

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 June 30, 2024.
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
(State or Other Jurisdiction of
Incorporation or Organization)

75-2402409
(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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 August 1, 2024, the registrant had 697,376,055 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, 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, 2023, 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:

- 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 not generate or sustain profits or cash flow from our laboratory operations or substantial revenue from NGENLA, *Royaldee* and our other pharmaceutical and diagnostic products;
- our ability to manage our growth and our expanded operations;
- that our acquisition of ModeX Therapeutics, Inc. will be successful and the products in the R&D pipeline will ultimately be commercialized;
- 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;
- increased competition, including price competition;
- our success is dependent on the involvement and continued efforts of our Chairman and Chief Executive Officer;
- integration challenges for acquired businesses;

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- 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 *Royaldee* 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;
- our ability to comply with the terms of our 2022 Corporate Integrity Agreement with the U.S. Office of Inspector General of the Department of Health and Human Services;
- failure to obtain and maintain regulatory approval for our products and services outside the U.S.;
- legal, economic, political, regulatory, currency exchange, and other risks associated with international operations; and
- disruptions to operations, including impact on employees, and business continuity, including physical damage or impaired access to company facilities, office of technology from the current conflicts in the Middle East

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 SHEET
(Unaudited)
(In thousands, except share and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 40,576	\$ 95,881
Accounts receivable, net	105,313	123,379
Inventory, net	60,153	65,697
Other current assets and prepaid expenses	32,288	24,519
Assets held for sale	119,651	—
Total current assets	357,981	309,476
Property, plant and equipment, net	66,766	75,429
Intangible assets, net	659,111	740,283
In-process research and development	195,000	195,000
Goodwill	530,106	598,260
Investments	101,489	16,082
Operating lease right-of-use assets	61,622	68,088
Other assets	7,796	9,080
Total assets	\$ 1,979,871	\$ 2,011,698
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 82,242	\$ 69,677
Accrued expenses	94,516	90,086
Current maturities of operating leases	11,624	12,996
Current portion of convertible notes	170	—
Current portion of lines of credit and notes payable	22,129	27,293
Liabilities associated with assets held for sale	8,872	—
Total current liabilities	219,553	200,052
Operating lease liabilities	49,624	54,140
Long term portion of convertible notes	175,942	214,325
Deferred tax liabilities	119,120	126,773
Other long-term liabilities, principally contract liabilities, contingent consideration and lines of credit	20,315	27,189
Total long-term liabilities	365,001	422,427
Total liabilities	584,554	622,479
Equity:		
Common Stock - \$0.01 par value, 1,250,000,000 shares authorized; 727,176,232 and 781,936,885 shares issued at June 30, 2024 and December 31, 2023, respectively	7,273	7,820
Treasury Stock - 29,800,177, and 8,655,082 shares at June 30, 2024 and December 31, 2023, respectively	(1,791)	(1,791)
Additional paid-in capital	3,540,414	3,433,006
Accumulated other comprehensive loss	(46,652)	(38,030)
Accumulated deficit	(2,103,927)	(2,011,786)
Total shareholders' equity	1,395,317	1,389,219
Total liabilities and equity	\$ 1,979,871	\$ 2,011,698

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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Revenues:				
Revenue from services	\$ 129,395	\$ 127,052	\$ 256,286	\$ 259,420
Revenue from products	40,485	43,500	78,532	83,883
Revenue from transfer of intellectual property and other	12,306	94,866	21,054	159,692
Total revenues	182,186	265,418	355,872	502,995
Costs and expenses:				
Cost of service revenue	107,078	113,028	216,952	227,087
Cost of product revenue	23,455	25,911	45,199	50,166
Selling, general and administrative	68,821	79,794	138,988	155,436
Research and development	24,082	18,159	46,020	50,764
Contingent consideration	—	(34)	—	102
Amortization of intangible assets	20,420	21,535	41,856	43,009
Total costs and expenses	243,856	258,393	489,015	526,564
Operating loss (income)	(61,670)	7,025	(133,143)	(23,569)
Other income and (expense), net:				
Interest income	391	1,077	1,204	2,107
Interest expense	(8,180)	(3,277)	(15,865)	(6,668)
Fair value changes of derivative instruments, net	1	142	(26,160)	(917)
Other income (expense), net	58,874	(21,417)	80,197	(4,400)
Other income (expense), net	51,086	(23,475)	39,376	(9,878)
Loss before income taxes and investment losses	(10,584)	(16,450)	(93,767)	(33,447)
Income tax benefit (provision)	280	(3,148)	1,629	(4,381)
Net loss before investment losses	(10,304)	(19,598)	(92,138)	(37,828)
Loss from investments in investees	(1)	(42)	(3)	(79)
Net loss	\$ (10,305)	\$ (19,640)	\$ (92,141)	\$ (37,907)
Loss per share, basic and diluted:				
Loss per share	\$ (0.01)	\$ (0.03)	\$ (0.13)	\$ (0.05)
Weighted average common shares outstanding, basic and diluted	697,211,592	751,727,383	702,036,148	751,617,431

