UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2022.

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 001-33528

OPKO Health, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**75-2402409**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

4400 Biscayne Blvd.
Miami FL 33137

(Address of Principal Executive Offices) (Zip Code)

(305) 575-4100

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	OPK	NASDAQ Global Select Market

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 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, 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 April 25, 2022, the registrant had 681,525,181 shares of Common Stock outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements about our expectations, beliefs or intentions regarding our product development efforts, business, financial condition, results of operations, strategies or prospects, including the potential impact of the COVID-19 pandemic on our businesses, operating results, cash flows and/or financial condition. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described below and in "Item 1A-Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, and described from time to time in our other filings with the Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to update forward-looking statements, except to the extent required by applicable law. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

Risks and uncertainties, the occurrence of which could adversely affect our business, include the following:

- our business may be materially adversely affected by the coronavirus (COVID-19) pandemic, including the impact from potential declines in testing needs as infection rates decline;
- we have had a history of losses and may not generate sustained positive cash flow sufficient to fund our operations and research and development programs;
- our need for, and ability to obtain, additional financing when needed on favorable terms, or at all;
- adverse results in material litigation matters or governmental inquiries;
- the risks inherent in developing, obtaining regulatory approvals for and commercializing new, commercially viable and competitive products and treatments;
- our research and development activities may not result in commercially viable products;
- that earlier clinical results of effectiveness and safety may not be reproducible or indicative of future results;
- that we may fail to obtain regulatory approval for Somatrogon (hGH-CTP) in the United States ("U.S.") and other territories in which we have applied, or successfully commercialize hGH-CTP Somatrogon (hGH-CTP);
- that we may not generate or sustain profits or cash flow from our laboratory operations or substantial revenue from *Rayaldee* and our other pharmaceutical and diagnostic products;
- that currently available over-the-counter and prescription products, as well as products under development by others, may prove to be as or more effective than our products for the indications being studied;
- our ability and our distribution and marketing partners' ability to comply with regulatory requirements regarding the sales, marketing and manufacturing of our products and product candidates and the operation of our laboratories;
- the performance of our third-party distribution partners, licensees and manufacturers over which we have limited control;
- changes in regulation and policies in the U.S. and other countries, including increasing downward pressure on healthcare reimbursement;
- our ability to manage our growth and our expanded operations;
- increased competition, including price competition;
- changing relationships with payors, including the various state and multi-state programs, suppliers and strategic partners;
- efforts by third-party payors to reduce utilization and reimbursement for clinical testing services;

- our ability to maintain reimbursement coverage for our products and services, including *Rayaldee* and the *4Kscore* test;
- failure to timely or accurately bill and collect for our services;
- the information technology systems that we rely on may be subject to unauthorized tampering, cyberattack or other data security or privacy incidents that could impact our billing processes or disrupt our operations;
- failure to obtain and retain new clients and business partners, or a reduction in tests ordered or specimens submitted by existing clients;
- failure to establish, and perform to, appropriate quality standards to assure that the highest level of quality is observed in the performance of our testing services;
- failure to maintain the security of patient-related information;
- our ability to obtain and maintain intellectual property protection for our products;
- our ability to defend our intellectual property rights with respect to our products;
- our ability to operate our business without infringing the intellectual property rights of others;
- our ability to attract and retain key scientific and management personnel;
- the risk that the carrying value of certain assets may exceed the fair value of the assets causing us to impair goodwill or other intangible assets;
- failure to obtain and maintain regulatory approval outside the U.S.; and
- legal, economic, political, regulatory, currency exchange, and other risks associated with international operations.

PART I. FINANCIAL INFORMATION

Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q to the "Company", "OPKO", "we", "our", "ours", and "us" refer to OPKO Health, Inc., a Delaware corporation, including our consolidated subsidiaries.

Item 1. Financial Statements

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share data)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 102,281	$ 134,710
Accounts receivable, net	212,755	259,637
Inventory, net	99,406	86,502
Other current assets and prepaid expenses	23,274	27,170
Assets held for sale	316,353	314,994
Total current assets	754,069	823,013
Property, plant and equipment, net	81,899	79,727
Intangible assets, net	890,498	321,683
In-process research and development	—	590,200
Goodwill	519,052	520,601
Investments	9,472	10,729
Operating lease right-of-use assets	42,768	44,228
Other assets	9,100	9,534
Total assets	$ 2,306,858	$ 2,399,715
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 94,240	$ 82,040
Accrued expenses	157,316	193,493
Current maturities of operating leases	11,690	11,624
Liabilities associated with assets held-for-sale	28,512	28,156
Current portion of lines of credit and notes payable	17,412	14,695
Total current liabilities	309,170	330,008
Operating lease liabilities	31,596	33,097
Convertible notes	210,520	187,935
Deferred tax liabilities	125,030	148,487
Other long-term liabilities, principally contract liabilities, contingent consideration and lines of credit	15,658	15,062
Total long-term liabilities	382,804	384,581
Total liabilities	691,974	714,589
Equity:		
Common Stock - $0.01 par value, 1,000,000,000 shares authorized; 690,138,033 and 690,082,283 shares issued at March 31, 2022 and December 31, 2021, respectively	6,902	6,901
Treasury Stock - 8,655,082 and 8,655,082 shares at March 31, 2022 and December 31, 2021, respectively	(1,791)	(1,791)
Additional paid-in capital	3,191,139	3,222,487
Accumulated other comprehensive loss	(31,415)	(30,495)
Accumulated deficit	(1,549,951)	(1,511,976)
Total shareholders' equity	1,614,884	1,685,126
Total liabilities and equity	$ 2,306,858	$ 2,399,715

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share data)

	For the three months ended March 31,	
	2022	2021
Revenues:		
Revenue from services	$ 286,599	$ 506,951
Revenue from products	36,658	33,945
Revenue from transfer of intellectual property and other	5,962	4,269
Total revenues	329,219	545,165
Costs and expenses:		
Cost of service revenue	221,202	339,429
Cost of product revenue	22,673	24,078
Selling, general and administrative	117,537	112,286
Research and development	18,312	19,315
Contingent consideration	(106)	(957)
Amortization of intangible assets	22,025	12,577
Total costs and expenses	401,643	506,728
Operating income (loss)	(72,424)	38,437
Other income and (expense), net:		
Interest income	10	5
Interest expense	(2,662)	(5,395)
Fair value changes of derivative instruments, net	(132)	(439)
Other income (expense), net	(1,442)	(927)
Other income and (expense), net	(4,226)	(6,756)
Income (loss) before income taxes and investment losses	(76,650)	31,681
Income tax benefit (provision)	21,266	(560)
Net income (loss) before investment losses	(55,384)	31,121
Loss from investments in investees	(49)	(43)
Net income (loss)	$ (55,433)	$ 31,078
Income (loss) per share, basic and diluted:		
Income (loss) per share	$ (0.08)	$ 0.05
Weighted average common shares outstanding, basic and diluted	660,302,426	640,853,200

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(In thousands)

	For the three months ended March 31,	
	2022	2021
Net income (loss)	$ (55,433)	$ 31,078
Other comprehensive loss, net of tax:		
Change in foreign currency translation and other comprehensive loss	(920)	(9,070)
Comprehensive income (loss)	$ (56,353)	$ 22,008

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

(In thousands, except share data)

For the three months ended March 31, 2022 and 2021

	Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Dollars	Shares	Dollars				
Balance at December 31, 2021	690,082,283	$ 6,901	(8,655,082)	$ (1,791)	$ 3,222,487	$ (30,495)	$ (1,511,976)	$ 1,685,126
Equity-based compensation expense	—	—	—	—	7,617	—	—	7,617
Exercise of common stock options and warrants	55,750	1	—	—	135	—	—	136
Adoption of ASU 2020-06	—	—	—	—	(39,100)	—	17,458	(21,642)
Net loss	—	—	—	—	—	—	(55,433)	(55,433)
Other comprehensive loss	—	—	—	—	—	(920)	—	(920)
Balance at March 31, 2022	690,138,033	$ 6,902	(8,655,082)	$ (1,791)	$ 3,191,139	$ (31,415)	$ (1,549,951)	$ 1,614,884

	Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
	Shares	Dollars	Shares	Dollars				
Balance at December 31, 2020	670,585,576	$ 6,706	(549,907)	$ (1,791)	$ 3,152,694	$ (4,225)	$ (1,481,833)	$ 1,671,551
Equity-based compensation expense	—	—	—	—	2,647	—	—	2,647
Exercise of common stock options and warrants	117,500	1	—	—	307	—	—	308
Net income	—	—	—	—	—	—	31,078	31,078
Other comprehensive loss	—	—	—	—	—	(9,070)	—	(9,070)
Balance at March 31, 2021	670,703,076	$ 6,707	(549,907)	$ (1,791)	$ 3,155,648	$ (13,295)	$ (1,450,755)	$ 1,696,514

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	For the three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	$ (55,433)	$ 31,078
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	27,814	19,989
Non-cash interest	678	2,585
Amortization of deferred financing costs	281	222
Losses from investments in investees	49	43
Equity-based compensation – employees and non-employees	7,617	2,647
Realized loss (gain) on disposal of fixed assets and sales of equity securities	61	(3,039)
Change in fair value of equity securities and derivative instruments	1,299	(279)
Change in fair value of contingent consideration	(106)	(957)
Deferred income tax benefit	(22,356)	(1,033)
Changes in assets and liabilities:		
Accounts receivable, net	44,421	(35,238)
Inventory, net	(9,463)	(27,912)
Other current assets and prepaid expenses	2,612	1,415
Other assets	511	1,255
Accounts payable	16,143	62,231
Foreign currency measurement	2,197	946
Contract liabilities	(4)	(790)
Accrued expenses and other liabilities	(36,177)	(27,126)
Net cash (used in) provided by operating activities	(19,856)	26,037
Cash flows from investing activities:		
Proceeds from sale of investments	—	8,079
Proceeds from the sale of property, plant and equipment	348	60
Capital expenditures	(5,251)	(9,245)
Net cash (used in) provided by used in investing activities	(4,903)	(1,106)
Cash flows from financing activities:		
Proceeds from the exercise of common stock options and warrants	136	308
Borrowings on lines of credit	1,649,166	472,213
Repayments of lines of credit	(1,657,193)	(479,713)
Net cash used in financing activities	(7,891)	(7,192)
Effect of exchange rate changes on cash and cash equivalents	221	(447)
Net increase (decrease) in cash and cash equivalents	(32,429)	17,292
Cash and cash equivalents at beginning of period	134,710	72,211
Cash and cash equivalents at end of period	$ 102,281	$ 89,503
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 3,420	$ 4,689
Income taxes paid, net of refunds	$ 1,063	$ 1,470

The accompanying unaudited Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1 BUSINESS AND ORGANIZATION

We are a diversified healthcare company that seeks to establish industry-leading positions in large and rapidly growing medical markets. Our diagnostics business includes BioReference Health, LLC, formerly known as BioReference Laboratories, Inc. ("BioReference"), one of the nation's largest full service laboratories with an almost 250-person sales and marketing team to drive growth and leverage new products. Our pharmaceutical business features *Rayaldee*, a U.S. Food and Drug Administration ("FDA") approved treatment for secondary hyperparathyroidism ("SHPT") in adults with stage 3 or 4 chronic kidney disease ("CKD") and vitamin D insufficiency and a pipeline of products in various stages of development. Our leading product in development is Somatrogon (hGH-CTP), a once-weekly human growth hormone for which we have partnered with Pfizer, Inc. ("Pfizer") and successfully completed a phase 3 study in August 2019. Regulatory applications for Somatrogon (hGH-CTP) have been submitted to the applicable regulatory bodies for review in several countries around the world. In February 2022, the European Commission granted marketing authorization in the European Union for Somatrogon (hGH-CTP) under the brand name NGENLA® to treat children and adolescents from as young as three years of age with growth disturbance due to insufficient secretion of growth hormone, and we recently received pricing approval in Germany. In January 2022, the Ministry of Health, Labour and Welfare in Japan approved NGENLA® (Somatrogon) for the long-term treatment of pediatric patients who have growth failure due to an inadequate secretion of endogenous growth hormone and we recently received pricing approval. In October 2021, Health Canada approved NGENLA® for the long-term treatment of pediatric patients who have growth hormone deficiency, and Australia's Therapeutic Goods Administration approved NGENLA® for the long-term treatment of pediatric patients with growth disturbance due to insufficient secretion of growth hormone. We also submitted the initial Biologics License Application ("BLA") with the FDA for approval of Somatrogon (hGH-CTP) in the United States and Pfizer received a Complete Response Letter in January 2022. Pfizer and OPKO are evaluating the FDA's comments and will work with the agency to determine the best path forward for Somatrogon (hGH-CTP) in the United States. We are incorporated in Delaware, and our principal executive offices are located in leased offices in Miami, Florida.

Through BioReference, we provide laboratory testing services, primarily to customers in the larger metropolitan areas in New York, New Jersey, Florida, Texas, Maryland, California, Pennsylvania, Delaware, Washington, DC, Illinois and Massachusetts, as well as to customers in a number of other states. We offer a comprehensive test menu of clinical diagnostics for blood, urine and tissue analysis. This includes hematology, clinical chemistry, immunoassay, infectious diseases, serology, hormones, and toxicology assays, as well as Pap smear, anatomic pathology (biopsies) and other types of tissue analysis. We market our laboratory testing services directly to physicians, geneticists, hospitals, clinics, correctional and other health facilities.

We operate established pharmaceutical platforms in Ireland, Chile, Spain, and Mexico, which are generating revenue and from which we expect to generate positive cash flow and facilitate future market entry for our products currently in development. In addition, we have a development and commercial supply pharmaceutical company and a global supply chain operation and holding company in Ireland. We own a specialty active pharmaceutical ingredients ("APIs") manufacturer in Israel, which we expect will facilitate the development of our pipeline of molecules and compounds for our proprietary molecular diagnostic and therapeutic products.

Our research and development activities are primarily performed at facilities in Woburn, MA, Waterford, Ireland, Kiryat Gat, Israel, and Barcelona, Spain.

On January 18, 2022, Sema4 Holdings Corp. ("Sema4") and OPKO entered into an Agreement and Plan of Merger and Reorganization (the "GeneDx Merger Agreement"), pursuant to which Sema4 agreed to acquire OPKO's wholly owned subsidiary, GeneDx LLC, formerly GeneDx, Inc. ("GeneDx"), subject to satisfaction of customary closing conditions (the "GeneDx Transaction"). The GeneDx Transaction closed on April 29, 2022.

Under the terms of the GeneDx Merger Agreement, Sema4 acquired GeneDx for an upfront payment of $150 million in cash, subject to adjustments, plus 80.0 million shares of Sema4's Class A common stock, and Sema4 has agreed to pay up to an additional $150 million in consideration subject to the satisfaction of certain revenue-based milestones over the next two years (which will be payable in cash or shares of Sema4's Class A common stock at Sema4's discretion). Based on the closing stock price of Sema4 as of April 29, 2022, the total upfront consideration represents approximately $322 million, and the total aggregate consideration including potential milestones is approximately $472 million.

As of March 31, 2022 and December 31, 2021, GeneDx met the held-for-sale accounting criteria and, its related assets and liabilities are classified as held for sale in the consolidated balance sheet. GeneDx was included in our diagnostics segment as of March 31, 2022 and December 31, 2021.

In June 2021, EirGen Pharma Limited ("EirGen"), our wholly owned subsidiary, entered into a definitive agreement to sell one of its facilities in Waterford, Ireland to Horizon Therapeutics plc for $65 million in cash less certain assumed and accrued liabilities relating to transferred employees. The facility, which was formerly included in our pharmaceutical segment, housed EirGen's sterile-fill-finish business and was no longer a core component of our ongoing operations and business strategy. The transaction closed in the third quarter of 2021. We recognized a gain on the sale of the facility in the third quarter of 2021 of $31.5 million.

NOTE 2 IMPACT OF COVID-19

We continue to be a part of the coordinated public and private sector response to SARS-CoV-2, a novel strain of coronavirus, referred to as COVID-19. There continues to be a high level of uncertainty relating to how the pandemic will evolve, how governments and consumers will react, progress on the distribution of vaccines and whether the pandemic will have a longer-term effect on the healthcare industry and patient habits. BioReference is providing COVID-19 solutions, including diagnostic molecular testing and serology antibody testing, to meet the testing needs of its customers, including physicians, health systems, long-term care facilities, governments, schools, employers, professional sports teams and entertainment venues, as well as the general public through relationships with retail pharmacy chains.

Since the pandemic began in the U.S., we have invested in testing capabilities and infrastructure to meet demand for our molecular and antibody testing for COVID-19. Throughout the last two years, we have managed our company-wide lab operations specimen acquisition, logistics, procurement, customer service, and initiatives to manage our cost structure to match the ever changing COVID-19 testing volumes and to manage efficiency gains in our core clinical lines of business. We anticipate that COVID-19 will continue to impact our business in 2022 and demand for COVID-19 testing will fluctuate with the potential for increases and decreases in demand at different times and across different geographies; however, overall, we expect COVID-19 test demand to trend down in 2022 as compared to 2021.

Revenue from services for the three months ended March 31, 2022 decreased by $220.4 million as compared to the three months ended March 31, 2021 due to lower COVID-19 testing volumes. We maintain our ability to quickly scale-up COVID-19 PCR testing capacity, even during periods of reduced demand. In doing so, we are able to immediately and effectively respond to surges in positive cases and testing needs. We are unable to predict how long the demand will continue for our COVID-19 related testing, or whether pricing and reimbursement policies for testing will be sustained. Excluding COVID-19 test volumes, for the three months ended March 31, 2022, genomic and routine clinical test volume increased 14.0% and 0.4% respectively, as compared to such volumes for the three months ended March 31, 2021.

In March 2022, the U.S. Health Resources and Services Administration ("HRSA") informed providers that, after March 22, 2022, it would stop accepting claims for testing and treatment for uninsured individuals under the HRSA COVID-19 Uninsured Program and that claims submitted prior to that date would be subject to eligibility and availability of funds. For the three months ended March 31, 2022, revenue for testing of uninsured individuals under the HRSA COVID-19 Uninsured Program represented approximately 7.9% of our COVID-19 testing revenue. As of March 31, 2022, less than 6% of our net accounts receivable was associated with claims for reimbursement for COVID-19 testing of uninsured individuals. Although we believe that our estimates for contractual allowances and patient price concessions are appropriate, actual results could differ from those estimates.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments or adjustments otherwise disclosed herein) considered necessary to present fairly the Company's results of operations, financial position and cash flows have been made. The results of operations and cash flows for the three months ended March 31, 2022 are not necessarily indicative of the results of operations and cash flows that may be reported for the remainder of 2022 or any other future periods. The unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Principles of consolidation. The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of OPKO Health, Inc. and our wholly-owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation.

