amounts):

	For the Three Months Ended March 31,	
	2026	2025
Numerator		
Consolidated net income[1]	$ 468,256	$ 434,433
Less: Net income attributable to the Continuing Investors Partnerships	78,049	76,758
Less: Net income attributable to the Legacy Investors Partnerships	63,213	76,850
Less: Net income attributable to the Founder's Equity[2]	15,894	41,476
Less: Net income attributable to the RP Holdings Class E Interests Holders	16,410	—
Net income attributable to Royalty Pharma plc - basic	294,690	239,349
Add: Reallocation of net income attributable to the Continuing Investors Partnerships from the assumed exchanges of Class B ordinary shares	78,049	76,758
Add: Reallocation of net income attributable to the Holders of RP Holdings Class E Interests from the assumed exchanges of eligible Class B ordinary shares	2,484	—
Net income attributable to Royalty Pharma plc - diluted	$ 375,223	$ 316,107
Denominator		
Weighted average Class A ordinary shares outstanding - basic	436,790	435,480
Add: Dilutive effects as shown separately below		
Assumed exchanges of Class B ordinary shares by the Continuing Investors Partnerships	115,840	141,974
Unvested RSUs	163	48
Shares contingently issuable for the Equity Performance Awards	358	600
Assumed exchanges of eligible Class B ordinary shares by the Holders of RP Holdings Class E Interests	3,686	—
Weighted average Class A ordinary shares outstanding - diluted	556,837	578,102
Earnings per Class A ordinary share - basic	$ 0.67	$ 0.55
Earnings per Class A ordinary share - diluted	$ 0.67	$ 0.55

(1) Consolidated net income for 2025 has been recast as a result of the adoption of ASU 2025-07. See Note 2–Summary of Significant Accounting Policies for further details.
(2) Amounts for 2025 includes Mr. Legorreta's retained EPAs and employees' participation in the EPAs, which were considered part of Founder's Equity prior to the closing of the Internalization.

14. Indirect Cash Flow

Adjustments to reconcile consolidated net income to net cash provided by operating activities are summarized below (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Cash flow from operating activities:		
Consolidated net income[1]	$ 468,256	$ 434,433
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Income from financial royalty assets	(594,992)	(539,490)
Provision for changes in expected cash flows from financial royalty assets	(197,485)	(127,140)
Provision for credit losses on unfunded commitments	(3,700)	—
Share-based compensation	121,992	515
Amortization of debt discount and issuance costs	5,712	5,281
Losses on equity securities	20,166	45,878
Equity in earnings of equity method investees	(21,758)	(6,443)
Distributions from equity method investees	3,722	13,396
Amortization of prepaid expenses	1,958	—
Losses on available for sale debt securities	6,680	3,281
Depreciation	1,171	—
Financial royalty asset impairment	69,443	—
Other	1,889	1,104
Changes in operating assets and liabilities:		
Cash collected on financial royalty assets	915,598	829,737
Other royalty income receivable	1,805	3,171
Other current assets	(5,226)	1,108
Other assets	319	—
Accounts payable and accrued liabilities	(5,079)	10,086
Interest payable	(85,516)	(78,841)
Other current liabilities	14,289	—
Other liabilities	(1,011)	—
Net cash provided by operating activities	**$ 718,233**	**$ 596,076**

(1) Consolidated net income for 2025 has been recast as a result of the adoption of ASU 2025-07. See Note 2–Summary of Significant Accounting Policies for further details.

15. Commitments and Contingencies

Revolution Medicines Funding Commitments

In June 2025, we 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 and recorded as R&D funding expense. 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 March 31, 2026, $1 billion of the royalty remained unfunded. Following Revolution Medicines’ announcement in April 2026 of positive Phase 3 results from its RASolute 302 trial of daraxonrasib, we funded the required second tranche of $250 million on May 4, 2026.

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 March 31, 2026, $750 million of the term loan remained unfunded.

As of March 31, 2026 and December 31, 2025, we recorded an allowance for credit losses of $85.3 million and $89.0 million, respectively, related to the unfunded portions of the funding arrangements with Revolution Medicines. These amounts are recorded within *Other liabilities* on the condensed consolidated balance sheets. The provision for credit losses recognized in the period is recorded within *Provision for credit losses on unfunded commitments* in the condensed consolidated statement of operations.

Cytokinetics Funding Commitments

As of March 31, 2026, $175 million remained available under the Cytokinetics Funding Commitments.

Leases

In connection with the Internalization, we entered into an operating lease agreement for our 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 our right of use asset and lease liability. The right of use asset is recorded within *Other assets* and the lease liability is recorded within *Other liabilities* on the condensed consolidated balance sheets. As of March 31, 2026, we recognized $18.3 million of right of use asset and $15.3 million of lease liability. As of December 31, 2025, we recognized $19.1 million of right of use asset and $16.1 million of lease liability.

As of March 31, 2026, the future minimum lease payments under the non-cancelable operating lease are as follows (in thousands):

Year	Payments
Remainder of 2026	$ 3,041
2027	3,789
2028	3,721
2029	3,726
2030	3,755
Thereafter	3,129
Total lease payments	**21,161**
Less: imputed interest	(2,669)
Present value of lease liabilities	**$ 18,492**

Other Commitments

We have commitments to advance funds to counterparties through our investment in the Avillion Entities and R&D arrangements. Please refer to Note 10–Non-Consolidated Affiliates and Note 11–Research and Development Funding Expense for details of these arrangements.

Indemnifications

In the ordinary course of our business, we 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 us to date and we believe that the likelihood of such proceedings taking place in the future is remote.

Legal Proceedings

We are 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 we have not established accruals for any of these proceedings on our condensed consolidated balance sheets as of March 31, 2026 and December 31, 2025. When we determine that a loss is both probable and reasonably estimable, we record a liability, and, if the liability is material, we disclose the amount of the liability reserved. We do not believe the outcome of any existing legal proceedings to which we are a party, either individually or in the aggregate, will adversely affect our business, financial condition or results of operations.

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

16. Related Party Transactions

Internalization

On May 16, 2025, we acquired from the Sellers all of the equity interests in RP Manager. The Sellers included Pablo Legorreta, RPM I, LLC and RP MIP Holdings. Pablo Legorreta was the managing member of the Legacy Manager, holds an interest in us, and serves as our Chief Executive Officer and Chairman of our board of directors. The equity interest holders of RP MIP Holdings include our 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, we 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 our security investments under GAAP as of the end of such quarter ("Management Fees"). We also paid certain costs and expenses of RPM. After the Internalization, we no longer pay 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 condensed consolidated statements of operations. During the first quarter of 2026 and 2025, total operating and personnel payments incurred were $1.0 million and $89.8 million, respectively.

Payments from Legacy Manager

After the Internalization, we entered into an agreement with RPM to provide administrative services in exchange for a fee. In the first quarter of 2026, we did not recognize material income related to this agreement.

Distributions Payable to Non-Controlling Interests

The *Distributions payable to non-controlling interests* includes the contractual cash flows required to be distributed to the Legacy Investors Partnerships based on their non-controlling interest in Old RPI and the unpaid portion of the distributions for Equity Performance Awards attributable to the Founder's Equity as of quarter end. Refer to Note 5–Shareholders' Equity for additional discussion of the Equity Performance Awards. The distributions payable to non-controlling interests consists of the following (in thousands):

	As of March 31, 2026	As of December 31, 2025
Payable to Founder	$ 7,150	$ 6,733
Payable to Legacy Investors Partnerships	80,267	66,092
Total distributions payable to non-controlling interests	**$ 87,417**	**$ 72,825**

Other Transactions

In connection with the Exchange Offer, we acquired the Legacy SLP Interest from the Continuing Investors Partnerships in exchange for issuing shares in our subsidiary. As a result, we became a special limited partner in the Legacy Investors Partnerships. The Legacy Investors Partnerships own a non-controlling interest in Old RPI. Refer to Note 10–Non-Consolidated Affiliates for additional discussion of the Legacy SLP Interest and our investments in other non-consolidated entities.

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 us and any of our subsidiaries, including any third-party expenses of managing us and any of our subsidiaries, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations and insurance expenses relating to our affairs and those of any subsidiary.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations, cash flows, other changes in financial condition and business performance. MD&A is provided as a supplement to, and should be read in conjunction with, our 2025 Annual Report on Form 10-K and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Special Note Regarding Forward-Looking Statements included elsewhere in this Quarterly Report on Form 10-Q and in Part II, Item 1A. Risk Factors.

Royalty Pharma plc is a public limited company that is incorporated under the laws of England and Wales and is a holding company. "Royalty Pharma," the "Company," "we," "us" and "our" refer to Royalty Pharma plc and its subsidiaries on a consolidated basis. Our principal asset is a controlling equity interest in Royalty Pharma Holdings Ltd ("RP Holdings"), a private limited company incorporated under the laws of England and Wales. We conduct our business through RP Holdings and its subsidiaries.

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 19 development-stage product candidates.

Background and Format of Presentation

RP Holdings is owned by Royalty Pharma plc and, indirectly, by various partnerships (the "Continuing Investors Partnerships") and, in addition, post-Internalization (as defined below), 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, we 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").

We consummated an exchange offer on February 11, 2020 (the "Exchange Offer") to facilitate our 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, we became the indirect owner of an 82% economic interest in Royalty Pharma Investments which entitled us 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, we acquired the remaining interest in RPCT owned by Royalty Pharma Select Finance Trust, a Delaware statutory trust ("RPSFT").

Prior to the Internalization (as defined below), we were externally managed by RP Management, LLC, a Delaware limited liability company (the "Legacy Manager" or "RPM"), pursuant to advisory and management agreements (collectively, the "Legacy Management Agreement").

On January 10, 2025, we 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 assets and liabilities to RP Manager and we agreed to acquire all of the equity interests of RP Manager from the Sellers (the "Internalization"). The Sellers included our founder, chief executive officer and chairman, Pablo Legorreta, RPM I, LLC and RP MIP Holdings, LLC ("RP MIP Holdings"). The equity interest holders of RP MIP Holdings include our named executive officers and certain employees of the Legacy Manager, who became employees of Royalty Pharma, LLC, a wholly-owned subsidiary of RP Holdings, in connection with the Internalization. We completed the acquisition of RP Manager on May 16, 2025.

Understanding Our Financial Reporting

Our portfolio of investments contains royalties and royalty-like terms held through different forms or instruments. Most of the royalties we acquire are treated as investments in cash flow streams and are classified as financial assets measured under the effective interest method in accordance with generally accepted accounting principles in the United States ("GAAP"). Under this accounting methodology, we calculate the effective interest rate on each financial royalty asset using a forecast of the expected cash flows to be received over the life of the financial royalty asset relative to the initial acquisition price. The yield, which is calculated at the end of each reporting period and applied prospectively, is then recognized via accretion into our income at the effective rate of return over the expected life of the financial royalty asset.

The measurement of income from our financial royalty assets requires significant judgments and estimates, including management's judgment in forecasting the expected future cash flows of the underlying royalties and the expected duration of each financial royalty asset. Our cash flow forecasts are updated each reporting period primarily using sell-side equity research analysts' consensus sales estimates. We then calculate our expected royalty receipts by applying our royalty terms to these consensus sales forecasts. As we update our forecasted cash flows on a periodic basis and recalculate the present value of the remaining future cash flows, any shortfall when compared to the carrying value of the financial royalty asset is recorded directly in the condensed consolidated statements of operations as non-cash provision expense. If, in a subsequent period, there is an increase in expected cash flows or if actual cash flows are greater than cash flows previously expected, we reverse the provision expense previously recorded in part or in full by recording a non-cash credit to the provision, or provision income.

As a result of the non-cash charges associated with applying the effective interest method accounting methodology to our financial royalty assets, our condensed consolidated statements of operations activity can be volatile and unpredictable. Small declines in sell-side equity research analysts' consensus sales forecasts over a long time horizon can result in an immediate non-cash income statement expense recognition, even though the applicable cash inflows will not be realized for many years into the future. For example, in late 2014 we acquired the cystic fibrosis franchise and shortly after, declines in near-term sales forecasts of sell-side equity research analysts caused us to recognize non-cash provision expense in our condensed consolidated statements of operations. Over the course of the next 10 quarters, we continued to recognize non-cash provision expense because of these changes in sales forecasts, ultimately reaching a peak cumulative allowance of $1.30 billion by September 30, 2017. With the approval of Vertex's Trikafta, in October 2019, sell-side equity research analysts' consensus sales forecasts increased to reflect the larger addressable market and the extension of the expected duration of the Trikafta royalty, resulting in the reversal of the remaining $1.10 billion cumulative allowance. The recognition of the associated non-cash provision income of $1.10 billion in 2019 was not tied to royalty receipts, but rather to the increase in sales forecasts due to the U.S. Food and Drug Administration ("FDA") approval of Trikafta. This example illustrates the volatility caused by our accounting model in our condensed consolidated statements of operations.

We believe there is no direct correlation between income from financial royalty assets and royalty receipts due to the nature of the accounting methodology applied for financial royalty assets. Further, income from financial royalty assets and the provision for changes in expected cash flows related to these financial royalty assets can be volatile and unpredictable.

Our operations have historically been financed primarily with cash flows generated by our royalties. Given the importance of cash flows and their predictability to management's operation of the business, management uses Portfolio Receipts (as defined below) as a primary measure of our operating performance. See "—Portfolio Overview" for additional discussion regarding Portfolio Receipts.

Understanding Our Results of Operations

We report non-controlling interests related to the portion of ownership interests of consolidated subsidiaries not owned by us and which are attributable to:

1. The Legacy Investors Partnerships' ownership of approximately 18% in Old RPI, which is the only remaining historical non-controlling interest that existed prior to our IPO. The value of this non-controlling interest will continue to decline over time as the assets in Old RPI expire. The Legacy Investors Partnerships are referred to as the "legacy non-controlling interests."

2. 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"). RP Holdings Class B Interests are exchangeable into our Class A ordinary shares. As the Continuing Investors Partnerships conduct exchanges, the Continuing Investors Partnerships' indirect ownership in RP Holdings decreases and the value of this non-controlling interest decreases.

3. Pablo Legorreta's ultimate ownership of the RP Holdings' Class C ordinary share (the "RP Holdings Class C Special Interest") which entitles him to receive Equity Performance Awards ("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 new portfolio 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, who became employees of Royalty Pharma, LLC, a wholly-owned subsidiary of RP Holdings, in connection with the Internalization. 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"). Prior to the Internalization, Founder's Equity, which included the Employee EPAs, was accounted for as an equity transaction and recorded as non-controlling interest. Following the Internalization, Founder's Equity, which no longer includes Employee EPAs, continues to be accounted as non-controlling interest.

4. The Sellers' 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, we issued 24.5 million RP Holdings Class E Interests, subject to vesting conditions, to the Sellers (the "Holders of RP Holdings Class E Interests") as part of the transaction considerations. Upon vesting, the RP Holdings Class E Interests become exchangeable on a one-for-one basis for Class A ordinary shares, and upon such exchange, the value of this non-controlling interest decreases.

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

Total income and other revenues

Total income and other revenues is primarily comprised of interest income from our financial royalty assets and royalty income generally arising from successful commercialization of products developed through research and development ("R&D") funding arrangements. Most of our royalties are classified as financial assets as our ownership rights are generally passive in nature.

The royalty payor that accounted for greater than 10% of our total income and other revenues is shown in the table below:

		For the Three Months Ended March 31,	
Royalty Payor	**Royalty**	**2026**	**2025**
Vertex	Cystic fibrosis franchise	34 %	34 %

Income from financial royalty assets

Our financial royalty assets represent investments in cash flow streams with yield components that most closely resemble loans measured at amortized cost under the effective interest method. We calculate the effective interest rate using forecasted expected cash flows to be received over the life of the royalty asset relative to the initial acquisition price. Interest income is recognized at the effective rate of return over the expected life of the asset, which is calculated at the end of each reporting period and applied prospectively. As changes in sell-side equity research analysts' consensus sales estimates are updated on a quarterly basis, the effective rate of return changes. For example, if sell-side equity research analysts' consensus sales forecasts increase, the yield to derive income on a financial royalty asset will increase and result in higher income for subsequent periods.

Variables affecting the recognition of interest income from financial royalty assets under the prospective effective interest method include any one of the following: (1) additional acquisitions, (2) changes in expected cash flows of the underlying pharmaceutical products, derived primarily from sell-side equity research analysts' consensus sales forecasts, (3) regulatory approval of additional indications which leads to new cash flow streams, (4) changes to the estimated duration of the royalty (e.g., patent expiration date), (5) changes in amounts and timing of projected royalty receipts and milestone payments and (6) changes in the portion of sales that are subject to the royalty, which is referred to as royalty bearing sales. Our financial royalty assets are directly linked to sales of underlying pharmaceutical products whose life cycle typically peaks at a point in time, followed frequently by declining sales trends due to the entry of generic competition, resulting in natural declines in the asset balance and periodic interest income over the life of our royalties. The recognition of interest income from royalties requires management to make estimates and assumptions around many factors, including those impacting the variables noted above.

Other royalty income and revenues

Other royalty income and revenues primarily includes income from financial royalty assets that have been fully amortized and income from synthetic royalties and milestones arising out of R&D funding arrangements. Occasionally, a royalty asset may be amortized on an accelerated basis due to collectability concerns, which, if resolved, may result in future cash collections when no financial royalty asset remains. Similarly, we may continue to collect royalties on a fully amortized financial royalty asset beyond the estimated duration. In each scenario where a financial royalty asset has been fully amortized, income from such royalty is recognized as *Other royalty income and revenues*.

Provision for changes in expected cash flows from financial royalty assets

The *Provision for changes in expected cash flows from financial royalty assets* includes the following:

- non-cash expense or income related to the current period activity resulting from adjustments to the cumulative allowance for changes in expected cash flows; and
- non-cash expense or income related to the provision for current expected credit losses, which reflects the activity for the period, primarily due to new financial royalty assets with limited protective rights and changes to cash flow estimates for financial royalty assets with limited protective rights.

As discussed above, income is accreted on our financial royalty assets using the effective interest method. As we update our forecasted cash flows on a periodic basis and recalculate the present value of the remaining future cash flows, any shortfall when compared to the carrying value of the financial royalty asset is recorded directly in the condensed consolidated statements of operations through the line item *Provision for changes in expected cash flows from financial royalty assets*. If, in a subsequent period, there is an increase in expected cash flows or if actual cash flows are greater than cash flows previously expected, we reverse the provision expense previously recorded in part or in full by recording a credit to the provision, or provision income.

The same variables and management's estimates affecting the recognition of interest income on our financial royalty assets noted above also directly impact the provision.