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 LOSS
(Unaudited)
(In thousands)

	For the three months ended June		For the six months ended June	
	30,		30,	
	2024	2023	2024	2023
Net loss	\$ (10,305)	\$ (19,640)	\$ (92,141)	\$ (37,907)
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation and other comprehensive income (loss)	(1,457)	670	(8,622)	6,381
Comprehensive loss	<u>\$ (11,762)</u>	<u>\$ (18,970)</u>	<u>\$ (100,763)</u>	<u>\$ (31,526)</u>

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 and six months ended June 30, 2024

	Common Stock		Treasury		Additional	Accumulated	Accumulated	Total
	Shares	Dollars	Shares	Dollars	Paid-In Capital	Other Comprehensive Loss	Deficit	
Balance at March 31, 2024	726,791,854	\$ 7,269	(29,772,753)	\$ (1,791)	\$ 3,386,147	\$ (45,195)	\$ (2,093,622)	\$ 1,252,808
Equity-based compensation expense	—	—	—	—	2,609	—	—	2,609
Exercise of common stock options and warrants	384,378	4	—	—	(212)	—	—	(208)
2025 convertible notes	—	—	(27,154)	—	—	—	—	—
2029 convertible notes	—	—	—	—	151,870	—	—	151,870
Net loss	—	—	—	—	—	—	(10,305)	(10,305)
Other comprehensive loss	—	—	—	—	—	(1,457)	—	(1,457)
Balance at June 30, 2024	<u>727,176,232</u>	<u>\$ 7,273</u>	<u>(29,799,907)</u>	<u>\$ (1,791)</u>	<u>\$ 3,540,414</u>	<u>\$ (46,652)</u>	<u>\$ (2,103,927)</u>	<u>\$ 1,395,317</u>

	Common Stock		Treasury		Additional	Accumulated	Accumulated	Total
	Shares	Dollars	Shares	Dollars	Paid-In Capital	Other Comprehensive Loss	Deficit	
Balance at December 31, 2023	781,936,885	\$ 7,820	(8,655,082)	\$ (1,791)	\$ 3,433,006	\$ (38,030)	\$ (2,011,786)	\$ 1,389,219
Equity-based compensation expense	—	—	—	—	5,199	—	—	5,199
Exercise of common stock options and warrants	384,378	4	—	—	(212)	—	—	(208)
2025 convertible notes	—	—	(21,144,825)	—	—	—	—	—
2029 convertible notes	—	—	—	—	151,870	—	—	151,870
Share Repurchase	(55,145,031)	(551)	—	—	(49,449)	—	—	(50,000)
Net loss	—	—	—	—	—	—	(92,141)	(92,141)
Other comprehensive loss	—	—	—	—	—	(8,622)	—	(8,622)
Balance at June 30, 2024	<u>727,176,232</u>	<u>\$ 7,273</u>	<u>(29,799,907)</u>	<u>\$ (1,791)</u>	<u>\$ 3,540,414</u>	<u>\$ (46,652)</u>	<u>\$ (2,103,927)</u>	<u>\$ 1,395,317</u>

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 and six months ended June 30, 2023

	Common Stock		Treasury		Additional	Accumulated	Accumulated	Total
	Shares	Dollars	Shares	Dollars	Paid-In Capital	Other Comprehensive Loss	Deficit	
Balance at March 31, 2023	781,306,164	\$ 7,813	(8,655,082)	\$ (1,791)	\$ 3,424,589	\$ (37,611)	\$ (1,841,190)	\$ 1,551,810
Equity-based compensation expense	—	—	—	—	2,810	—	—	2,810
Exercise of common stock options and warrants	386,971	4	—	—	(305)	—	—	(301)
Net loss	—	—	—	—	—	—	(19,640)	(19,640)
Other comprehensive income	—	—	—	—	—	669	—	669
Balance at June 30, 2023	<u>781,693,135</u>	<u>\$ 7,817</u>	<u>(8,655,082)</u>	<u>\$ (1,791)</u>	<u>\$ 3,427,094</u>	<u>\$ (36,942)</u>	<u>\$ (1,860,830)</u>	<u>\$ 1,535,348</u>