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

Cash and cash equivalents. Cash and cash equivalents include short-term, interest-bearing instruments with original maturities of 90 days or less at the date of purchase. We also consider all highly liquid investments with original maturities at the date of purchase of 90 days or less as cash equivalents. These investments include money markets, bank deposits, certificates of deposit and U.S. treasury securities.

Inventories. Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. We consider such factors as the amount of inventory on hand, estimated time required to sell such inventories, remaining shelf-life, and current market conditions to determine whether inventories are stated at the lower of cost and net realizable value. Inventories at our diagnostics segment consist primarily of purchased laboratory supplies, which are used in our testing laboratories. Inventory obsolescence expense for the three months ended March 31, 2022 and 2021 was $0.6 million and $3.1 million, respectively.

Goodwill and intangible assets. Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired accounted for by the acquisition method of accounting. Refer to Note 5. Goodwill, in-process research and development ("IPR&D") and other intangible assets acquired in business combinations, licensing and other transactions was $1.4 billion at both March 31, 2022 and December 31, 2021.

Assets acquired and liabilities assumed in business combinations, licensing and other transactions are generally recognized at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. At acquisition, we generally determine the fair value of intangible assets, including IPR&D, using the "income method."

Subsequent to their acquisition, goodwill and indefinite lived intangible assets are tested at least annually as of October 1 for impairment, or when events or changes in circumstances indicate it is more likely than not that the carrying amount of such assets may not be recoverable.

Goodwill was $519.1 million and $520.6 million, respectively, at March 31, 2022 and December 31, 2021, Assets held for sale includes $151.8 million of goodwill related to GeneDx. Estimating the fair value of a reporting unit for goodwill impairment is highly sensitive to changes in projections and assumptions and changes in assumptions could potentially lead to impairment. We perform sensitivity analyses around our assumptions in order to assess the reasonableness of the assumptions and the results of our testing. Ultimately, potential changes in these assumptions may impact the estimated fair value of a reporting unit and result in an impairment if the fair value of such reporting unit is less than its carrying value.

Net intangible assets other than goodwill was $890.5 million and $911.9 million, including IPR&D of $590.2 million at December 31, 2021, respectively. Intangible assets are highly vulnerable to impairment charges, particularly newly acquired assets for recently launched products and IPR&D. Considering the high risk nature of research and development and the industry's success rate of bringing developmental compounds to market, IPR&D impairment charges may occur in future periods. Estimating the fair value of IPR&D for potential impairment is highly sensitive to changes in projections and assumptions and changes in assumptions could potentially lead to impairment.

Upon obtaining regulatory approval, IPR&D assets are then accounted for as a finite-lived intangible asset and amortized on a straight-line basis over its estimated useful life. If the project is abandoned, the IPR&D asset is charged to expense. Finite lived intangible assets are tested for impairment when events or changes in circumstances indicate it is more likely than not that the carrying amount of such assets may not be recoverable. The testing includes a comparison of the carrying amount of the asset to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, then an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

We believe that our estimates and assumptions in testing goodwill and other intangible assets, including IPR&D, for impairment are reasonable and otherwise consistent with assumptions that marketplace participants would use in their estimates of fair value. However, if future results are not consistent with our estimates and assumptions, including as a result of the COVID-19 global pandemic, then we may be exposed to additional impairment charges, which could be material. We submitted the initial BLA with the FDA for approval of Somatrogon (hGH-CTP) in the United States and Pfizer received a Complete Response Letter in January 2022. Pfizer and OPKO are evaluating the FDA's comments and will work with the agency to determine the best path forward for Somatrogon (hGH-CTP) in the United States.

In the first quarter of 2022, we reclassified $590.0 million of IPR&D related to Somatrogon (hGH-CTP) from IPR&D in our Condensed Consolidated Balance Sheet upon the approval of NGENLA (Somatrogon) in Europe and Japan. The assets will be amortized on a straight-line basis over their estimated useful life of approximately 12 years.

We amortize intangible assets with definite lives on a straight-line basis over their estimated useful lives, ranging from 3 to 20 years. We use the straight-line method of amortization as there is no reliably determinable pattern in which the economic benefits of our intangible assets are consumed or otherwise used up. Amortization expense was $22.0 million and $12.6 million for the three months ended March 31, 2022 and 2021, respectively.

Fair value measurements. The carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate their fair value due to the short-term maturities of these instruments. Investments that are considered equity securities as of March 31, 2022 and December 31, 2021 are predominately carried at fair value. Our debt under the credit agreement with JPMorgan Chase Bank, N.A. approximates fair value due to the variable rate of interest applicable to such debt.

In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange. Refer to Note 9.

Contingent consideration. Each period we revalue the contingent consideration obligations associated with certain prior acquisitions to their fair value and record increases in the fair value as contingent consideration expense and decreases in the fair value as a reduction in contingent consideration expense. Changes in contingent consideration result from changes in the assumptions regarding probabilities of successful achievement of related milestones, the estimated timing in which the milestones are achieved and the discount rate used to estimate the fair value of the liability. Contingent consideration may change significantly as our development programs progress, revenue estimates evolve and additional data is obtained, impacting our assumptions. The assumptions used in estimating fair value require significant judgment. The use of different assumptions and judgments could result in a materially different estimate of fair value which may have a material impact on our results from operations and financial position.

Derivative financial instruments. We record derivative financial instruments on our Condensed Consolidated Balance Sheet at their fair value and recognize the changes in the fair value in our Condensed Consolidated Statement of Operations when they occur, the only exception being derivatives that qualify as hedges. For the derivative instrument to qualify as a hedge, we are required to meet strict hedge effectiveness and contemporaneous documentation requirements at the initiation of the hedge and assess the hedge effectiveness on an ongoing basis over the life of the hedge. At March 31, 2022 and December 31, 2021, our foreign currency forward contracts held to economically hedge inventory purchases did not meet the documentation requirements to be designated as hedges. Accordingly, we recognized all changes in the fair values of our derivatives instruments, net, in our Condensed Consolidated Statement of Operations. Refer to Note 10.

Property, plant and equipment. Property, plant and equipment are recorded at cost or fair value if acquired in a business combination. Depreciation is provided using the straight-line method over the estimated useful lives of the assets and includes amortization expense for assets capitalized under finance leases. The estimated useful lives by asset class are as follows: software - 3 years, machinery, medical and other equipment - 5-8 years, furniture and fixtures - 5-12 years, leasehold improvements - the lesser of their useful life or the lease term, buildings and improvements - 10-40 years, and automobiles - 3-5 years. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation expense was $5.8 million and $7.4 million for three months ended March 31, 2022 and 2021, respectively. Assets held under finance leases are included within Property, plant and equipment, net in our Consolidated Balance Sheets and are amortized over the shorter of their useful lives or the expected term of their related leases.

Impairment of long-lived assets. Long-lived assets, such as property and equipment and assets held for sale, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Income taxes. Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax

rates is recognized in operations in the period that includes the enactment date. We periodically evaluate the realizability of our net deferred tax assets. Our tax accruals are analyzed periodically and adjustments are made as events occur to warrant such adjustment. Valuation allowances on certain U.S. deferred tax assets and non-U.S. deferred tax assets are established, because realization of these tax benefits through future taxable income does not meet the more-likely-than-not threshold.

We operate in various countries and tax jurisdictions globally. For interim reporting purposes, we record income taxes based on the expected effective income tax rate, taking into consideration year to date and global forecasted tax results. For the three months ended March 31, 2022, the tax rate differed from the U.S. federal statutory rate of 21% primarily due to the valuation allowance against certain U.S. and non-U.S. deferred tax assets, the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and the impact of certain discrete tax events and operating results in tax jurisdictions which do not result in a tax benefit.

Revenue recognition. We recognize revenue when a customer obtains control of promised goods or services in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). The amount of revenue that is recorded reflects the consideration that we expect to receive in exchange for those goods or services. We apply the following five-step model in order to determine this amount: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation.

We apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, we review the contract to determine which performance obligations we must deliver and which of these performance obligations are distinct. We recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. For a complete discussion of accounting for Revenues from services, Revenues from products and Revenue from transfer of intellectual property and other, refer to Note 13.

Concentration of credit risk and allowance for credit losses. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of accounts receivable. Substantially all of our accounts receivable are with either companies in the healthcare industry or patients. However, credit risk is limited due to the number of our clients as well as their dispersion across many different geographic regions.

While we have receivables due from federal and state governmental agencies, we do not believe that such receivables represent a credit risk because the related healthcare programs are funded by federal and state governments, and payment is primarily dependent upon submitting appropriate documentation. On March 31, 2022 and December 31, 2021, receivable balances (net of explicit and implicit price concessions) from Medicare and Medicaid were 10% and 6%, respectively, of our consolidated Accounts receivable, net. On March 31, 2022 and December 31, 2021, receivable balances (net of explicit and implicit price concessions) due directly from states, cities and other municipalities, specifically related to our real-time reverse-transcription polymerase chain reaction (real-time RT-PCR) assay to detect COVID-19, were 4.8% and 4.1% of our consolidated accounts receivable, net, respectively.

The portion of our accounts receivable due from individual patients comprises the largest portion of credit risk. At March 31, 2022 and December 31, 2021, receivables due from patients represented approximately 2.0% and 0.7%, respectively, of our consolidated Accounts receivable, net.

We assess the collectability of accounts receivable balances by considering factors such as historical collection experience, customer credit worthiness, the age of accounts receivable balances, regulatory changes and current economic conditions and trends that may affect a customer's ability to pay. Actual results could differ from those estimates. The allowance for credit losses was $2.0 million and $1.8 million at March 31, 2022 and December 31, 2021, respectively. The credit loss expense for the three months ended March 31, 2022 and 2021 was $0.1 million and $0.3 million, respectively.

Equity-based compensation. We measure the cost of services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized in the Condensed Consolidated Statement of Operations over the period during which an employee is required to provide service in exchange for the award. We record excess tax benefits realized from the exercise of stock options as cash flows from operations. For the three months ended March 31, 2022 and 2021 we recorded $7.6 million and $2.6 million, respectively, of equity-based compensation expense.

Research and development expenses. Research and development expenses include external and internal expenses. External expenses include clinical and non-clinical activities performed by contract research organizations, lab services, purchases of drug and diagnostic product materials and manufacturing development costs. Research and development employee-related expenses include salaries, benefits and equity-based compensation expense. Other internal research and

development expenses are incurred to support overall research and development activities and include expenses related to general overhead and facilities. We expense these costs in the period in which they are incurred. We estimate our liabilities for research and development expenses in order to match the recognition of expenses to the period in which the actual services are received. As such, accrued liabilities related to third party research and development activities are recognized based upon our estimate of services received and degree of completion of the services in accordance with the specific third party contract.

Research and development expense includes costs for in-process research and development projects acquired in asset acquisitions which have not reached technological feasibility, and which have no alternative future use. For in-process research and development projects acquired in business combinations, the in-process research and development project is capitalized and evaluated for impairment until the development process has been completed. Once the development process has been completed the asset will be amortized over its remaining estimated useful life.

Segment reporting. Our chief operating decision-maker ("CODM") is Phillip Frost, M.D., our Chairman and Chief Executive Officer. Our CODM reviews our operating results and operating plans and makes resource allocation decisions on a Company-wide or aggregate basis. We manage our operations in two reportable segments, pharmaceutical and diagnostics. The pharmaceutical segment consists of our pharmaceutical operations in Chile, Mexico, Ireland, Israel and Spain, *Rayaldee* product sales and our pharmaceutical research and development. The diagnostics segment primarily consists of clinical and genomics laboratory operations through BioReference and point-of-care operations. There are no significant inter-segment sales. We evaluate the performance of each segment based on operating profit or loss. There is no inter-segment allocation of interest expense or income taxes. Refer to Note 15.

Shipping and handling costs. We do not charge customers for shipping and handling costs. Shipping and handling costs are classified as Cost of revenues in the Condensed Consolidated Statement of Operations.

Foreign currency translation. The financial statements of certain of our foreign operations are measured using the local currency as the functional currency. The local currency assets and liabilities are generally translated at the rate of exchange to the U.S. dollar on the balance sheet date and the local currency revenues and expenses are translated at average rates of exchange to the U.S. dollar during the reporting periods. Foreign currency transaction gains (losses) have been reflected as a component of Other income (expense), net within the Condensed Consolidated Statement of Operations and foreign currency translation gains (losses) have been included as a component of the Condensed Consolidated Statement of Comprehensive Income (Loss). During the three months ended March 31, 2022 and 2021, we recorded $1.1 million and $4.8 million, respectively of transaction losses.

Variable interest entities. The consolidation of a variable interest entity ("VIE") is required when an enterprise has a controlling financial interest. A controlling financial interest in a VIE will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE. Refer to Note 6.

Investments. We have made strategic investments in development stage and emerging companies. We record these investments as equity method investments or as equity securities based on our percentage of ownership and whether we have significant influence over the operations of the investees. For investments classified under the equity method of accounting, we record our proportionate share of their losses in Losses from investments in investees in our Condensed Consolidated Statement of Operations. Refer to Note 6. For investments classified as equity securities, we record changes in their fair value as Other income (expense) in our Condensed Consolidated Statement of Operations based on their closing price per share at the end of each reporting period, unless the equity security does not have a readily determinable fair value. Refer to Note 6.

Recently adopted accounting pronouncements.

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." ASU 2020-06 simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. The ASU is effective for public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. As required, we adopted ASU 2020-06 on January 1, 2022 and used the modified retrospective approach for all convertible debt instruments at the beginning of the period of adoptions. Results for reporting periods beginning January 1, 2022 are presented under ASU 2020-06, while prior period amounts were not adjusted and continue to be reported in accordance with historic with accounting guidance.

Under the modified approach, entities will apply the guidance to all financial instruments that are outstanding as of the beginning of the year of adoption with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. ASU 2020-06 eliminates the cash conversion and beneficial conversion feature models in ASC 470-20 that require an issuer of certain convertible debt and preferred stock to separately account for embedded conversion features as a component of

equity. The adoption of ASU 2020-06 at January 1, 2022 resulted in an increase of the Convertible notes of $21.6 million, a reduction of the Accumulated deficit of $17.5 million and a reduction of Additional paid-in capital of $39.1 million.

NOTE 4 EARNINGS (LOSS) PER SHARE

Basic income (loss) per share is computed by dividing our net income (loss) by the weighted average number of shares of our common stock par value $0.01 per share ("Common Stock") outstanding during the period. Shares of Common Stock outstanding under the share lending arrangement entered into in conjunction with the 2025 Notes (as defined in Note 7) are excluded from the calculation of basic and diluted earnings per share because the borrower of the shares is required under the share lending arrangement to refund any dividends paid on the shares lent. Refer to Note 7. For diluted earnings per share, the dilutive impact of stock options and warrants is determined by applying the "treasury stock" method. The dilutive impact of the 2033 Senior Notes, the 2023 Convertible Notes and the 2025 Notes (each, as defined and discussed in Note 7) has been considered using the "if converted" method. For periods in which their effect would be antidilutive, no effect is given to Common Stock issuable under outstanding options or warrants or the potentially dilutive shares issuable pursuant to the 2033 Senior Notes, the 2023 Convertible Notes and the 2025 Notes in the dilutive computation.

A total of 57,985,925 and 74,623,270 potential shares of Common Stock were excluded from the calculation of diluted net loss per share for the three months ended March 31, 2022, and 2021, respectively, because their inclusion would be antidilutive. A full presentation of diluted earnings per share has not been provided because the required adjustments to the numerator and denominator resulted in diluted earnings per share equivalent to basic earnings per share.

During the three months ended March 31, 2022, 55,750 Common Stock options and Common Stock warrants to purchase shares of our Common Stock were exercised, resulting in the issuance of 55,750 shares of Common Stock. Of the 55,750 Common Stock options and Common Stock warrants exercised, no shares of Common Stock were surrendered in lieu of a cash payment via the net exercise feature of the agreements.

During the three months ended March 31, 2021, 117,500 Common Stock options or Common Stock warrants to purchase shares of our Common Stock were exercised, resulting in the issuance of 117,500 shares of Common Stock. Of the 117,500 Common Stock options and Common Stock warrants exercised, no shares of Common Stock were surrendered in lieu of a cash payment via the net exercise feature of the agreements.

NOTE 5 COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

(In thousands)	March 31, 2022	December 31, 2021
Accounts receivable, net:		
Accounts receivable	$ 214,734	$ 261,476
Less: allowance for credit losses	(1,979)	(1,839)
	$ 212,755	$ 259,637
Inventories, net:		
Consumable supplies	$ 48,740	$ 39,447
Finished products	46,594	44,107
Work in-process	2,795	1,615
Raw materials	6,435	6,112
Less: inventory reserve	(5,158)	(4,779)
	$ 99,406	$ 86,502
Other current assets and prepaid expenses:		
Taxes recoverable	$ 6,105	$ 5,598
Prepaid expenses	8,171	10,641
Prepaid insurance	1,731	4,383
Other receivables	2,435	353
Other	4,832	6,195
	$ 23,274	$ 27,170
Intangible assets, net:		
Customer relationships	$ 314,324	$ 314,823
Technologies	832,727	246,101
Trade names	49,774	49,770
Covenants not to compete	12,917	12,920
Licenses	5,766	5,766
Product registrations	7,251	6,995
Other	6,033	6,128
Less: accumulated amortization	(338,294)	(320,820)
	$ 890,498	$ 321,683
Accrued expenses:		
Inventory received but not invoiced	$ 22,811	$ 40,446
Commitments and contingencies	26,940	27,819
Employee benefits	50,332	45,939
Contract liabilities	258	258
Clinical trials	4,167	4,867
Contingent consideration	487	487
Finance leases short-term	2,451	2,257
Professional fees	2,717	2,121
Other	47,153	69,299
	$ 157,316	$ 193,493

(In thousands)	March 31, 2022	December 31, 2021
Other long-term liabilities:		
Contingent consideration	$ 2,242	$ 2,350
Mortgages and other debts payable	1,973	2,224
Finance leases long-term	3,865	2,924
Contract liabilities	204	208
Other	7,374	7,356
	$ 15,658	$ 15,062

Our intangible assets and goodwill relate principally to our completed acquisitions of OPKO Renal, OPKO Biologics, EirGen and BioReference. We amortize intangible assets with definite lives on a straight-line basis over their estimated useful lives. The estimated useful lives by asset class are as follows: technologies - 7-17 years, customer relationships - 7-20 years, product registrations - 7-10 years, covenants not to compete - 5 years, trade names - 5-10 years, other 9-13 years. We do not anticipate capitalizing the cost of product registration renewals, rather we expect to expense these costs, as incurred. Our goodwill is not tax deductible for income tax purposes in any jurisdiction in which we operate.

As of March 31, 2022 and December 31, 2021, GeneDx met the held-for-sale accounting criteria and its related assets and liabilities are recognized at the lower of carrying value or fair value less costs to sell in the consolidated balance sheet. In addition, at March 31, 2022 and December 31, 2021, Assets held for sale included $151.8 million of goodwill related to GeneDx.