Provision for credit losses on unfunded commitments

The provision for credit losses on unfunded commitments, a non-cash item, represents the current expected credit losses on the unfunded portions of our funding arrangements with Revolution Medicines, Inc. ("Revolution Medicines"). Because we have limited protective rights with respect to each unfunded portion once the committed funding is provided, we are required to recognize an allowance for current expected credit losses based on our estimate of probability of future funding. We estimate this allowance using the probability of default and loss given default method. We are required to reassess our estimate of current expected credit losses as of each reporting date and any subsequent change to such allowance, which can be income or expense, is reflected within *Provision for credit losses on unfunded commitments* in the condensed consolidated statements of operations.

R&D funding expense

R&D funding expense consists of certain development-stage funding payments that we have made to counterparties to acquire royalties or milestones on product candidates. The payments can be made on an upfront basis, upon pre-approval milestones or over time as the related product candidates undergo clinical trials.

General and administrative expenses

Prior to the Internalization, the most significant component of general and administrative ("G&A") expenses was the Management Fees (as defined below). Under the Legacy Management Agreement, we paid a quarterly operating and personnel payment to RPM or its affiliates equal to 6.5% of the cash receipts from Royalty Investments (as defined in the Legacy Management Agreement) and 0.25% of the value of our security investments under GAAP as of the end of such quarter ("Management Fees").

Following the Internalization, we no longer pay Management Fees; instead, employee compensation expenses represent the most significant component of G&A expenses. Employee compensation includes cash-based and share-based expenses. Share-based compensation expenses arising from the Internalization primarily include the following:

1. Approximately 22.8 million RP Holdings Class E Interests with an aggregate fair value of approximately $755.4 million, which are expensed over vesting periods on a straight-line basis of generally five to nine years. As of March 31, 2026, we had $609.8 million of unrecognized compensation expense related to 18.4 million RP Holdings Class E Interests that are expected to vest over a weighted average period of 5.3 years.

2. The vesting of the Employee EPAs over their remaining service periods and the subsequent change in their fair value. The fair value of the Employee EPAs is driven by the performance of the investments within the Portfolio and will fluctuate based on the timing and amount of investments made during the investment period as well as the actual and expected returns on the investments.

Additionally, as each new Portfolio commences after the Internalization, any related Employee EPAs will also be recognized as share-based compensation expense over the required service periods of generally four years and included within *General and administrative expenses* in the condensed consolidated statement of operations. Lastly, G&A expenses include rent, legal fees and other expenses for professional services.

Equity in earnings of equity method investees

Equity in earnings of equity method investees primarily includes the results of our share of income or loss from the following non-consolidated affiliates:

1. *Legacy SLP Interest.* In connection with the Exchange Offer, we acquired an equity method investment from the Continuing Investors Partnerships in the form of a special limited partnership interest in the Legacy Investors Partnerships (the "Legacy SLP Interest") in exchange for issuing shares in our subsidiary. The Legacy SLP Interest entitles us to the equivalent of performance distribution payments that would have been paid to the general partner of the Legacy Investors Partnerships and a performance income allocation on a similar basis. As the Legacy Investors Partnerships no longer participate in investment opportunities, the value of the Legacy SLP Interest is expected to decline over time.

2. *The Avillion Entities.* The Avillion Entities (as defined below) partner with global biopharmaceutical companies to perform R&D in exchange for success-based milestones or royalties if products are commercialized. Our investments in Avillion Financing I, LP ("Avillion I") and BAv Financing II, LP ("Avillion II" and together with Avillion I, the "Avillion Entities") are accounted for using the equity method.

Other expense, net

Other expense, net primarily includes the changes in fair value of our equity securities and available for sale debt securities, including related forwards and funding commitments, and interest income.

Net income attributable to non-controlling interests

The net income attributable to non-controlling interests includes income attributable to the legacy non-controlling interests and the continuing non-controlling interests. Since the Legacy Investors Partnerships no longer participate in investment opportunities, the related net income attributable to the legacy non-controlling interests is expected to continue to decline over time as the assets held by Old RPI mature.

The net income attributable to the continuing non-controlling interests related to the Continuing Investors Partnerships and the Holders of RP Holdings Class E Interests is expected to decline over time if the investors who indirectly own the RP Holdings Class B Interests and RP Holdings Class E Interests, respectively, conduct exchanges for our Class A ordinary shares.

Net income attributable to non-controlling interests above can fluctuate significantly from period to period, primarily driven by volatility in the income statement activity of the respective underlying entity as a result of the non-cash charges associated with applying the effective interest accounting methodology to our financial royalty assets as described in the section titled "Understanding Our Financial Reporting."

Further, the net income attributable to the continuing non-controlling interests includes EPAs attributable to Founder's Equity.

Results of Operations

Our historical results of operations for 2025 have been recast to reflect the adoption of ASU 2025-07 by removing the losses previously recognized on derivative. The comparison of our historical results of operations is as follows (in thousands):

	For the Three Months Ended March 31,		Change	
	2026	2025	$	%
Income and other revenues				
Income from financial royalty assets	$ 594,992	$ 539,490	55,502	10.3
Other royalty income and revenues	35,584	28,757	6,827	23.7
Total income and other revenues	**630,576**	**568,247**	**62,329**	11.0
Operating (income)/expense				
Provision for changes in expected cash flows from financial royalty assets	(197,485)	(127,140)	(70,345)	55.3
Provision for credit losses on unfunded commitments	(3,700)	—	(3,700)	n/a
Research and development funding expense	39,790	50,500	(10,710)	(21.2)
General and administrative expenses	159,490	110,705	48,785	44.1
Financial royalty asset impairment	69,443	—	69,443	n/a
Total operating expense, net	**67,538**	**34,065**	**33,473**	98.3
Operating income	**563,038**	**534,182**	**28,856**	5.4
Other (income)/expense				
Equity in earnings of equity method investees	(21,758)	(6,443)	(15,315)	237.7
Interest expense	93,722	65,261	28,461	43.6
Other expense, net	22,818	40,931	(18,113)	(44.3)
Total other expense, net	**94,782**	**99,749**	**(4,967)**	(5.0)
Consolidated net income	**468,256**	**434,433**	**33,823**	7.8
Net income attributable to non-controlling interests	173,566	195,084	(21,518)	(11.0)
Net income attributable to Royalty Pharma plc	**$ 294,690**	**$ 239,349**	**55,341**	23.1

Total income and other revenues

Income from financial royalty assets

Income from financial royalty assets by top products is as follows, in order of contribution to income for the first quarter of 2026 (in thousands):

	For the Three Months Ended March 31,		Change	
	2026	2025	$	%
Cystic fibrosis franchise	$ 211,981	$ 195,115	16,866	8.6
Evrysdi	55,715	51,777	3,938	7.6
Tremfya	46,690	38,125	8,565	22.5
Voranigo	43,790	30,526	13,264	43.5
Trelegy	39,072	34,777	4,295	12.4
Tysabri	26,968	31,327	(4,359)	(13.9)
Other products	170,776	157,843	12,933	8.2
Total income from financial royalty assets	**$ 594,992**	**$ 539,490**	**55,502**	10.3

Income from financial royalty assets increased by $55.5 million, or 10.3%, in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to $19.3 million of interest income from Imdelltra, which was acquired in the third quarter of 2025 and is reflected within other products in the above table, as well as increases in interest income from the cystic fibrosis franchise and Voranigo. The increase in income from the cystic fibrosis franchise was primarily driven by higher interest income following the reversal of the allowance for changes in expected cash flows related to the FDA approval of Alyftrek in the fourth quarter of 2024. The increase from Voranigo reflects the asset's strong performance since its FDA approval in August 2024.

Other royalty income and revenues

Other royalty income and revenues increased by $6.8 million, or 23.7%, in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by income from fully amortized financial royalty assets.

Provision for changes in expected cash flows from financial royalty assets

Provision activity is a combination of income and expense items. The provision breakdown by royalty asset (exclusive of the provision for current expected credit losses) based on the largest contributors to each period's provision income or expense (in thousands) is as follows:

Royalty	For the Three Months Ended March 31, 2026	Royalty	For the Three Months Ended March 31, 2025
Evrysdi	$ (104,480)	Cystic fibrosis franchise	$ (234,421)
Tysabri	(91,388)	Trelegy	(66,647)
Xtandi	(41,679)	Xtandi	(20,799)
Trelegy	(17,356)	Evrysdi	122,301
Adstiladrin	56,226	Tremfya	61,048
Other	8,242	Other	24,884
Total provision, exclusive of provision for credit losses	**(190,435)**	**Total provision, exclusive of provision for credit losses**	**(113,634)**
Provision for current expected credit losses	(7,050)	Provision for current expected credit losses	(13,506)
Total provision	**$ (197,485)**	**Total provision**	**$ (127,140)**

In the first quarter of 2026, we recorded provision income of $197.5 million, comprised of $190.4 million in provision income for changes in expected cash flows and $7.1 million in provision income for current expected credit losses. We recorded provision income for changes in expected cash flows primarily related to Evrysdi, Tysabri and Xtandi due to increases in sell-side equity research analysts' consensus sales forecasts, partially offset by provision expense related to Adstiladrin due to changes in sales forecasts.

In the first quarter of 2025, we recorded provision income of $127.1 million, comprised of $113.6 million in provision income for changes in expected cash flows and $13.5 million in provision income for current expected credit losses. We recorded provision income for changes in expected cash flows primarily related to cystic fibrosis franchise due to increase in sell-side equity research analysts' consensus sales forecasts. The provision income for changes in expected cash flows was partially offset by provision expense related to Evrysdi due to declines in sell-side equity research analysts' consensus sales forecasts.

Provision for credit losses on unfunded commitments

Provision for credit losses on unfunded commitments was $3.7 million in the first quarter of 2026, related to our funding arrangement with Revolution Medicines entered into in June 2025.

R&D funding expense

R&D funding expense decreased by $10.7 million, or 21.2% in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to lower R&D funding for litifilimab, partially offset by R&D expense for TEV-'408.

G&A expenses

G&A expenses increased by $48.8 million, or 44.1%, in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by additional share-based compensation expenses recognized following the Internalization which was completed on May 16, 2025. G&A expenses in the first quarter of 2025 primarily consisted of Management Fees, including a $33.0 million payment related to the sale of the MorphoSys Development Funding Bonds.

Financial royalty asset impairment

We recognized a financial royalty asset impairment charge of $69.4 million in the first quarter of 2026 related to Tazverik following announcements by Ipsen and Eisai in March 2026 of the voluntary withdrawal of Tazverik across all indications and markets. We did not recognize impairment charges in the first quarter of 2025.

Equity in earnings of equity method investees

Equity in earnings of equity method investees increased by $15.3 million, or 237.7%, in the first quarter of 2026 as compared to the first quarter of 2025. Equity in earnings of equity method investees in the first quarter of 2026 was primarily driven by a $15.2 million gain related to our portion of the Airsupra sales-based milestone that the Avillion Entities received from AstraZeneca. Equity in earnings of equity method investees in the first quarter of 2025 was primarily driven by an income allocation from the Legacy SLP Interest of $8.2 million.

Interest expense

Interest expense increased by $28.5 million, or 43.6%, in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by the issuance of $2.0 billion of senior unsecured notes in September 2025 and the $380 million term loan that we assumed as part of the Internalization. The weighted average coupon rate on our senior unsecured notes outstanding as of March 31, 2026 and 2025 was 3.75% and 3.06%, respectively.

Refer to the "Liquidity and Capital Resources" section for additional discussion of our debt financing arrangements.

Other expense, net

Other expense, net of $22.8 million in the first quarter of 2026 was primarily comprised of $20.2 million of losses on equity securities and $6.7 million of losses on available for sale debt securities primarily driven by the changes in fair value of the Cytokinetics Funding Arrangements, partially offset by $6.2 million of interest income earned on cash and cash equivalents.

Other expense, net of $40.9 million in the first quarter of 2025 was primarily comprised of $45.9 million of losses on equity securities partially offset by $11.3 million of interest income on cash and cash equivalents.

Net income attributable to non-controlling interests

Net income attributable to Legacy Investors Partnerships decreased by $13.6 million in the first quarter of 2026 as compared to first quarter of 2025, primarily driven by lower net income attributable to Old RPI as a result of impairment charges related to Tazverik.

Net income attributable to Continuing Investors Partnerships was relatively flat in the first quarter of 2026 as compared to first quarter of 2025.

Net income attributable to Founder's Equity decreased by $25.6 million in the first quarter of 2026 as compared to first quarter of 2025, primarily driven by the Internalization completed in May 2025. In the first quarter of 2025, net income attributable to Founder's Equity included both Mr. Legorreta's retained EPAs and employee participation in the EPAs. In the first quarter of 2026, Founder's Equity includes only Mr. Legorreta's retained EPAs.

Net income attributable to RP Holdings Class E Interests was $16.4 million in the first quarter of 2026. The RP Holdings Class E Interests were issued in connection with the Internalization.

Portfolio Overview

Our business model is different from that of traditional operating companies in the biopharmaceutical industry. Our operating performance is a function of our liquidity as our operations have historically been financed primarily with cash flows generated by our royalties. We use the cash generated by our existing royalties to fund investments in new royalties. We consider a variety of metrics in assessing the performance of our business. 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 also enables management to better analyze our liquidity and long-term growth prospects by providing a more granular product-by-product presentation of the underlying cash generation of our royalty investments.

Portfolio Receipts is defined as the sum of royalty receipts and milestones and other contractual receipts. Royalty receipts include variable payments based on sales of products, net of contractual payments to the legacy non-controlling interests, that are attributed to us ("Royalty Receipts"). Milestones and other contractual receipts include sales-based or regulatory milestone payments and other fixed contractual receipts, net of contractual payments to the legacy non-controlling interests, that are attributed to us. Portfolio Receipts does not include royalty receipts and milestones and other contractual receipts that were received on an accelerated basis under the terms of the agreement governing the receipt or payment. Portfolio Receipts also does not include proceeds from equity securities or proceeds from purchases and sales of marketable securities, both of which are not central to our fundamental business strategy.

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

Our portfolio consists of royalties on more than 35 marketed therapies and 19 development-stage product candidates. The therapies in our portfolio address therapeutic areas such as rare diseases, neuroscience, oncology, hematology, immunology, respiratory and diabetes, and are delivered to patients across both primary and specialty care settings. The table below shows Portfolio Receipts, including Royalty Receipts by product and milestones and other contractual receipts, in order of contribution to total Royalty Receipts for the first quarter of 2026 (in thousands):

Products	Marketer(s)	Therapeutic Area	For the Three Months Ended March 31,		Change	
			2026	2025	$	%
Cystic fibrosis franchise[1]	Vertex	Rare disease	$ 253,254	$ 249,731	3,523	1.4
Trelegy	GSK	Respiratory	97,681	85,235	12,446	14.6
Evrysdi	Roche	Rare disease	79,657	52,654	27,003	51.3
Tremfya	Johnson & Johnson	Immunology	63,983	35,647	28,336	79.5
Tysabri	Biogen	Neuroscience	59,338	61,066	(1,728)	(2.8)
Xtandi	Pfizer, Astellas	Oncology	51,028	52,478	(1,450)	(2.8)
Voranigo	Servier	Oncology	46,839	19,542	27,297	139.7
Imbruvica	AbbVie, Johnson & Johnson	Oncology	37,911	45,852	(7,941)	(17.3)
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	Oncology	22,593	20,668	1,925	9.3
Promacta	Novartis	Hematology	17,183	44,189	(27,006)	(61.1)
Imdelltra	Amgen	Oncology	16,736	—	16,736	n/a
Trodelvy	Gilead	Oncology	13,430	12,605	825	6.5
Spinraza	Biogen	Rare disease	11,689	12,891	(1,202)	(9.3)
Amvuttra	Alnylam	Rare disease	8,266	—	8,266	n/a
Other products[2]			107,588	95,721	11,867	12.4
Royalty Receipts			$ 887,176	$ 788,279	98,897	12.5
Milestones and other contractual receipts			38,186	51,013	(12,827)	(25.1)
Portfolio Receipts[3]			**$ 925,362**	**$ 839,292**	**86,070**	10.3

(1) The cystic fibrosis franchise includes the following approved products: Kalydeco, Orkambi, Symdeko/Symkevi, Trikafta/Kaftrio and Alyftrek.
(2) Other products primarily include Royalty Receipts on the following products: Crysvita, Emgality, Erleada, Farxiga/Onglyza, IDHIFA, Niktimvo, Nurtec ODT, Orladeyo, Skytrofa, Soliqua, Yorvipath and distributions from the Legacy SLP Interest, which are presented as *Distributions from equity method investees* on the condensed consolidated statements of cash flows.
(3) Portfolio Receipts for 2025 does not include the $511 million of proceeds from our sale of the MorphoSys Development Funding Bonds because it was treated as an asset sale.

Analysis of Portfolio Receipts

The key drivers of Portfolio Receipts are discussed below:

- **Cystic fibrosis franchise** – Royalty Receipts from the cystic fibrosis franchise, including Kalydeco, Orkambi, Symdeko/Symkevi, Trikafta/Kaftrio and Alyftrek, which is marketed by Vertex for the treatment of cystic fibrosis, increased by $3.5 million in the first quarter of 2026 as compared to the first quarter of 2025. The increase was primarily due to strong cystic fibrosis patient demand, a modest benefit from channel inventory and higher net prices in the United States, while ex-U.S. saw solid performance across multiple geographies.

- **Trelegy** – Royalty Receipts from Trelegy, which is marketed by GSK for the maintenance treatment of chronic obstructive pulmonary disease and asthma, increased by $12.4 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by continued strong volume growth across all regions, reflecting patient demand, single inhaler triple therapy class growth, and increased market share.

- **Evrysdi** – Royalty Receipts from Evrysdi, which is marketed by Roche for the treatment of spinal muscular atrophy, increased by $27.0 million in the first quarter of 2026 as compared to the first quarter of 2025, attributable to growth in international markets due to tender-related buying and strong performance in Europe. Additionally, Royalty Receipts benefited from the incremental royalties we acquired in the fourth quarter of 2025.

- **Tremfya** – Royalty Receipts from Tremfya, which is marketed by Johnson & Johnson for the treatment of plaque psoriasis, active psoriatic arthritis and inflammatory bowel disease, increased by $28.3 million in the first quarter of 2026 as compared to the first quarter of 2025 driven by market share gains and market growth, including strong uptake across recently launched inflammatory bowel disease indications.

- **Tysabri** – Royalty Receipts from Tysabri, which is marketed by Biogen for the treatment of multiple sclerosis, decreased by $1.7 million in the first quarter of 2026 as compared to the first quarter of 2025, due to increased competition in rest of world, partially offset by continued resilience in the United States.

