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UPDATE BRIEF

A Quantamental Framework for the Valuation and Risk Analysis of Therapeutics Royalty Investment Vehicles

Use Case: Quarterly update Royalty Pharma (RPRX)

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Introduction

The purpose of this quarterly update is to provide an analytical overview of royalty investment vehicles, with Royalty Pharma (RPRX) serving as the primary reference case.

This brief focuses on how recent disclosures in Royalty Pharma's Q3-2025 quarterly results, released on November 5, impact the company's valuation framework. It is important to note that the intent of this document is not to review the company's operational performance, but to assess valuation dynamics informed by newly available information.

- Section 1: Changes in Key Assumptions
- Section 2: Impact on Company Valuation
- Section 3: Conclusion

Note: For a comprehensive overview of royalty investment vehicles, including the valuation methodology, risk considerations, and analytical framework, please refer to the white paper "*A Quantamental Framework for the Valuation and Risk Analysis of Therapeutic Investment Vehicles.*"

1 Changes in Key Assumptions

1.1 Sales Forecast Assumptions

Given the royalty model's direct linkage to underlying product sales, any revisions in therapeutic performance forecasts have a material impact on projected cash flows. Overall, 2028 portfolio sales estimates remain broadly stable; however, several notable adjustments have been observed (Table 1):

- **Upside**: *Voranigo*, reflecting a stronger-than-expected launch trajectory, and *Emgality*, benefiting from an upward revision in market expectations.
- **Downside**: *Aficamten*, due to tempered pre-launch expectations, as well as *Trodelvy* and particularly *Cobenfy*, which continue to underperform relative to prior projections.

The addition of the marketed product *Imdelltra* and, more recently in early November, *Amvuttra*, has improved the outlook for Royalty Receipts growth. These new contributors are expected to offset the impact of products approaching maturity in 2026 and 2027. As a result, only 2026 is projected to fall below Royalty Pharma's historical average growth rate. (Table 2)

PRODUCT	PREVIOUS	NEW	DELTA (%)	Delta $M
Voranigo	1500	2250	50.0	750
CFF	8847	9486	7.2	639
Tremfya	7207	7770	7.8	563
Emgality	729	905	24.1	176
Trelegy	3607	3736	3.6	129
Erleada	4522	4646	2.7	124
Trodelvy	2490	2256	-9.4	-234
Nurtec	2349	2104	-10.4	-245
Xtandi	2054	1770	-13.8	-284
Cobenfy	1703	1381	-18.9	-322
Alyftrek	5319	4909	-7.7	-410
Aficamten	1400	754	-46.1	-646

Table 1: Comparison of Products 2028 sales assumptions

Year	2024	2025	2026	2027	2028	2029	2030
Previous forecast	2 905	3 133	3 259	3 395	3 793	4 292	4 832
YoY Change %		7.8%	4.0%	4.2%	11.7%	13.2%	12.6%
New forecast	2 905	3 242	3 371	3 787	4 255	4 766	5 314
YoY Change %		11.6%	4.0%	12.3%	12.4%	12.0%	11.5%
Revision	–	109	112	393	463	474	482
		3%	3%	12%	12%	11%	10%

Table 2: Forecast revisions 2024–2030

1.2 Probabilities and Timing Assumptions

R&D-stage assets account for approximately 25% of the Company's Royalty Asset Value, making probability-weighted assumptions a critical driver of valuation. Recent revisions reflect updated assessments of pipeline progress and associated launch probabilities.

The most significant adjustment pertains to *Daraxonrasib*, following the initiation of its Phase 3 trial in first-line pancreatic cancer. The probability of launch for this indication and consequently, the activation likelihood of the corresponding tranche option has been revised upward.