In the first quarter of 2022, we reclassified $590.0 million of IPR&D related to Somatrogon from IPR&D in our Condensed Consolidated Balance Sheet upon the approval of NGENLA (Somatrogon) in Europe and Japan. The assets will be amortized on a straight-line basis over their estimated useful life of approximately 12 years. Other changes in value of the intangible assets and goodwill during the three months ended March 31, 2022 and 2021 were primarily due to foreign currency fluctuations between the Chilean Peso, and the Euro against the U.S. dollar.

The following table summarizes the changes in Goodwill by reporting unit during the three months ended March 31, 2022.

	2022			
(In thousands)	Gross goodwill at January 1	Cumulative impairment at January 1	Foreign exchange and other	Balance at March 31
Pharmaceuticals				
CURNA	$ 4,827	$ (4,827)	$ —	$ —
Rayaldee	86,554	—	(1,701)	84,853
FineTech	11,698	(11,698)	—	—
OPKO Biologics	139,784	—	—	139,784
OPKO Chile	3,760	—	302	4,062
OPKO Health Europe	7,478	—	(150)	7,328
OPKO Mexico	100	(100)	—	—
Transition Therapeutics	3,421	(3,421)	—	—
Diagnostics				
BioReference	434,809	—	(151,784)	283,025
OPKO Diagnostics	17,977	(17,977)	—	—
	$ 710,408	$ (38,023)	$ (153,333)	$ 519,052

Foreign exchange and other amounts for three months ended March 31, 2022 includes amounts related to GeneDx which is included as Assets held for sale at March 31, 2022.

NOTE 6 INVESTMENTS

Investments

The following table reflects the accounting method, carrying value and underlying equity in net assets of our unconsolidated investments as of March 31, 2022 and December 31, 2021:

(in thousands)	As of March 31, 2022		As of December 31, 2021	
Investment type	Investment Carrying Value	Underlying Equity in Net Assets	Investment Carrying Value	Underlying Equity in Net Assets
Equity method investments	$ 217	$ 4,497	$ 263	$ 3,577
Variable interest entity, equity method	773	2,772	816	3,043
Equity securities	3,064		4,226	
Equity securities with no readily determinable fair value	5,403		5,408	
Warrants and options	15		16	
Total carrying value of investments	$ 9,472		$ 10,729	

Equity method investments

Our equity method investments consist of investments in Pharmsynthez (ownership 9%), Cocrystal Pharma, Inc. ("COCP") (3%), Non-Invasive Monitoring Systems, Inc. ("NIMS") (1%), Neovasc, Inc. ("Neovasc") (1%), InCellDx, Inc. ("InCellDx") (29%), BioCardia, Inc. ("BioCardia") (1%), Xenetic Biosciences, Inc. ("Xenetic") (1%), and LeaderMed Health Group Limited ("LeaderMed") (47%). The aggregate amount of assets, liabilities, and net losses of our equity method investees as of and for the three months ended March 31, 2022 were $222.1 million, $37.6 million, and $19.0 million, respectively. The aggregate amount of assets, liabilities, and net losses of our equity method investees as of and for the year ended December 31, 2021 were $223.6 million, $37.9 million, and $69.4 million, respectively. We have determined that we and/or our related parties can significantly influence control of our equity method investments through our board representation and/or voting power. Accordingly, we account for our investment in these entities under the equity method and record our proportionate share of their losses in Loss from investments in investees in our Condensed Consolidated Statement of Operations. The aggregate value of our equity method investments based on the quoted market prices of their respective shares of common stock and the number of shares held by us as of March 31, 2022 and December 31, 2021 was $3.6 million and $4.5 million, respectively.

Investments in Equity Securities

Our equity securities consist of investments in Phio Pharmaceuticals ("Phio") (ownership 0.01%), VBI Vaccines Inc. ("VBI") (1%), ChromaDex Corporation ("ChromaDex") (0.1%), Eloxx Pharmaceuticals, Inc. ("Eloxx") (1%), and CAMP4 Therapeutics Corporation ("CAMP4") (5%) and HealthSnap, Inc. (7%). We have determined that our ownership, along with that of our related parties, does not provide us with significant influence over the operations of these investments. Accordingly, we account for our investment in these entities as equity securities, and we record changes in the fair value of these investments in Other income (expense) each reporting period when they have readily determinable fair value. Equity securities without a readily determinable fair value are adjusted to fair value when there is an observable price change. Net gains and losses on our equity securities for the three months ended March 31, 2022, and 2021 were as follows:

	For the three months ended March 31	
(in thousands)	2022	2021
Equity Securities:		
Net gains and losses recognized during the period on equity securities	$ (1,162)	$ 2,780
Less: Net gains realized during the period on equity securities	—	(2,981)
Unrealized net gains and losses recognized during the period on equity securities still held at the reporting date	$ (1,162)	$ (201)

Sales of investments

Gains (losses) included in earnings from sales of our investments are recorded in Other income (expense), net in our Condensed Consolidated Statement of Operations. The cost of securities sold is based on the specific identification method.

Warrants and options

In addition to our equity method investments and equity securities, we hold options to purchase 47 thousand additional shares of BioCardia, all of which were vested as of March 31, 2022 and December 31, 2021, and 33 thousand and 0.7 million to purchase additional shares of COCP and InCellDx, respectively. We recorded the changes in the fair value of the options and warrants in Fair value changes of derivative instruments, net in our Condensed Consolidated Statement of Operations. We also recorded the fair value of the options and warrants in Investments, net in our Condensed Consolidated Balance Sheet. See further discussion of the Company's options and warrants in Note 9 and Note 10.

Investments in variable interest entities

We have determined that we hold variable interests in LeaderMed, Detect Genomix, LLC ("Detect Genomix") and Zebra Biologics, Inc. ("Zebra"). We made this determination as a result of our assessment that they do not have sufficient resources to carry out their principal activities without additional financial support.

On September 14, 2021, we and LeaderMed, a pharmaceutical development company with operations based in Asia, announced the formation of a joint venture to develop, manufacture and commercialize two of OPKO's clinical stage, long-acting drug products in Greater China and eight other Asian territories. Under the terms of the agreements, we have granted the joint venture exclusive rights to develop, manufacture and commercialize (a) OPK88003, an oxyntomodulin analog being developed for the treatment of obesity and diabetes, and (b) Factor VIIa-CTP, a novel long acting coagulation factor being developed to treat hemophilia, in exchange for 4,703 shares 47% ownership interest in the joint venture. In addition, we received an upfront payment of $1.0 million and will be reimbursed for clinical trial material and technical support we provide the joint venture.

In order to determine the primary beneficiary of the joint venture, we evaluated our investment and our related parties' investment, as well as our investment combined with the related parties' investment to identify if we had the power to direct the activities that most significantly impact the economic performance of the joint venture. Based on the capital structure, governing documents and overall business operations of the joint venture, we determined that, while a VIE, we do not have the power to direct the activities that most significantly impact the joint venture's economic performance and do not have an obligation to fund expected losses. We did determine that we can significantly influence control of the joint venture through our board representation and voting power. Therefore, we have the ability to exercise significant influence over the joint venture's operations and account for our investment in the joint venture under the equity method.

In August 2020, GeneDx LLC, a subsidiary of the Company, announced that it had entered into an agreement with Pediatrix Medical Group ("Pediatrix"), a provider of maternal-fetal, and pediatric medical and surgical subspecialty physician services, to offer genomic sequencing to support clinical diagnosis in neonatal intensive care units staffed by Pediatrix's affiliated neonatologists. The offering is planned to include whole exome and whole genome sequencing and genomic support services under the brand Detect Genomix.

Our initial capital investment in Detect Genomix was $245,000 for which we received a 49% ownership interest in Detect Genomix. We had been required to make additional capital contributions to Detect Genomix in accordance with our percentage interests if Detect Genomix were unable to generate positive cash flow from operations or is unable to obtain alternative financing. We have not made any other investments in or loans to Detect Genomix through March 31, 2021. In January 2022, the Detect Genomix agreement was terminated.

In order to determine the primary beneficiary of Detect Genomix, we evaluated our investment to identify if we had the power to direct the activities that most significantly impact the economic performance of Detect Genomix. Based on the capital structure, governing documents and overall business operations of Detect Genomix, we determined that, while a VIE, we do not have the power to direct the activities that most significantly impact Detect Genomix's economic performance. We determined, however, that we can significantly influence control of Detect Genomix through our board representation and voting power. Therefore, we have the ability to exercise significant influence over Detect Genomix's operations and account for our investment in Detect Genomix under the equity method. The joint venture was dissolved in January 2022.

We own 1,260,000 shares of Zebra Series A-2 Preferred Stock and 900,000 shares of Zebra restricted common stock (ownership 29% at March 31, 2022). Zebra is a privately held biotechnology company focused on the discovery and development of biosuperior antibody therapeutics and complex drugs. Dr. Richard Lerner, M.D., a former member of our Board of Directors, is a founder of Zebra and, along with Dr. Frost, serves as a member of Zebra's Board of Directors.

In order to determine the primary beneficiary of Zebra, we evaluated our investment and our related parties' investment, as well as our investment combined with the related parties' investment to identify if we had the power to direct the activities that most significantly impact the economic performance of Zebra. Based on the capital structure, governing documents and overall business operations of Zebra, we determined that, while a VIE, we do not have the power to direct the activities that most significantly impact Zebra's economic performance and have no obligation to fund expected losses. We determined, however, that we can significantly influence control of Zebra through our board representation and voting power. Therefore, we have the ability to exercise significant influence over Zebra's operations and account for our investment in Zebra under the equity method.

NOTE 7 DEBT

As of March 31, 2022 and December 31, 2021, our debt consisted of the following:

(In thousands)	March 31, 2022	December 31, 2021
2025 Notes	$ 141,267	$ 119,360
2023 Convertible Notes	66,203	65,525
2033 Senior Notes	3,050	3,050
Chilean and Spanish lines of credit	16,531	13,672
Current portion of notes payable	882	1,022
Long term portion of notes payable	2,331	2,642
Total	$ 230,264	$ 205,272
Balance sheet captions		
Convertible Notes	$ 210,520	$ 187,935
Current portion of lines of credit and notes payable	17,412	14,695
LT notes payable included in long-term liabilities	2,331	2,642
Total	$ 230,264	$ 205,272

On February 25, 2020, we entered into a credit agreement with an affiliate of Dr. Frost, pursuant to which the lender committed to provide us with an unsecured line of credit in the amount of $100 million. The line of credit called for a commitment fee equal to 0.25% per annum of the unused portion of the line. No funds were borrowed under this line of credit and we terminated this line of credit in June 2021.

In February 2019, we issued $200.0 million aggregate principal amount of Convertible Senior Notes due 2025 (the "2025 Notes") in an underwritten public offering. The 2025 Notes bear interest at a rate of 4.50% per year, payable semiannually in arrears on February 15 and August 15 of each year. The notes mature on February 15, 2025, unless earlier repurchased, redeemed or converted.

Holders may convert their 2025 Notes into shares of Common Stock at their option at any time prior to the close of business on the business day immediately preceding November 15, 2024 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ended March 31, 2019 (and only during such calendar quarter), if the last reported sale price of our Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of 2025 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Common Stock and the conversion rate on each such trading day; (3) if we call any or all of the 2025 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events set forth in the indenture governing the 2025 Notes. On or after November 15, 2024, until the close of business on the business day immediately preceding the maturity date, holders of the 2025 Notes may convert their notes at any time, regardless of the foregoing conditions. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our Common Stock, or a combination of cash and shares of our Common Stock, at our election.

The initial and current conversion rate for the 2025 Notes is 236.7424 shares of Common Stock per $1,000 principal amount of 2025 Notes (equivalent to a conversion price of approximately $4.22 per share of Common Stock). The conversion

rate for the 2025 Notes is subject to adjustment in certain events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date of the 2025 Notes or if we deliver a notice of redemption, in certain circumstances the indenture governing the 2025 Notes requires an increase in the conversion rate of the 2025 Notes for a holder who elects to convert its notes in connection with such a corporate event or notice of redemption, as the case may be.

We may not redeem the 2025 Notes prior to February 15, 2022. We may redeem for cash any or all of the 2025 Notes, at our option, on or after February 15, 2022, if the last reported sale price of our Common Stock has been at least 130% of the then current conversion price for the notes for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2025 Notes.

If we undergo a fundamental change, as defined in the indenture governing the 2025 Notes, prior to the maturity date of the 2025 Notes, holders may require us to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. The 2025 Notes are our senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the 2025 Notes; equal in right of payment to any of our existing and future liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our current or future subsidiaries.

In May 2021, we entered into exchange agreements with certain holders of the 2025 Notes, pursuant to which the holders exchanged $55.4 million in aggregate principal amount of the outstanding 2025 Notes for 19,051,270 shares of our Common Stock (the "Exchange"). We recorded an $11.1 million non-cash loss related to the Exchange during the second quarter of 2021.

In conjunction with the issuance of the 2025 Notes, we agreed to loan up to 30,000,000 shares of our Common Stock to affiliates of the underwriter in order to assist investors in the 2025 Notes to hedge their position. Following consummation of the Exchange, the number of outstanding borrowed shares of Common Stock was reduced by approximately 8,105,175 shares. As of March 31, 2022 and December 31, 2021, a total of 21,144,825 and 21,144,825 shares remained outstanding under the share lending arrangement, respectively. We will not receive any of the proceeds from the sale of the borrowed shares, but we received a one-time nominal fee of $0.3 million for the newly issued shares. Shares of our Common Stock outstanding under the share lending arrangement are excluded from the calculation of basic and diluted earnings per share. See Note 4.

As required by ASC 470-20, "Debt with Conversion and Other Options," we calculated the equity component of the 2025 Notes, taking into account both the fair value of the conversion option and the fair value of the share lending arrangement. The equity component was valued at $52.6 million at issue date and this amount was recorded as Additional paid-in capital, which resulted in a discount on the 2025 Notes. The discount is being amortized to Interest expense over the term of the 2025 Notes, which results in an effective interest rate on the 2025 Notes of 11.2%.

The following table sets forth information related to the 2025 Notes which is included in our Condensed Consolidated Balance Sheet as of March 31, 2022:

(In thousands)	2025 Senior Notes	Discount	Debt Issuance Cost	Total
Balance at December 31, 2021	$ 144,580	$ (22,747)	$ (2,473)	$ 119,360
Amortization of debt discount and debt issuance costs	—	—	264	264
Adoption of ASU 2020-06	$ —	$ 22,747	$ (1,104)	$ 21,643
Balance at March 31, 2022	$ 144,580	$ —	$ (3,313)	$ 141,267

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." ASU 2020-06 simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. The ASU is effective for public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. As required, we adopted ASU 2020-06 on January 1, 2022 and used the modified retrospective approach for all convertible debt instruments at the beginning of the period of adoptions. Results for reporting periods beginning January 1, 2022 are presented under ASU 2020-06, while prior period amounts were not adjusted and continue to be reported in accordance with historic accounting guidance.

Under the modified approach, entities will apply the guidance to all financial instruments that are outstanding as of the beginning of the year of adoption with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. ASU 2020-06 eliminates the cash conversion and beneficial conversion feature models in ASC 470-20 that require an issuer of certain convertible debt and preferred stock to separately account for embedded conversion features as a component of equity. The adoption of ASU 2020-06 at January 1, 2022 resulted in an increase of the Convertible notes of $21.6 million, a reduction of the Accumulated deficit of $17.5 million and a reduction of Additional paid-in capital of $39.1 million.

In February 2018, we issued a series of 5% Convertible Promissory Notes (the "2023 Convertible Notes") in the aggregate principal amount of $55.0 million. The 2023 Convertible Notes mature five years following the date of issuance. Each holder of a 2023 Convertible Note has the option, from time to time, to convert all or any portion of the outstanding principal balance of such 2023 Convertible Note, together with accrued and unpaid interest thereon, into shares of our Common Stock at a conversion price of $5.00 per share. We may redeem all or any part of the then issued and outstanding 2023 Convertible Notes, together with accrued and unpaid interest thereon, pro rata among the holders, upon no fewer than 30 days, and no more than 60 days, notice to the holders. The 2023 Convertible Notes contain customary events of default and representations and warranties of OPKO.

Purchasers of the 2023 Convertible Notes included an affiliate of Dr. Phillip Frost, M.D., our Chairman and Chief Executive Officer, and Dr. Jane H. Hsiao, Ph.D., MBA, our Vice-Chairman and Chief Technical Officer.

In January 2013, we entered into note purchase agreements with respect to the issuance and sale of our 3.0% Senior Notes due 2033 (the "2033 Senior Notes") in a private placement exempt from registration under the Securities Act. We issued the 2033 Senior Notes on January 30, 2013. The 2033 Senior Notes, which totaled $175.0 million in original principal amount, bear interest at the rate of 3.0% per year, payable semiannually on February 1 and August 1 of each year. The 2033 Senior Notes mature on February 1, 2033, unless earlier repurchased, redeemed or converted. Upon a fundamental change, as defined in the indenture governing the 2033 Senior Notes, subject to certain exceptions, the holders may require us to repurchase all or any portion of their 2033 Senior Notes for cash at a repurchase price equal to 100% of the principal amount of the 2033 Senior Notes being repurchased, plus any accrued and unpaid interest to, but not including, the related fundamental change repurchase date.

From 2013 to 2016, holders of the 2033 Senior Notes converted $143.2 million in aggregate principal amount into an aggregate of 21,539,873 shares of Common Stock. On February 1, 2019, approximately $28.8 million aggregate principal amount of 2033 Senior Notes were tendered by holders pursuant to such holders' option to require us to repurchase the 2033 Senior Notes as set forth in the indenture, governing the 2033 Senior Notes, following which repurchase only $3.0 million aggregate principal amount of the 2033 Senior Notes remained outstanding. Holders of the remaining $3.0 million principal amount of the 2033 Senior Notes may require us to repurchase such notes for 100% of their principal amount, plus accrued and unpaid interest, on February 1, 2023, on February 1, 2028, or following the occurrence of a fundamental change as described above.

The terms of the 2033 Senior Notes, include, among others: (i) rights to convert the notes into shares of our Common Stock, including upon a fundamental change; and (ii) a coupon make-whole payment in the event of a conversion by the holders of the 2033 Senior Notes on or after February 1, 2017 but prior to February 1, 2019. We determined that these specific terms were embedded derivatives. Embedded derivatives are required to be separated from the host contract, the 2033 Senior Notes, and carried at fair value when: (a) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and (b) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument. We concluded that the embedded derivatives within the 2033 Senior Notes met these criteria and, as such, were valued separate and apart from the 2033 Senior Notes and recorded at fair value each reporting period.

For accounting and financial reporting purposes, we combined these embedded derivatives and valued them together as one unit of accounting. In 2017, certain terms of the embedded derivatives expired pursuant to the original agreement and the embedded derivatives no longer met the criteria to be separated from the host contract and, as a result, the embedded derivatives were no longer required to be valued separate and apart from the 2033 Senior Notes and were reclassified to additional paid in capital.