- **Xtandi** – Royalty Receipts from Xtandi, which is marketed by Pfizer and Astellas for the treatment of prostate cancer, decreased by $1.5 million in the first quarter of 2026 as compared to the first quarter of 2025, attributable to lower sales in the United States, partially offset by continued growth across ex-U.S. regions.

- **Voranigo –** Royalty Receipts from Voranigo, which is marketed by Servier for the treatment of low-grade glioma, increased by $27.3 million in the first quarter of 2026 compared to first quarter of 2025, primarily driven by its strong launch in the United States.

- **Imbruvica** – Royalty Receipts from Imbruvica, which is marketed by AbbVie and Johnson & Johnson for the treatment of blood cancers and chronic graft versus host disease, decreased by $7.9 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to continued competitive dynamics and Medicare Part D redesign.

- **Cabometyx/Cometriq** – Royalty Receipts from Cabometyx/Cometriq, which is marketed by Exelixis, Ipsen and Takeda, primarily for the treatment of advanced renal cell carcinoma, hepatocellular carcinoma and neuroendocrine tumors, increased by $1.9 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by continued demand growth from uptake in combination with Opdivo in first-line renal cell carcinoma and previously treated advanced neuroendocrine tumors.

- **Promacta** – Royalty Receipts from Promacta, which is marketed by Novartis for the treatment of chronic immune thrombocytopenia purpura and aplastic anemia, decreased by $27.0 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to generic competition as well as revenue deduction adjustments in the United States.

- **Imdelltra** – Royalty Receipts from Imdelltra, which is marketed by Amgen for the treatment of extensive-stage small cell lung cancer (“ES-SCLC”) were $16.7 million in the first quarter of 2026, primarily driven by its strong global launch as it establishes a new standard of care in second-line ES-SCLC. We acquired the Imdelltra royalty in the third quarter of 2025 and began receiving Royalty Receipts in the fourth quarter of 2025.

- **Trodelvy** – Royalty Receipts from Trodelvy, which is marketed by Gilead for the treatment of metastatic triple-negative breast cancer and pre-treated hormone receptor-positive, human epidermal growth factor receptor 2 (“HER2”)-negative metastatic breast cancer, increased by $0.8 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily driven by higher demand in breast cancer treatment.

- **Spinraza** – Royalty Receipts from Spinraza, which is marketed by Biogen for the treatment of spinal muscular atrophy (“SMA”), decreased by $1.2 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to higher sales in the first nine months of 2025 as compared to the first nine months of 2024, which resulted in less royalty-bearing sales in the fourth quarter of 2025 due to the $1.5 billion sales cap, which was achieved in both years.

- **Amvuttra** – Royalty Receipts from Amvuttra, which is marketed by Alnylam for the treatment of transthyretin (“TTR”) amyloidosis with cardiomyopathy and for hereditary TTR amyloidosis with polyneuropathy were $8.3 million in the first quarter of 2026, mainly due to strong performance in the United States following its second quarter 2025 launch in transthyretin amyloidosis cardiomyopathy. We acquired the Amvuttra royalty in the fourth quarter of 2025 and began receiving Royalty Receipts in the first quarter of 2026.

- **Other products** – Royalty Receipts from other products increased by $11.9 million in the first quarter of 2026 as compared to the first quarter of 2025, driven by Niktimvo, Skytrofa and Yorvipath, partially offset by the timing of Soliqua royalty payments.

- **Milestones and other contractual receipts** decreased by $12.8 million in the first quarter of 2026 as compared to the first quarter of 2025. and includes payments for Airsupra, Bosulif and Cytokinetics. The change is primarily attributable to the $9.7 million quarterly repayment on the MorphoSys Development Funding Bonds received in the prior year period.

Key Developments Relating to Our Portfolio

Recent key developments related to products in our portfolio are discussed below:

Commercial Products

- **Myqorzo.** In May 2026, Cytokinetics announced positive topline results from ACACIA-HCM, the pivotal phase 3 clinical trial of Myqorzo in patients with non-obstructive hypertrophic cardiomyopathy. ACACIA-HCM met both dual primary endpoints, demonstrating statistically significant improvements from baseline to Week 36 compared to placebo.

  In February 2026, Cytokinetics announced that the European Commission ("EC") approved Myqorzo for the treatment of symptomatic obstructive hypertrophic cardiomyopathy in adult patients.

- **Ziihera.** In April 2026, Jazz Pharmaceuticals announced that the FDA accepted for filing, with Priority Review, a supplemental Biologics License Application for Ziihera in combination regimens for the first-line treatment of adult patients with HER2-positive metastatic gastroesophageal adenocarcinoma. The FDA has set a Prescription Drug User Fee Act target action date of August 25, 2026.

- **Spinraza.** In March 2026, Biogen announced that the FDA approved the high dose regimen of Spinraza for SMA.

  In January 2026, Biogen announced that the EC granted marketing authorization for a high dose regimen of Spinraza for SMA.

- **Avlayah.** In March 2026, Denali Therapeutics announced that the FDA granted accelerated approval of Avlayah (tividenofusp alfa) for the treatment of Hunter syndrome. Avlayah is the first FDA-approved biologic specifically designed to cross the blood-brain barrier and reach the whole body, including the brain.

- **Tazverik.** In March 2026, Ipsen announced that it was voluntarily withdrawing Tazverik from all Ipsen markets based on emerging data from the ongoing Phase Ib/III SYMPHONY-1 trial. In addition, Eisai announced plans to discontinue sales of Tazverik in Japan. In the first quarter of 2026, we recorded $69 million of non-cash impairment charges related to Tazverik.

Development-Stage Product Candidates

- **Daraxonrasib.** In April 2026, Revolution Medicines announced positive Phase 3 results from the RASolute-302 trial evaluating daraxonrasib in patients with previously treated metastatic pancreatic cancer. Based on these results, Revolution Medicines intends to submit the data to global regulatory authorities, including the FDA, as part of a future New Drug Application ("NDA") under the Commissioner's National Priority Voucher program.

- **Neladalkib.** In April 2026, Nuvalent announced the submission of an NDA to the FDA for neladalkib, an investigational anaplastic lymphoma kinase ("ALK")-selective inhibitor, for tyrosine kinase inhibitors pre-treated advanced ALK-positive non-small cell lung cancer.

- **Litifilimab.** In March 2026, Biogen reported positive Phase 2 results from the AMETHYST Phase 2/3 study (Part A) of litifilimab in cutaneous lupus erythematosus ("CLE"), demonstrating reductions in skin disease activity through week 24.

  In January 2026, Biogen announced that the FDA granted Breakthrough Therapy Designation for litifilimab for the treatment of CLE.

- **Ampreloxetine.** In March 2026, Theravance Biopharma ("Theravance") reported that the Phase 3 CYPRESS study evaluating ampreloxetine in patients with symptomatic neurogenic orthostatic hypotension due to multiple system atrophy did not meet the primary endpoint. As a result, Theravance will wind down the ampreloxetine program.

- **TEV-'749.** In February 2026, Teva Pharmaceuticals announced that the FDA accepted the NDA for olanzapine extended-release injectable suspension (TEV-'749) for the treatment of schizophrenia in adults.

- **Pelabresib.** In January 2026, Novartis announced plans to submit a European Union regulatory filing for pelabresib in 2026, and that it would begin a new Phase 3 study in the United States, China and Japan.

- **Obexelimab.** In January 2026, Zenas BioPharma ("Zenas") announced positive results from the Phase 3 INDIGO trial of obexelimab in Immunoglobulin G4-related disease ("IgG4-RD"), which met the primary endpoint demonstrating a clinically meaningful and highly statistically significant reduction in risk of IgG4-RD flare. Zenas anticipates submitting a Biologics License Application in Q2 2026 and a Marketing Authorization Application to the European Medicines Agency in the second half of 2026.

Investments Overview

Ongoing investment in new royalties is fundamental to the long-term prospects of our business. New investments provide a source of growth for our Royalty Receipts, supplementing growth within our existing portfolio and offsetting declines for royalties on products that have lost market exclusivity. We evaluate an array of royalty acquisition opportunities on a continuous basis and expect to continue to make acquisitions in the ordinary course of our business. We have established a strong track record of identifying, evaluating and investing in royalties tied to leading products across therapeutic areas and treatment modalities. We invest in approved products and development-stage product candidates that have generated robust proof of concept data. We invest in these therapies through the purchase of royalties, milestones and other contractual receipts by making hybrid investments and by acquiring businesses with significant existing royalty assets or the potential for the creation of such assets.

During the first quarter of 2026, we invested $527.9 million in royalties, milestones and other contractual receipts. While volatility exists in the funding of new acquisitions on a year-to-year basis due to the unpredictable timing of new investment opportunities, we have consistently deployed significant amounts of cash when measured over multi-year periods. Our approach is rooted in a highly disciplined evaluation process that is not dictated by a minimum annual investment threshold.

Summary of Acquisition Activities

- In March 2026, we acquired a royalty interest in Denali Therapeutics' Avlayah upon FDA accelerated approval for $200 million. Avlayah is Denali's lead investigational Transport Vehicle™-enabled enzyme replacement therapy for the treatment of mucopolysaccharidosis type II ("MPS II, or Hunter syndrome"). We will make a $75 million payment upon European Medicines Agency approval if achieved by December 31, 2029.

- In March 2026, we entered into an R&D co-funding arrangement with Johnson & Johnson to provide $500 million over two years for the development of JNJ-4804, an investigational medicine for autoimmune diseases.

- In March 2026, we acquired a royalty interest in Ziihera from Zymeworks Inc. for $250 million. Ziihera, which is marketed by Jazz Pharmaceuticals and BeOne Medicines, is approved for HER2-positive metastatic biliary tract cancer and is in development for HER2-positive gastric cancer.

- In January 2026, we announced a funding agreement with Teva Pharmaceuticals for TEV-'408 for up to $500 million. The agreement includes up to $75 million to co-fund a Phase 2b study for vitiligo targeted for 2026. Based on the results of this study, we have the option to provide up to an additional $425 million to co-fund the Phase 3 development program.

Liquidity and Capital Resources

Overview

Our primary source of liquidity is cash provided by operations. For the first quarter of 2026 and 2025, we generated $718.2 million and $596.1 million, respectively, in *Net cash provided by operating activities*. We believe that our existing capital resources, cash provided by operating activities and access to our Revolving Credit Facility (as defined below) 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, other than R&D funding commitments, 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 March 31, 2026 and December 31, 2025, the par value of all of our outstanding borrowings was $9.2 billion, respectively. Additionally, we have up to $1.8 billion of available revolving commitments under our Revolving Credit Facility (as defined below) and up to $350.0 million of an uncommitted line of credit under our Uncommitted Credit Facility (as defined below). A summary of our borrowing activities, balances and compliance with certain debt covenants under various financing arrangements is included in Note 12–Borrowings of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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.

Cash Flows

The following table and analysis of cash flow changes presents a summary of our cash flow activities (in thousands):

	For the Three Months Ended March 31,		
	2026	2025	Change
Cash provided by/(used in):			
Operating activities	$ 718,233	$ 596,076	$ 122,157
Investing activities	(477,865)	503,917	(981,782)
Financing activities	(272,669)	(941,299)	668,630

Analysis of Cash Flow Changes

Operating Activities

Cash provided by operating activities increased by $122.2 million in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to increase in cash collections from financial royalty assets and decrease in payments for operating and professional costs as a result of the Internalization, partially offset by higher interest payments.

Investing Activities

Cash used in investing activities in the first quarter of 2026 was $477.9 million as compared to cash provided by investing activities of $503.9 million in the first quarter of 2025. In the first quarter of 2026, cash used in investing activities was primarily driven by cash used for acquisitions of financial royalty assets. In the first quarter of 2025, cash provided by investing activities was primarily driven by the sale of the MorphoSys Development Funding Bonds.

Financing Activities

Cash used in financing activities decreased by $668.6 million in first quarter of 2026 as compared to the first quarter of 2025, primarily driven by decreases in repurchases of our Class A ordinary shares.

Sources of Capital

As of March 31, 2026 and December 31, 2025, our cash and cash equivalents totaled $586.4 million and $618.7 million, respectively. We intend to fund short-term and long-term financial obligations as they mature through cash and cash equivalents, future cash flows from operations or the issuance of additional debt. Our ability to generate cash flows from operations, issue debt or enter into financing arrangements on acceptable terms could be adversely affected if there is a material decline in the sales of the underlying pharmaceutical products in which we hold royalties, deterioration in our key financial ratios or credit ratings, or other material unfavorable changes in business conditions. Currently, we believe that we have sufficient financial flexibility to issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms to support our growth objectives.

Borrowings

Our borrowings consisted of the following (in thousands):

Type of Borrowing	Date of Issuance	Maturity	As of March 31, 2026	As of December 31, 2025
Senior Unsecured Notes:				
$1,000,000, 1.75% (issued at 98.284% of par)	9/2020	9/2027	$ 1,000,000	$ 1,000,000
$500,000, 5.15% (issued at 98.758% of par)	6/2024	9/2029	500,000	500,000
$1,000,000, 2.20% (issued at 97.760% of par)	9/2020	9/2030	1,000,000	1,000,000
$600,000, 4.45% (issued at 98.909% of par)	9/2025	3/2031	600,000	600,000
$600,000, 2.15% (issued at 98.263% of par)	7/2021	9/2031	600,000	600,000
$500,000, 5.40% (issued at 97.872% of par)	6/2024	9/2034	500,000	500,000
$900,000, 5.20% (issued at 97.989% of par)	9/2025	9/2035	900,000	900,000
$1,000,000, 3.30% (issued at 95.556% of par)	9/2020	9/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	9/2020	9/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	7/2021	9/2051	700,000	700,000
$500,000, 5.90% (issued at 97.617% of par)	6/2024	9/2054	500,000	500,000
$500,000, 5.95% (issued at 95.824% of par)	9/2025	9/2055	500,000	500,000
Term Loan	See below	7/2026	380,000	380,000
Total senior unsecured debt			**9,180,000**	**9,180,000**
Unamortized debt discount and issuance costs			(223,557)	(229,083)
Total debt carrying value			**8,956,443**	**8,950,917**
Less: Current portion of long-term debt			(380,000)	(380,000)
Total long-term debt			**$ 8,576,443**	**$ 8,570,917**

Senior Unsecured Notes

As of March 31, 2026, our total principal amount of senior unsecured notes outstanding was $8.8 billion (the "Notes") with a weighted average coupon rate of 3.75%. The Notes require semi-annual interest payments. Indentures governing the Notes contain certain covenants with which we were in compliance as of March 31, 2026.

Term Loan assumed from Internalization

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 our 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. We made the first interest payment in the third quarter of 2025. The Term Loan is subject to certain customary covenants, that among other things, require us 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.

Uncommitted Credit Facility

In August 2025, we 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 March 31, 2026, there were no outstanding borrowings under the Uncommitted Credit Facility.

Senior Unsecured Revolving Credit Facility

Our subsidiary, 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, we entered into Amendments No. 4 and 5, respectively, to the Credit Agreement to make certain technical modifications. As of March 31, 2026, we have a borrowing capacity of $1.8 billion under the Revolving Credit Facility.

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 us 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. We were in compliance with the financial covenants as of March 31, 2026.

Adjusted EBITDA and Portfolio Cash Flow are non-GAAP liquidity measures that are key components of certain material covenants contained within the Credit Agreement. Noncompliance with the financial covenants under the Credit Agreement could result in our lenders requiring us to immediately repay all amounts borrowed. If we cannot satisfy these financial covenants, we would be prohibited under our Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments and acquiring and disposing of assets.

The table below presents Adjusted EBITDA and Portfolio Cash Flow, each as calculated according to its respective definition in our Credit Agreement (in thousands):

	For the Three Months Ended March 31,	
	2026	**2025**
Portfolio Receipts	**$ 925,362**	**$ 839,292**
Payments for operating and professional costs[(1)]	(36,251)	(101,696)
Adjusted EBITDA (non-GAAP)	**$ 889,111**	**$ 737,596**
Interest paid, net	(167,029)	(126,797)
Portfolio Cash Flow (non-GAAP)	**$ 722,082**	**$ 610,799**

(1) In the first quarter of 2025, amount included a $33 million payment related to the Management Fees on the sale of the MorphoSys Development Funding Bonds.

Adjusted EBITDA and Portfolio Cash Flow are non-GAAP liquidity measures that exclude the impact of certain items and therefore have not been calculated in accordance with GAAP. We caution readers that amounts presented in accordance with our definitions of Adjusted EBITDA and Portfolio Cash Flow may not be the same as similar measures used by other companies or analysts. A reconciliation of Adjusted EBITDA and Portfolio Cash Flow to *Net cash provided by operating activities*, the closest GAAP measure, is presented below (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Net cash provided by operating activities (GAAP)	**$ 718,233**	**$ 596,076**
Adjustments:		
Proceeds from available for sale debt securities[1], [2]	4,320	12,586
Distributions from equity method investees[2]	42,306	36,262
Interest paid, net[2]	167,029	126,797
Development-stage funding payments	25,500	50,500
Distributions to legacy non-controlling interests - Portfolio Receipts[2]	(77,973)	(84,625)
Payments for Employee EPAs	9,696	—
Adjusted EBITDA (non-GAAP)	**$ 889,111**	**$ 737,596**
Interest paid, net[2]	(167,029)	(126,797)
Portfolio Cash Flow (non-GAAP)	**$ 722,082**	**$ 610,799**

(1) Amounts include quarterly repayments on the Cytokinetics Commercial Launch Funding and a quarterly repayment on the MorphoSys Development Funding Bonds before they were sold in January 2025.

(2) The table below shows the line item for each adjustment and the direct location for such line item in the condensed consolidated statements of cash flows.

Reconciling Adjustment	Statements of Cash Flows Classification
Interest paid, net	Operating activities (*Interest paid* less *Interest received*)
Distributions from equity method investees	Investing activities
Proceeds from available for sale debt securities	Investing activities
Distributions to legacy non-controlling interests - Portfolio Receipts	Financing activities

Uses of Capital

Acquisitions of Royalties

We acquire product royalties in ways that can be 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 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.

Distributions to Shareholders

We paid dividends and distributions of $135.7 million and $127.5 million in the first quarter of 2026 and 2025, respectively. We do not have a legal obligation to pay a quarterly dividend or dividends at any specified rate or at all.

Class A Ordinary Share Repurchases

In January 2025, our board of directors authorized a share repurchase program 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 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 the first quarter of 2026, we repurchased 1.1 million shares at a cost of approximately $50.1 million. As of March 31, 2026, approximately $1.7 billion remained available under the share repurchase program.

Other Funding Arrangements

In March 2026, we entered into an R&D funding arrangement with Johnson & Johnson to provide $500 million in eight fixed quarterly payments commencing in the second quarter of 2026, for the development of JNJ-4804. As of March 31, 2026, $500 million of the commitment remained unfunded.