Product	Approval date	Change (days)	Proba %	change (%)
Daraxonrasib 1L	2030-12-31	-365	66	+40
Daraxonrasib 2L	2027-09-01	-121	80	0
Deucrictibant	2027-06-01	151	80	0
Ecopipam	2026-09-01	-122	80	0
Litifilimab	2027-09-01	-122	66	0
Obexelimab	2027-03-01	90	80	0
Pelacarsen	2028-01-01	-365	66	0
TEV-749	2026-10-01	180	90	0

Table 3: Projected FDA approval dates, timing changes, and launch probabilities for selected drugs.

2 Impact on Company Valuation

Considering the combined impact of updated sales expectations, revised probability assumptions, and adjusted timing of cash flows, the overall valuation of Royalty Assets has increased by approximately **$2bn**.

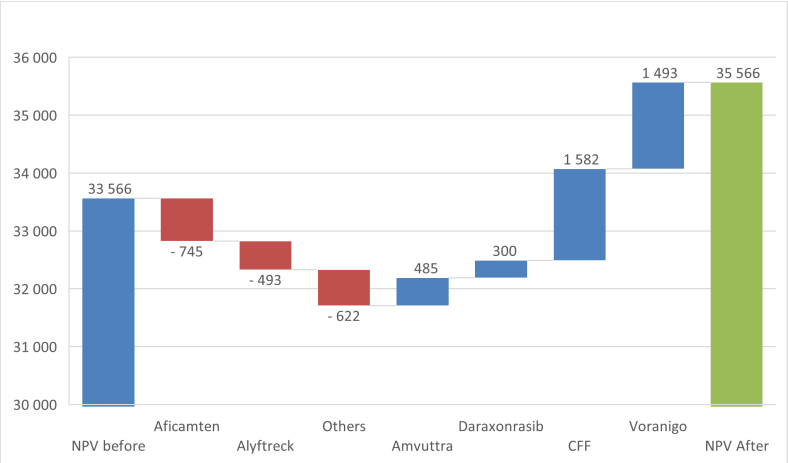

Figure. 1: Major drivers of Royalty Assets NPV in $M

1. *Voranigo* strong US launch and revised peak sales estimates
2. Market anticipation of a lower cannibalisation of *Trikafta* by *Alyftreck*
3. addition of *Amvuttra* deal.

3 Upcoming Catalysts

The coming months present several important catalysts for Royalty Pharma's portfolio, including multiple binary events linked to the results of ongoing Phase 3 clinical trials and the PDUFA decision for *Aficamten*. These binary events and their implications for portfolio risk assessment are discussed in greater detail in our white paper.

Product	Event	Details	Expected Date
aficamten	FDA Approval	oHCM	26 Dec 2025
Evrysdi	Tranche 5	PTC option	Late 2025
TEV-749	FDA Filing	Schizophrenia	Late 2025
ecopipam	FDA Filing	Tourette	Late 2025
Cobenfy	P3 Results	ADEPT-2 topline	Late 2025
obexelimab	P3 Results	INDIGO Phase 3	Late 2025
deucrictibant	P3 Results	RAPIDe-3 topline	Late 2025
deucrictibant	FDA Filing	HAE attacks	Q2 2026
aficamten	P3 Results	ACACIA-HCM topline	Q2 2026
pelacarsen	P3 Results	Lp(a)HORIZON outcomes	H1 2026
daraxonrasib	P3 Results	RASolute-302	H1 2026
litifilimab	P3 Results	TOPAZ trials readout	H2 2026
pelacarsen	FDA Filing	Cardiovascular	Late 2026
ecopipam	FDA Approval	Tourette	Late 2026

Table 4: Upcoming key regulatory and clinical milestones for selected drug programs.

4 Conclusion

The company has raised its 2025 full-year guidance. The addition of new marketed products should partially offset the previously anticipated slowdown during the 2026–2027 period, providing confidence in the Company's ability to exceed its $4.7bn 2030 revenue guidance and sustain long-term growth over 10% CAGR.

As a result, the Net Present Value (NPV) of Royalty Assets has increased by **$2bn,** implying a Net Asset Value (NAV) of current assets at approximately **$47 per share**.

Addendum

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Disclaimer

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