In November 2015, BioReference and certain of its subsidiaries entered into a credit agreement with JPMorgan Chase Bank, N.A. ("CB"), as lender and administrative agent, as amended (the "Credit Agreement"). The Credit Agreement provides for a $75.0 million secured revolving credit facility and includes a $20.0 million sub-facility for swingline loans and a $20.0 million sub-facility for the issuance of letters of credit.

On August 30, 2021, the Credit Agreement was amended and restated (the "A&R Credit Agreement"). The A&R Credit Agreement is guaranteed by all of BioReference's domestic subsidiaries. The A&R Credit Agreement is also secured by substantially all assets of BioReference and its domestic subsidiaries, as well as a non-recourse pledge by us of our equity interest in BioReference. Availability under the A&R Credit Agreement is based on a borrowing base composed of eligible accounts receivables of BioReference and certain of its subsidiaries, as specified therein. As of March 31, 2022, $64.8 million remained available for borrowing under the Credit Agreement. Principal under the Credit Agreement is due upon maturity on August 30, 2024.

At BioReference's option, borrowings under the A&R Credit Agreement (other than swingline loans) will bear interest at (i) the CB floating rate (defined as the higher of (a) the prime rate and (b) the LIBOR rate (adjusted for statutory reserve requirements for Eurocurrency liabilities) for an interest period of one month plus 2.50%) plus an applicable margin of 0.75% or (ii) the LIBOR rate (adjusted for statutory reserve requirements for Eurocurrency liabilities) plus an applicable margin of 1.75%. Swingline loans will bear interest at the CB floating rate plus the applicable margin. The A&R Credit Agreement also calls for other customary fees and charges, including an unused commitment fee of 0.375% if the average quarterly availability is 50% or more of the revolving commitment, or 0.25% if the average quarterly availability is less than or equal to 50% of the revolving commitments.

As of March 31, 2022 and December 31, 2021, no amount was outstanding under the A&R Credit Agreement.

The A&R Credit Agreement contains customary covenants and restrictions, including, without limitation, covenants that require BioReference and its subsidiaries to maintain a minimum fixed charge coverage ratio if availability under the new credit facility falls below a specified amount and to comply with laws and restrictions on the ability of BioReference and its subsidiaries to incur additional indebtedness or to pay dividends and make certain other distributions to the Company, subject to certain exceptions as specified therein. Failure to comply with these covenants would constitute an event of default under the A&R Credit Agreement, notwithstanding the ability of BioReference to meet its debt service obligations. The A&R Credit Agreement also includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the A&R Credit Agreement and execution upon the collateral securing obligations under the A&R Credit Agreement. Substantially all the assets of BioReference and its subsidiaries are restricted from sale, transfer, lease, disposal or distributions to the Company, subject to certain exceptions. As of March 31, 2022, BioReference and its subsidiaries had net assets of approximately $1,037.1 million, which included goodwill of $283.0 million and intangible assets of $199.5 million.

On April 29, 2022, the A&R Credit Agreement was amended to, among other things, (i) waive specified defaults under the A&R Credit Agreement resulting from certain internal reorganization transactions that resulted in both BioReference and GeneDx changing their respective forms of organization from New Jersey corporations to Delaware limited liability companies, (ii) provide for the disposition of GeneDx pursuant to the transactions contemplated by the merger agreement with Sema4, (iii) amend certain reporting requirements under the A&R Credit Agreement and (iv) provide that the borrowers under the A&R Credit Agreement may effect certain restricted payments to the extent necessary for their parent entities to pay income tax in respect of income earned by the borrowers.

In addition to the A&R Credit Agreement with CB, we had line of credit agreements with thirteen other financial institutions as of March 31, 2022 and eleven other financial institutions as of December 31, 2021 in the U.S., Chile and Spain. These lines of credit are used primarily as sources of working capital for inventory purchases.

The following table summarizes the amounts outstanding under the BioReference, Chilean and Spanish lines of credit:

(Dollars in thousands)			Balance Outstanding	
Lender	Interest rate on borrowings at March 31, 2022	Credit line capacity	March 31, 2022	December 31, 2021
JPMorgan Chase	3.25%	$ 75,000	$ —	$ —
Itau Bank	5.50%	1,900	1,890	1,603
Bank of Chile	6.60%	2,500	1,914	1,048
BICE Bank	5.50%	2,500	1,156	850
Scotiabank	5.50%	5,500	2,203	567
Santander Bank	5.50%	5,000	3,068	503
Security Bank	5.50%	1,400	378	1,111
Estado Bank	5.50%	2,052	2,052	2,540
BCI Bank	5.00%	2,740	2,740	2,515
Corpbanca	5.00%	—	—	2,935
International Bank	5.50%	1,500	881	—
Consoorcio Bank	5.00%	2,000	249	—
Banco De Sabadell	1.75%	556	—	—
Santander Bank	1.82%	556	—	—
Total		$ 103,204	$ 16,531	$ 13,672

At March 31, 2022 and December 31, 2021, the weighted average interest rate on our lines of credit was approximately 5.5% and 5.4%, respectively.

At March 31, 2022 and December 31, 2021, we had notes payable and other debt (excluding the 2033 Senior Notes, the 2023 Convertible Notes, the 2025 Notes, the A&R Credit Agreement and amounts outstanding under lines of credit described above) as follows:

(In thousands)	March 31, 2022	December 31, 2021
Current portion of notes payable	$ 882	$ 1,022
Other long-term liabilities	2,331	2,642
Total	$ 3,213	$ 3,664

The notes and other debt mature at various dates ranging from 2022 through 2026, bearing variable interest rates from 0.7% up to 3.8%. The weighted average interest rate on the notes and other debt was 1.5% and 1.5% on March 31, 2022 and December 31, 2021. The notes are partially secured by our office space in Barcelona.

NOTE 8 ACCUMULATED OTHER COMPREHENSIVE LOSS

For the three months ended March 31, 2022, changes in Accumulated other comprehensive loss, net of tax, were as follows:

(In thousands)	Foreign currency translation
Balance at December 31, 2021	$ (30,495)
Other comprehensive loss	(920)
Balance at March 31, 2022	$ (31,415)

NOTE 9 FAIR VALUE MEASUREMENTS

We record fair values at an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. We utilize a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2022, we had equity securities (refer to Note 6), forward foreign currency exchange contracts for inventory purchases (refer to Note 10) and contingent consideration related to the acquisitions of CURNA, OPKO Diagnostics and OPKO Renal that are required to be measured at fair value on a recurring basis. In addition, in connection with our investment and our consulting agreement with BioCardia, we record the related BioCardia options at fair value as well as the warrants from COCP and InCellDx.

Our financial assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair value measurements as of March 31, 2022			
(In thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Equity securities	$ 3,064	$ —	$ —	$ 3,064
Common stock options/warrants	—	15	—	15
Total assets	$ 3,064	$ 15	$ —	$ 3,079
Liabilities:				
Forward contracts	—	462	—	462
Contingent consideration	—	—	2,729	2,729
Total liabilities	$ —	$ 462	$ 2,729	$ 3,191

	Fair value measurements as of December 31, 2021			
(In thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Equity securities	$ 4,226	$ —	$ —	$ 4,226
Common stock options/warrants	—	16	—	16
Forward contracts	—	122	—	122
Total assets	$ 4,226	$ 138	$ —	$ 4,364
Liabilities:				
Contingent consideration	—	—	2,837	2,837
Total liabilities	$ —	$ —	$ 2,837	$ 2,837

The carrying amount and estimated fair value of our 2025 Notes, as well as the applicable fair value hierarchy tiers, are contained in the table below. The fair value of the 2025 Notes is determined using inputs other than quoted prices in active markets that are directly observable.

	March 31, 2022				
(In thousands)	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
2025 Notes	$ 141,267	$ 164,270	$ —	$ 164,270	$ —

There have been no transfers between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value hierarchy.

As of March 31, 2022 and December 31, 2021, the carrying value of our other financial instrument assets approximates their fair value due to their short-term nature or variable rate of interest.

The following table reconciles the beginning and ending balances of our Level 3 assets and liabilities as of March 31, 2022:

	March 31, 2022
(In thousands)	Contingent consideration
Balance at December 31, 2021	$ 2,837
Change in fair value:	
Included in results of operations	(106)
Foreign currency impact	(2)
Balance at March 31, 2022	$ 2,729

The estimated fair values of our financial instruments have been determined by using available market information and what we believe to be appropriate valuation methodologies. We use the following methods and assumptions in estimating fair value:

Contingent consideration – We estimate the fair value of the contingent consideration utilizing a discounted cash flow model for the expected payments based on estimated timing and expected revenues. We use several discount rates depending on each type of contingent consideration related to OPKO Diagnostics, CURNA and OPKO Renal transactions. As of March 31, 2022, of the $2.7 million of contingent consideration, $0.5 million was recorded in Accrued expenses and $2.2 million was recorded in Other long-term liabilities. As of December 31, 2021, of the $2.8 million of contingent consideration, $0.5 million was recorded in Accrued expenses and $2.3 million was recorded in Other long-term liabilities. As a result of our execution of the CAMP4 Agreement (as defined in Note 14), we will have to pay a percentage of any payments received under the CAMP4 Agreement to the former CURNA stockholders.

NOTE 10 DERIVATIVE CONTRACTS

The following table summarizes the fair values and the presentation of our derivative financial instruments in the Condensed Consolidated Balance Sheets:

(In thousands)	Balance Sheet Component	March 31, 2022	December 31, 2021
Derivative financial instruments:			
Common Stock options/warrants	Investments, net	$ 15	$ 16
Forward contracts	Unrealized gains on forward contracts are recorded in Other current assets and prepaid expenses. Unrealized (losses) on forward contracts are recorded in Accrued expenses.	$ (462)	$ 122

We enter into foreign currency forward exchange contracts with respect to the risk of exposure to exchange rate differences arising from inventory purchases on letters of credit. Under these forward contracts, for any rate above or below the fixed rate, we receive or pay the difference between the spot rate and the fixed rate for the given amount at the settlement date.

To qualify the derivative instrument as a hedge, we are required to meet strict hedge effectiveness and contemporaneous documentation requirements at the initiation of the hedge and assess the hedge effectiveness on an ongoing basis over the life of the hedge. At March 31, 2022 and December 31, 2021, our derivative financial instruments did not meet the documentation requirements to be designated as hedges. Accordingly, we recognize the changes in Fair value of derivative instruments, net in our Condensed Consolidated Statement of Operations. The following table summarizes the losses and gains recorded for the three and three months ended March 31, 2022 and 2021:

	Three months ended March 31,	
(In thousands)	2022	2021
Derivative gain (loss):		
Common Stock options/warrants	$ (1)	$ 21
Forward contracts	(131)	(460)
Total	$ (132)	$ (439)

NOTE 11 RELATED PARTY TRANSACTIONS

In August 2020, GeneDx entered into an agreement with Mednax Services, Inc. (“Mednax Services”), a subsidiary of MEDNAX, Inc., (“MEDNAX”) pursuant to which the parties formed a joint venture under the brand Detect Genomix. GeneDx’s initial capital investment in Detect Genomix was $245,000 for which GeneDx received a 49% ownership interest in Detect Genomix, and Mednax Services contributed $255,000 in exchange for a 51% ownership interest in Detect Genomix. Adam Logal, the Company’s CFO, was the chair and sat on the Board of Managers of the joint venture. Mednax Services provided administrative services to the joint venture pursuant to an administrative services agreement. GeneDx provided laboratory services to the joint venture. Dr. Roger Medel, a director of the Company, is the former Chief Executive Officer of MEDNAX and Mednax Services. Dr. Medel continues to serve on the board of MEDNAX. The joint venture was dissolved in January 2022.

On February 25, 2020, we entered into a credit agreement with an affiliate of Dr. Frost, pursuant to which the lender committed to provide us with an unsecured line of credit in the amount of $100 million. The line of credit called for a commitment fee equal to 0.25% per annum of the unused portion of the line. We terminated this line of credit in June 2021 and as of March 31, 2022 and December 31, 2021, no amount was outstanding thereunder.

The Company owns approximately 9% of Pharmsynthez and Pharmsynthez is Xenetic’s largest and controlling stockholder. Dr. Richard Lerner, a director of the Company until his death on December 2, 2021, was a co-inventor of Xenetic’s technology and received 31,240 shares of Xenetic upon the closing of the Xenetic transactions described above. Adam Logal, our Senior Vice President and Chief Financial Officer, is a director of Xenetic.

We hold investments in Zebra (ownership 29%), Neovasc (1%), ChromaDex Corporation (0.1%), COCP (3%), NIMS (1%), Eloxx (1%), BioCardia (1%) and LeaderMed Health Group Limited (47%). These investments were considered related party transactions as a result of our executive management’s ownership interests and/or board representation in these entities. See further discussion of our investments in Note 6.

In November 2016, we entered into a Pledge Agreement with the Museum of Science, Inc. and the Museum of Science Endowment Fund, Inc. pursuant to which we agreed to contribute an aggregate of $1.0 million over a four-year period for constructing, equipping and the general operation of the Frost Science Museum. Dr. Frost and Mr. Richard Pfenniger serve on the Board of Trustees of the Frost Science Museum and Mr. Pfenniger is the Vice Chairman of the Board of Trustees.

We lease office space from Frost Real Estate Holdings, LLC ("Frost Holdings") in Miami, Florida, where our principal executive offices are located. Effective August 1, 2019, we entered into an amendment to our lease agreement with Frost Holdings. The lease, as amended, is for approximately 29,500 square feet of space. The lease provides for payments of approximately $89 thousand per month in the first year increasing annually to $101 thousand per month in the fifth year, plus applicable sales tax. The rent is inclusive of operating expenses, property taxes and parking.

BioReference purchases and uses certain products acquired from InCellDx, a company in which we hold a 29% minority interest.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost for out-of-pocket operating costs for the use of the airplane by Dr. Frost or Company executives for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive. For the three months ended March 31, 2022 and 2021, we reimbursed approximately $31 thousand and $0 thousand, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

NOTE 12 COMMITMENTS AND CONTINGENCIES

In connection with our acquisitions of CURNA, OPKO Diagnostics and OPKO Renal, we agreed to pay future consideration to the sellers upon the achievement of certain events. As a result, as of March 31, 2022, we recorded $2.7 million as contingent consideration, with $0.5 million recorded within Accrued expenses and $2.2 million recorded within Other long-term liabilities in the accompanying Condensed Consolidated Balance Sheets. Refer to Note 5 and Note 17.

On March 1, 2019, the Company received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ"), Washington, DC. The CID sets forth document requests and interrogatories in connection with allegations that the Company and certain of its affiliates violated the False Claims Act and/or the Anti-Kickback Statute. On January 13, 2022, the Federal Government notified the U.S.D.C., Middle District Florida, Jacksonville Division, that it is declining to intervene in the matter but retains the right, via the Attorney General, to consent to any proposed dismissal of the action by the Court. On February 9, 2022, the States of Florida, Georgia, and Commonwealth of Massachusetts notified the U.S.D.C., Middle District Florida, Jacksonville Division, that they are declining to intervene in the matter. Notwithstanding the above declinations, on February 17, 2022, the Company was served with the Relator's Summons and Complaint ("Complaint"), which had been previously sealed. The complaint alleges violations of the False Claims Act, the California Fraud Preventions Act, the Florida False Claims Act, the Massachusetts False Claims Act, the Georgia False Medicaid Claims Act, and illegal kickbacks. The Company is reviewing and assessing the allegations made in the Complaint and, at this point, has not determined whether there is any merit to these claims nor can it determine the extent of any potential liability. While management cannot predict the outcome of these matters at this time, the ultimate outcome could be material to our business, financial condition, results of operations, and cash flows.

As previously reported, BioReference receives and is routinely required to respond to Civil Investigative Demands ("CID") in the ordinary course of business. On November 26, 2019, BioReference received a CID from the DOJ. The CID states that DOJ is investigating whether BioReference paid unlawful remuneration to health care practitioners in violation of the Anti-Kickback Statute or Stark law and thus submitted or caused to be submitted false claims to government health care programs in violation of the False Claims Act. The time period covered by DOJ's requests is January 1, 2011 through November 26, 2019. BioReference has fully cooperated with the DOJ by submitting the requested information and making current employees available for interviews, and the DOJ made a presentation to BioReference regarding its position. The parties have reached verbal agreement on the settlement amount, which is anticipated to be approximately $10 million, excluding attorney fees. As of March 31, 2022 and December 31, 2021, $10.5 million and $10.0 million was recorded in Accrued expenses, respectively.

On April 8, 2019, MabVax Therapeutics Holdings, Inc. filed a lawsuit in the Superior Court of California, County of San Diego against a number of individuals and entities, including the Company, Dr. Frost, Steven Rubin, the Company's Executive Vice President-Administration, and an entity affiliated with Dr. Frost, based on the allegations raised in the SEC Complaint. The lawsuit seeks an award for actual and punitive damages, pre- and post-judgment interest; that the defendants be required to make full disclosure and accounting of their interests and transactions in plaintiff's securities; costs of the suit, and reasonable attorney's fees; and such other legal and equitable relief as the Court may deem proper under the circumstances. On January 31, 2022, plaintiffs entered into a confidential mutual release and settlement agreement with the Company, Dr. Frost, Frost Gamma Investment Trust, and Steve Rubin (the "Settlement Agreement"). The Settlement Agreement has been approved by the United States Bankruptcy Court for the District of Delaware.

On April 5, 2019, former shareholders of Claros Diagnostics, Inc. filed a complaint in the Chancery Court of Delaware against the Company, alleging among other things, that the Company breached the Agreement and Plan of Merger dated October 13, 2011 by and among the Company, Claros Merger Subsidiary, LLC and Claros Diagnostics, Inc. (the "Claros Merger Agreement"): (i) by failing to make a milestone payment of $2.375 million (payable in OPKO Common Stock) upon obtaining FDA approval of the Claros PSA test; and (ii) by repudiating its obligations to make additional future milestone payments as required under the Claros Merger Agreement. In January 2021, the Company and the shareholder representative entered into a settlement agreement providing, among other things, that the Company pay the shareholders $1.2 million, which the Company has paid in full.

In April 2017, the Civil Division of the United States Attorney's Office for the Southern District of New York (the "SDNY") informed BioReference that it believed that, from 2008 to 2012, BioReference had, in violation of the False Claims Act, improperly billed Medicare and TRICARE (both are federal government healthcare programs) for clinical laboratory services provided to hospital inpatient beneficiaries at certain hospitals. In April 2019, the SDNY also informed BioReference that it believed that BioReference provided physicians subsidies for electronic health record systems prior to 2012 that violated regulations adopted by HHS in 2006 which allowed laboratories to provide these donations under certain conditions. BioReference and the SDNY reached a settlement with respect to these matters and a final settlement and release, including BioReference's payment of an approximately $11.5 million settlement amount, was approved on September 22, 2020. The settlement amount has been paid. The amount of relator attorneys' fees is currently being negotiated.