In June 2025, we entered into a $2 billion funding arrangement with Revolution Medicines, consisting of a synthetic royalty of up to $1.25 billion on daraxonrasib in five $250 million tranches, of which the first tranche was funded upfront, and a senior secured term loan of up to $750 million. As of March 31, 2026, $1.75 billion of the funding commitment remained unfunded. Following Revolution Medicines' announcement in April 2026 of positive Phase 3 results from its RASolute 302 trial of daraxonrasib, we funded the required second royalty tranche of $250 million on May 4, 2026.

We have a long-term funding arrangement with Cytokinetics which is comprised of seven tranches of up to $525 million in total funding ("Cytokinetics Commercial Launch Funding"). As of March 31, 2026, $175 million remained available under the Cytokinetics Commercial Launch Funding.

We may have other funding arrangements where we are contractually obligated to fund R&D activities performed by our development partners. We also have funding arrangements related to our equity method investments in the Avillion Entities. As our committed capital requirements are based on phases of development, the completion of which is highly uncertain, only the capital required to fund the current stage of development under such funding arrangements is considered committed capital, which was approximately $112.3 million as of March 31, 2026.

We also have certain milestones payable to our counterparties that are contingent on the successful achievement of certain development, regulatory approval or commercial milestones. These contingent milestone payments are not considered contractual obligations. We paid sales-based milestones of $50 million related to Trelegy in each of the first quarter of 2026 and 2025.

Guarantor Financial Information

Our obligations under the Notes are fully and unconditionally guaranteed by RP Holdings and RP Manager, our non-wholly owned subsidiaries (together, the "Guarantor Subsidiaries"). Our remaining subsidiaries (the "Non-Guarantor Subsidiaries") do not guarantee the Notes.

Under the terms of the indenture governing the Notes, Royalty Pharma plc and the Guarantor Subsidiaries each fully and unconditionally, jointly and severally, guarantee the payment of interest, principal and premium, if any, on the Notes. As of March 31, 2026, the total outstanding and guaranteed Notes had a par value and carrying value was $8.8 billion and $8.6 billion, respectively.

The following financial information presents summarized combined balance sheet information as of March 31, 2026 and December 31, 2025 and summarized combined statement of operations information for the first quarter of 2026 for Royalty Pharma plc, RP Holdings and RP Manager. All intercompany balances and transactions between these entities are eliminated in the presentation of the combined financial statements. RP Holdings' most significant asset is its investment in operating subsidiaries, which has been eliminated in the table below to exclude investments in Non-Guarantor Subsidiaries. Our operating subsidiaries hold the majority of our cash and cash equivalents, marketable securities and financial royalty assets. As a result, our ability to make required payments on the Notes depends on the performance of our operating subsidiaries and their ability to distribute funds to us. There are no material restrictions on distributions from the operating subsidiaries. Amounts presented below do not represent our total consolidated amounts (in thousands):

Summarized Combined Balance Sheets

	As of March 31, 2026	As of December 31, 2025
Current assets	$ 29,700	$ 27,054
Current interest receivable on intercompany notes due from Non-Guarantor Subsidiaries	22,322	26,932
Non-current assets	926,293	926,732
Non-current intercompany notes receivable due from Non-Guarantor Subsidiaries	2,989,747	3,011,820
Current liabilities	435,285	515,312
Current interest payable on intercompany notes due to Non-Guarantor Subsidiaries	4,525	26,932
Non-current liabilities	9,224,234	9,147,894
Non-current intercompany notes payable due to Non-Guarantor Subsidiaries	1,974,268	2,208,840

Summarized Combined Statement of Operations

	For the Three Months Ended March 31, 2026
Interest income on intercompany notes receivable due from Non-Guarantor Subsidiaries	$ 39,068
Other intercompany income from Non-Guarantor Subsidiaries	25,743
Other income	222
Interest expense on intercompany notes due to Non-Guarantor Subsidiaries	21,272
Other intercompany operating expenses with Non-Guarantor Subsidiaries	19,889
Operating expenses	226,497
Net loss	202,625

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Certain of these policies are considered critical as they have the most significant impact on our financial condition and results of operations and require the most difficult, subjective, or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of income and expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our most critical accounting policies relate to our financial royalty assets. Similarly, the most significant judgments and estimates applied by management are associated with the measurement of our financial royalty assets at amortized cost using the prospective effective interest method. The application of the prospective approach to calculate interest income from our financial royalty assets requires management's judgment in forecasting the expected future cash flows of the underlying royalties. There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk exposures that affect the disclosures presented in "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in the Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) prior to the filing of this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were, effective at the reasonable assurance level, subject to the exclusions described below under "Management's Report on Internal Control over Financial Reporting."

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act during the first quarter of 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of our legal proceedings, refer to Note 15–Commitments and Contingencies, which is incorporated herein by reference.

Item 1A. RISK FACTORS

Described below are certain risks that we believe apply to our business. You should carefully consider the following information about these risks, together with the other information contained in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business.

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 are discussed more fully below and 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.

Risks Relating to Our Business

Biopharmaceutical products are subject to sales risks.

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, delays or failures in obtaining marketing approval in one or more jurisdictions or for additional product indications, lack of market acceptance, changes in the marketer's strategic priorities, obsolescence, lack of coverage or insufficient reimbursement by healthcare programs or insurance plans, loss of patent protection, government regulations and other factors. Development-stage product candidates may also fail to reach the market. Unexpected side effects, safety or efficacy concerns may arise leading to product recalls, withdrawals, diminishing prescribing by physicians, declining reimbursement rates or sales, or litigation. As a result, payments of our royalties may be reduced, delayed or ceased, which could adversely affect our near-term financial performance, internal rates of return, returns on invested capital and returns on invested equity or long-term outlook.

The royalty market may not grow at the same rate as it has in the past, or at all, and we may not be able to acquire sufficient royalties to sustain the growth of our business.

We have historically grown our business by primarily acquiring royalties. However, we may not be able to identify and acquire a sufficient number of royalties, or royalties of sufficient scale, to invest the capital available to us at our targeted rate of capital deployment, which could prevent us from executing our growth strategy and negatively impact our business. Changes in the royalty market, including its structure, participants, growth rate, changes in preferred methods of financing and capital raising in the biopharmaceutical industry, or a reduction in the growth of the biopharmaceutical industry, could lead to diminished opportunities for us to acquire royalties, fewer royalties (or fewer royalties of significant scale) being available, or increased competition for royalties. Even if we continue to acquire royalties, they generally will not generate a meaningful return for several years, if at all, due to transaction structures, circumstances relating to the underlying products or other factors. As a result, we may not be able to continue to acquire royalties or otherwise grow our business as we have in the past, or at all.

Acquisitions of royalties from our investments in development-stage biopharmaceutical product candidates are subject to additional risks and uncertainties.

We acquire royalties on development-stage product candidates that have not yet received marketing approval by any regulatory authority or been commercialized. There can be no assurance that the FDA, the Medicines and Healthcare products Regulatory Agency ("MHRA"), the EMA, Pharmaceuticals and Medical Devices Agency ("PMDA") or other regulatory authorities will approve such products or that such products will be brought to market on a timely basis or at all, the pricing or reimbursement of such products, if approved, or that the market will be receptive to such products. We have previously acquired royalties on development-stage product candidates for which clinical development was stopped for a number of reasons, including clinical trials failing to meet their primary endpoints. These failures have resulted in, and future failures could lead to, non-cash impairment charges or other investment write downs.

If the FDA, MHRA, the EMA, PMDA or other regulatory authority approves a development-stage product candidate that generates our royalties, the labeling, packaging, manufacturing, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. The subsequent discovery of previously unknown problems with the product, including adverse events of unanticipated severity or frequency, may result in marketing restrictions or withdrawal from the market.

In addition, the developers of these development-stage product candidates may not be able to raise additional capital to continue their discovery, development and commercialization activities, which may cause them to delay, reduce the scope of, or eliminate one or more of their clinical trials or R&D programs. If other product developers introduce and market products that are more effective, safer or less expensive than the products that generate our royalties, or if such developers introduce their products prior to the competing products underlying our royalties, the products in which we have invested may not achieve commercial success and thereby result in diminished returns or reduced royalties for us, adversely affecting our business, financial condition or results of operations.

Further, the developers of such products may not have sales, marketing or distribution capabilities. If no sales, marketing or distribution arrangements can be made on acceptable terms or at all, the affected product may not be able to be successfully commercialized, which will result in a loss for us. Losses from such assets could adversely affect our business, financial condition or results of operations.

We intend to continue to provide capital to innovators to co-fund clinical development of a product candidate in exchange for a share of the future revenues of that asset and when we do so, we do not control its clinical development. In these situations, the innovators may not complete activities on schedule or in accordance with our expectations or in compliance with applicable laws and regulations, which could delay or prevent the development, approval, manufacturing or commercialization of the development-stage product candidate for which we have provided funding.

Uncertainty relating to development-stage product candidates makes it more difficult to develop accurate assumptions for our internal models, which may result in reduced royalties compared to our estimates. There can be no assurance that our assumptions around the likelihood of a development-stage product candidate's approval, expected pricing or achieving our forecasted sales will prove correct, that regulatory authorities will approve such development-stage product candidates, that such development-stage product candidates will be brought to market on a timely basis or at all, or that such products will achieve commercial success or result in royalties consistent with our estimates.

We may undertake strategic acquisitions of operating biopharmaceutical companies or acquire securities of biopharmaceutical companies. Our failure to realize the expected benefits of such acquisitions could adversely affect our business, financial condition or results of operations.

We may acquire companies with significant royalty assets or where we believe we could create significant synthetic royalties. These acquired or created royalty assets may not perform as we project. Moreover, the acquisition of operating biopharmaceutical companies may expose us to liabilities not inherent in our other royalty acquisitions, such as direct exposure to product liability claims, high fixed costs or an expansion of our operations and expense structure, thereby potentially decreasing our profitability. The diversion of our management's attention and any delay or difficulties encountered in connection with any future acquisitions could result in the disruption of our on-going business operations. Despite our business, financial and legal due diligence efforts, we have limited experience in assessing opportunities to acquire operating businesses, and we ultimately may be unsuccessful in ascertaining or evaluating all risks associated with such acquisitions. Moreover, we may need to raise additional funds through public or private debt or equity financing to acquire any businesses or products, which may result in dilution for shareholders or the incurrence of indebtedness. As a result, acquisitions of operating biopharmaceutical companies could adversely affect our business, financial condition or results of operations.

We may acquire securities issued by biopharmaceutical companies. Where we acquire equity securities as all or part of the consideration for business development activities, the value of those securities will fluctuate, and may depreciate. We will not control the companies in which we acquire securities, and we will have limited ability to determine management, operational decisions or policies. Further, such transactions may face risks and liabilities that due diligence efforts fail to discover, that are not disclosed to us, or that we inadequately assess. In addition, we may receive material non-public information about other companies. Where such information relates to a company whose equity securities we hold, we may be delayed or prevented from selling such securities when we would otherwise choose to do so, and such delay or prohibition may result in a loss or reduced gain on such securities.

We use leverage in connection with our capital deployment, which magnifies the potential for loss if the royalties we acquire do not generate sufficient income.

We finance a significant portion of our capital deployment with borrowed funds. The use of leverage creates an opportunity for an increased return but also increases the risk of loss if our assets do not generate sufficient cash flows. Our interest expense has increased in recent years. The interest expense and other costs associated with our borrowings may not be covered by our cash flow. In addition, leverage may inhibit our operating flexibility and reduce cash available for dividends or share repurchases.

Our level of indebtedness could limit our ability to respond to changing business conditions. The agreements governing our borrowings may impose operating and financial restrictions which could affect the number and size of the royalties that we may pursue. Therefore, no assurance can be given that we will be able to take advantage of favorable conditions or opportunities as a result of any restrictive covenants under our indebtedness. There can also be no assurance that additional debt financing, either to replace or increase existing debt financing, will be available when needed or on commercially reasonable terms.

Additional risks related to our leverage include:

- to the extent that interest rates at which we borrow increase, our borrowing costs will increase and our leveraging strategy will become more costly, which could lead to diminished Portfolio Cash Flow and net profits;
- we have to comply with various financial covenants in the agreements that govern our debt, including requirements to maintain certain leverage ratios and coverage ratios, which may affect our ability to achieve our business objectives;
- our ability to pay dividends or make share repurchases may be restricted;
- our royalties may be used as collateral for our borrowings; and
- in the event of a default under secured borrowings, if any, one or more of our creditors or their assignees could obtain control of our royalties and, in the event of a distressed sale, these creditors could dispose of these royalties for significantly less value than we could realize for them.

The success of our business depends on key members of our team.

We depend on the expertise, skill and network of business contacts of key members of our team, who evaluate, negotiate, structure, execute, monitor and service our assets. Our future success depends to a significant extent on the continued service and coordination of our team. Although our executives must devote substantially all of their business time to managing us, unless otherwise approved by the board of directors, key members of our team may have other demands on their time, and we cannot assure you that they will continue to be actively involved in our business. The departure of any of these individuals or competing demands on their time could adversely affect our business, financial condition or results of operations.

Our key professionals have relationships with participants in the biopharmaceutical industry, financial institutions and other professionals, which we rely upon to source potential asset acquisition opportunities. If our key professionals fail to maintain such relationships, or to develop new relationships with other sources, we may not be able to grow our portfolio. In addition, we can offer no assurance that these relationships, even if maintained, will generate royalty acquisition opportunities.

There can be no assurance that the policies and procedures we have established to mitigate conflicts of interest will be effective.

There could be conflicts of interest between us and our personnel. Every senior executive is subject to a non-compete agreement that is effective for 18 months following termination of their employment for any reason. In addition, executives must devote substantially all of their time to us, unless otherwise approved by the board of directors. Despite this, the ability of our officers and employees to engage in other business activities may reduce the amount of time they spend working for us. For instance, Mr. Legorreta, our Chief Executive Officer, is also a co-founder of and has significant influence over Pharmakon Advisors, which manages BioPharma Credit PLC (LSE: BPCR) and other investment vehicles that collectively are leading providers of debt capital to the biopharmaceutical industry and he has a substantial investment in BioPharma Credit. In addition, Mr. Legorreta serves as the chairperson of ProKidney Corp.'s board of directors and he participates in foundations that receive and provide medical research funding. Even though he is involved with the companies and the foundations described above, among other organizations, Mr. Legorreta does not have any material constraints on the time he has available to devote to us. While Pharmakon may pursue similar investment opportunities, we believe that actual conflicts of interest are rare due to differing investment strategies, and the fact that royalty holders determine the type of transaction they seek. Under arrangements with Pharmakon, we may provide research, business development, legal, compliance, financial and administrative services to one another, and each party reimburses the other to the extent it provides materially more services than it receives.

To service our indebtedness and meet our other liquidity needs, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. If we cannot generate the required cash, we may be unable to make the required payments under our indebtedness.

As of March 31, 2026, our total principal amount of our senior unsecured notes and borrowings under our term loan was $9.2 billion. In addition to this indebtedness, we have up to $1.8 billion of available revolving commitments under our Revolving Credit Facility (as defined below). Furthermore, on August 4, 2025, we entered into an uncommitted credit facility, which provides for borrowing capacity of up to $350 million at the discretion of the lender thereunder. Except for RP Holdings and RP Manager, our subsidiaries that do not guarantee our indebtedness will have no obligation, contingent or otherwise, to pay amounts due under our indebtedness or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. We cannot assure you that our business will generate sufficient cash flow from operations to enable us to pay our indebtedness or to fund our other liquidity needs.

Absent sufficient cash flow and the ability to refinance, we may be forced to sell assets to make up for any shortfall in our payment obligations. However, the agreements governing our outstanding indebtedness limit our and our subsidiaries' ability to sell assets and also restrict the use of proceeds from such a sale. Accordingly, we may be unable to sell assets quickly enough or for sufficient amounts to meet our obligations on our indebtedness.

Our business is subject to interest rate, foreign exchange, inflation and banking industry risk.

We are subject to interest rate fluctuations through any borrowings under our Revolving Credit Facility, Term Loan and through investments in money market accounts and marketable securities, the majority of which bear variable interest rates. If interest rates were to increase, our borrowing costs may increase and our leverage strategy may become more costly, which could reduce Portfolio Cash Flow and net profits. If interest rates were to decrease, returns on our investments in money market accounts and marketable securities may decrease.

Certain products pay royalties in currencies other than U.S. dollars, which creates foreign currency risk primarily with respect to the Euro, Canadian dollar, British pound, Swiss franc and Japanese yen, as our functional and reporting currency is the U.S. dollar. In addition, 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 income on financial royalty assets and the time at which the transaction settles, or we receive the royalty payment. 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 U.S. dollars using a quarterly average exchange rate. Therefore, cash received may differ from the estimated amount we expected to receive based on fluctuations in currency.

We are also subject to risks and uncertainties caused by significant events with macroeconomic impacts, including, but not limited to geopolitical events, including the Russia-Ukraine conflict, conflicts in the Middle East, tensions between China and Taiwan, trade and other international disputes, including new or increased tariffs and other barriers to trade, rising inflation and interest rates, monetary policy changes, financial services sector instability, recessions, global pandemics, significant natural disasters and foreign currency fluctuations. Changes in the value of currencies relative to the U.S. dollar, or high inflation in countries using a currency other than the U.S. dollar, can impact our revenues, costs and expenses and our financial guidance.

Information available to us about the biopharmaceutical products underlying the royalties we buy may be limited and therefore our ability to analyze each product and its potential future cash flow may be similarly limited.

We may have limited information concerning the products generating the royalties we are evaluating for acquisition. Often, the information we have regarding products following our acquisition of a royalty may be limited to the information that is available in the public domain. Therefore, there may be material information that relates to such products that we would like to know but do not have and may not be able to obtain. For example, we may not have access to the results of studies conducted by marketers of the products or others or the nature or amount of any complaints from doctors or users of such products. In addition, the market data that we obtain independently may also prove to be incomplete or incorrect. Due to these and other factors, the actual cash flow from a royalty may be significantly lower than the amounts we estimate, which could negatively impact our internal rates of return, return on invested capital and return on invested equity.

Our future income is dependent upon numerous royalty-specific assumptions and, if these assumptions prove not to be accurate, we may not achieve our expected rates of returns.