	Common Stock		Treasury		Additional	Accumulated	Accumulated	Total
	Shares	Dollars	Shares	Dollars	Paid-In Capital	Other Comprehensive Loss	Deficit	
Balance at December 31, 2022	781,306,164	\$ 7,813	(8,655,082)	\$ (1,791)	\$ 3,421,872	\$ (43,323)	\$ (1,822,923)	\$ 1,561,648
Equity-based compensation expense	—	—	—	—	5,527	—	—	5,527
Exercise of common stock options and warrants	386,971	4	—	—	(305)	—	—	(301)
Net loss	—	—	—	—	—	—	(37,907)	(37,907)
Other comprehensive income	—	—	—	—	—	6,381	—	6,381
Balance at June 30, 2023	<u>781,693,135</u>	<u>\$ 7,817</u>	<u>(8,655,082)</u>	<u>\$ (1,791)</u>	<u>\$ 3,427,094</u>	<u>\$ (36,942)</u>	<u>\$ (1,860,830)</u>	<u>\$ 1,535,348</u>

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 six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (92,141)	\$ (37,907)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	49,974	52,993
Non-cash interest	8,138	1,364
Amortization of deferred financing costs	946	598
Losses from investments in investees	3	79
Equity-based compensation – employees and non-employees	5,199	5,527
Realized loss (gain) on disposal of fixed assets and sales of equity securities	(69)	2,075
Change in fair value of equity securities and derivative instruments	(59,248)	6,146
Loss on conversion convertible senior notes	757	—
Change in fair value of contingent consideration	—	102
Deferred income tax (benefit) provision	(4,477)	1,753
Changes in assets and liabilities:		
Accounts receivable, net	15,353	(81,822)
Inventory, net	1,732	2,749
Other current assets and prepaid expenses	(7,817)	1,279
Other assets	(116)	(1,915)
Accounts payable	13,688	20,210
Foreign currency measurement	2,638	(1,318)
Contract liabilities	—	2
Accrued expenses and other liabilities	3,439	5,073
Net cash used in operating activities	(62,001)	(23,012)
Cash flows from investing activities:		
Investments in investees	—	(5,000)
Proceeds from the sale of property, plant and equipment	103	842
Capital expenditures	(11,660)	(9,050)
Net cash used in investing activities	(11,557)	(13,208)
Cash flows from financing activities:		
Issuance of 3.00% convertible senior notes, net (including related parties)	230,000	—
Debt issuance costs	(8,562)	—
Share repurchase	(50,000)	—
Proceeds from the exercise of common stock options	(208)	(301)
Borrowings on lines of credit	317,811	341,850
Repayments of lines of credit	(324,256)	(348,206)
Redemption of 2025 Notes and 2033 Senior Notes	(146,287)	(3,000)
Net cash provided by (used in) financing activities	18,498	(9,657)
Effect of exchange rate changes on cash and cash equivalents	(245)	794
Net decrease in cash and cash equivalents	(55,305)	(45,083)
Cash and cash equivalents at beginning of period	95,881	153,191
Cash and cash equivalents at end of period	\$ 40,576	\$ 108,108
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 3,517	\$ 4,204
Income taxes paid, net of refunds	\$ 1,576	\$ 685
Assets acquired by finance leases	\$ —	\$ 181
Non-cash financing:		
Shares issued upon the conversion of:		
Common stock options, warrants, and restricted stock units surrendered in net exercise	\$ 208	\$ 301
Fair value of shares received related to milestone achieved from GeneDx Holdings	\$ —	\$ 6,689

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

OPKO Health, Inc., a Delaware corporation ("OPKO", the "Company", "we", "us", or "our") is a diversified healthcare company that seeks to establish industry leading positions in large and rapidly growing markets. 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 Somatrogen (hGH-CTP), a once-weekly human growth hormone injection. We have partnered with Pfizer Inc. ("Pfizer") for the development and commercialization of Somatrogen (hGH-CTP). Regulatory approvals for Somatrogen (hGH-CTP) for the treatment of growth hormone deficiency in children and adolescents have been secured in over 50 markets, including the United States, European Union ("EU") Member States, Japan, Canada, and Australia, where it is marketed under the brand name NGENLA®. Through our 2022 acquisition of ModeX Therapeutics, Inc. ("ModeX"), we have expanded our pharmaceutical pipeline with early-stage immune therapies targeting cancer and infectious diseases.