From time to time, we may receive inquiries, document requests, CIDs or subpoenas from the Department of Justice, OCR, CMS, various payors and fiscal intermediaries, and other state and federal regulators regarding investigations, audits and reviews. In addition to the matters discussed in this note, we are currently responding to CIDs, subpoenas, payor audits, and document requests for various matters relating to our laboratory operations. Some pending or threatened proceedings against us may involve potentially substantial amounts as well as the possibility of civil, criminal, or administrative fines, penalties, or other sanctions, which could be material. Settlements of suits involving the types of issues that we routinely confront may require monetary payments as well as corporate integrity agreements. Additionally, qui tam or "whistleblower" actions initiated under the civil False Claims Act may be pending but placed under seal by the court to comply with the False Claims Act's requirements for filing such suits. Also, from time to time, we may detect issues of non-compliance with federal healthcare laws pertaining to claims submission and reimbursement practices and/or financial relationships with physicians, among other things. We may avail ourselves of various mechanisms to address these issues, including participation in voluntary disclosure protocols. Participating in voluntary disclosure protocols can have the potential for significant settlement obligations or even enforcement action. The Company generally has cooperated, and intends to continue to cooperate, with appropriate regulatory authorities as and when investigations, audits and inquiries arise.

We are a party to other litigation in the ordinary course of business. While we cannot predict the ultimate outcome of legal matters, we accrue a liability for legal contingencies when we believe that it is both probable that a liability has been incurred and that we can reasonably estimate the amount of the loss. It's reasonably possible the ultimate liability could exceed amounts currently estimated and we review established accruals and adjust them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and our views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in our accrued liabilities would be recorded in the period in which such determination is made. Because of the high degree of judgment involved in establishing loss estimates, the ultimate outcome of such matters will differ from our estimates and such differences may be material to our business, financial condition, results of operations, and cash flows.

At March 31, 2022, we were committed to make future purchases for inventory and other items in 2022 that occur in the ordinary course of business under various purchase arrangements with fixed purchase provisions aggregating approximately $252.4 million.

NOTE 13 REVENUE RECOGNITION

We generate revenues from services, products and intellectual property as follows:

Revenue from services

Revenue for laboratory services is recognized at the time test results are reported, which approximates when services are provided and the performance obligations are satisfied. Services are provided to patients covered by various third-party payor programs including various managed care organizations, as well as the Medicare and Medicaid programs. Billings for services are included in revenue net of allowances for contractual discounts, allowances for differences between the amounts billed and estimated program payment amounts, and implicit price concessions provided to uninsured patients which are all elements of variable consideration.

The following are descriptions of our payors for laboratory services:

Healthcare Insurers. Reimbursements from healthcare insurers are based on negotiated fee-for-service schedules. Revenues consist of amounts billed, net of contractual allowances for differences between amounts billed and the estimated consideration we expect to receive from such payors, which considers historical denial and collection experience and the terms of our contractual arrangements. Adjustments to the allowances, based on actual receipts from the third-party payors, are recorded upon settlement.

Government Payors. Reimbursements from government payors are based on fee-for-service schedules set by governmental authorities, including traditional Medicare and Medicaid. Revenues consist of amounts billed, net of contractual allowances for differences between amounts billed and the estimated consideration we expect to receive from such payors, which considers historical denial and collection experience and the terms of our contractual arrangements. Adjustments to the allowances, based on actual receipts from the government payors, are recorded upon settlement.

Client Payors. Client payors include physicians, hospitals, employers, and other institutions for which services are performed on a wholesale basis, and are billed and recognized as revenue based on negotiated fee schedules. Client payors also include cities, states and companies for which BioReference provides COVID-19 testing services.

Patients. Uninsured patients are billed based on established patient fee schedules or fees negotiated with physicians on behalf of their patients. Insured patients (including amounts for coinsurance and deductible responsibilities) are billed based on fees negotiated with healthcare insurers. Collection of billings from patients is subject to credit risk and ability of the patients to pay. Revenues consist of amounts billed net of discounts provided to uninsured patients in accordance with our policies and implicit price concessions. Implicit price concessions represent differences between amounts billed and the estimated consideration that we expect to receive from patients, which considers historical collection experience and other factors including current market conditions. Adjustments to the estimated allowances, based on actual receipts from the patients, are recorded upon settlement.

The complexities and ambiguities of billing, reimbursement regulations and claims processing, as well as considerations unique to Medicare and Medicaid programs, require us to estimate the potential for retroactive adjustments as an element of variable consideration in the recognition of revenue in the period the related services are rendered. Actual amounts are adjusted in the period those adjustments become known. For the three months ended March 31, 2022 and 2021, positive revenue adjustments due to changes in estimates of implicit price concessions for performance obligations satisfied in prior periods of $2.0 million and $28.0 million, respectively, were recognized.

Third-party payors, including government programs, may decide to deny payment or recoup payments for testing they contend were improperly billed or not medically necessary, against their coverage determinations, or for which they believe they have otherwise overpaid (including as a result of their own error), and we may be required to refund payments already received. Our revenues may be subject to retroactive adjustment as a result of these factors among others, including without limitation, differing interpretations of billing and coding guidance and changes by government agencies and payors in interpretations, requirements, and “conditions of participation” in various programs. We have processed requests for recoupment from third-party payors in the ordinary course of our business, and it is likely that we will continue to do so in the future. If a third-party payor denies payment for testing or recoups money from us in a later period, reimbursement for our testing could decline.

As an integral part of our billing compliance program, we periodically assess our billing and coding practices, respond to payor audits on a routine basis, and investigate reported failures or suspected failures to comply with federal and state healthcare reimbursement requirements, as well as overpayment claims which may arise from time to time without fault on the part of the Company. We may have an obligation to reimburse Medicare, Medicaid, and third-party payors for

overpayments regardless of fault. We have periodically identified and reported overpayments, reimbursed payors for overpayments and taken appropriate corrective action.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are also considered variable consideration and are included in the determination of the estimated transaction price for providing services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and our historical settlement activity, including an assessment of the probability a significant reversal of cumulative revenue recognized will occur when the uncertainty is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. As of March 31, 2022 and December 31, 2021, we had liabilities of approximately $2.1 million and $5.0 million, respectively, within Accrued expenses and Other long-term liabilities related to reimbursements for payor overpayments.

The composition of Revenue from services by payor for the three months ended March 31, 2022 and 2021 was as follows:

	Three months ended March 31,	
(In thousands)	2022	2021
Healthcare insurers	$ 95,779	$ 164,829
Government payers	27,588	73,658
Client payers	159,040	262,907
Patients	4,192	5,557
Total	$ 286,599	$ 506,951

Revenue from products

We recognize revenue from product sales when a customer obtains control of promised goods or services. The amount of revenue that is recorded reflects the consideration that we expect to receive in exchange for those goods or services. Our estimates for sales returns and allowances are based upon the historical patterns of product returns and allowances taken, matched against the sales from which they originated, and our evaluation of specific factors that may increase or decrease the risk of product returns. Product revenues are recorded net of estimated rebates, chargebacks, discounts, co-pay assistance and other deductions (collectively, "Sales Deductions") as well as estimated product returns which are all elements of variable consideration. Allowances are recorded as a reduction of revenue at the time product revenues are recognized. The actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from our estimates, we will adjust these estimates, which would affect Revenue from products in the period such variances become known.

Rayaldee is distributed in the U.S. principally through the retail pharmacy channel, which initiates with the largest wholesalers in the U.S. (collectively, "*Rayaldee* Customers"). In addition to distribution agreements with *Rayaldee* Customers, we have entered into arrangements with many healthcare providers and payors that provide for government-mandated and/or privately-negotiated rebates, chargebacks and discounts with respect to the purchase of *Rayaldee*.

We recognize revenue for shipments of *Rayaldee* at the time of delivery to customers after estimating Sales Deductions and product returns as elements of variable consideration utilizing historical information and market research projections. For the three months ended March 31, 2022 and 2021, we recognized $5.1 million and $5.8 million, respectively, in net product revenue from sales of *Rayaldee*.

The following table presents an analysis of product sales allowances and accruals for the three months ended March 31, 2022 and 2021:

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at December 31, 2021	$ 2,014	$ 5,499	$ 2,639	$ 10,152
Provision related to current period sales	3,215	4,869	269	8,353
Credits or payments made	(3,641)	(5,086)	(575)	(9,302)
Balance at March 31, 2022	$ 1,588	$ 5,282	$ 2,333	$ 9,203
Total gross *Rayaldee* sales				$ 13,479
Provision for *Rayaldee* sales allowances and accruals as a percentage of gross *Rayaldee* sales				62%

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at December 31, 2020	$ 2,332	$ 5,812	$ 3,593	$ 11,737
Provision related to current period sales	3,815	5,694	313	9,822
Credits or payments made	(4,454)	(5,297)	(419)	(10,170)
Balance at March 31, 2021	$ 1,693	$ 6,209	$ 3,487	$ 11,389
Total gross *Rayaldee* sales				$ 15,645
Provision for *Rayaldee* sales allowances and accruals as a percentage of gross *Rayaldee* sales				63%

Taxes collected from customers related to revenues from services and revenues from products are excluded from revenues.

Revenue from intellectual property and other

We recognize revenues from the transfer of intellectual property generated through license, development, collaboration and/or commercialization agreements. The terms of these agreements typically include payment to us for one or more of the following: non-refundable, up-front license fees; development and commercialization milestone payments; funding of research and/or development activities; and royalties on sales of licensed products. Revenue is recognized upon satisfaction of a performance obligation by transferring control of a good or service to the customer.

For research, development and/or commercialization agreements that result in revenues, we identify all material performance obligations, which may include a license to intellectual property and know-how, and research and development activities. In order to determine the transaction price, in addition to any upfront payment, we estimate the amount of variable consideration at the outset of the contract either utilizing the expected value or most likely amount method, depending on the facts and circumstances relative to the contract. We constrain (reduce) our estimates of variable consideration such that it is probable that a significant reversal of previously recognized revenue will not occur throughout the life of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue. In making these assessments, we consider the likelihood and magnitude of a potential reversal of revenue. These estimates are re-assessed each reporting period as required.

Upfront License Fees: If a license to our intellectual property is determined to be functional intellectual property distinct from the other performance obligations identified in the arrangement, we recognize revenue from nonrefundable, upfront license fees based on the relative value prescribed to the license compared to the total value of the arrangement. The revenue is recognized when the license is transferred to the customer and the customer is able to use and benefit from the license. For licenses that are not distinct from other obligations identified in the arrangement, we utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If the combined performance obligation is satisfied over time, we apply an appropriate method of measuring progress for purposes of recognizing revenue from nonrefundable, upfront license fees. We evaluate the measure of progress each reporting period and, if necessary, adjust the measure of performance and related revenue recognition.

Development and Regulatory Milestone Payments: Depending on facts and circumstances, we may conclude that it is appropriate to include the milestone in the estimated transaction price or that it is appropriate to fully constrain the milestone. A milestone payment is included in the transaction price in the reporting period that we conclude that it is probable that recording revenue in the period will not result in a significant reversal in amounts recognized in future periods. We may record revenues from certain milestones in a reporting period before the milestone is achieved if we conclude that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods. We record a corresponding contract asset when this conclusion is reached. Milestone payments that have been fully constrained are not included in the transaction price to date. These milestones remain fully constrained until we conclude that achievement of the milestone is probable and that recognition of revenue related to the milestone will not result in a significant reversal in amounts recognized in future periods. We re-evaluate the probability of achievement of such development milestones and any related constraint each reporting period. We adjust our estimate of the overall transaction price, including the amount of revenue recorded, if necessary.

Research and Development Activities: If we are entitled to reimbursement from our customers for specified research and development expenses, we account for them as separate performance obligations if distinct. We also determine whether the research and development funding would result in revenues or an offset to research and development expenses in accordance with provisions of gross or net revenue presentation. The corresponding revenues or offset to research and development expenses are recognized as the related performance obligations are satisfied.

Sales-based Milestone and Royalty Payments: Our customers may be required to pay us sales-based milestone payments or royalties on future sales of commercial products. We recognize revenues related to sales-based milestone and royalty payments upon the later to occur of (i) achievement of the customer's underlying sales or (ii) satisfaction of any performance obligation(s) related to these sales, in each case assuming the license to our intellectual property is deemed to be the predominant item to which the sales-based milestones and/or royalties relate.

Other Potential Products and Services: Arrangements may include an option for license rights, future supply of drug substance or drug product for either clinical development or commercial supply at the licensee's election. We assess if these options provide a material right to the licensee and if so, they are accounted for as separate performance obligations at the inception of the contract and revenue is recognized only if the option is exercised and products or services are subsequently delivered or when the rights expire. If the promise is based on market terms and not considered a material right, the option is accounted for if and when exercised. If we are entitled to additional payments when the licensee exercises these options, any additional payments are generally recorded in license or other revenues when the licensee obtains control of the goods, which is upon delivery.

For the Three months ended March 31, 2022 and 2021, revenue from transfer of intellectual property and other reflects $2.2 million and $2.8 million of revenue related to the Pfizer Transaction (as defined below). For the three months ended March 31, 2022 revenue from transfer of intellectual property and other includes $3.0 million related to a sales milestone from VFMCRP (as defined below).

Contract liabilities relate to cash consideration that OPKO receives in advance of satisfying the related performance obligations. Changes in the contractual liabilities balance during the three months ended March 31, 2022 are as follows:

(In thousands)		
Balance at December 31, 2021	$	466
Balance at March 31, 2022		462
Revenue recognized in the period from:		
Amounts included in contracts liability at the beginning of the period		4

NOTE 14 STRATEGIC ALLIANCES

LeaderMed

On September 14, 2021, we and LeaderMed Health Group Limited ("LeaderMed"), a pharmaceutical development company with operations based in Asia, announced the formation of a joint venture to develop, manufacture and commercialize two of OPKO's clinical stage, long-acting drug products in Greater China and eight other Asian territories.

Under the terms of the agreements, we have granted the joint venture exclusive rights to develop, manufacture and commercialize (a) OPK88003, an oxyntomodulin analog being developed for the treatment of obesity and diabetes, and (b) Factor VIIa-CTP, a novel long-acting coagulation factor being developed to treat hemophilia, in exchange for a 47% ownership

interest in the joint venture. In addition, we received an upfront payment of $1 million and will be reimbursed for clinical trial material and technical support we provide the joint venture. We recognized the upfront payment of $1 million as revenue from transfer of intellectual property and other during the year ended December 31, 2021.

LeaderMed has agreed to be responsible for funding the joint venture's operations, development and commercialization efforts and, together with its syndicate partners, initially invested $11 million in exchange for a 53% ownership interest. We retain full rights to oxyntomodulin and Factor VIIa-CTP in all other geographies.

CAMP4 Therapeutics

On July 6, 2021, we entered into an exclusive license agreement (the "CAMP4 Agreement") with CAMP4, pursuant to which we granted to CAMP4 an exclusive license to develop, manufacture, commercialize or improve therapeutics utilizing the AntagoNAT technology, an oligonucleotide platform developed under OPKO CURNA, which includes the molecule for the treatment of Dravet syndrome, together with any derivative or modification thereof (the "Licensed Compound") and any pharmaceutical product that comprises or contains the Licensed Compound, alone or in combination with one or more other active ingredients ("Licensed Product"), worldwide. The CAMP4 Agreement grant covers human pharmaceutical, prophylactic, and therapeutic and certain diagnostic uses.

We received an initial upfront payment of $1.5 million and 3,373,008 shares of CAMP4's Series A Prime Preferred Stock ("Preferred Stock"), which equates to approximately 9% of the outstanding shares of CAMP4, and we are eligible to receive up to $3.5 million in development milestone payments for Dravet syndrome products, and $4 million for non-Dravet syndrome products, as well as sales milestones of up to $90 million for Dravet syndrome products and up to $90 million for non-Dravet syndrome products. We may also receive double digit royalty payments on the net sales of royalty bearing products, subject to adjustment. In addition, upon achievement of certain development milestones, we will be eligible to receive equity consideration of up to 5,782,299 shares of Preferred Stock in connection with Dravet syndrome products and up to 1,082,248 shares of Preferred Stock in connection with non-Dravet syndrome products. In connection with our acquisition of CURNA, we agreed to pay future consideration to the sellers upon the achievement of certain events. As a result of our execution of the CAMP4 Agreement, we will have to pay a percentage of any payments received under the CAMP4 Agreement to the former CURNA stockholders.

Unless earlier terminated, the CAMP4 Agreement will remain in effect on a Licensed Product-by-Licensed Product and country by-country basis until such time as the royalty term expires for a Licensed Product in a country, and expires in its entirety upon the expiration of the royalty term for the last Licensed Product in the last country. CAMP4's royalty obligations expire on the later of (i) the expiration, invalidation or abandonment date of the last patent right in connection with the royalty bearing product, or (ii) ten (10) years after a royalty bearing product's first commercial sale in a country. In addition to termination rights for material breach and bankruptcy, CAMP4 is permitted to terminate the Agreement after a specified notice period.

NICOYA Macau Limited

On June 18, 2021, EirGen, our wholly owned subsidiary, and NICOYA Macau Limited ("Nicoya"), a Macau corporation and an affiliate of NICOYA Therapeutics, entered into a Development and License Agreement (the "Nicoya Agreement") granting Nicoya the exclusive rights for the development and commercialization of extended release calcifediol (the "Nicoya Product") in Greater China, which includes mainland China, Hong Kong, Macau, and Taiwan (collectively, the "Nicoya Territory"). Extended release calcifediol is marketed in the U.S. by OPKO under the tradename *Rayaldee*. The license grant to Nicoya covers the therapeutic and preventative use of the Nicoya Product for SHPT in non-dialysis and hemodialysis chronic kidney disease patients (the "Nicoya Field").

EirGen has received an initial upfront payment of $5 million and is eligible to receive an additional $5 million upon the first to occur of (A) a predetermined milestone and (B) the first anniversary of the effective date. EirGen is also eligible to receive up to an additional aggregate amount of $115 million upon the achievement of certain development, regulatory and sales-based milestones by Nicoya for the Nicoya Product in the Nicoya Territory. EirGen will also receive tiered, double digit royalty payments at rates in the low double digits on net product sales within the Nicoya Territory and in the Nicoya Field.

Nicoya will, at its sole cost and expense, be responsible for performing all development activities necessary to obtain all regulatory approvals for the Nicoya Product in the Nicoya Territory and for all commercial activities pertaining to the Nicoya Product in the Nicoya Territory.