Our business model is based on multiple-year internal and external forecasts regarding product sales and numerous product-specific assumptions in connection with each royalty acquisition, including where we have limited information regarding the product. There can be no assurance that the assumptions underlying our financial models, including those regarding product pricing, reimbursement rates or sales, competition, patent expirations, exclusivity terms, license terms or license terminations for the products underlying our portfolio, are accurate. These assumptions involve a significant element of subjective judgment and may be, and in the past have been, adversely affected by post-acquisition changes in market conditions and other factors affecting the underlying product. The risks relating to these assumptions are exacerbated for development-stage product candidates due to the uncertainties around their development, labeling, regulatory approval, commercialization timing, anticipated pricing, manufacturing and supply, competing products or related factors. Our assumptions regarding the financial stability or operational or marketing capabilities of the partner obligated to pay us royalties may also prove, and in the past have proven, to be incorrect. Due to these and other factors, the assets in our current portfolio or future assets may not generate expected returns or returns in line with our historical financial performance or in the time periods we expect or at all, which could adversely affect our business, financial condition or results of operation.

We make assumptions regarding the royalty duration for terms that are not contractually fixed, and a shortened royalty term could result in a reduction in the effective interest rate, a decline in income from royalties, significant reductions in royalty payments compared to expectations, or a permanent impairment.

In accordance with generally accepted accounting principles in the United States ("GAAP"), we classify most royalty assets that we acquire as financial assets that are measured at amortized cost using the prospective effective interest method described in ASC 835-30. The effective interest rate is calculated by forecasting the expected cash flows to be received over the life of the asset relative to the initial invested amount, net of any purchased receivables. A critical component of such forecast is our assumptions regarding duration of the royalty.

The royalty duration is important for purposes of accurately measuring interest income over the life of a royalty. In making assumptions around the royalty duration for terms that are not contractually fixed, we consider the strength of existing patent protection, expected entry of generics, geographical exclusivity periods and potential patent term extensions tied to the underlying product.

The duration of a royalty usually varies on a country-by-country basis and can be based on a number of factors, such as patent expiration dates, whether the product is sold singly or in combination, regulatory exclusivity, years from first commercial sale of the patent-protected product, the entry of competing generic or biosimilar products, or other terms set out in the contracts governing the royalty. It is common for royalty durations to expire earlier or later than anticipated due to unforeseen positive or negative developments over time, including with respect to the granting of patents and patent term extensions, the invalidation of patents, claims of patent misuse, litigation between the party controlling the patents and third party challengers of the patents, the ability of third parties to design around or circumvent valid patents, the granting of regulatory exclusivity periods or extensions, timing for the arrival of generic or biosimilar competitor products, changes to legal or regulatory regimes affecting intellectual property rights or the regulation of pharmaceutical products, product life cycles, and industry consolidations.

If an unexpected shortening of a royalty term were to occur, it could result in a reduction in the effective interest rate for the asset, a decline in income from royalties, a significant reduction in royalty receipts compared to expectations, or a permanent impairment.

Most of our royalties are classified as financial assets that are measured at amortized cost using the effective interest method as a result of which our GAAP results of operations can be volatile and unpredictable.

In accordance with GAAP, most of the royalty assets we acquire are treated as investments in cash flow streams and are thus classified as financial assets. Under this classification, our financial royalty assets are treated as having a yield component that resembles loans measured at amortized cost under the effective interest accounting methodology. Under this accounting methodology, we calculate the effective interest rate on each financial royalty asset using a forecast of the expected cash flows to be received over the life of the financial royalty asset relative to the initial acquisition price. The yield, which is calculated at the end of each reporting period and applied prospectively, is then recognized via accretion into our income at the effective rate of return over the expected life of the financial royalty asset.

As a result of the non-cash charges associated with the application of the effective interest method accounting methodology, our income statement activity in respect of many of our royalties can be volatile and unpredictable. Small declines in sell-side equity research analysts' consensus sales forecasts over a long time horizon can result in an immediate non-cash income statement expense recognition, even though the applicable cash inflows will not be realized for many years into the future. For example, in late 2014 we acquired our royalty on the cystic fibrosis franchise, which is classified as a financial royalty asset. Beginning in the second quarter of 2015, declines in near-term sales forecasts of sell-side equity research analysts caused us to recognize non-cash provision expense and build up a corresponding cumulative allowance which reduced the gross balance for this financial royalty asset. Over the course of the next 10 quarters, we recognized non-cash provision expense as a result of these changes in forecasts, including a non-cash expense of $743.2 million in 2016, ultimately reaching a peak cumulative allowance of $1.30 billion by September 30, 2017 related to this financial royalty asset. With the approval of the Vertex triple combination therapy, Trikafta, in October 2019, sell-side equity research analysts' consensus sales forecasts increased to reflect the larger addressable market and the extension of the expected duration of the Trikafta royalty. While small reductions in the cumulative allowance for the cystic fibrosis franchise were recognized as provision income in 2017 and 2018, there remained a $1.10 billion cumulative allowance that was fully reduced by recognizing non-cash provision income of $1.10 billion in 2019 as a result of an increase in sell-side equity research analysts' consensus sales forecasts associated with the Trikafta approval. Despite the growth in royalty receipts following the approval of Trikafta, the financial statement impact caused by the application of the effective interest accounting methodology could result in a negative perception of our results in a given period.

Our reliance on a limited number of products may adversely affect our business, financial condition and results of operation.

Although our current asset portfolio includes royalties relating to over 35 marketed products, the top five product franchises accounted for 62% of our Royalty Receipts in the first three months of 2026. In addition, our asset portfolio may not be fully diversified by geographic region or other factors. Any significant deterioration in the cash flows from the top products in our asset portfolio could negatively impact our internal rates of return, return on invested capital and return on invested equity, which could, in turn, adversely affect our business, financial condition or results of operations.

We face competition in acquiring royalties and locating suitable royalties to acquire.

There are a limited number of suitable and attractive opportunities to acquire high-quality royalties. Competition to acquire such royalties is significant and may increase. We compete with a broad range of potential acquirers, including biopharmaceutical companies that market the products on which royalties are paid, investment vehicles and other pools of capital, financial institutions, institutional investors, including sovereign wealth and pension funds, and other market participants. These competitors may be able to access lower cost capital, may be larger than us, may have relationships that provide them access to opportunities before us, or may be willing to acquire royalties for lower projected returns than we are.

Biopharmaceutical products are subject to substantial competition.

The biopharmaceutical industry is a highly competitive and rapidly evolving industry. The length of any product's commercial life cannot be predicted with certainty. One or more products on which we are entitled to a royalty may be rendered obsolete or non-competitive by new or alternate products or improvements made to existing products on which we are not entitled to a royalty, either by the current marketer of such products or by another marketer. Current marketers of products may undertake these development efforts in order to improve their products or to avoid paying our royalty. Competition, obsolescence or governmental and regulatory action or healthcare policy changes could significantly affect the revenues, including royalty-related revenues, of the products which generate our royalties.

Competitive factors affecting the market position and success of each product include:

- safety, side effect profile, effectiveness and market acceptance;
- price, including third-party insurance reimbursement policies;
- timing, introduction and marketer support of the product;
- efficacy and execution of marketing and commercialization strategy;
- manufacturing, supply and distribution;
- governmental regulation and policy, including price caps;
- availability of lower-cost generics or biosimilars or alternative treatments;
- intellectual property protection and exclusivity;
- treatment innovations that eliminate or minimize the need for a product; and
- product liability claims.

Products on which we have a royalty receivable or other interest may be rendered obsolete or non-competitive by new or alternate products, including generics or biosimilars, improvements on existing products, marketing or commercialization strategies, or governmental or regulatory action. In addition, as biopharmaceutical companies increasingly devote significant resources to innovate next-generation products and therapies, products on which we have a royalty may become unattractive to commercialize or obsolete. If a product's market acceptance is diminished or it is withdrawn from the market, continuing payments with respect to biopharmaceutical products will decrease or potentially cease, which may affect our ability to realize the benefits of the royalty receivable or other interest in such product and may result in us incurring asset impairment charges. Further, any product for which we have a royalty receivable or other interest that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Many approved drugs are well established therapies and are widely accepted by physicians, patients and third-party payors. Insurers and other third-party payors may also encourage the use of generic or alternate products. Any of these developments could adversely affect products on which we have a royalty, and consequently could adversely affect our business, financial condition or results of operations.

Marketers of products that generate our royalties are outside of our control.

In the case of our royalty receivables, our cash flow consists primarily of payments supported by royalties paid by marketers. These marketers may have interests that are different from our interests. For example, these marketers may be motivated to maximize their overall income by allocating resources to other products and, in the future, may decide to focus less attention on the products generating our royalties or by allocating resources to develop products that do not generate royalties to us. There can be no assurance that any marketer or person with whom the marketer has a working relationship has adequate resources or motivation to continue to produce, market and sell the products generating our royalties. Aside from any limited audit rights relating to the activities of the marketers that we may have in certain circumstances pursuant to the terms of our arrangements with the licensor, we do not have oversight rights with respect to the marketers' operations and do not have rights allowing us to direct their operations or strategy nor do our agreements contain performance standards for their operations. The calculation of the royalty payments is subject to and dependent upon the adequacy and accuracy of our counterparties' sales and accounting functions.

While we may be able to receive certain information relating to sales of products through the exercise of audit rights and review of royalty reports we receive from the licensor, such information may be received many months following our recognition of the royalty revenue, may require us to adjust our royalty revenues in later periods and may require expense on our part.

We have limited information on the marketers' operations. We will not have the right to review or receive certain information relating to products that the marketers may have, including the results of any studies conducted by the marketers or others, or complaints from doctors or users of products. The market performance of the products generating our royalties may therefore be diminished by any number of factors relating to the marketers that are outside of our control.

The marketers of biopharmaceutical products are, generally, entirely responsible for the ongoing regulatory approval, commercialization, manufacturing and marketing of products.

Generally, the holders of royalties on products have granted exclusive regulatory approval, commercialization, manufacturing and marketing rights to the marketers of such products. The marketers generally have full control over those efforts and sole discretion to determine the extent and priority of the resources they will commit to their program for a product. Accordingly, the successful commercialization of a product depends on the marketer's efforts and is beyond our control. If a marketer does not devote adequate resources to the ongoing development, regulatory approval, commercialization and manufacture of a product, or if a marketer engages in illegal or otherwise unauthorized practices, the product's sales may not generate sufficient royalties, or the product's sales may be suspended, and consequently, could adversely affect our business. In addition, if marketers of biopharmaceutical products decide to discontinue product programs or we believe the commercial prospects of assets have been reduced, we may recognize material non-cash impairment charges related to the financial royalty asset associated with those programs or assets.

License agreements relating to products may, in some instances, be unilaterally terminated or disputes may arise which may affect our royalties.

License agreements relating to the products generating our royalties may be terminated, which may adversely affect sales of such products and therefore the payments we receive. For example, under certain license agreements, marketers retain the right to unilaterally terminate the agreements with the licensors. When the last patent covering a product expires or is otherwise invalidated in a country, a marketer may be economically motivated to terminate its license agreement, either in whole or with respect to such country, in order to terminate its payment and other obligations. In the event of any such termination, a licensor may no longer receive all of the payments it expected to receive from the licensee and may also be unable to find another company to continue developing and commercializing the product on the same or similar terms as those under the license agreement that has been terminated.

In addition, license agreements may fail to provide significant protection for the licensor in case of the licensee's failure to perform or in the event of disputes. License agreements which relate to the products underlying our royalties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what the licensor believes to be the scope of its rights to the relevant intellectual property or technology, or decrease the licensee's financial or other obligations under the relevant agreement, any of which could in turn impact the value of our royalties and adversely affect our business, financial condition or results of operations. If a marketer were to default on its obligations under a license agreement, the licensor's remedy may be limited either to terminating certain licenses related to certain countries or to generally terminate the license agreement with respect to such country. In such cases, we may not have the right to seek to enforce the rights of the licensor and we may be required to rely on the resources and willingness of the licensor to enforce its rights against the licensee.

In any of these situations, if the expected payments under the license agreements do not materialize, this could result in a significant loss to us and adversely affect our business, financial condition or results of operations.

The insolvency of a marketer could adversely affect our receipt of cash flows on the related royalties that we hold.

If a marketer were to become insolvent and seek to reorganize under Chapter 11 of Title 11 of the U.S. Code, as amended, or the Bankruptcy Code, or liquidate under Chapter 7 of the Bankruptcy Code (or foreign equivalent), such event could delay or impede the payment of the amounts due under a license agreement, pending a resolution of the insolvency proceeding. Any unpaid royalty payments due for the period prior to the filing of the bankruptcy proceeding would be unsecured claims against the marketer, which might not be paid in full or at all. While royalty payments due for periods after the filing may qualify as administrative expenses entitled to a higher priority, the actual payment of such post-filing royalty payments could be delayed for a substantial period of time and might not be in the full amount due under the license agreement. The licensor would be prevented by the automatic stay in the bankruptcy proceeding from taking any action to enforce its rights without the permission of the bankruptcy court. In addition, the marketer could elect to reject the license agreement, which would require the licensor to undertake a new effort to market the applicable product with another distributor. Such proceedings could adversely affect the ability of a payor to make payments with respect to a royalty, and could consequently adversely affect our business, financial condition or results of operations.

Unsuccessful attempts to acquire new royalties could result in significant costs, divert management attention and adversely affect our ability to pursue other investment opportunities.

The evaluation of each potential royalty acquisition and the negotiation, drafting and execution of relevant agreements requires substantial management time and attention and results in substantial costs for accountants, attorneys, consultants and other advisors. If a decision is made not to complete a specific acquisition, the costs incurred for the proposed transaction would not be recoverable from a third party. Furthermore, even if an agreement is reached relating to a specific target asset, we may fail to consummate the acquisition for any number of reasons, including, in the case of an acquisition of a royalty through a business combination with a public company, approval by the target company's public shareholders. Unsuccessful attempts to acquire new royalties could result in significant costs, inefficient use of management's time and potential reputational harm. The diversion of management attention and financial resources could adversely affect our ability to evaluate or complete other investments.

The products that generate our royalties are subject to uncertainty related to healthcare reimbursement policies, managed care considerations, pricing pressures and the regulation of the healthcare industry.

In both U.S. and non-U.S. markets, sales of biopharmaceutical products, and the success of such products, depends in part on governmental regulation and the availability and extent of coverage and reimbursement from third-party payors, including government healthcare programs in addition to private insurance plans.

In the United States, pharmaceutical pricing is subject to increasing government regulation, public scrutiny and policy initiatives. For example, initiatives toward "most favored nation" (MFN) drug pricing in the United States could lead to decreased drug pricing or the drug pricing provisions of the Inflation Reduction Act ("IRA") which require manufacturers of select drugs to engage in a process to establish negotiated Medicare prices. It is unknown what form any future changes or any law would take under the Trump administration. In addition, the U.S. Patient Protection and Affordable Care Act, as amended (the "ACA") established a major expansion of healthcare coverage, financed in part by several new rebates, discounts and taxes that had a significant effect on the expenses and profitability on the companies that manufacture the products that generate our royalties.

Other U.S. federal or state legislative or regulatory action or policy efforts could adversely affect the healthcare industry, including, among others, additional transparency and limitations related to product pricing, review the relationship between pricing and manufacturer patient programs, general budget control actions, changes in patent laws, changing interpretations of competition law, exercise by the government of march-in rights in respect of government funded innovations, the importation of prescription drugs from outside the United States at prices that are regulated by governments of various foreign countries, revisions to reimbursement of biopharmaceutical products under government programs, restrictions on U.S. direct-to-consumer advertising or limitations on interactions with healthcare professionals. No assurances can be provided that these laws and regulations will not adversely affect our business, financial condition or results of operations.

Continued intense public scrutiny of the price of drugs, together with government and payor dynamics, may limit the ability of producers and marketers to set or adjust the price of products based on their value. There can be no assurance that new or proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable the producer or marketer of such product to maintain price levels sufficient to realize an appropriate return. These pricing pressures may adversely affect our current royalties and the attractiveness of future acquisitions of royalties.

Outside the United States, numerous major markets, including the EU, UK, Japan and China, have pervasive government regulation of healthcare and government involvement in funding healthcare, and, in that regard, fix the pricing and reimbursement of pharmaceutical products. Consequently, in those markets, the products generating our royalties are subject to government decision-making and budgetary actions.

In addition, many of the products in our portfolio benefit from regulatory exclusivity. If, in an effort to regulate pricing, regulatory exclusivity is not maintained, our business, financial condition or results of operations may be adversely impacted.

The biopharmaceutical industry may be negatively affected by federal government deficit reduction policies, which could reduce the value of the royalties that we hold.

In an effort to contain the U.S. federal deficit, the biopharmaceutical industry could be considered a potential source of savings via legislative proposals. Government action to reduce U.S. federal spending on entitlement programs, including Medicare, Medicaid or other publicly funded or subsidized health programs, or to lower drug spending, may affect payment for the products that generate our royalties. These and any other cost controls or any significant additional taxes or fees that may be imposed on the biopharmaceutical industry as part of deficit reduction efforts could reduce cash flows from our royalties and therefore adversely affect our business, financial condition or results of operations.

Sales of products that generate our royalties are subject to regulatory approvals and actions in the United States and foreign jurisdictions that could harm our business.

The procedures to approve biopharmaceutical products for commercialization vary among countries and can involve additional testing and time. Such procedures may include on-site inspections by regulatory authorities at clinical trial sites or manufacturing facilities, which inspections may be delayed. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval and many include additional risks, such as pricing approval.

There can be no assurance that any of these regulatory approvals will be granted or not be revoked or restricted in a manner that would adversely affect the sales of such products and on the ability of payors to make payments with respect to such royalties to us.

The manufacture and distribution of a biopharmaceutical product may be interrupted by regulatory agencies or supplier deficiencies.

The manufacture of products generating our royalties is typically complex and is highly regulated. In particular, biopharmaceutical products are manufactured in specialized facilities that require the approval of, and ongoing regulation by, the FDA in the United States and, if manufactured outside of the United States, both the FDA and non-U.S. regulatory agencies, such as the MHRA and the EMA. With respect to a product, to the extent that operational standards set by such agencies are not adhered to, manufacturing facilities may be closed or production interrupted until such time as any deficiencies noted by such agencies are remedied. Any such closure or interruption may interrupt, for an indefinite period of time, the manufacture and distribution of a product and therefore the cash flows from the related biopharmaceutical asset may be significantly less than expected.

In addition, manufacturers of a product may rely on third parties for selected aspects of product development, such as packaging or to supply bulk raw material used in the manufacture of such product. In the United States, the FDA requires that all suppliers of pharmaceutical bulk materials and all manufacturers of pharmaceuticals for sale in or from the United States adhere to the FDA's current "Good Manufacturing Practice" regulations and guidelines and similar requirements that exist in jurisdictions outside the United States. Marketers of biopharmaceutical products generally rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could adversely affect production and product sales and therefore adversely affect our business, financial condition or results of operations.

Product liability claims may diminish the returns on biopharmaceutical products.

