HCRx™

HealthCare Royalty Partners

2021 Year-in-Review

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HCR HIGHLIGHTS - RECORD 2021

2021 was a record year for HealthCare Royalty Partners[1] ("HCR", or the "Firm"), as aggregate royalty receipts amounted to $800 million and organic royalty receipts (excluding buyouts) were well in excess of $500 million, both by far all time highs. In addition, it was another very strong year for deployment with the Firm committing $770 million across seven new acquisitions. For the second year in a row each of our regional offices (Boston, London, the New York metro area and San Francisco) closed at least one transaction, demonstrating the effectiveness of the targeted approach of our regional sourcing strategy. Three of the seven acquisitions were with "repeat clients," two of whom were inventors. Over the past two years HCR has committed a record $1.8 billion to emerging biopharmaceutical companies and inventors, primarily to fund drug development and product launches.

HCR strengthened its leadership position in the middle market ($20mm - $250mm) in 2021 by closing on nearly double the amount of acquisitions when measured by dollar value and triple the amount when measured by number of closed acquisitions, as the next most active market participant.[2] The broader middle market, excluding HCR and the next most active market participant, combined to average 1.3 completed acquisitions for an average of $121 million in 2021. Six of HCR's seven acquisitions in 2021 were in the middle market, with the remaining acquisition representing a $325 million Synthetic Royalty™ financing with ADC Therapeutics. We believe the transaction with ADC represents the largest Synthetic Royalty™ financing ever completed with a European counterparty. Not only was our regional sourcing strategy broadly effective, but also we added key assets in oncology and orphan diseases, two targeted areas of focus. Importantly, the new acquisitions were all royalty-related, including Synthetic Royalty™ financings, as we found much better risk-return opportunities in that sector.

HCR's record royalty receipts of approximately $800 million in 2021 was largely driven by organic royalty receipts from products such as Shingrix, Movantik, Vimpat and Zolgensma, all of which continued to perform well despite the COVID-19 pandemic. Approximately one-third of 2021 aggregate royalty receipts came from buyouts of Mycapssa (Chiasma), Gocovri (Adamas) and Relistor (Progenics) when those emerging biopharma companies were purchased by larger pharmaceutical firms. We continue to believe our non-replicable and highly diversified portfolio of 35 products provides HCR with a unique platform for accelerated growth.

BUSINESS IMPACT OF COVID-19 ON HCR

After working fully remotely for the majority of 2021, HCR employees began a partial return to the office, commencing with a full team offsite at the end of October. During the week of November 8th, the Firm kicked off our hybrid work model, which has all Stamford, CT based employees working in the office on Monday and Tuesday, with the option to work remotely for the rest of the work week. Employees across all offices will work out of the Stamford headquarters once per quarter during a week designated well in advance. We believe our hybrid model acknowledges the advancements in technology that allowed us to deliver very high productivity in 2020 and 2021, while also providing sufficient in-person contact to encourage collaboration among team members.

The exponential spread of the omicron variant in the Northeast in December led us to pause our hybrid work model until March, at which point we expect to be back in the office two days a week. In any event, after two years of working remotely we now know that regardless of venue, HCR employees are fully equipped and able to execute effectively our business plan.

HCR TEAM UPDATE

HCR continued to expand its team in 2021 adding **Audrey Le, Ph.D.**, as a Senior Associate in the Firm's research division. Prior to joining HCR, Dr. Le was a senior healthcare analyst at Fiera Capital. She also worked in equity research at William Blair & Co, covering the biotech sector. She holds a Ph.D. in Neuroscience from Rutgers University and a B.A. in Cognitive

1. HEALTHCARE ROYALTY PARTNERS® IS A REGISTERED TRADEMARK OF HEALTHCARE ROYALTY MANAGEMENT, LLC IN THE U.S. AND A TRADEMARK IN OTHER COUNTRIES.
2. Source: HCR estimates.

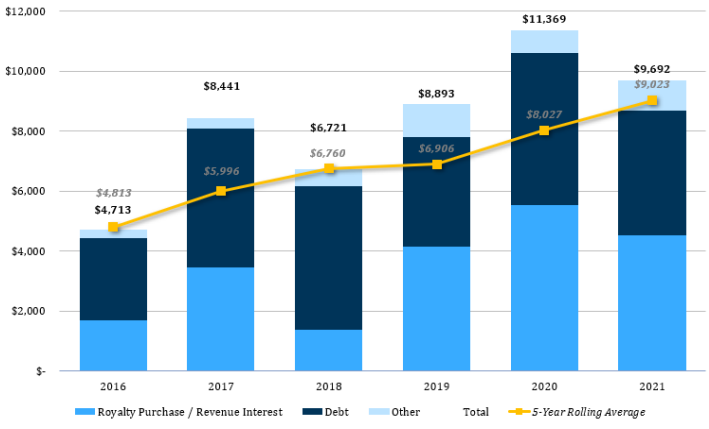
Science from the University of California, Berkeley. Dr. Le also conducted research at the Icahn School of Medicine at Mount Sinai as a postdoctoral fellow.