Unless earlier terminated, the Nicoya Agreement will remain in effect until such time as all royalty payment terms and extended payment terms have expired, and Nicoya shall have no further payment obligations to EirGen under the terms of the Nicoya Agreement. Nicoya's royalty obligations expire on the later of (i) expiration of the last to expire valid patent claim

covering the Nicoya Product sold in the Nicoya Territory, (ii) expiration of all regulatory and data exclusivity applicable to the Nicoya Product in the Nicoya Territory, and (iii) on a product-by-product basis, ten (10) years after such Nicoya Product's first commercial sale in the Nicoya Territory. In addition to termination rights for material breach and bankruptcy, Nicoya is permitted to terminate the Nicoya Agreement after a specified notice period.

Vifor Fresenius Medical Care Renal Pharma Ltd

In May 2016, EirGen and Vifor Fresenius Medical Care Renal Pharma Ltd. ("VFMCRP") entered into a Development and License Agreement (the "VFMCRP Agreement") for the development and commercialization of *Rayaldee* (the "Product") worldwide, except for (i) the U.S., (ii) any country in Central America or South America (including Mexico), (iii) Russia, (iv) China, (v) South Korea, (vi) Ukraine, (vii) Belorussia, (viii) Azerbaijan, (ix) Kazakhstan, (x) Taiwan (xi) the Middle East, and (xii) all countries of Africa (the "VFMCRP Territory"), as amended. The license to VFMCRP potentially covers all therapeutic and prophylactic uses of the Product in human patients (the "VFMCRP Field"), provided that initially the license is for the use of the Product for the treatment or prevention of SHPT related to patients with CKD and vitamin D insufficiency/deficiency (the "VFMCRP Initial Indication").

For the three months ended March 31, 2022 we recognized a milestone payment of $3.0 million in revenue from transfer of intellectual property and other for the first sale of *Rayaldee* in Europe.

Effective May 23, 2021, we entered into an amendment to the VFMCRP Agreement pursuant to which the parties thereto agreed to include Japan as part of the VFMCRP Territory.

Effective May 5, 2020, we entered into an amendment to the VFMCRP Agreement pursuant to which the parties agreed to exclude Mexico, South Korea, the Middle East and all of the countries of Africa from the VFMCRP Territory. In addition, the parties agreed to certain amendments to the milestone structure and to reduce minimum royalties payable. As revised, the Company has received a $3 million payment triggered by the first marketing approval of *Rayaldee* in Europe and is eligible to receive up to an additional $17 million in regulatory milestones and $207 million in milestone payments tied to launch, pricing and sales of *Rayaldee*, and tiered, double-digit royalties.

We plan to share responsibility with VFMCRP for the conduct of trials specified within an agreed-upon development plan, with each company leading certain activities within the plan. EirGen will lead the manufacturing activities within and outside the VFMCRP Territory and the commercialization activities outside the VFMCRP Territory and outside the VFMCRP Field in the VFMCRP Territory and VFMCRP will lead the commercialization activities in the VFMCRP Territory and the VFMCRP Field. For the initial development plan, the companies have agreed to certain cost sharing arrangements. VFMCRP will be responsible for all other development costs that VFMCRP considers necessary to develop the Product for the use of the Product for the VFMCRP Initial Indication in the VFMCRP Territory in the VFMCRP Field except as otherwise provided in the VFMCRP Agreement. The first of the clinical studies provided for in the development activities commenced in September 2018.

In connection with the VFMCRP Agreement, the parties entered into a letter agreement pursuant to which EirGen granted to VFMCRP an exclusive option (the "Option") to acquire an exclusive license under certain EirGen patents and technology to use, import, offer for sale, sell, distribute and commercialize the Product in the U.S. solely for the treatment of SHPT in dialysis patients with CKD and vitamin D insufficiency (the "Dialysis Indication"). Upon exercise of the Option, VFMCRP will reimburse EirGen for all of the development costs incurred by EirGen with respect to the Product for the Dialysis Indication in the U.S. VFMCRP would also pay EirGen up to an additional aggregate amount of $555 million of sales-based milestones upon the achievement of certain milestones and would be obligated to pay royalties at percentage rates that range from the mid-teens to the mid-twenties on sales of the Product in the U.S. for the Dialysis Indication. To date, VFMCRP has not exercised its option.

Payments received for regulatory milestones and sales milestones are non-refundable. The regulatory milestones are payable if and when VFMCRP obtains approval from certain regulatory authorities and will be recognized as revenue in the period in which the associated milestone is achieved, assuming all other revenue recognition criteria are met. We account for the sales milestones as royalties and sales milestones payments will be recognized as revenue in the period in which the associated milestone is achieved or sales occur, assuming all other revenue recognition criteria are met.

Pfizer Inc.

In December 2014, we entered into an exclusive worldwide agreement (the "Pfizer Agreement") with Pfizer for the development and commercialization of our long-acting Somatrogon (hGH-CTP) for the treatment of growth hormone

deficiency ("GHD") in adults and children, as well as for the treatment of growth failure in children born small for gestational age (the "Pfizer Transaction").

In early 2022, the European Commission and Ministry of Health, Labour and Welfare in Japan approved the next-generation long-acting recombinant human growth hormone NGENLA (Somatrogon), a once-weekly injection to treat pediatric growth hormone deficiency, and we received pricing approvals in Germany and Japan. With the achievement of these milestones, we are entitled to receive an aggregate of $85.0 million in milestone payments. Further, Canada and Australia approved NGENLA in October and November of 2021, respectively.

In January 2022, the FDA issued a Complete Response Letter for the BLA for Somatrogon (hGH-CTP). Pfizer and OPKO are evaluating the FDA's comments and will work with the agency to determine the best path forward for Somatrogon (hGH-CTP) in the United States.

In May 2020, we entered into an Amended and Restated Development and Commercialization License Agreement (the "Restated Pfizer Agreement") with Pfizer, effective January 1, 2020, pursuant to which the parties agreed, among other things, to share all costs for Manufacturing Activities, as defined in the Restated Pfizer Agreement, for developing a licensed product for the three indications included in the Restated Agreement.

On October 21, 2019, we and Pfizer announced that the global phase 3 trial evaluating Somatrogon dosed once-weekly in prepubertal children with GHD met its primary endpoint of non-inferiority to daily Genotropin® (somatropin) for injection, as measured by annual height velocity at 12 months.

Under the terms of the Pfizer Transaction, as restated, we received non-refundable and non-creditable upfront payments of $295.0 million and are eligible to receive up to an additional $275.0 million upon the achievement of certain regulatory milestones. Pfizer received the exclusive license to commercialize Somatrogon worldwide. In addition, we are eligible to receive initial tiered royalty payments associated with the commercialization of Somatrogon for adult GHD with percentage rates ranging from the high teens to mid-twenties. Upon the launch of Somatrogon for pediatric GHD in certain major markets, the royalties will transition to regional, tiered gross profit sharing for both Somatrogon and Pfizer's Genotropin®.

The agreement with Pfizer will remain in effect until the last sale of the licensed product, unless earlier terminated as permitted under the Pfizer Agreement. In addition to termination rights for material breach and bankruptcy, Pfizer is permitted to terminate the Pfizer Agreement in its entirety, or with respect to one or more world regions, without cause after a specified notice period. If the Pfizer Agreement is terminated by us for Pfizer's uncured material breach, or by Pfizer without cause, provision has been made for transition of product and product responsibilities to us for the terminated regions, as well as continued supply of product by Pfizer or transfer of supply to us in order to support the terminated regions.

We recognized the non-refundable $295.0 million upfront payments as revenue as the research and development services were completed and as of both March 31, 2022 and December 31, 2021, we had no contract liabilities related to the Pfizer Transaction.

The Pfizer Transaction includes milestone payments of $275.0 million upon the achievement of certain milestones. The milestones range from $20.0 million to $90.0 million each and are based on achievement of regulatory approval in the U.S. and regulatory approval and price approval in other major markets. The milestone payments will be recognized as revenue in the period in which the associated milestone is achieved, assuming all other revenue recognition criteria are met. To date, no revenue has been recognized related to the achievement of the milestones. See Note 17, Subsequent Events.

Other

We have completed strategic deals with numerous institutions and commercial partners. In connection with these agreements, upon the achievement of certain milestones we are obligated to make certain payments and have royalty obligations upon sales of products developed under the license agreements. At this time, we are unable to estimate the timing and amounts of payments as the obligations are based on future development of the licensed products.

NOTE 15 SEGMENTS

We manage our operations in two reportable segments, pharmaceutical and diagnostics. The pharmaceutical segment consists of our pharmaceutical operations in Chile, Mexico, Ireland, Israel and Spain, *Rayaldee* product sales and our pharmaceutical research and development. The diagnostics segment primarily consists of our clinical and genomics laboratory operations through BioReference and our point-of-care operations. There are no significant inter-segment sales. We evaluate the performance of each segment based on operating profit or loss. There is no inter-segment allocation of interest expense and income taxes.

Information regarding our operations and assets for our operating segments and the unallocated corporate operations as well as geographic information are as follows:

	For the three months ended March 31,	
(In thousands)	2022	2021
Revenue from services:		
Pharmaceutical	$ —	$ —
Diagnostics	286,599	506,951
Corporate	—	—
	$ 286,599	$ 506,951
Revenue from products:		
Pharmaceutical	$ 36,658	$ 33,945
Diagnostics	—	—
Corporate	—	—
	$ 36,658	$ 33,945
Revenue from transfer of intellectual property and other:		
Pharmaceutical	$ 5,962	$ 4,269
Diagnostics	—	—
Corporate	—	—
	$ 5,962	$ 4,269
Operating income (loss):		
Pharmaceutical	$ (18,108)	$ (19,157)
Diagnostics	(43,548)	67,014
Corporate	(10,768)	(9,420)
	$ (72,424)	$ 38,437
Depreciation and amortization:		
Pharmaceutical	$ 15,402	$ 7,413
Diagnostics	12,412	12,576
Corporate	—	—
	$ 27,814	$ 19,989
Loss from investment in investees:		
Pharmaceutical	$ (49)	$ (43)
Diagnostics	—	—
Corporate	—	—
	$ (49)	$ (43)
Revenues:		
United States	$ 291,808	$ 512,871
Ireland	8,462	7,129
Chile	16,339	14,152
Spain	7,109	5,919
Israel	1,558	2,512
Mexico	3,750	2,418
Other	193	164
	$ 329,219	$ 545,165

(In thousands)	March 31, 2022	December 31, 2021
Assets:		
Pharmaceutical	$ 1,099,633	$ 1,114,460
Diagnostics	1,152,173	1,238,583
Corporate	55,052	46,672
	$ 2,306,858	$ 2,399,715
Goodwill:		
Pharmaceutical	$ 236,028	$ 237,576
Diagnostics	283,024	283,025
	$ 519,052	$ 520,601

No customer represented more than 10% of our total consolidated revenue during the three months ended March 31, 2022 and 2021. As of March 31, 2022 and December 31, 2021, no customer represented more than 10% of our accounts receivable balance.

NOTE 16 LEASES

We have operating leases for office space, laboratory operations, research and development facilities, manufacturing locations, warehouses and certain equipment. We determine if a contract contains a lease at inception or modification of a contract. Our leases generally do not provide an implicit interest rate, and we therefore use our incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease within a particular currency environment. We used the incremental borrowing rates as of January 1, 2019 for operating leases that commenced prior to that date. Many of our leases contain rental escalation, renewal options and/or termination options that are factored into our determination of lease payments as appropriate. Variable lease payment amounts that cannot be determined at the commencement of the lease are not included in the right-to-use assets or liabilities.

We elected the use of permitted practical expedients of not recording leases on our Consolidated Balance Sheet when the leases have terms of 12 months or less, and we elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease components associated with that lease component as a single lease component.

The following table presents the lease balances within the Condensed Consolidated Balance Sheet as of March 31, 2022 and December 31, 2021:

(in thousands)	Classification on the Balance Sheet	March 31, 2022	December 31, 2021
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 42,768	$ 44,228
Finance lease assets	Property, plant and equipment, net	6,316	5,181
Liabilities			
Current			
Operating lease liabilities	Current maturities of operating leases	11,690	11,624
Accrued expenses	Current maturities of finance leases	2,451	2,257
Long-term			
Operating lease liabilities	Operating lease liabilities	31,596	33,097
Other long-term liabilities	Finance lease liabilities	$ 3,865	$ 2,924
Weighted average remaining lease term			
Operating leases		7.1 years	7.2 years
Finance leases		2.9 years	2.4 years
Weighted average discount rate			
Operating leases		4.5 %	4.6 %
Finance leases		5.8 %	4.8 %

The following table reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized on our Condensed Consolidated Balance Sheet as of March 31, 2022:

(in thousands)	Operating	Finance
April 1, 2022 through December 31, 2022	$ 10,435	$ 1,930
2023	10,115	2,050
2024	8,220	1,454
2025	5,847	919
2026	5,397	329
Thereafter	24,621	—
Total undiscounted future minimum lease payments	64,635	6,682
Less: Difference between lease payments and discounted lease liabilities	10,429	366
Total lease liabilities	$ 54,206	$ 6,316

Expense under operating leases and finance leases was $4.6 million and $0.7 million, respectively, for the three months ended March 31, 2022, which includes $0.4 million of variable lease costs. Expense under operating leases and finance leases was $4.5 million and $0.6 million, respectively, for the three months ended March 31, 2021, which includes $0.7 million of variable lease costs. Operating lease costs and finance lease costs are included within Operating loss in the Condensed Consolidated Statement of Operations. Short-term lease costs were not material.

Supplemental cash flow information is as follows:

(in thousands)	For the three months ended March 31,	
	2022	2021
Operating cash out flows from operating leases	$ 4,288	$ 4,245
Operating cash out flows from finance leases	33	33
Financing cash out flows from finance leases	498	525
Total	$ 4,819	$ 4,803

NOTE 17 SUBSEQUENT EVENTS

On January 18, 2022, Sema4 and OPKO announced they had entered into a definitive agreement pursuant to which Sema4 has agreed to acquire OPKO's wholly owned subsidiary, GeneDx, a leader in genomic testing and analysis. The GeneDx Transaction closed on April 29, 2022. Under the terms of the GeneDx Merger Agreement, Sema4 acquired GeneDx for an upfront payment of $150 million in cash, subject to adjustments, plus 80.0 million shares in Sema4, with up to an additional $150 million revenue-based milestones over the next two years (which will be payable in cash or Sema4 shares at Sema4's discretion). Based on the closing stock price of Sema4 as of April 29, 2022, the total upfront consideration represents approximately $322 million, and the total aggregate consideration including potential milestones is approximately $472 million.

In April 2022, Pfizer notified OPKO that NGENLA (Somatrogon), a once-weekly injection to treat pediatric growth hormone deficiency, has received pricing approval in Germany and Japan. NGENLA was granted marketing authorization by the Ministry of Health, Labour and Welfare in Japan and by the European Commission in January and February of this year, respectively. With the achievement of these milestones, we are entitled to receive an aggregate of $85.0 million in milestone payments.

On May 9, 2022, the Company entered into an Agreement and Plan of Merger with Orca Acquisition Sub, Inc. ("Merger Sub ", a subsidiary of the Company formed for the purposes of this transaction), ModeX Therapeutics, Inc., ("ModeX" or "Seller") and Sellers' representative (the "Merger Agreement"), pursuant to which Merger Sub was merged with and into ModeX, with ModeX becoming a wholly owned subsidiary of the Company (the "Merger"). The Company paid an aggregate of $300 million for all of the outstanding equity of ModeX, as adjusted by customary adjustments. The consideration paid at closing consisted of shares of our common stock, which was valued based on the average of the daily volume-weighted average price over the thirty (30) trading days prior to the date that is two (2) trading days prior to the signing of the Merger Agreement . In addition, the Company has made a number of management changes in connection with the Merger. Elias Zerhouni, M.D., Gary Nabel, M.D., PhD., and Alexis Borisy were appointed to the Board of the Company, with Dr. Zerhouni appointed as the Vice Chair. Elizabeth Nabel, one of the founders of ModeX, is the new Chief Medical Officer of the Company. Dr. Gary Nabel has been named the CEO of ModeX and Chief Innovation Officer of the Company and Dr. Zerhouni has been named the President of the Company.

We have reviewed all events and transactions that occurred after the March 31, 2022 Condensed Consolidated Balance Sheet date, through the time of filing this Quarterly Report on Form 10-Q.

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

OVERVIEW

You should read this discussion together with the unaudited Condensed Consolidated Financial Statements, related notes, and other financial information included elsewhere in this Quarterly Report on Form 10-Q together with our audited consolidated financial statements, related notes, and other information contained in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Form 10-K"). The following discussion contains assumptions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors," in Part I, Item 1A of the Form 10-K and as described from time to time in our other filings with the Securities and Exchange Commission. These risks could cause our actual results to differ materially from those anticipated in these forward-looking statements.

We are a diversified healthcare company that seeks to establish industry-leading positions in large and rapidly growing medical markets. Our diagnostics business includes BioReference Health LLC, formerly BioReference Laboratories, Inc. ("BioReference"), one of the nation's largest full service laboratories with an almost 250-person sales and marketing team to drive growth and leverage new products. Our pharmaceutical business features *Rayaldee*, a U.S. Food and Drug Administration ("FDA") approved treatment for secondary hyperparathyroidism ("SHPT") in adults with stage 3 or 4 chronic kidney disease ("CKD") and vitamin D insufficiency and a pipeline of products in various stages of development. Our leading product in development is Somatrogon (hGH-CTP), a once-weekly human growth hormone for which we have partnered with Pfizer, Inc. ("Pfizer") and successfully completed a phase 3 study in August 2019. Regulatory applications for Somatrogon (hGH-CTP) have been submitted to several countries around the world for review. In February 2022, the European Commission granted marketing authorization in the European Union for Somatrogon (hGH-CTP) under the brand name NGENLA® to treat children and adolescents from as young as three years of age with growth disturbance due to insufficient secretion of growth hormone and we received pricing approval in Germany in April 2022. In January 2022, the Ministry of Health, Labour and Welfare in Japan approved NGENLA® (Somatrogon) for the long-term treatment of pediatric patients who have growth failure due to an inadequate secretion of endogenous growth hormone and we received pricing approval in April 2022. In October 2021, Health Canada approved NGENLA® for the long-term treatment of pediatric patients who have growth hormone deficiency, and Australia's Therapeutic Goods Administration approved NGENLA® for the long-term treatment of pediatric patients with growth disturbance due to insufficient secretion of growth hormone. We also submitted the initial Biologics License Application ("BLA") with the FDA for approval of Somatrogon (hGH-CTP) in the United States, and Pfizer received a Complete Response Letter in January 2022. Pfizer and OPKO are evaluating the FDA's comments and will work with the agency to determine the best path forward for Somatrogon (hGH-CTP) in the United States. We are incorporated in Delaware, and our principal executive offices are located in leased offices in Miami, Florida.