The developer, manufacturer or marketer of a product could become subject to product liability claims. A product liability claim, regardless of its merits, could adversely affect the sales of the product and the amount of any related royalty payments and could even adversely affect the ability of a payor to make payments with respect to a royalty.

Although we believe that we will not bear responsibility in the event of a product liability claim against the developer, manufacturer, marketer or other seller of a product that generates our royalty, any such product liability claims against us could adversely affect our business, financial condition or results of operations.

We are typically not involved in maintaining, enforcing and defending patent rights on products that generate our royalties.

Our right to receive royalties generally depends on the existence of valid and enforceable claims of registered or issued patents in the United States and elsewhere in the world. The products on which we receive payments are dependent on patent protection and on the fact that the manufacturing, marketing and selling of such products do not infringe, misappropriate or otherwise violate intellectual property rights of third parties. Typically, we have no ability to control the prosecution, maintenance, enforcement or defense of patent rights, but must rely on the willingness and ability of our partners or their marketers to do so. There can be no assurance that these third parties will vigorously prosecute, maintain, enforce or defend such rights. Even if such third parties seek to prosecute, maintain, enforce or defend such rights, they may not be successful.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has been the subject of much litigation. Furthermore, changes in patent laws or interpretation of patent laws in the United States and in other jurisdictions could increase the uncertainties surrounding the successful prosecution of patent applications and the successful enforcement or defense of issued patents by our partners, all of which could diminish the value of patent protection relating to the biopharmaceutical assets. As a result, the issuance, scope, validity, enforceability and commercial value of the patent rights of our partners and their marketers are highly uncertain. In addition, such third parties' pending and future patent applications may not result in patents being issued which protect their products, development-stage product candidates and technologies or which effectively prevent others from commercializing competitive products, development-stage product candidates and technologies. Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if the patent applications our partners and their marketers license or own do issue as patents, they may not issue in a form that will provide them with any meaningful protection, prevent competitors or other third parties from competing with them or otherwise provide them with any competitive advantage. Competitors or other third parties may be able to circumvent patents of our partners and their marketers by developing similar or alternative products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which could limit the ability of our partners and their marketers from preventing others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of their products, development-stage product candidates and technologies.

Any loss or reduction in the scope or duration of patent protection for any product that generates our royalties, or any failure to successfully prosecute, maintain, enforce or defend any patents that protect any such product may result in a decrease in the sales of such product and any associated royalties payable to us. Any such event would adversely affect the ability of the payor to make payments of royalties to us or may otherwise reduce the value of our royalties, and could consequently adversely affect our business, financial condition or results of operations. In cases where our contractual arrangements with our partner permit us to do so, we could participate in patent suits brought by third parties but this could result in substantial litigation costs, divert management's attention from our core business and there can be no assurance that such suits would be successful.

The existence of third-party patents in relation to products may result in additional costs for the marketer and reduce the amount of royalties paid to us.

The commercial success of a product depends, in part, on avoiding infringement, misappropriation or other violations of the intellectual property rights and proprietary technologies of others. Third-party issued patents or patent applications claiming subject matter necessary or useful to manufacture and market a product could exist or issue in the future. Such third-party patents or patent applications may include claims directed to the composition, manufacturing, mechanism of action, dosing or other unique features of a product. There can be no assurance that a license would be available to marketers for such subject matter if such infringement were to exist or, if offered, would be offered on reasonable or commercially feasible terms. Without such a license, it may be possible for third parties to assert infringement or other intellectual property claims against the marketer of such product based on such patents or other intellectual property rights.

Even if the marketer was able to obtain a license to the intellectual property rights and proprietary technologies of others, it could be non-exclusive, thereby giving its competitors and other third parties access to the same technologies. In addition, if a marketer of a product that generates our royalties is required to obtain a license from a third party, the marketer may, in some instances, have the right to offset the licensing and royalty payments to such third party against royalties that would be owed to our partner, which may ultimately reduce the value of our royalty interest. An adverse outcome in infringement or other intellectual property-related proceedings could subject a marketer to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the marketer to cease or modify its manufacturing, marketing and distribution of any affected product, any of which could reduce the amount of cash flow generated by the affected products and any associated royalties payable to us and therefore adversely affect our business, financial condition or results of operations.

Disclosure of trade secrets of marketers of products could negatively affect the competitive position of the products underlying our biopharmaceutical assets.

The marketers of the products that generate our royalties depend, in part, on trade secrets, know-how and technology, which are not protected by patents, to maintain the products' competitive position. This information is typically protected through confidentiality agreements with parties that have access to such information, such as collaborative partners, licensors, employees and consultants. Any of these parties may breach the agreements and disclose the confidential information or competitors might independently develop or learn of the information in some other way, which could harm the competitive position of the products and therefore reduce the amount of cash flow generated by our royalties.

Our board of directors may make decisions with respect to the cash generated from our operations that may result in our not paying dividends or not repurchasing our ordinary shares.

Our board of directors is under no obligation to pay dividends, make distributions or repurchase our ordinary shares and it may decide to use cash to fund asset acquisitions or operations in lieu of paying dividends, making distributions or repurchasing our ordinary shares. We will pay Equity Performance Awards to Mr. Legorreta and certain employees based on our Net Economic Profit regardless of whether any dividends are paid to our shareholders or any ordinary shares are repurchased. Our board of directors' decisions with respect to our cash may result in our not paying dividends or not repurchasing our ordinary shares. Our board of directors' decisions with respect to dividends or repurchases of ordinary shares may adversely affect the market price of our Class A ordinary shares. If we generate positive income, but pay limited or no dividends, holders of Class A ordinary shares may have tax liability on their income in excess of the actual cash dividends received by such holders.

The royalties that we acquire may fall outside the biopharmaceutical industry, and any such assets, and the cash flows therefrom, may not resemble the assets in our current portfolio.

We have discretion as to the types of assets that we may acquire. While we expect to acquire assets that primarily fall within the biopharmaceutical industry, we are not obligated to do so and may acquire other types of assets that are peripheral to or outside of the biopharmaceutical industry. Consequently, our asset acquisitions in the future, and the cash flows from such assets, may not resemble those of the assets in our current portfolio. We may have limited experience acquiring assets that are peripheral to or outside of the biopharmaceutical industry. There can be no assurance that assets acquired in the future will have returns similar to the returns expected of the assets in our current portfolio or be profitable at all.

Risks Relating to Our Organization and Structure

We are a holding company and rely on cash generated by our subsidiaries to meet our financial obligations.

We are a holding company with no material direct operations. Our principal asset is our controlling equity interest in RP Holdings. As a result, we depend on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and to pay dividends, make distributions to our shareholders and repurchase shares. Our subsidiaries are legally distinct from us and may be subject to contractual, legal, regulatory, financial or other restrictions that limit their ability to provide funds to us. If the cash we receive from our subsidiaries is insufficient to meet our financial obligations, we may be required to raise additional funds through the incurrence of debt, the issuance of equity or the sale of assets. However, there is no assurance that we would be able to obtain such financing on acceptable terms, or at all. Any limitation on the ability our subsidiaries to pay dividends or otherwise make funds available to us could adversely affect our business, financial condition and ability to pay dividends, make distributions to our shareholders or repurchase shares.

Our structure will result in tax distributions as a result of the RP Holdings Class C Special Interest.

RP Holdings is treated as a partnership for U.S. federal income tax purposes and has owners that are subject to U.S. federal income taxation. RP Holdings is required to make distributions of cash to the direct owner or beneficial owners of the RP Holdings Class C Special Interest to cover such owner's taxes, calculated using an assumed tax rate that is generally uniform for all recipients regardless of their individual tax status. The cash used by RP Holdings to satisfy these tax distribution obligations will not be available for reinvestment in our business, dividends or share repurchases.

Our ability to pay periodic dividends to our shareholders or make share repurchases may be limited by applicable provisions of English law and contractual restrictions and obligations.

Under English law, we will only be able to declare dividends, make distributions or repurchase shares (other than out of the proceeds of a new issuance of shares for that purpose) out of profits available for distribution. Profits available for distribution are accumulated, realized profits, to the extent that they have not been previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent that they have not been previously written off in a reduction or reorganization of capital duly made. The amount of our distributable reserves is a cumulative calculation. We may be profitable in a single financial year but unable to pay a dividend or make share repurchases if our accumulated, realized profits do not offset all previous years' accumulated, realized losses. Additionally, we may only make a distribution if our net assets are not less than the amount of our aggregate called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

Subject to the terms of our indebtedness or other contractual obligations, the approval and payment of any interim dividends are at the sole discretion of our board of directors, which may change our dividend policy at any time, and the payment of any final dividends will be subject to majority approval by holders of our Class A ordinary shares and Class B ordinary shares and in each case will be paid out of profits available for that purpose under English law. Our Articles of Association authorize the board of directors to approve interim dividends without shareholder approval to the extent that such dividends appear justified by profits available for such purpose. The board of directors may also recommend final dividends be approved and declared by shareholders at an annual general meeting. No such dividend may exceed the amount recommended by the board of directors.

There can be no assurance that any dividends, whether quarterly or otherwise, will or can be paid or that any shares will or can be repurchased. Whether we pay dividends to our shareholders or make share repurchases depends on a number of factors, including among other things, general economic and business conditions, our strategic plans and prospects, our business and acquisition opportunities, our financial condition or results of operations, working capital requirements and anticipated cash needs, contractual restrictions and obligations, including fulfilling our current and future capital commitments, legal, tax and regulatory restrictions, other restrictions and implications on the payment of dividends by us to our shareholders or making any share repurchases and such other factors as our board of directors may deem relevant.

A shareholder who receives a distribution under circumstances where he or she knows or has reasonable grounds for believing that the distribution is unlawful in the circumstances is obliged to repay such distribution (or that part of it, as the case may be) to us.

If we were determined to be an investment company under the U.S. Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could adversely affect our business, financial condition or results of operations.

We intend to conduct our business so as not to become regulated as an investment company under the U.S. Investment Company Act. An entity generally will be determined to be an investment company for purposes of the U.S. Investment Company Act if, absent an applicable exemption, (i) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or (ii) it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the ICA 40% Test.

We do not hold ourselves out as being engaged primarily, or propose to engage primarily, in the business of investing, reinvesting or trading in securities, and believe that we are not engaged primarily in the business of investing, reinvesting or trading in securities. We believe that, for U.S. Investment Company Act purposes, we are engaged primarily, through one or more of our subsidiaries, in the business of purchasing or otherwise acquiring certain obligations that represent part or all of the sales price of merchandise. Our subsidiaries that are so engaged rely on Section 3(c)(5)(A) of the U.S. Investment Company Act, which, as interpreted by the SEC staff, requires each such subsidiary to invest at least 55% of its assets in "notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services," which we refer to as the ICA Exception Qualifying Assets.

In a no-action letter, dated August 13, 2010, to our predecessor, the SEC staff promulgated an interpretation that royalty interests that entitle an issuer to collect royalty receivables that are directly based on the sales price of specific biopharmaceutical assets that use intellectual property covered by specific license agreements are ICA Exception Qualifying Assets under Section 3(c)(5)(A). We rely on this no-action letter for the position that royalty receivables relating to biopharmaceutical assets that we hold are ICA Exception Qualifying Assets under Section 3(c)(5)(A) and Section 3(c)(6), which is described below.

To ensure that we are not obligated to register as an investment company, we must not exceed the thresholds provided by the ICA 40% Test. For purposes of the ICA 40% Test, the term investment securities does not include U.S. government securities or securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on Section 3(c)(1) or Section 3(c)(7) of the U.S. Investment Company Act, such as majority-owned subsidiaries that rely on Section 3(c)(5)(A). We also may rely on Section 3(c)(6), which, based on SEC staff interpretations, requires us to invest, either directly or through majority-owned subsidiaries, at least 55% of our assets in, as relevant here, businesses relying on Section 3(c)(5)(A). Therefore, the assets that we and our subsidiaries hold and acquire are limited by the provisions of the U.S. Investment Company Act and the rules and regulations promulgated thereunder.

If the SEC or its staff in the future adopts a contrary interpretation to that provided in the no-action letter to our predecessor or otherwise restricts the conclusions in the SEC staff's no-action letter such that royalty interests are no longer treated as ICA Exception Qualifying Assets for purposes of Section 3(c)(5)(A) and Section 3(c)(6), or the SEC or its staff in the future determines that the no-action letter does not apply to some or all types of royalty receivables relating to biopharmaceutical assets, our business will be materially and adversely affected. In particular, we would be required either to convert to a corporation formed under the laws of the United States or a state thereof (which would likely result in our being subject to U.S. federal corporate income taxation) and to register as an investment company, or to stop all business activities in the United States until such time as the SEC grants an application to register us as an investment company formed under non-U.S. law. It is unlikely that such an application would be granted and, even if it were, requirements imposed by the Investment Company Act, including limitations on our capital structure, our ability to transact business with affiliates and our ability to compensate key employees, could make it impractical for us to continue our business as currently conducted. Our ceasing to qualify for an exemption from registration as an investment company could materially and adversely affect the value of our Class A ordinary shares and our ability to pay dividends in respect of our Class A ordinary shares.

Equity Performance Awards may create incentives that are not fully aligned with the interests of our shareholders.

Subject to certain conditions, at the end of each fiscal quarter, Mr. Legorreta and certain employees are entitled to a distribution in the form of equity from RP Holdings in respect of each portfolio equal to 20% of the Net Economic Profit (defined as the aggregate cash receipts for all new portfolio investments in such portfolio less Total Expenses (defined as interest expense, operating expense and recovery of acquisition cost in respect of such portfolio)) for such portfolio for the applicable measuring period (the "Equity Performance Awards"). The right to Equity Performance Awards may create an incentive to make riskier or more speculative asset acquisitions. In addition, we may incur more debt, finance additional asset acquisitions or otherwise use more leverage in connection with asset acquisitions, as generally the use of leverage can increase the rate of return on an investment and therefore our profits. Under certain circumstances, the use of borrowed money may pose higher risks for our business or increase the likelihood of default, which would disfavor our shareholders. In addition, there is no correlation between our profits and the obligation of our board of directors to pay dividends to shareholders. Consequently, shareholders may receive limited or no dividends while Mr. Legorreta and certain employees remain entitled to Equity Performance Awards that may be substantial. Further, even though Equity Performance Awards are payable on a portfolio-by-portfolio basis (with portfolios comprised of investments made during sequential two-year periods) in order to reduce the risks that we will pay Equity Performance Awards on individual investments even though our overall portfolio of investments is not performing well, Equity Performance Awards may nevertheless be payable when our overall portfolio of investments is not performing as well as the individual portfolios that are used as the basis for measuring the Equity Performance Awards.

Operational risks may disrupt our businesses, result in losses or limit our growth.

We rely heavily on financial, accounting, information technology and data processing systems, including systems operated by our current and future collaborators, contractors or consultants. Such systems are vulnerable to damage or interruption from computer viruses, data corruption, cybersecurity incidents, unauthorized access, natural disasters, pandemics, terrorism, war and telecommunication and electrical failures. If any of these events occur and such systems do not operate properly or are disabled or if there is any unauthorized disclosure of data, whether as a result of tampering, a breach of network security systems, a cybersecurity vulnerability or attack or otherwise, we could suffer substantial financial loss, increased costs, a disruption of our business, loss of trade secrets or other proprietary information, liability to us, regulatory intervention or reputational damage.

Furthermore, federal, state and international laws and regulations relating to data privacy and protection, such as the European Union's General Data Protection Regulation and the California Consumer Privacy Act, can expose us to enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties and significant legal liability, if our information technology security efforts or data privacy and protection compliance efforts fail. In addition, we operate a business that is highly dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase. Such a failure to accommodate growth, or an increase in costs related to such information systems, could adversely affect our business, financial condition or results of operations.

A disaster or a disruption in the public infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, could adversely affect our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

In addition, sustaining our growth may require us to commit additional management, operational and financial resources to identify new professionals to join the team and to maintain appropriate operational and financial systems to adequately support expansion. Since the market for hiring talented professionals is competitive, we may not be able to grow at the pace we desire.

We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010 ("Bribery Act"), the U.S. Foreign Corrupt Practices Act of 1977, as amended the ("FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The Bribery Act, the FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We and the marketers of products that generate our royalties operate in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under the Bribery Act, FCPA or local anti-corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, collectively referred to as the "Trade Control laws."

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the Bribery Act, the FCPA and other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws or Trade Control laws by the United Kingdom, United States or other authorities could adversely affect our reputation, our business, financial condition or results of operations.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities or our business arrangements with third parties could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices or the business practices of the marketers of products that generate our royalties may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations or the operations of the marketers of products that generate are royalties are found to be in violation of any of these laws or any other governmental regulations, we or marketers of products that generate our royalties may be subject to significant criminal, civil and administrative sanctions, including monetary penalties, damages, fines, disgorgement, individual imprisonment and exclusion from participation in government-funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we or marketers of products that generate our royalties become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm, and we or marketers of products that generate our royalties may be required to curtail or restructure operations, any of which could adversely affect our ability to operate our business and our results of operations.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

The EU directive on alternative investment fund managers (the "AIFM Directive") may significantly increase our compliance costs.

The AIFM Directive has been implemented into the national law of the majority of member states of the European Economic Area and the United Kingdom (each an "AIFM state"). The AIFM Directive sets out minimum conditions related to the marketing of interests in alternative investment funds (such as our Class A ordinary shares) in the AIFM states and may impact our ability to attract investors in the AIFM states and may significantly increase our compliance costs. Such conditions include requirements for us to register with the competent authority in the relevant AIFM state in order to market the Class A ordinary shares to investors, requirements to file periodic reports with the competent authority in the relevant AIFM state and requirements to comply with disclosure and reporting obligations in respect of investors in the relevant AIFM state. Such reports and disclosures may become publicly available. While such conditions are met in relation to the AIFM states where our Class A ordinary shares will be marketed, there can be no guarantee that this will continue to be the case.

In each AIFM state, our Class A ordinary shares may only be offered to investors in accordance with local measures implementing the AIFM Directive. Investors, together with any person making or assisting in the decision to invest in us, who are situated, domiciled or who have a registered office, in an AIFM state where our Class A ordinary shares are not being offered pursuant to private placement rules implementing the AIFM Directive may invest, or effect an investment in our Class A ordinary shares, but only in circumstances where they do so at their own initiative. Any investor acquiring our Class A ordinary shares at their own initiative in such AIFM state should note that as we have not been registered for marketing in that AIFM state, no reports will be filed with the competent authority in the relevant AIFM state by or in respect of us and no investor shall be entitled to receive any disclosure or report that is mandated in respect of an alternative investment fund being marketed pursuant to the AIFM Directive.