Additionally, **Christopher Andrews** joined as an Associate and **Collin Stewart** rejoined as a Senior Associate, in 2021. Chris Andrews was promoted to Senior Associate at year end. **Adam Young** also joined the Firm in 2021 as an Investment Associate in the Office of the CEO.

MARKET REVIEW

The royalty and royalty-related debt market continued to thrive in 2021, with over $9.6 billion of transaction volume, compared to $11.4 billion in 2020. Over the past five years the royalty and royalty-related debt market has averaged over $9.0 billion in transaction volume and increased at a compound annual growth rate of 15%. To put this growth in perspective, when HCR was founded in 2006, the royalty market comprised $1.4 billion in total transaction volume. By number of transactions, debt financings continued to dominate the market, representing 66% of all transactions closed in 2021. However, the breakdown was more evenly split by dollar value as royalties tend to be much larger and represented 43% of the market. Synthetic Royalty™ financings, an area where HCR has a pioneering history, comprised $1.3 billion or approximately 31% of the dollar value of royalty transactions closed in 2021. Based on our conversations with counterparties and their advisors over the last six weeks, we expect activity in 2022 to remain robust and potentially accelerate, given the state of the biopharma equity market.

Healthcare Royalty and Related Debt Market 2016-2021[2]
($ millions)



Despite a very challenging second half of the year, 2021 biopharmaceutical IPO issuance eclipsed 2020's record year. 78 biopharmaceutical companies completed an IPO in 2021, raising $15 billion, compared to the 74 biopharmaceutical IPOs that raised $14 billion in 2020.[3] Performance post-IPO, however, proved very difficult, with share prices for the 2021 IPO class down an average of -22% as of year-end 2021.[3] Issuance in the follow-on biopharmaceutical market equity market in 2021 reached $22 billion, a decline from 2020's record $37 billion in issuance.[3] Similar to the IPO market, follow-on issues saw poor aftermarket performance, down an average of -9% from file to offer and -17% through year-end 2020.[3] Overall, the equity market for the biopharmaceutical industry saw a sharp reversal from 2020 as the XBI finished lower by -21%, compared to the +27% increase in the S&P 500. A number of factors contributed to this disappointing performance, including an oversaturation of public offerings that led to investor fatigue, uncertainty over potential legislative changes around drug pricing and company-specific factors. As an alternative to traditional equity financing, HCR remained in close dialogue with numerous companies that have interests in attractive biopharma assets, but that have experienced meaningful share price compression. Historically, prior periods of market volatility have produced very attractive opportunities for HCR and the early backlog in 2022 suggests this difficult equity market should likewise be positive for HCR.

While M&A activity declined from $139 billion in 2020 to $96 billion in 2021,[4] HCR's portfolio benefited from the long-standing trend of larger companies acquiring emerging biopharma companies as a way to add commercial products to their existing portfolios. Two of HCR's counterparties, Chiasma, Inc. (NASDAQ: CHMA) and Adamas Pharmaceuticals (NASDAQ: ADMS) were acquired in 2021, triggering buyouts for HCR. A third company was purchased in 2020 with the acquirer buying out HCR's interest in 2021. These buyouts tend to produce very attractive returns for HCR due to pre-negotiated buyout premiums.

Political Climate for Biopharmaceutical Industry

The long-awaited drug pricing provisions that were set to be included in President Biden's $1.75 trillion "Build Better Back" ("BBB") bill have now been put on hold following the stalemate with Senator Manchin. Given