Through BioReference, we provide laboratory testing services, primarily to customers in the larger metropolitan areas in New York, New Jersey, Florida, Texas, Maryland, California, Pennsylvania, Delaware, Washington, DC, Illinois and Massachusetts, as well as to customers in a number of other states. We offer a comprehensive test menu of clinical diagnostics for blood, urine and tissue analysis. This includes hematology, clinical chemistry, immunoassay, infectious diseases, serology, hormones, and toxicology assays, as well as Pap smear, anatomic pathology (biopsies) and other types of tissue analysis. We market our laboratory testing services directly to physicians, geneticists, hospitals, clinics, correctional and other health facilities.

We operate established pharmaceutical platforms in Ireland, Chile, Spain, and Mexico, which are generating revenue and from which we expect to generate positive cash flow and facilitate future market entry for our products currently in development. In addition, we have a development and commercial supply pharmaceutical company and a global supply chain operation and holding company in Ireland. We own a specialty active pharmaceutical ingredients manufacturer in Israel, which we expect will facilitate the development of our pipeline of molecules and compounds for our proprietary molecular diagnostic and therapeutic products.

RECENT DEVELOPMENTS

In early 2022, each of the European Commission and the Ministry of Health, Labour and Welfare in Japan approved the next-generation long-acting recombinant human growth hormone NGENLA (Somatrogon), a once-weekly injection to treat pediatric growth hormone deficiency in Europe and Japan, respectively. Further, Canada and Australia approved NGENLA in October and November of 2021, respectively. In April 2022, Pfizer notified OPKO that NGENLA has received pricing approval in Germany and Japan. With the achievement of these milestones, we are entitled to receive an aggregate of $85.0 million in milestone payments.

In early 2022, VFMCRP initiated the commercial launch of Rayaldee in Germany, the first launch of Rayaldee outside the

U.S. VFMCRP is OPKO's commercial partner for Rayaldee in Europe and selected markets outside the U.S.

In January 2022, the FDA issued a Complete Response Letter for the BLA for Somatrogon. Pfizer and OPKO are evaluating the FDA's comments and will work with the agency to determine the best path forward for Somatrogon (hGH-CTP) in the United States.

In January 2022, Sema4 Holdings Corp. ("Sema4") and OPKO entered into a definitive agreement (the "GeneDx Merger Agreement"), pursuant to which Sema4 agreed to acquire OPKO's wholly owned subsidiary, GeneDx LLC, formerly GeneDx, Inc. ("GeneDx"), a leader in genomic testing and analysis, subject to the satisfaction of customary closing conditions (the "GeneDx Transaction"). The GeneDx Transaction closed on April 29, 2022.

On May 9, 2022, the Company entered into an Agreement and Plan of Merger with Orca Acquisition Sub, Inc. ("Merger Sub ", a subsidiary of the Company formed for the purposes of this transaction), ModeX Therapeutics, Inc., ("ModeX" or "Seller") and Sellers' representative (the "Merger Agreement"), pursuant to which Merger Sub was merged with and into ModeX, with ModeX becoming a wholly owned subsidiary of the Company (the "Merger"). The Company paid an aggregate of $300 million for all of the outstanding equity of ModeX, as adjusted by customary adjustments. The consideration paid at closing consisted of shares of our common stock, which was valued based on the average of the daily volume-weighted average price over the thirty (30) trading days prior to the date that is two (2) days prior to the signing of the Merger Agreement . In addition, the Company has made a number of management changes in connection with the Merger. Elias Zerhouni, M.D., Gary Nabel, M.D., PhD., and Alexis Borisy were appointed to the Board of the Company, with Dr. Zerhouni appointed as the Vice Chair. Elizabeth Nabel, one of the founders of ModeX, is the new Chief Medical Officer of the Company. Dr. Gary Nabel has been named the CEO of ModeX and Chief Innovation Officer of the Company and Dr. Zerhouni has been named the President of the Company.

RESULTS OF OPERATIONS

Impact of COVID-19

We continue to be a part of the coordinated public and private sector response to SARS-CoV-2, a novel strain of coronavirus, referred to as COVID-19. There continues to be a high level of uncertainty relating to how the pandemic will evolve, how governments and consumers will react, progress on the distribution of vaccines and whether the pandemic will have a longer-term effect on the healthcare industry and patient habits. BioReference is providing COVID-19 solutions, including diagnostic molecular testing and serology antibody testing, to meet the testing needs of its customers, including physicians, health systems, long-term care facilities, governments, schools, employers, professional sports teams and entertainment venues, as well as the general public through relationships with retail pharmacy chains.

Since the pandemic began in the U.S., we have invested in testing capabilities and infrastructure to meet demand for our molecular and antibody testing for COVID-19. Throughout the last two years, we have managed our company-wide lab operations specimen acquisition, logistics, procurement, customer service, and initiatives to manage our cost structure to match the ever changing COVID-19 testing volumes and to manage efficiency gains in our core clinical lines of business. We anticipate that COVID-19 will continue to impact our business in 2022 and demand for COVID-19 testing will fluctuate with the potential for increases and decreases in demand at different times and across different geographies; however, overall, we expect COVID-19 test demand to trend down in 2022 as compared to 2021.

Revenue from services for the three months ended March 31, 2022 decreased by $220.4 million as compared to 2021 due to lower COVID-19 testing volumes. We maintain our ability to quickly scale-up COVID-19 PCR testing capacity, even during periods of reduced demand. In doing so, we are able to immediately and effectively respond to surges in positive cases and testing needs. We are unable to predict how long the demand will continue for our COVID-19 related testing, or whether pricing and reimbursement policies for testing will be sustained. Excluding COVID-19 test volumes, for the three months ended March 31, 2022, genomic and routine clinical test volume increased 14.0% and 0.4% respectively, as compared to volumes for the three months ended March 31, 2021.

In March 2022, the U.S. Health Resources and Services Administration ("HRSA") informed providers that, after March 22, 2022, it would stop accepting claims for testing and treatment for uninsured individuals under the HRSA COVID-19 Uninsured Program and that claims submitted prior to that date would be subject to eligibility and availability of funds. For the three months ended March 31, 2022, revenue for testing of uninsured individuals under the HRSA COVID-19 Uninsured Program represented approximately 7.9% of our COVID-19 testing revenue. As of March 31, 2022, less than 6% of our net accounts receivable was associated with claims for reimbursement for COVID-19 testing of uninsured individuals. Although we believe that our estimates for contractual allowances and patient price concessions are appropriate, actual results could differ from those estimates.

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

Our consolidated income (loss) from operations for the three months ended March 31, 2022 and 2021 is as follows:

	For the three months ended March 31,			
(In thousands)	2022	2021	Change	% Change
Revenues:				
Revenue from services	$ 286,599	$ 506,951	$ (220,352)	(43)%
Revenue from products	36,658	33,945	2,713	8 %
Revenue from transfer of intellectual property and other	5,962	4,269	1,693	40 %
Total revenues	329,219	545,165	(215,946)	(40)%
Costs and expenses:				
Cost of revenue	243,875	363,507	(119,632)	(33)%
Selling, general and administrative	117,537	112,286	5,251	5 %
Research and development	18,312	19,315	(1,003)	(5)%
Contingent Consideration	(106)	(957)	851	(89)%
Amortization of intangible assets	22,025	12,577	9,448	75 %
Total costs and expenses	401,643	506,728	(105,085)	(21)%
Income (loss) from operations	(72,424)	38,437	(110,861)	(288)%

Diagnostics

(In thousands)	For the three months ended March 31, 2022	2021	Change	% Change
Revenues				
Revenue from services	$ 286,599	$ 506,951	$ (220,352)	(43)%
Total revenues	286,599	506,951	(220,352)	(43)%
Costs and expenses:				
Cost of revenue	221,206	339,428	(118,222)	(35)%
Selling, general and administrative	94,957	89,317	5,640	6 %
Research and development	6,222	3,631	2,591	71 %
Amortization of intangible assets	7,762	7,561	201	3 %
Total costs and expenses	330,147	439,937	(109,790)	(25)%
Income (loss) from operations	(43,548)	67,014	(110,562)	(165)%

Revenue. Revenue from services for the three months ended March 31, 2022 decreased by approximately $220.4 million compared to the three months ended March 31, 2021. The decrease in revenue for the three months ended March 31, 2022 reflects lower demand for COVID-19 testing and lower COVID-19 reimbursement of $164.0 million and $26.6 million, respectively. BioReference performed 2.0 million molecular tests for COVID-19 and 0.1 million serology antibody tests during the three months ended March 31, 2022, which represented 46.9% of total volume for that period. In comparison, the three months ended March 31, 2021 included 4.1 million molecular tests for COVID-19 and 0.2 million serology antibody tests. The reduction in reimbursement reflects an increase in utilization of antigen point of care diagnostic tests as well as a change in the mix of customers which have varying contract prices depending on the level of services we provide.

Furthermore, clinical test reimbursement decreased $44.9 million as a result of the mix of testing ordered. Partially offsetting the decrease in COVID-19 test volumes and clinical test reimbursement, were an improvement in genomic test reimbursement of $9.7 million, an increase in clinical test volume of $1.9 million, and genomic test volume of $3.2 million, respectively.

Estimated collection amounts are subject to the complexities and ambiguities of billing, reimbursement regulations and claims processing, as well as considerations unique to Medicare and Medicaid programs, and require us to consider the potential for retroactive adjustments when estimating variable consideration in the recognition of revenue in the period the related services are rendered. For the three months ended March 31, 2022 and 2021, positive revenue adjustments due to changes in estimates of implicit price concessions for performance obligations satisfied in prior periods of $2.0 million and $28.0 million were recognized, respectively. Revenue adjustments for the three months ended March 31, 2022 and 2021 were primarily due to an improvement in COVID-19 test reimbursement estimates.

The composition of Revenue from services by payor for the three months ended March 31, 2022 and 2021 was as follows:

(In thousands)	Three months ended March 31, 2022	2021
Healthcare insurers	$ 95,779	$ 164,829
Government payers	27,588	73,658
Client payers	159,040	262,907
Patients	4,192	5,557
Total	$ 286,599	$ 506,951

Client payors include cities, states and companies for which BioReference provides COVID-19 testing services.

Cost of revenue. Cost of revenue for the three months ended March 31, 2022 decreased $118.2 million compared to the three months ended March 31, 2021. Cost of revenue decreased primarily due to a decline in the volume of COVID-19 tests performed during the three months ended March 31, 2022 compared to 2021. Cost of revenue for the three months ended March 31, 2022 also decreased due to changes in the test mix during the period.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended March 31, 2022 and 2021 were $95.0 million and $89.3 million, respectively. Selling, general and administrative expenses in our diagnostics segment increased primarily due to increased investment in our commercial digital organization resulting in higher professional fees, personnel expenses and equity-based compensation due to the acceleration of certain option awards.

Research and development expenses. The following table summarizes the components of our research and development expenses:

Research and Development Expenses	Three months ended March 31,	
	2022	2021
External expenses:		
PMA studies	$ —	$ 31
Research and development employee-related expenses	4,926	2,194
Other internal research and development expenses	1,296	1,406
Total research and development expenses	$ 6,222	$ 3,631

The increase in research and development expenses for the three months ended March 31, 2022 resulted primarily related to the development of clinical and genomics testing services at BioReference.

Amortization of intangible assets. Amortization of intangible assets was $7.8 million and $7.6 million, respectively, for the three months ended March 31, 2022 and 2021. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives.

Pharmaceuticals

	For the three months ended March 31,			
(In thousands)	2022	2021	Change	% Change
Revenues:				
Revenue from products	$ 36,658	$ 33,945	$ 2,713	8 %
Revenue from transfer of intellectual property and other	5,962	4,269	1,693	40 %
Total revenues	42,620	38,214	4,406	12 %
Costs and expenses:				
Cost of revenue	22,669	24,089	(1,420)	(6)%
Selling, general and administrative	11,611	13,406	(1,795)	(13)%
Research and development	12,291	15,817	(3,526)	(22)%
Contingent Consideration	(106)	(957)	851	(89)%
Amortization of intangible assets	14,263	5,016	9,247	184 %
Total costs and expenses	60,728	57,371	3,357	6 %
loss from operations	(18,108)	(19,157)	1,049	(5)%

Revenue. The increase in revenue from products for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 was primarily attributable to an increase in sales at most of our international operating companies. Revenue from sales of *Rayaldee* for the three months ended March 31, 2022 and 2021 was $5.1 million and $5.8 million, respectively. Sales of *Rayaldee* in 2022 and 2021 have been negatively impacted as a result of challenges in onboarding new patients due to the COVID-19 pandemic. Revenue from transfer of intellectual property and other for the three months ended March 31, 2022 and 2021 reflect $2.2 million and $2.8 million, respectively, of revenue related to the Pfizer Transaction. In addition, OPKO recognized a $3.0 million milestone payment from VFMCRP in transfer of intellectual property and other during the three months ended March 31, 2022.

Cost of revenue. Cost of revenue for the three months ended March 31, 2022 decreased $1.4 million compared to the three months ended March 31, 2021 primarily due to a $2.7 million inventory reserve recognized for Rayaldee inventory for the three months ended March 31, 2021.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended March 31, 2022 and 2021 were $11.6 million and $13.4 million, respectively. The decrease in selling, general and administrative expenses was primarily due to a decrease in legal expenses and selling expenses related to *Rayaldee*. Selling, general and administrative expenses for the pharmaceutical segment for the three months ended March 31, 2022 and 2021 included equity-based compensation expense of $0.3 million and $0.3 million, respectively.

Research and development expenses. Research and development expenses for the three months ended March 31, 2022 and 2021 were $12.3 million and $15.8 million, respectively. Research and development expenses include external and internal expenses, partially offset by third-party grants and funding arising from collaboration agreements. External expenses include clinical and non-clinical activities performed by contract research organizations, lab services, purchases of drug and diagnostic product materials and manufacturing development costs. We track external research and development expenses by individual program for phase 3 clinical trials for drug approval and premarket approval for diagnostics tests, if any. Internal expenses include employee-related expenses such as salaries, benefits and equity-based compensation expense. Other internal research and development expenses are incurred to support overall research and development activities and include expenses related to general overhead and facilities.

The following table summarizes the components of our research and development expenses:

Research and Development Expenses	Three months ended March 31,	
	2022	2021
External expenses:		
Manufacturing expense for biological products	$ 1,250	$ 1,567
Phase III studies	2,632	2,351
Post-marketing studies	17	5
Earlier-stage programs	2,601	5,193
Research and development employee-related expenses	5,173	5,328
Other internal research and development expenses	618	1,383
Third-party grants and funding from collaboration agreements	—	(10)
Total research and development expenses	$ 12,291	$ 15,817

The decrease in research and development expenses for the three months ended March 31, 2022 was primarily due to a decrease in research and development expenses for Somatrogon (hGH-CTP), a once-weekly human growth hormone injection for which we have partnered with Pfizer and successfully completed a phase 3 study in August 2019. Ongoing expenses on the Somatrogon program support open label extension studies that will continue until market launch of Somatrogon in certain countries, as well as the preparation of applications for marketing approvals. Research and development expenses for the pharmaceutical segment for the three months ended March 31, 2022 and 2021 included equity-based compensation expense of $0.3 million and $0.4 million, respectively.

Contingent consideration. Contingent consideration for the three months ended March 31, 2022 and 2021 was $0.1 million and $1.0 million reversal of expense, respectively. Contingent consideration for the three months ended March 31, 2022 and 2021 was primarily attributable to changes in assumptions regarding the timing of achievement of future milestones for OPKO Renal, and potential amounts payable to former stockholders of OPKO Renal in connection therewith, pursuant to our acquisition agreement in March 2013.

Amortization of intangible assets. Amortization of intangible assets was $14.3 million and $5.0 million, respectively, for the three months ended March 31, 2022 and 2021. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives. In the first quarter of 2022, we reclassified $590.2 million of IPR&D related to Somatrogon (hGH-CTP) from IPR&D in our Condensed Consolidated Balance Sheet upon the approval of NGENLA (Somatrogon) in Europe and Japan. The assets will be amortized on a straight-line basis over their estimated useful life of approximately 12 years.

Corporate

(In thousands)	For the three months ended March 31, 2022	2021	Change	% Change
Costs and expenses:				
Cost of revenue	$ —	$ (10)	$ 10	(100)%
Selling, general and administrative	10,969	9,563	1,406	15 %
Research and development	(201)	(133)	(68)	51 %
Total costs and expenses	10,768	9,420	1,348	14 %
Loss from operations	(10,768)	(9,420)	(1,348)	14 %

Operating loss for our unallocated corporate operations for the three months ended March 31, 2022 and 2021 was $10.8 million and $9.4 million, respectively, and principally reflect general and administrative expenses incurred in connection with our corporate operations. Operating loss for our unallocated corporate operations for the three months ended March 31, 2022 was driven by an increase in legal fees.

Other

Interest income. Interest income for the three months ended March 31, 2022 and 2021 was not significant as our cash investment strategy emphasizes the security of the principal invested and fulfillment of liquidity needs.

Interest expense. Interest expense for the three months ended March 31, 2022 and 2021 was $2.7 million and $5.4 million, respectively. Interest expense was principally related to interest incurred on the 2025 Notes, the 2023 Convertible Notes, the 2033 Senior Notes, and BioReference's outstanding debt under the A&R Credit Agreement. The decrease in interest expense was primarily due to the impact of the adoption of ASU 2020-06 on the 2025 Notes. Due to the adoption of ASU 2020-06, interest expense decreased due to the elimination of the discount created by recognizing a component of convertible debt in equity. Refer to Note 7.

Fair value changes of derivative instruments, net. Fair value changes of derivative instruments, net for the three months ended March 31, 2022 and 2021, was $0.1 million and $0.4 million of expense, respectively. Derivative expense for the three months ended March 31, 2022 and 2021, was principally related to the change in fair value on foreign currency forward exchange contracts at OPKO Chile.

Other income (expense), net. Other income (expense), net for the three months ended March 31, 2022 and 2021, was $1.4 million of income and $0.9 million of expense, respectively. Other income (expense) for the three months ended March 31, 2022 and 2021 primarily consisted of foreign currency transaction gains (losses) recognized during the period.

Income tax benefit (provision). Our income tax benefit (provision) for the three months ended March 31, 2022 and 2021 was $21.3 million and $(0.6) million, respectively, and reflects quarterly results using our expected effective tax rate. For the three months ended March 31, 2022, the tax rate differed from the U.S. federal statutory rate of 21% primarily due to a $22.0 million discrete benefit resulting from reduced tax rates that will be applicable to existing foreign deferred tax liabilities, as well as the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and operating results in tax jurisdictions which do not result in a tax benefit.