The United Kingdom implemented the AIFM Directive through the Alternative Investment Managers Regulations 2013 and the Financial Conduct Authority's Handbook. Following the United Kingdom's withdrawal the European Union and the expiration of the transitional period, the rules applicable to the marketing of interests in alternative investment funds in the United Kingdom and the other AIFM states remained largely aligned. However, there are now areas of divergence which may make it more time consuming and complex for us to market our Class A ordinary shares to investors in the United Kingdom and other AIFM states which, in turn, may significantly increase compliance costs.

We may not realize the anticipated benefits of the Internalization or we may be exposed to new risks and costs.

We may not realize the anticipated benefits of the Internalization, such as cash savings, enhanced alignment with shareholders, increased investment returns, management continuity, transparency and governance, or greater structure simplification. Since our Internalization on May 16, 2025, we have become exposed to new costs and risks. Although we no longer pay a management fee, our direct overhead has increased because we are responsible for all compensation and benefits of our employees and other operating expenses. As an employer, we are subject to the liabilities and risks commonly faced by employers, such as workers' compensation claims, labor disputes and other employee-related grievances, and the costs of employee benefit plans. Our overhead may increase further in the future as a result of our becoming internally managed as the responsibility for overhead relating to management of our business has become our own responsibility. In addition, while Mr. Legorreta has agreed to provide the board of directors with a reasonable opportunity to review and comment on future awards or modifications of Equity Performance Awards, Equity Performance Awards on existing and future investments will continue on their current terms and are ultimately controlled by Mr. Legorreta.

Risks Relating to Our Ordinary Shares

The market price of our Class A ordinary shares has been and may in the future be volatile, which could cause the value of our shareholders' investment to decline.

The market price of our Class A ordinary shares has been and may be volatile and subject to wide fluctuations. During the year ended December 31, 2025, the per share trading price of our Class A ordinary shares ranged from a low of $25.75 to a high of $40.78. Market volatility, as well as general economic, market or political conditions, particularly those that relate to the biopharmaceutical industry, could reduce the market price of our Class A ordinary shares regardless of our operating performance. In addition to the other factors discussed in this Annual Report on Form 10-K, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;

- variations in our quarterly operating results or dividends to shareholders or share repurchases or exchanges for our Class A ordinary shares;
- future sales of our Class A ordinary shares by our affiliates;
- additions or departures of key management personnel;
- timing and rate of capital deployment, including relative to estimates;
- changes in our portfolio mix or acquisition strategy;
- failure to meet analysts' earnings estimates;
- analyst or media reports or other adverse publicity about us, our industry or related sectors;
- third-party healthcare reimbursement policies and practices;
- litigation and government investigations;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof;
- results, or projected results, from marketers of products that generate our royalties;
- results from, and any delays to, the clinical trial programs of development-stage product candidates underlying our biopharmaceutical assets or other issues relating to such products, including regulatory approval or commercialization;
- adverse market reaction to any indebtedness that we may incur or securities we may issue in the future;
- changes in market valuations of similar companies or speculation in the press or investment community;
- announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments; and
- economic or political developments, such as pandemics, inflation and interest rate volatility and geopolitical conflicts.

These and other factors may cause significant fluctuations in the market price or trading volume of our Class A ordinary shares, which may limit our shareholders' ability to sell their Class A ordinary shares at prices they consider satisfactory or at all.

Stock markets from time to time experience extreme price and volume volatility, including in recent periods. Following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against public companies. If such litigation is instituted against us, it could result in substantial costs and a diversion of our management's attention and resources.

Our Articles of Association provide that the courts of England and Wales will be the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the Securities Act and the Exchange Act, and that the U.S. federal district courts will be the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act and the Exchange Act.

Our Articles of Association provide that the courts of England and Wales will be the exclusive forum for resolving all shareholder complaints other than shareholder complaints asserting a cause of action arising under the Securities Act and the Exchange Act, and that the U.S. federal district courts will be the exclusive forum for resolving any shareholder complaint asserting a cause of action arising under the Securities Act and the Exchange Act. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that such shareholder finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits. If a court were to find either choice of forum provision contained in our Articles of Association to be inapplicable or unenforceable, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our results of operations and financial condition.

U.S. investors may have difficulty enforcing civil liabilities against our company, our directors or members of senior management.

We are a public limited company with our registered office in England and our subsidiaries are incorporated in various jurisdictions, including jurisdictions outside the United States. As a result, it may be difficult for investors to enforce judgments obtained in U.S. courts against us based on the civil liability provisions of the U.S. securities laws or otherwise. Even if shareholders are successful in bringing civil action against us, our directors or executive officers, the laws of England may render shareholders unable to enforce a judgment against our assets or the assets of our directors and executive officers. In addition, it is doubtful whether English courts would enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon the civil liability provisions of the U.S. securities laws or otherwise. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. An award for monetary damages under the U.S. securities laws would likely be considered punitive if it does not seek to compensate the claimant for loss or damage suffered and is intended to punish the defendant. The enforceability of any judgment in the United Kingdom will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The United States and the United Kingdom do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. As a result of the above, shareholders may have more difficulty in protecting their interest through actions against our management, directors or other shareholders than they would as shareholders of a U.S. public company.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under English law. The rights of our shareholders are governed by English law, including the provisions of the Companies Act 2006 (the "U.K. Companies Act"), and by our Articles of Association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations.

The U.K. City Code on Takeovers and Mergers (the "Takeover Code") applies, among other things, to an offer for a public company whose registered office is in the United Kingdom (and the Channel Islands and the Isle of Man) and whose securities are not admitted to trading on a regulated market in the United Kingdom (or the Channel Islands or the Isle of Man) if the company is considered by the Panel on Takeovers and Mergers (the "Takeover Panel") to have its place of central management and control in the United Kingdom (or the Channel Islands or the Isle of Man). This is known as the "residency test." Under the Takeover Code, the Takeover Panel will determine whether we have our place of central management and control in the United Kingdom by looking at various factors, including the structure of our board of directors, the functions of the directors and where they are resident.

Given that our central management and control is situated outside the United Kingdom (or the Channel Islands or the Isle of Man), we do not anticipate that we will be subject to the Takeover Code. However, if at the time of a takeover offer, the Takeover Panel determines that we have our place of central management and control in the United Kingdom (or the Channel Islands or the Isle of Man), we would be subject to a number of rules and restrictions, including but not limited to the following: (i) our ability to enter into deal protection arrangements with a bidder would be extremely limited; (ii) we might not, without the approval of our shareholders, be able to perform certain actions that could have the effect of frustrating an offer, such as issuing shares or carrying out acquisitions or disposals; and (iii) we would be obliged to provide equality of information to all bona fide competing bidders.

As a result of updates to the Takeover Code, any change in our place of central management and control will cease to be relevant after February 2, 2027, and therefore, on the assumption that our securities remain admitted to trading on the NASDAQ (or another regulated market outside the United Kingdom, the Channel Islands or the Isle of Man), the Takeover Code will not be applicable to us.

Under English law, and whether or not we are subject to the Takeover Code, an offeror for us that has acquired (i) 90% in value of; and (ii) 90% of the voting rights carried by the shares to which the offer relates may exercise statutory squeeze-out rights to compulsorily acquire the shares of the non-assenting minority. However, if an offer for us is conducted by way of a scheme of arrangement the threshold for the offeror obtaining 100% of Company shares comprises two components (i) approval by a majority in number of each class of Company shareholders present and voting at the shareholder meeting; and (ii) approval of Company shareholders representing 75% or more in value of each class of Company shareholders present and voting at that meeting.

As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.

We are a public limited company incorporated under the laws of England and Wales. English law provides that a board of directors may only allot shares (or rights to subscribe for or convert into shares) with the prior authorization of shareholders, such authorization stating the aggregate nominal amount of shares that it covers and valid for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. We obtained shareholder authority to allot additional shares until the end of the next annual general meeting of the Company or, if earlier, August 12, 2026, the date that is 15 months after May 12, 2025. We intend to seek renewal of this authorization at each year's annual general meeting of shareholders.

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders to pass a special resolution at a general meeting, being a resolution passed by at least 75% of the votes cast, to disapply preemptive rights. Such a disapplication of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the disapplication is contained in the articles of association, or from the date of the shareholder special resolution, if the disapplication is by shareholder special resolution. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). We have obtained authority from our shareholders to disapply preemptive rights until the end of the next annual general meeting of the Company or, if earlier, August 12, 2026, which is the date that is 15 months after May 12, 2025, which disapplication will need to be renewed upon expiration to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period). We intend to seek renewal of this authorization at each year's annual general meeting of shareholders.

English law prohibits us from repurchasing our shares by way of "off market purchases" without the prior approval of shareholders by ordinary resolution (i.e., majority of votes cast by our shareholders), and other formalities. Such approval may be for a maximum period of up to five years but may be sought more frequently. English law prohibits us from conducting "on market purchases" as our shares are listed on the NASDAQ and will not be traded on a recognized investment exchange in the United Kingdom.

Our shareholders approved the authorization of certain "off market purchases" that will expire five years from May 12, 2025 unless renewed by our shareholders prior to the expiration date. We cannot assure shareholders that situations will not arise where such shareholder approval requirements for any of these actions would deprive our shareholders of substantial capital management benefits.

If our Class A ordinary shares are not eligible for continued deposit and clearing within the facilities of DTC, then transactions in our securities may be disrupted.

The facilities of The Depository Trust Company ("DTC") are a widely-used mechanism that allow for rapid electronic transfers of securities between the participants in the DTC system, which include many banks and brokerage firms. While our Class A ordinary shares are eligible for deposit and clearing within the DTC system, DTC has discretion to cease to act as a depository and clearing agency for our Class A ordinary shares, including to the extent that any changes in U.K. law change the stamp duty or stamp duty reserve tax position in relation to the Class A ordinary shares. If DTC determined that the Class A ordinary shares were not eligible for continued deposit and clearance within its facilities, our Class A ordinary shares may not be eligible for continued listing on the NASDAQ and trading in the Class A ordinary shares would be disrupted. While we would pursue alternative arrangements to preserve our listing and maintain trading, any such disruption could adversely affect the market price of our Class A ordinary shares and our access to the capital markets.

Risks Relating to Taxation

Our structure involves complex provisions of tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

Our tax treatment, including Irish, U.K. and U.S. federal income tax treatment, depends in some instances on determinations of fact and interpretations of complex provisions of applicable tax law for which no clear precedent or authority may be available. You should be aware that our tax position is not free from doubt, and that applicable tax rules are generally subject to ongoing review by legislative and administrative bodies and relevant tax authorities, as well as by the Organization for Economic Co-operation and Development ("OECD"), which is continuously considering recommendations for changes to existing tax rules. Furthermore, over 140 member jurisdictions of the G20/OECD Inclusive Framework have joined the Two-Pillar Solution to Address the Tax Challenges of the Digitalization of the Economy as part of the OECD's base erosion and profit sharing project ("BEPS"), which includes a reallocation of taxing rights among market jurisdictions and model rules for a global minimum tax rate of 15% ("Pillar Two").

As part of the implementation of the Pillar Two rules by various jurisdictions, the United Kingdom has adopted the Pillar Two income inclusion rule, including a multinational top-up tax and a domestic top-up tax to the minimum effective tax rate of 15% for relevant accounting periods. In addition, the United Kingdom has introduced the Pillar Two undertaxed profits rule, a protective measure that requires subsidiaries to collect top-up taxes where a parent jurisdiction has not implemented the Pillar Two income inclusion rule. Similar legislation has been enacted in Ireland. While we do not expect to be subject to material tax charges under the Pillar Two rules, there remains a risk that tax authorities in any relevant jurisdiction implementing Pillar Two could adopt or interpret legislation, administrative guidance or related statements in a manner that is inconsistent with our understanding of the Pillar Two model rules and associated commentary.

The United States has taken the position that BEPS has no force or effect in the United States absent action by the U.S. Congress. The U.S. Department of Treasury and U.S. Congress have explored potential protective or retaliatory measures against non-U.S. companies and investors if their home jurisdictions impose discriminatory or extraterritorial taxes on U.S. companies, potentially including Pillar Two. We cannot predict whether the United States will adopt any such protective measures or whether any such legislation will be adopted, or whether or how any non-U.S. countries may change their tax laws, including with respect to taxes imposed under Pillar Two. It is possible that any changes in U.S. or non-U.S. tax law could adversely affect our future tax liabilities and our effective tax rate.

As proposals to change tax laws and implement the BEPS framework remain subject to further negotiation, we are currently unable to predict the extent to which any changes to tax laws, statutes, rules, regulations or ordinances will occur and, if so, the ultimate impact on our business. These review processes could result in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. No ruling will be sought from the relevant tax authority regarding any of the tax issues discussed herein, and no assurance can be given that the relevant tax authorities will not challenge any of our tax positions and that such challenge would not succeed. If any such position is successfully challenged, our tax reporting or tax liabilities could materially increase, which would adversely affect our profitability and cash flows.

There have been significant changes both made and proposed to international tax laws that increase the complexity, burden and cost of tax compliance for all multinational companies. We expect to continue to monitor these and other developments in international tax law.

We could be liable for significant taxes due to changes in our eligibility for certain income tax treaty benefits or challenges to our tax positions with respect to the application of income tax treaties.

Our subsidiaries expect to receive revenues from both U.S. and non-U.S. sources. We expect that our subsidiaries generally will be eligible for benefits under the applicable income tax treaties between Ireland and the jurisdictions where income is sourced. However, no assurances can be provided in this regard, and it is possible that a taxing authority could successfully assert that any of our subsidiaries does not qualify for treaty benefits as a result of its failure to satisfy the applicable requirements to be eligible to claim treaty benefits. If a taxing authority were to challenge our position regarding the application of an applicable income tax treaty, we could become subject to increased withholding taxes, and such taxes could be significant.

Specifically, with respect to certain U.S.-source income, we expect that our subsidiaries will be eligible for benefits under the U.S.-Ireland income tax treaty (the "Treaty"), and, under that Treaty, will not be subject to any U.S. withholding taxes on such U.S.-source payments. Our current treaty position with respect to U.S.-source payments relies in part on U.S. citizens or tax residents (as defined for purposes of the Treaty) owning, directly or indirectly, at least 50% of the beneficial interest in, or at least 50% of the aggregate vote and value of, each of our subsidiaries that earns U.S.-source income. Our treaty position is based on the current U.S. status of the majority of the existing indirect investors in RP Holdings and Royalty Pharma Investments 2011 ICAV ("RPI 2011 ICAV"). Subject to certain exceptions, the existing indirect U.S. investors in RP Holdings have the right to exchange their interests for our publicly traded Class A ordinary shares. Such publicly traded Class A ordinary shares could be further transferred on the public market to other persons. Therefore, it is possible that over time U.S. persons will own indirectly in the aggregate less than 50% of the interests in our subsidiaries. We currently expect that our Class A ordinary shares and other existing indirect interests in RP Holdings and RPI 2011 ICAV in the aggregate will continue to be owned in sufficient amount by U.S. citizens or tax residents, and that we will be able to establish such ownership, for purposes of satisfying the 50% ownership requirement under the Treaty. However, there is no assurance that RP Holdings and RPI 2011 ICAV will continue to be owned directly or indirectly by sufficient U.S. citizens or residents or that we will be able to establish to the IRS' satisfaction such ownership for purposes of satisfying the 50% U.S. ownership requirement under the Treaty. It is possible that if the indirect U.S. ownership in our subsidiaries becomes lower than 50% (or we cannot establish such ownership) we may in the future be able to qualify for another applicable exemption from U.S. withholding under the Treaty, but there can be no assurance in this regard. A substantial portion of our revenue is, and is expected to continue to be, derived from U.S.-sourced income, such as royalties, interest or "other income" for Treaty purposes. Therefore, if our subsidiaries failed to qualify for an exemption from U.S. withholding tax under the Treaty (by satisfying either the 50% U.S. ownership requirement or an alternative Treaty exemption) and such types of income were subject to a 30% U.S. withholding tax, our financial position, profitability and cash flows could be adversely affected.

The Irish Department of Finance has engaged in discussions with the U.S. Treasury on updating certain elements of the Treaty. It is at this time not clear what elements of the Treaty may be updated, or when any such updates would go into effect. However, certain elements of the revised U.S. Model Income Tax Convention could, if included in an update to the Treaty, result in our subsidiaries being unable to qualify for the benefits of the Treaty or eliminate or reduce the benefits of the Treaty that otherwise would have been available to us. If our subsidiaries are unable to qualify for the benefits of the Treaty, or if any benefits of the Treaty that otherwise would have been available to us are eliminated or reduced, then all or a portion of our income may become subject to increased withholding taxes, and such taxes could be very significant and materially and adversely affect our financial position, profitability and cash flows.

In addition, U.S. authorities have from time to time reviewed whether non-U.S. jurisdictions are acting inconsistently with U.S. tax treaties or have implemented or are likely to implement tax rules that are viewed as extraterritorial or as disproportionately affecting U.S. companies and have considered potential protective measures or retaliatory measures in response. It is unclear whether the Treaty could be implicated in any such review or whether any measures that may be adopted could affect our ability to qualify for Treaty benefits or reduce or eliminate those benefits. We cannot know at this time whether or when the United States will adopt any such protective measures, or whether or how Ireland may change its interpretation or enforcement of the Treaty or other tax laws in response to any action taken by U.S. authorities. It is possible that any changes in U.S. or non-U.S. tax law could adversely affect our eligibility for benefits under the Treaty.

If our subsidiaries are considered to be engaged in a U.S. trade or business, we could be liable for significant U.S. taxation.

In general, if a foreign corporation, such as Royalty Pharma plc, is considered to be engaged in a U.S. trade or business, such corporation's share of any income that is effectively connected with such U.S. trade or business will be subject to regular U.S. federal income taxation (currently imposed at a maximum rate of 21%) on a net basis and, potentially, an additional 30% U.S. "branch profits" tax on distributions attributable to income that is effectively connected with such U.S. trade or business. In addition, it is possible that such corporation could be subject to taxation on a net basis by state or local jurisdictions within the United States. With limited exceptions, we intend to conduct our activities, through our subsidiaries, such that no income realized by us will be effectively connected with the conduct of a U.S. trade or business or otherwise subject to regular U.S. federal income taxation on a net basis. If we are able to conduct our activities in this way, income or gains realized by us will not be subject to U.S. net federal income taxation. However, no assurance can be provided in this regard. The proper characterization of our income and gains for U.S. tax purposes is not certain, and it is possible that all or a portion of our income and gains could be characterized as income that is "effectively connected" with the conduct of a U.S. trade or business. If our income and gains were characterized as effectively connected with a U.S. trade or business, we would be subject to significant U.S. taxes plus interest and possible penalties, and our financial position, cash flows and profitability could be materially and adversely affected.