2. Source: HCR estimates.
3. Source: Stifel, Cowen.
4. Source: Goldman Sachs.

the pressure on Democrats to pass some version of BBB ahead of the mid-term elections, we believe there is a chance a watered-down version of the bill or portions of the bill being passed sometime in the first half of 2022. We also expect that any bill that passes is likely to retain many of the elements around drug pricing included in the original bill, such as allowing the federal government to negotiate prices on a relatively small number of Medicare Part B and Part D small molecule drugs that have been on the market for 9 years and large molecule drugs that have been on the market for 12 years ("negotiation-eligible drugs"). Price negotiations would begin in 2023 but not be effected until 2025 and be limited initially to 10 drugs annually, growing to 20 drugs annually by 2028 and beyond. Drugs that would be exempt from negotiation include (i) products which make up less than 1% of Part D expenditures but 80% or more of the manufacturer's revenue, (ii) orphan drugs that have only been approved for one rare disease or condition, and (iii) drugs with Medicare spend of less than $200 million. Additionally, Medicare Part D Drugs would be subject to inflation caps that would penalize manufacturers who took price increases greater than the rate of inflation. This provision would also factor in price increases in the private markets to ensure that manufacturers did not overly increase pricing in the private markets to compensate for the controls in Part D. HCR believes the 9 and 12 year launch windows for small molecule and large molecule drugs, the relatively low portion of Medicare spend of HCR's drugs relative to others, and the fact that HCR's portfolio factors in very modest price increases is likely to result in minimal impact on our business. Additionally, there are provisions in BBB, such as the expansion of subsidies and eligibility for the Affordable Care Act ("Obamacare"), which if preserved would lead to further insured patients in the healthcare system, a net positive for pharmaceutical sales and HCR.

2021 DETAILED INVESTMENT SUMMARY

HCR's regional sourcing strategy generated 132 qualified leads in 2021 (nearly 100 executed confidentiality agreements), resulting in seven acquisitions representing $770 million of capital commitments. Over the last six years HCR has continued to refine its regional sourcing strategy to more efficiently identify opportunities that fit squarely within its mandate. As a result, as a percentage of total reviewed opportunities, HCR executed more letters of intent and closed more acquisitions in 2021 than in any other year in its history. The seven acquisitions spanned five therapeutic categories: Oncology, Vaccines and Anti-infectives, Rare Genetic Disorders, Hematology, and Neurology and all were royalty purchases, including three Synthetic Royalty™ financings.

Please see below for a summary of the investments made by HCR in 2021. For the complete list of HCR investments, please visit: www.healthcareroyalty.com/portfolio.

ROYALTY AND SYNTHETIC ROYALTY™ FINANCINGS

Tebipenem HBr (Spero Therapeutics)

In September 2021, HCR completed a Synthetic Royalty™ financing on Tebipenem HBr (Tebi), a post-Phase 3 oral carbapenem antibiotic for the treatment of complicated urinary tract infections (cUTI) and acute pyelonephritis (AP). HCR entered into the Synthetic Royalty™ financing with Spero Therapeutics (NASDAQ: SPRO, "Spero"), a Boston-based biopharmaceutical firm. The transaction provides Spero with non-dilutive capital to launch Tebi and support its clinical development activities. Spero submitted a New Drug Application (NDA) for Tebi to the FDA in late October 2021. The FDA accepted the NDA and granted Priority Review of the New Drug Application in January of 2022. If approved, Tebi would be the first oral carbapenem approved in the United States.

ROYALTY AND SYNTHETIC ROYALTY™ FINANCINGS (CONT'D)

Zynlonta, Camidanlumab Tesirine (ADC Therapeutics SA)

In August 2021, HCR completed a Synthetic Royalty™ financing with Swiss-based ADC Therapeutics SA (NYSE: ADCT, "ADC") on Zynlonta and Camidanlumab tesirine. Zynlonta is an FDA approved treatment for adult patients with relapsed or refractory (r/r) large B-cell lymphoma after two or more lines of systemic therapy. Camidanlumab tesirine is a Phase 2 asset currently being evaluated for lymphoma. The transaction was sourced from our London office and to our knowledge is the largest Synthetic Royalty™ financing ever completed in Europe. The non-dilutive financing provides ADC with capital to support its commercial and clinical development activities.

Xpovio (Karyopharm Therapeutics)

In June 2021, HCR completed a follow-on Synthetic Royalty™ financing with Karyopharm Therapeutics (NASDAQ: KPTI, "Karyopharm"), a Boston-based biopharmaceutical company. The Synthetic Royalty™ financing will be paid primarily from sales of Karyopharm's lead product Xpovio. Xpovio is a first-in class oral therapy currently approved in the U.S. for three indications in multiple myeloma and diffuse large B-cell lymphoma. The acquisition is HCR's second Synthetic Royalty™ financing with Karyopharm, with the initial transaction closing in September 2019. HCR utilized its findings from its initial acquisition as well as its strong local relationship with the company to generate a positive outcome for both the Firm and Karyopharm.

Botox (Inventor)

In June 2021, HCR purchased additional royalties on Botox for the treatment of migraines from an inventor. HCR completed its initial acquisition with this inventor in 2018. After sustained outperformance, the Firm sought to purchase an additional portion of the inventor's residual royalties, and successfully closed the acquisition last summer.