Loss from investments in investees. We have made investments in certain early stage companies that we perceive to have valuable proprietary technology and significant potential to create value for us as a shareholder or member. We account for these investments under the equity method of accounting, resulting in the recording of our proportionate share of their losses until our share of their loss exceeds our investment. Until the investees' technologies are commercialized, if ever, we anticipate they will report net losses. Loss from investments in investees was $49 thousand and $43 thousand for the three months ended March 31, 2022 and 2021, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2022, we had cash and cash equivalents of approximately $102.3 million. Cash used in operations of $19.9 million for the three months ended March 31, 2022 principally reflects general and administrative expenses related to our corporate operations and research and development activities. Cash used in investing activities for the three months ended March 31, 2022 primarily reflects capital expenditures of $5.3 million. Cash used in financing activities of $7.9 million primarily reflects net repayments on our lines of credit. We have historically not generated sustained positive cash flow sufficient to offset our operating and other expenses, and our primary sources of cash have been from the public and private placement of equity, the issuance of the 2033 Senior Notes, 2023 Convertible Notes and 2025 Notes and credit facilities available to us.

In April 2022, Pfizer notified OPKO that NGENLA (Somatrogon), a once-weekly injection to treat pediatric growth hormone deficiency, has received pricing approval in Germany and Japan. NGENLA was granted marketing authorization by the Ministry of Health, Labour and Welfare in Japan and by the European Commission in January and February of this year, respectively. With the achievement of these milestones, we are entitled to receive an aggregate of $85.0 million in milestone payments.

In January 2022, we and Sema4 announced the execution of the GeneDx Merger Agreement, pursuant to which Sema4 has agreed to acquire our wholly owned subsidiary, GeneDx. The GeneDx Transaction closed on April 29, 2022. As of March 31, 2022 and December 31, 2021, GeneDx met the held-for-sale accounting criteria and the related assets and liabilities are classified as held for sale in the consolidated balance sheet.

Under the terms of the GeneDx Merger Agreement, Sema4 has agreed to acquire GeneDx for an upfront payment of $150 million in cash, subject to adjustments, plus 80.0 million shares in Sema4, with up to an additional $150 million revenue-based milestones over the next two years (which will be payable in cash or Sema4 shares at Sema4's discretion). Based on the closing stock price of Sema4 as of April 29, 2022, the total upfront consideration represents approximately $322 million, and the total aggregate consideration including potential milestones is approximately $472 million.

In February 2019, we issued $200.0 million aggregate principal amount of the 2025 Notes in an underwritten public offering. The 2025 Notes bear interest at a rate of 4.50% per year, payable semiannually in arrears on February 15 and August 15 of each year. The notes mature on February 15, 2025, unless earlier repurchased, redeemed or converted.

Holders may convert their 2025 Notes into shares of Common Stock at their option at any time prior to the close of business on the business day immediately preceding November 15, 2024, subject to the satisfaction of certain conditions. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our Common Stock, or a combination of cash and shares of our Common Stock, at our election.

The current conversion rate for the 2025 Notes is 236.7424 shares of Common Stock per $1,000 principal amount of 2025 Notes (equivalent to a conversion price of approximately $4.22 per share of Common Stock). The conversion rate for the 2025 Notes is subject to adjustment in certain events but will not be adjusted for any accrued and unpaid interest.

In May 2021, we entered into exchange agreements with certain holders of the 2025 Notes pursuant to which the holders exchanged $55.4 million in aggregate principal amount of the outstanding 2025 Notes for 19,051,270 shares of our Common Stock (the "Exchange").

As of March 31, 2022, the total commitments under our A&R Credit Agreement with CB and our lines of credit with financial institutions in Chile and Spain were $89.5 million, of which $16.5 million was drawn as of March 31, 2022. At March 31, 2022, the weighted average interest rate on these lines of credit was approximately 5.5%. These lines of credit are short-term and are used primarily as a source of working capital. The highest aggregate principal balance at any time outstanding during the three months ended March 31, 2022 was $16.6 million. We intend to continue to draw under these lines of credit as needed. There is no assurance that these lines of credit or other funding sources will be available to us on acceptable terms, or at all, in the future.

The A&R Credit Agreement provides for a $75.0 million secured revolving credit facility and includes a $20.0 million sub-facility for swingline loans and a $20.0 million sub-facility for the issuance of letters of credit. The A&R Credit Agreement matures on August 30, 2024 and is guaranteed by all of BioReference's domestic subsidiaries, subject to certain exceptions. The A&R Credit Agreement is also secured by substantially all assets of BioReference and its domestic subsidiaries, subject to certain exceptions, as well as a non-recourse pledge by us of our equity interest in BioReference. Availability under the A&R Credit Agreement is based on a borrowing base composed of eligible accounts receivables of BioReference and certain of its subsidiaries, as specified therein. As of March 31, 2022, $64.8 million remained available for borrowing under the A&R Credit Agreement.

In connection with our agreements with Pfizer, VFMCRP, Nicoya and CAMP4, we are eligible to receive various milestone payments and royalty considerations. Under the terms of the Pfizer Agreement, we are eligible to receive up to an additional $275.0 million upon the achievement of certain regulatory milestones, including $85 million of milestone payments we expect to receive during the second quarter of 2022. In addition, we are eligible to receive initial tiered royalty payments associated with the commercialization of Somatrogon for adult GHD with percentage rates ranging from the high teens to mid-twenties. Upon the launch of Somatrogon for pediatric GHD in certain major markets, the royalties will transition to regional, tiered gross profit sharing for both Somatrogon and Pfizer's Genotropin®. Under the terms of the VFMCRP Agreement, we are entitled to receive up to an additional $17 million in regulatory milestones and $207 million in milestone payments tied to launch, pricing and sales of Rayaldee, including a $3.0 million milestone payment we recognized during the three months ended March 31, 2022 upon the first sale of Rayaldee in Europe. In addition, we are eligible to receive tiered, double-digit royalty payments. Under the terms of the Nicoya Agreement, we received an initial upfront payment of $5 million and are eligible to receive an additional $5 million upon the first to occur of (A) a predetermined milestone and (B) the first anniversary of the effective date. We are also eligible to receive up to an additional aggregate amount of $115 million upon the achievement of certain development, regulatory and sales-based milestones by Nicoya for the Nicoya Product in the Nicoya Territory. We will also receive tiered, double digit royalty payments at rates in the low double digits on net product sales within the Nicoya Territory and in the Nicoya Field. Under the terms of the CAMP4 Agreement, we received an initial upfront payment of $1.5 million and we are eligible to receive up to $3.5 million in development milestone payments for Dravet syndrome products, and $4 million for non-Dravet syndrome products, as well as sales milestones of up to $90 million for Dravet syndrome products and up to $90 million for non-Dravet syndrome products.

In connection with our acquisitions of CURNA, OPKO Diagnostics and OPKO Renal, we agreed to pay future consideration to the sellers upon the achievement of certain events, including up to an additional $19.1 million in shares of our Common Stock to the former stockholders of OPKO Diagnostics upon and subject to the achievement of certain milestones; and up to an additional $125.0 million in either shares of our Common Stock or cash, at our option subject to the achievement of certain milestones, to the former shareholders of OPKO Renal. As a result of our execution of the CAMP4 Agreement, we will have to pay a percentage of any payments received under the CAMP4 Agreement to the former CURNA stockholders.

We believe that the cash and cash equivalents on hand at March 31, 2022, cash from the Pfizer milestone payments of $85 million, the $150 million of cash paid at the closing of the Sema4 transaction and the amounts available to be borrowed under our lines of credit are sufficient to meet our anticipated cash requirements for operations and debt service beyond the next 12 months. We based this estimate on assumptions that may prove to be wrong or are subject to change, and we may be required to use our available cash resources sooner than we currently expect. If we acquire additional assets or companies, accelerate our product development programs or initiate additional clinical trials, we will need additional funds. Our future cash requirements, and the timing of those requirements, will depend on a number of factors, including the evolving impact of the COVID-19 pandemic on our business, the approval and success of our products in development, particularly our long acting Somatrogon for which we have received approval in Europe, Japan, Australia and Canada, submitted for approval in the U.S. and received a Complete Response Letter in January 2022, the approval and success of Somatrogon outside the United States, including in Europe, Japan, Australia and Canada, the commercial success of Rayaldee, including from the recent launch of Rayaldee by Vifor and in other territories expected in 2022, BioReference's financial performance, possible acquisitions and dispositions, the continued progress of research and development of our product candidates, the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing, our success in developing markets for our product candidates and results of government investigations, payor claims, and legal proceedings that may arise, including, without limitation class action and derivative litigation to which we are subject, and our ability to obtain insurance coverage for such claims. We have historically not generated sustained positive cash flow and if we are not able to secure additional funding when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs or possible acquisitions or reduce our marketing or sales efforts or cease operations.

Additionally, the rapid development and fluidity of the COVID-19 pandemic and new variants of the virus makes it very difficult to predict its ultimate impact on our business, results of operations and liquidity. The pandemic presents a significant uncertainty that could materially and adversely affect our results of operations, financial condition and cash flows, including a negative impact on non-COVID-related diagnostics testing services provided by BioReference in our diagnostics segment, notwithstanding that our results of operations have been positively impacted by our provision of COVID-19 testing services. Further, deteriorating economic conditions globally as a result of the COVID-19 pandemic have in the past resulted, and may in the future result in a challenging capital raising environment, which could materially limit our access to capital, whether through the issuance and sale of our Common Stock, debt securities or otherwise, as well as through bank facilities and lines of credit. Events resulting from the effects of COVID-19 or new variants of the virus could negatively impact our ability to comply with certain covenants in the A&R Credit Agreement or require that we pursue alternative financing. We can provide no assurance that any such alternative financing, if required, could be obtained on acceptable terms or at all. The combination of potential disruptions to our business resulting from COVID-19 together with and volatile credit and capital markets could

adversely impact our future liquidity, which could have an adverse effect on our business and results of operations. We will continue to monitor and assess the impact COVID-19 and new variants of the virus may have on our business and financial results.

The following table provides information as of March 31, 2022, with respect to the amounts and timing of our known contractual obligation payments due by period.

Contractual obligations (In thousands)	Remaining nine months ending December 31, 2022	2023	2024	2025	2026	Thereafter	Total
Open purchase orders	$ 247,377	$ 5,034	$ —	$ —	$ —	$ —	$ 252,411
Operating leases	9,083	9,360	6,006	3,673	3,071	12,093	43,286
Finance leases	1,766	1,940	1,393	893	324	—	6,316
2033 Senior Notes, 2025 and 2023 Convertible Notes	—	69,254	—	141,267	—	—	210,521
Deferred payments	2,478	—	—	—	—	—	2,478
Mortgages and other debts payable	1,779	865	502	271	—	—	3,417
Lines of credit	16,531	—	—	—	—	—	16,531
Interest commitments	7,105	6,955	6,528	571	—	—	21,159
Total	$ 286,119	$ 93,408	$ 14,429	$ 146,675	$ 3,396	$ 12,093	$ 556,119

The preceding table does not include information where the amounts of the obligations are not currently determinable, including the following:

- Contractual obligations in connection with clinical trials, which span over two years, and that depend on patient enrollment. The total amount of expenditures is dependent on the actual number of patients enrolled and as such, the contracts do not specify the maximum amount we may owe.
- Product license agreements effective during the lesser of 15 years or patent expiration whereby payments and amounts are determined by applying a royalty rate on uncapped future sales.
- Contingent consideration that includes payments upon achievement of certain milestones including meeting development milestones such as the completion of successful clinical trials, NDA approvals by the FDA and revenue milestones upon the achievement of certain revenue targets all of which are anticipated to be paid within the next seven years and are payable in either shares of our Common Stock or cash, at our option, and that may aggregate up to $144.1 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There were no material changes to our critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, that have a material impact on our Condensed Consolidated Financial Statements and related notes.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements.

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." ASU 2020-06 simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. The ASU is effective for public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. As required, we adopted ASU 2020-06 on January 1, 2022 and used the modified retrospective approach for all convertible debt instruments at the beginning of the period of adoptions. Results for reporting periods beginning January 1, 2022 are presented under ASU 2020-06, while prior period amounts were not adjusted and continue to be reported in accordance historic accounting guidance.

Under the modified approach, entities will apply the guidance to all financial instruments that are outstanding as of the beginning of the year of adoption with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. ASU 2020-06 eliminates the cash conversion and beneficial conversion feature models in ASC 470-20 that require an issuer of certain convertible debt and preferred stock to separately account for embedded conversion features as a component of equity. The adoption of ASU 2020-06 at January 1, 2022 resulted in an increase of the Convertible notes of $25.6 million, a reduction of the Accumulated deficit of $17.5 million and a reduction of Additional paid-in capital of $39.1 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates.

Foreign Currency Exchange Rate Risk – We operate globally and, as such, we are subject to foreign exchange risk in our commercial operations as portions of our revenues are exposed to changes in foreign currency exchange rates, primarily the Chilean Peso, the Mexican Peso, and the Euro.

Although we do not speculate in the foreign exchange market, we may from time to time manage exposures that arise in the normal course of business related to fluctuations in foreign currency exchange rates by entering into offsetting positions through the use of foreign exchange forward contracts. Certain firmly committed transactions may be hedged with foreign exchange forward contracts. As exchange rates change, gains and losses on the exposed transactions are partially offset by gains and losses related to the hedging contracts. Both the exposed transactions and the hedging contracts are translated and fair valued, respectively, at current spot rates, with gains and losses included in earnings.

Our derivative activities, which consist of foreign exchange forward contracts, are initiated to economically hedge forecasted cash flows that are exposed to foreign currency risk. The foreign exchange forward contracts generally require us to exchange local currencies for foreign currencies based on pre-established exchange rates at the contracts' maturity dates. As exchange rates change, gains and losses on these contracts are generated based on the change in the exchange rates that are recognized in the Condensed Consolidated Statements of Operations and offset the impact of the change in exchange rates on the foreign currency cash flows that are hedged. If the counterparties to the exchange contracts do not fulfill their obligations to deliver the contracted currencies, we could be at risk for currency related fluctuations. Our foreign exchange forward contracts primarily hedge exchange rates on the Chilean Peso to the U.S. dollar. If Chilean Pesos were to strengthen or weaken in relation to the U.S. dollar, our loss or gain on hedged foreign currency cash-flows would be offset by the derivative contracts, with a net effect of zero.

We do not engage in trading market risk sensitive instruments or purchasing hedging instruments or "other than trading" instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency exchange, commodity price, or equity price risk.

Interest Rate Risk – Our exposure to interest rate risk relates to our cash and investments and to our borrowings. We generally maintain an investment portfolio of money market funds and marketable securities. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in market interest rates would have a significant negative impact on the value of our investment portfolio except for reduced income in a low interest rate environment.

At March 31, 2022, we had cash and cash equivalents of $102.3 million. The weighted average interest rate related to our cash and cash equivalents for the three months ended March 31, 2022 was less than 1%. As of March 31, 2022, the principal outstanding balances under BioReference's A&R Credit Agreement with CB and our Chilean and Spanish lines of credit was $16.5 million in the aggregate at a weighted average interest rate of approximately 5.5%.

Our $3.0 million aggregate principal amount of our 2033 Senior Notes has a fixed interest rate of 3%, our $55.0 million aggregate principal amount of our 2023 Convertible Notes has a fixed interest rate of 5%, and our $200.0 million aggregate principal amount of the 2025 Notes has a fixed interest rate of 4.50%, and therefore are not subject to fluctuations in market interest rates.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we may invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers, and money market funds that invest in such debt instruments, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than three months.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, management concluded that our disclosure controls and procedures were effective as of March 31, 2022.

Changes to the Company's Internal Control Over Financial Reporting

There have been no changes to the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are, from time to time, party to various legal proceedings arising out of our business. During the reporting period, covered by this Quarterly Report on Form 10-Q, except as set forth below, there have been no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K for the year ended December 31, 2021. The following should be read in conjunction with the information provided in Part I, Item 3 of such Annual Report.

On April 8, 2019, MabVax Therapeutics Holdings, Inc. filed a lawsuit in the Superior Court of California, County of San Diego against a number of individuals and entities, including the Company, Dr. Frost, Steven Rubin, the Company's Executive Vice President-Administration, and an entity affiliated with Dr. Frost, based on the allegations raised in the SEC Complaint. The lawsuit seeks an award for actual and punitive damages, pre- and post-judgment interest; that the defendants be required to make full disclosure and accounting of their interests and transactions in plaintiff's securities; costs of the suit, and reasonable attorney's fees; and such other legal and equitable relief as the Court may deem proper under the circumstances. On January 31, 2022, plaintiffs entered into a confidential mutual release and settlement agreement with the Company, Dr. Frost, Frost Gamma Investment Trust, and Steve Rubin (the "Settlement Agreement"). The Settlement Agreement has been approved by the United States Bankruptcy Court for the District of Delaware.

See Note 12 to the interim unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q for information regarding the status of other legal proceedings involving the Company, which information is incorporated by reference herein.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit 2.1	Agreement and Plan of Merger and Reorganization, dated as of January 14, 2022, by and among the Company, Sema4 Holdings Corp., Orion Merger Sub I, Inc., Orion Merger Sub II, LLC, GeneDx Inc. and GeneDx Holding 2, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on January 18, 2022 and incorporated by reference herein).
Exhibit 10.1	Shareholder Agreement, dated as of January 14, 2022, by and among the Company and Sema4 Holdings Corp. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 18, 2022 and incorporated by reference herein).
Exhibit 10-2	Waiver Under and Amendment No. 1 to Amended and Restated Credit Agreement, dated as of April 29, 2022, by and among BioReference Health LLC, GeneDx, LLC, the other subsidiary borrowers and loan parties thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 4, 2022 and incorporated by reference herein).
Exhibit 31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2022.
Exhibit 31.2	Certification by Adam Logal, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2022.
Exhibit 32.1	Certification by Phillip Frost, Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2022.
Exhibit 32.2	Certification by Adam Logal, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2022.
Exhibit 101.INS	Inline XBRL Instance Document
Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	inline XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Pursuant to Item 601(b)(10)(iv) of Regulation S-K, portions of this exhibit have been omitted because the Company customarily and actually treats the omitted portions as private or confidential, and such portions are not material and would likely cause competitive harm to the Company if publicly disclosed. The Company will supplementally provide a copy of an unredacted copy of this exhibit to the U.S. Securities and Exchange Commission or its staff upon request.

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.

Date: May 9, 2022

OPKO Health, Inc.

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, Phillip Frost, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of OPKO Health, Inc.;

(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(s) 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(s) 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 9, 2022

/s/ Phillip Frost, M.D.

Phillip Frost, M.D.
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Adam Logal, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of OPKO Health, Inc.;

(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(s) 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(s) 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 9, 2022

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant Section 906 of the Sarbanes-Oxley Act of 2002, I, Phillip Frost, Chief Executive Officer of OPKO Health, Inc. (the "Company"), hereby certify that:

The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2022

/s/ Phillip Frost, M.D.

Phillip Frost, M.D.

Chief Executive Officer

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant Section 906 of the Sarbanes-Oxley Act of 2002, I, Adam Logal, Chief Financial Officer of OPKO Health, Inc. (the "Company"), hereby certify that:

The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2022

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial Officer