We expect to operate, and expect that RP Holdings will operate, so as to be treated solely as a resident of the U.K. for tax purposes, but changes to our management and organizational structure or to the tax residency laws of other jurisdictions where we operate may cause the relevant tax authorities to treat us or RP Holdings as also being a resident of another jurisdiction for tax purposes.

Under current U.K. tax law, a company that is incorporated in the U.K. is regarded as resident for tax purposes in the U.K. unless (i) it is concurrently treated as resident for tax purposes in another jurisdiction (applying the rules of that other jurisdiction for determining tax residency) that has a double tax treaty with the U.K. and (ii) there is a residency tie-breaker provision in that tax treaty which allocates tax residence to that other jurisdiction.

Based upon our anticipated management and organizational structure, we believe that we and RP Holdings should be regarded as tax resident solely in the U.K. However, because this analysis is highly factual and may depend on future changes in our management and organizational structure, as well as future changes in the tax residency laws of other jurisdictions where we operate, there can be no assurance regarding the determination of our tax residence in the future.

As U.K. tax resident companies, we and RP Holdings will be subject to U.K. corporation tax on our worldwide taxable profits and gains. Should we (or RP Holdings) be treated as resident in a jurisdiction other than the U.K., we (or RP Holdings, as applicable) could be subject to taxation in that jurisdiction and may be required to comply with a number of material and formal tax obligations, including withholding tax or reporting obligations provided under the relevant tax law, which could result in additional costs and expenses.

We believe that we should not be subject to material U.K. corporation tax in respect of certain profits of our non-U.K. tax resident subsidiaries as a result of the U.K.'s "controlled foreign companies" rules but it cannot be guaranteed that this will continue to be the case.

As U.K. tax resident companies, we and RP Holdings will be subject to the U.K.'s "controlled foreign companies" rules (the "U.K. CFC Rules"). The U.K. CFC Rules, broadly, can impose a charge to U.K. tax on U.K. tax resident companies that have, alone or together with certain other persons, interests in a non-U.K. tax resident company (the "Controlled Foreign Company") which is controlled by a U.K. person or persons. The charge under the U.K. 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. The types of profits of a Controlled Foreign Company that can potentially be subject to a U.K. corporation tax charge under the U.K. CFC Rules include business profits of the Controlled Foreign Company that are attributable to assets or risks that are managed by activities in the U.K., or certain finance profits of the Controlled Foreign Company that arise from capital or other assets contributed, directly or indirectly, to the Controlled Foreign Company from a connected U.K. tax resident company.

Certain non-U.K. entities in which we hold a greater than 25% interest, including RPI 2019 ICAV (which is Irish tax resident) and RPI 2011 ICAV (which is Irish tax resident and which is held indirectly by us through our participation in RP Holdings), will be Controlled Foreign Companies for U.K. tax purposes. We and RP Holdings will therefore be required to apply the CFC Rules in respect of our direct and indirect interests in these entities on an ongoing basis. We do not expect material U.K. corporation tax charges to arise under the U.K. CFC Rules in respect of our royalty assets or our financing arrangements, however no assurances can be given that this will continue to be the case. The U.K. CFC Rules are highly complex and fact-dependent, and changes to, or adverse interpretations of, these rules, or changes in the future activities of RPI 2019 ICAV or other non-U.K. companies in which we hold an interest, directly or indirectly, may alter this position and could impact our group's effective tax rate.

We believe that dividends received by us and RP Holdings should be exempt from U.K. corporation tax, but it cannot be guaranteed that this will continue to be the case.

U.K. tax resident companies are subject to U.K. 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. We believe that dividends received by us 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 U.K. corporation tax. However, a number of conditions must be met in order for such dividends to qualify for this tax exemption, including (in respect of dividends paid by RPI 2019 ICAV, which is tax resident in Ireland) conditions relating to the application of Irish tax law. As such, it cannot be guaranteed that these conditions for the U.K. tax exemption in respect of distributions will continue at all times to be satisfied. If distributions received by us or by RP Holdings were not to fall within an exempt class, such distributions would likely be subject to U.K. corporation tax at the then prevailing corporation tax rate.

Even where distributions fall within an exempt class, certain anti-avoidance and recharacterization rules may also apply. For instance, if RPI 2019 ICAV were to constitute an "offshore fund" for U.K. tax purposes that has at any time in an accounting period more than 60% by market value of its investments in debt securities, money placed at interest (other than cash awaiting investment), certain contracts for differences, or in holdings in other offshore funds with, broadly, more than 60% of their investments similarly invested, RP Holdings' shareholding in RPI 2019 ICAV may be subject to U.K. corporation tax as a deemed "loan relationship", with the result that dividends received by RP Holdings from RPI 2019 ICAV could be subject to U.K. tax as deemed interest and RP Holdings may be subject to U.K. corporation tax on increases in the fair market value of its shareholding in RPI. The term "offshore fund" is defined for U.K. tax purposes through a characteristics-based approach and, broadly, can include arrangements constituted by a non-U.K. resident body corporate in which a reasonable investor would expect to be able to realize their investment entirely, or almost entirely, by reference to net asset value. We believe and have been advised that RP Holdings' shareholding in RPI 2019 ICAV should not fall within these rules, however no guarantee can be offered that this will continue to be the case. Changes to, or adverse interpretations of, the offshore funds rules, or changes in the nature of our investments, may alter this position and could impact our group's effective rate.

Since 2020, we have been classified as a PFIC for U.S. federal income tax purposes, and we expect to be classified as a PFIC for U.S. federal income tax purposes for the year ended December 31, 2025. Being classified as a PFIC could subject U.S. holders of our Class A ordinary shares to adverse U.S. federal income tax consequences. While we are classified as a PFIC, distributions that we pay to individual and other non-corporate U.S. holders will not be eligible for taxation at reduced rates, which could potentially adversely affect the value of our Class A ordinary shares.

Since 2020, we have been classified as a PFIC for U.S. federal income tax purposes, and we expect to be classified as a PFIC for U.S. federal income tax purposes for the year ended December 31, 2025. Whether we are classified as a PFIC is generally only relevant for taxable U.S. holders of our Class A ordinary shares. Our PFIC classification is unrelated to our corporate tax status.

So long as we are classified as a PFIC, we intend to furnish annually to U.S. holders a "PFIC Annual Information Statement" with the information required to allow shareholders to make a qualified electing fund ("QEF") election for United States federal income tax purposes on our website. So long as we are classified as a PFIC, U.S. holders who do not make a QEF election with respect to us or a mark-to-market election with respect to our Class A ordinary shares will be subject to potentially material adverse tax consequences, including (i) the treatment of any gain on disposition of our Class A ordinary shares as ordinary income and (ii) the application of a deferred interest charge on such gain and the receipt of certain distributions on our Class A ordinary shares. In addition, regardless of whether a QEF or mark-to-market election is made with respect to us, U.S. holders will be required to file an annual report on IRS Form 8621 containing such information with respect to its interest in a PFIC as the IRS may require. Failure to file IRS Form 8621 for each applicable taxable year may result in substantial penalties and result in audit by the IRS. Further, if we are classified as a PFIC for any taxable year during which a U.S. holder owns our Class A ordinary shares, we generally would continue to be treated as a PFIC with respect to that U.S. holder for all succeeding years during which such person holds our Class A ordinary shares, even if we ceased to meet the threshold requirements for PFIC status, unless the U.S. holder makes a special "purging" election on IRS Form 8621. The effect of these adverse tax consequences could adversely affect our U.S. shareholders and make investment in our Class A ordinary shares less attractive to U.S. investors.

So long as we are classified as a PFIC, distributions made to non-corporate U.S. holders will not be eligible for taxation at reduced tax rates generally applicable to dividends paid by certain U.S. corporations and "qualified foreign corporations." So long as we are classified as a PFIC, the more favorable rates applicable to qualifying corporate dividends could cause individuals to perceive investment in our Class A ordinary shares to be less attractive than investment in the shares of other corporations, and this perception could adversely affect the value of our Class A ordinary shares.

Whether we are a PFIC is a complex legal and factual question. We regularly review whether we expect to be classified as a PFIC in the current year or are likely to be classified as a PFIC in a future year. We may reach the conclusion in future years that we should not be classified as a PFIC.

General Risk Factors

Cybersecurity vulnerabilities, failures in information systems or risks associated with the use of artificial intelligence could result in information theft, data corruption and significant disruption of our business operations.

Cybersecurity vulnerabilities, threats and incidents, including increasingly sophisticated and targeted cyber-related attacks (such as ransomware and phishing attacks), as well as cybersecurity failures resulting from human error, catastrophic events (such as fires, floods, hurricanes and tornadoes), and technological errors, pose a risk to our systems and data. An attack could result in security breaches, theft, lost or corrupted data, misappropriation of sensitive, confidential or personal data or information, loss of trade secrets and commercially valuable information, operating downtimes and operational disruptions. We attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans, but we have been subject to cybersecurity vulnerabilities in the past and expect to be subject to them in the future. There can be no assurance that we will be successful in preventing cybersecurity vulnerabilities or mitigating their effects. Any cyber-related attack or failure or loss of data could adversely affect our business. In addition, we may suffer reputational harm or face litigation as a result of cyber-related attacks or other data security breaches and may incur significant additional expense to implement further data protection measures.

We rely on information technology systems and networks, including cloud and third-party service providers, to process, transmit and store electronic information in connection with our business activities. These information technology systems and networks may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures or computer viruses. If these information technology systems suffer severe damage or disruption and the issues are not resolved in a timely manner, our business, financial condition or operations could be adversely affected.

In addition, the use of artificial intelligence-based software (including machine learning) is increasingly being used in our industry. As with many developing technologies, artificial intelligence-based software presents risks that could affect its further development, adoption, and use, and therefore our business. For example, algorithms may be flawed; data sets may be insufficient, of poor quality, or contain biased information; and inappropriate or controversial data practices by data scientists, engineers, and end-users could impair results. If artificial intelligence ("AI") applications assist in producing deficient or inaccurate analyses, we could be subjected to competitive harm, potential legal liability or reputational harm. AI algorithms may use third-party information with unclear intellectual property rights or interests. If we do not have sufficient rights to use the data or other material or content on which any AI solutions we use rely, we may incur liability through the violation of applicable laws and regulations, third-party intellectual property, privacy or other rights, or contracts. Because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI.

Collaborators, other contractors or consultants in use today or in the future are vulnerable to damage or interruption from these cybersecurity vulnerabilities, other failures in information systems and artificial intelligence-based software risks. If such an event were to occur in the future and cause interruptions in their operations, it could result in a disruption of their development and commercialization programs and business operations, whether due to a loss of trade secrets or other proprietary information or other similar disruptions. To the extent that any disruption or security breach were to result in a loss of, or damage to, a counterparties' data or applications, or inappropriate disclosure of confidential or proprietary information, our partners' operations may be harmed and the development and commercialization of their products, development-stage product candidates and technologies could be delayed. Such an event may reduce the amount of cash flow generated by the related biopharmaceutical products and therefore adversely affect our business, financial condition and results of operations.

Changes in the application of accounting standards issued by the U.S. Financial Accounting Standards Board or other standard-setting bodies may adversely affect our financial statements.

Our financial statements are prepared in accordance with GAAP, which are periodically revised, interpreted or expanded. From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies. It is possible that future accounting standards we are required to adopt may require changes to the current accounting treatment that we apply to our consolidated financial statements and may require us to make significant changes to our systems. Such changes could adversely affect our financial condition or results of operations.

The outbreak of infectious or contagious diseases could adversely affect our results of operations, financial condition and cash flows.

The outbreak of infectious or contagious diseases could severely impact global economic activity and cause significant volatility and negative pressure in financial markets. Such events could lead to quarantines, business and school closures, travel restrictions and other governmental action, as well as broader economic slowdowns or recessions. A health outbreak or another pandemic could adversely affect us due to, among other factors:

- a general decline in business activity;
- the destabilization of the markets could negatively impact our partners in the biopharmaceutical industry and the sales of products generating our royalties;
- difficulty accessing the capital and credit markets on favorable terms, or at all, and a severe disruption and instability in the global financial markets, or deteriorations in credit and financing conditions which could affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis;
- the potential negative impact on the health, availability or productivity of our employees, especially if a significant number of them are impacted;
- a deterioration in our ability to ensure business continuity during a disruption;

- interruptions, shortages, delivery delays and potential discontinuation of supply to our partners, which could (i) delay the clinical trials of the development-stage product candidates underlying our assets and result in a loss of our market share for products generating our royalties or development-stage product candidates underlying our assets, if approved, and (ii) hinder our partners' ability to timely distribute products generating our royalties and satisfy customer demand;

- travel restrictions, shelter-in-place policies or restrictions and other disruptions, which could cause or continue to cause delays and other direct impacts at our partners' manufacturing sites, which could impact the ability of our partners to manufacture development-stage product candidates underlying our biopharmaceutical assets and products generating our royalties; and

- potential interruptions to our partners' clinical trial programs of development-stage product candidates underlying our biopharmaceutical assets, including: (i) the potential diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns; (ii) changes in hospital or research institution policies or government regulations, which could delay or adversely impact our partners' ability to conduct their clinical trials; and (iii) pauses to or delays of trial procedures (particularly any procedures that may be deemed non-essential), patient dosing, shipment of our partners' development-stage product candidates, distribution of clinical trial materials, study monitoring, site inspections and data analysis due to reasons related to the pandemic, each of which could cause or continue to cause a disruption or delay to the development or the approval of development-stage product candidates underlying our biopharmaceutical assets.

Legal claims and proceedings could adversely affect our business.

We may become involved in a wide variety of legal claims and proceedings, which could require significant time and expense to investigate, defend and resolve and could divert management's attention from our business. Since litigation is inherently uncertain, there is no guarantee that we will be successful in defending against such claims or proceedings or in obtaining favorable outcomes in claims that we may bring. Our assessment of the likelihood and estimated magnitude of any potential gains or losses associated with legal claims or proceedings, including any reserves established in connection therewith, is subject to significant judgment and may prove to be incorrect.

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

The resolution of, or increase in the reserves taken in connection with, one or more of these matters could adversely affect our business, financial condition or results of operations. In addition, adverse publicity or market reaction arising from legal claims or proceedings could harm our reputation, relationships with counterparties or ability to pursue future business opportunities.

Corporate responsibility matters and any related reporting obligations may impact our business.

U.S. and international regulators, investors and other stakeholders are increasingly focused on corporate responsibility matters, including human capital management, human rights, sustainability and climate-related matters. The legal and regulatory landscape governing these topics includes multiple, potentially overlapping reporting regimes and standards, which may require us to expand our data collection, controls, governance, disclosure processes and external reporting. These developments could increase our compliance costs, require significant management time and attention and expose us to enhanced regulatory, litigation and enforcement risk. In addition, we have announced several corporate responsibility initiatives and goals and there is no assurance that we will achieve any of these goals or that our initiatives will achieve their intended outcomes. Perceptions of our efforts to achieve these goals often differ widely and present risks to our reputation. Any harm to our reputation resulting from our focus on corporate responsibility matters and goals or our failure or perceived failure to meet such goals could impact employee retention, the willingness of our partners to do business with us, or investors' willingness to purchase or hold our ordinary shares, any of which could adversely affect our business, financial condition and results of operations. In addition, our ability to implement some initiatives or achieve some goals is dependent on external factors, including third-party collaboration or the availability of economically feasible solutions.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

Share repurchase activities of our Class A ordinary shares during the first quarter of 2026 are as follows (in thousands, except per share amounts):

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program[(1)]
January 1, 2026 - January 31, 2026	255	$ 39.70	255	$ 1,772,844
February 1, 2026 - February 28, 2026	258	45.62	258	1,761,094
March 1, 2026 - March 31, 2026	608	46.49	608	1,732,821
Total	**1,121**	44.75	**1,121**	

(1) On January 10, 2025, our board of directors authorized a share repurchase program under which we may repurchase up to $3.0 billion of our Class A ordinary shares. The 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. The share repurchase program does not obligate us to acquire a minimum amount of our Class A ordinary shares. Under the share repurchase program, Class A ordinary shares may be repurchased in privately negotiated or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. The maximum dollar value of shares that may yet be purchased under the program represents the remaining amount available under the share repurchase program.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

The following table describes the written plans for the sale of our Class A ordinary shares adopted or terminated by our executive officers and directors during the first quarter of 2026, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1 (each, a "Trading Plan"):

Name and Title	Action	Adoption/ Termination Date	Scheduled Expiration Date of Trading Plan[1]	Maximum Shares Subject to Trading Plan
Terrance Coyne *Executive Vice President & Chief Financial Officer*	Adoption	February 24, 2026	August 17, 2026	214,091 and EPA Shares[2]
Christopher Hite *Executive Vice President & Chairman, Partnering & Investments*	Adoption	March 20, 2026	December 10, 2026	630,000
Gregory Norden *Director*	Adoption	February 12, 2026	December 31, 2026	7,614
Marshall Urist, M.D., Ph.D. *Executive Vice President, Research & Investments*	Adoption	February 12, 2026[3]	May 26, 2026[3]	27,368 and EPA Shares[3]

(1) A Trading Plan may expire on an earlier date if all contemplated transactions are completed before such Trading Plan's expiration date, upon termination by broker or the holder of the Trading Plan, or as otherwise provided in the Trading Plan.

(2) Maximum shares subject to trading plan consists of up to 214,091 Class A ordinary shares and 100% of the shares that may be issued upon settlement of the EPAs awarded for the first and second quarters of 2026.

(3) On February 12, 2026, Dr. Urist entered into a Trading Plan, scheduled to commence on May 14, 2026 and end on May 26, 2026, providing for the sale of up to 27,368 Class A ordinary shares. In addition, on March 25, 2026, Dr. Urist entered into a Trading Plan, scheduled to commence on June 24, 2026 and end on July 9, 2026, providing for the sale of up to 50% of the shares that may be issued upon settlement of EPAs awarded for the first quarter of 2026.

Item 6. EXHIBITS

The following exhibits are filed as a part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description of Exhibit
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
32*	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed or furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROYALTY PHARMA PLC
(Registrant)

/s/ Pablo Legorreta
Pablo Legorreta
Chief Executive Officer

Date: May 6, 2026

/s/ Terrance Coyne
Terrance Coyne
Chief Financial Officer

Date: May 6, 2026

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Pablo Legorreta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Royalty Pharma plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/s/ Pablo Legorreta

Pablo Legorreta

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Terrance Coyne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Royalty Pharma plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/s/ Terrance Coyne

Terrance Coyne
Chief Financial Officer

Exhibit 32

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

In connection with the Quarterly Report on Form 10-Q of Royalty Pharma plc (the "Company") for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

/s/ Pablo Legorreta

Name: Pablo Legorreta
Chief Executive Officer

/s/ Terrance Coyne

Name: Terrance Coyne
Chief Financial Officer