Ruxience (Aptevo Therapeutics Inc.)

In March 2021, HCR purchased a royalty interest in Ruxience, the second-to-market biosimilar for Rituxan, an oncology product approved in 1997 for the treatment of patients with non-Hodgkin's lymphoma (NHL). The royalty was purchased from Aptevo Therapeutics Inc. (NASDAQ: APVO, "Aptevo") and sourced out of our San Francisco office. Ruxience is marketed by Pfizer, Inc. (NYSE: PFE, "Pfizer"), and has become the leading Rituxan biosimilar since launching in February 2020.

Vafseo (Akebia Therapeutics)

In February 2021, HCR completed a royalty acquisition with Boston-based Akebia Therapeutics (NASDAQ: AKBA, "Akebia") for their interest in Vafseo, an oral treatment for anemia in chronic kidney disease (CKD) patients in Japan. Vafseo was approved in Japan in August 2020 and is marketed by Mitsubishi Tanabe Pharma Corporation ("MTPC"). We believe Vafseo's significant improvement over current standard-of-care and MTPC's large salesforce positions Vafseo to capture a meaningful share of the $6 billion Japanese CKD market.

ROYALTY AND SYNTHETIC ROYALTY™ FINANCINGS (CONT'D)

Krystexxa (Inventor)

In February 2021, HCR completed its third royalty purchase with a co-inventor of Krystexxa, a treatment for chronic gout. HCR has maintained a long-standing relationship with the co-inventor that began in 2011 following HCR's initial acquisition of Krystexxa royalties. Horizon Therapeutics plc (NASDAQ: HZNP, "Horizon") acquired Krystexxa in 2015 and has since grown sales meaningfully. With sales continuing to climb, HCR purchased a second tranche of royalties from the co-inventor in 2019 and the remaining residual portion this past February. All three Krystexxa acquisitions were sourced out of HCR's New York metro area office.

KRYSTEXXA pegloticase

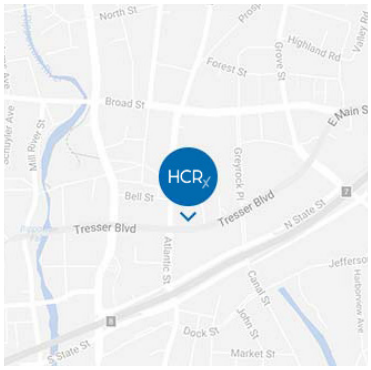
HEALTHCARE ROYALTY PARTNERS AT A GLANCE:

- $6 billion raised in cumulative capital commitments across several vehicles.
- Team consists of 36 professionals (including ten Senior Advisors) with more than 500 years of relevant healthcare investing, operating, clinical, scientific, structuring and capital markets experience.
- Target investments between $20 million and $250 million in commercial or near-commercial stage biopharmaceutical assets.
- Offices in Boston, London, the New York metro area and San Francisco.

For more information on potential non-dilutive financing options, please email bd@hcroyalty.com or contact one of the firm's regional leads.

HCR OFFICE LOCATIONS AND CONTACTS:

New York Metro Area



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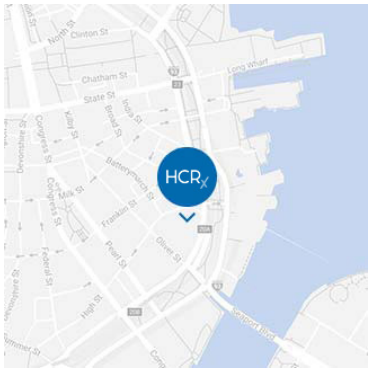

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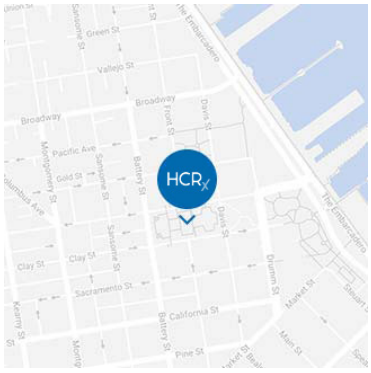

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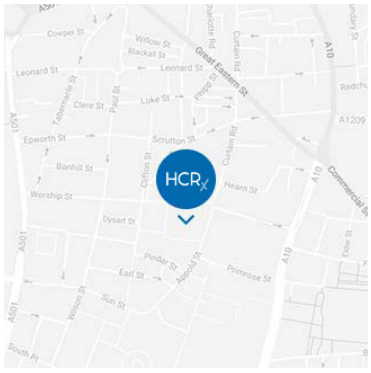

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