Our diagnostics business, BioReference Health, LLC ("BioReference"), is one of the nation's largest full-service laboratories, with a sales and marketing team focused on growth and new product integration, including the 4Kscore prostate cancer test. BioReference primarily serves customers in major metropolitan areas across the United States. We offer a comprehensive clinical diagnostics menu, including hematology, clinical chemistry, immunoassays, infectious disease testing, serology, hormone analyses, toxicology assays, Pap smears, anatomic pathology, and COVID-19 testing. Our laboratory services are marketed directly to physicians, geneticists, hospitals, clinics, correctional facilities, and other healthcare providers.

The Company maintains established, revenue-generating pharmaceutical platforms in Spain, Ireland, Chile, and Mexico, contributing to positive cash flow and facilitating market entry for our development pipeline. In addition to these platforms, we operate a global pharmaceutical development and commercial supply company, a global supply chain operation, and manufacture specialty active pharmaceutical ingredients (API) in Israel through our subsidiary, FineTech.

Our management team possesses extensive industry experience in development, regulatory affairs, and commercialization. Their industry relationships support the identification and pursuit of commercial opportunities. Research and development activities are primarily conducted in facilities located in Weston, Massachusetts, Waterford, Ireland, Kiryat Gat, Israel, and Barcelona, Spain.

On March 27, 2024, we and Laboratory Corporation of America Holdings ("Labcorp") entered into a definitive agreement (the "Labcorp Asset Purchase Agreement"), pursuant to which Labcorp agreed to acquire select assets of BioReference (the "BioReference Transaction"). The purchase price for the BioReference Transaction is \$237.5 million. The assets contemplated by the BioReference Transaction include BioReference's laboratory testing businesses focused on clinical diagnostics, reproductive health, and women's health across the United States, excluding New York and New Jersey operations. These assets include patient service centers, specific customer contracts, and operating assets. The Labcorp Asset Purchase Agreement contains customary representations, warranties, covenants and indemnification provisions for a transaction of this size and type, including, among other things, customary covenants relating to (i) the conduct of BioReference's business between the signing of the Labcorp Asset Purchase Agreement and the closing of the BioReference Transaction and (ii) the efforts of the parties to cause the BioReference Transaction to be consummated, including obtaining certain consents and approvals. The consummation of the BioReference Transaction is subject to the satisfaction or waiver of customary closing conditions, including the expiration or termination of any required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Company anticipates closing the BioReference Transaction in the third quarter of 2024.

As of March 27, 2024, the Labcorp Asset Purchase Agreement met the held-for-sale accounting criteria. Accordingly, the related assets and liabilities are classified as held for sale in our consolidated balance sheet. The select assets to be sold in the BioReference Transaction are included in our diagnostics segment.

NOTE 2 FOREIGN EXCHANGE RATES

Foreign Currency Exchange Rates

Approximately 21.7% of our revenue for the six months ended June 30, 2024, was denominated in currencies other than the U.S. Dollar (USD). This compares to 34.4% for the same period in 2023. Our financial statements are reported in USD; therefore, fluctuations in exchange rates affect the translation of foreign-denominated revenue and expenses. During the second quarter of 2024 and the year ended December 31, 2023, our most significant currency exchange rate exposures were to the Euro and the Chilean Peso. Gross accumulated currency translation adjustments, recorded as a separate component of shareholders' equity, totaled \$43.3 million and \$34.6 million at June 30, 2024 and December 31, 2023, respectively.

We are subject to foreign currency transaction risk due to fluctuations in exchange rates between the time a transaction is initiated and settled. To mitigate this risk, we use foreign currency forward contracts. These contracts fix an exchange rate, allowing us to offset potential losses (or gains) caused by exchange rate changes at the settlement date. As of June 30, 2024, we held no open foreign exchange forward contracts related to inventory purchases on letters of credit. As of December 31, 2023, we held 52 open foreign exchange forward contracts related to inventory purchases on letters of credit. These contracts matured monthly through January 2024 with a total notional value of approximately \$ 2.9 million.

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 six months ended June 30, 2024 are not necessarily indicative of the results of operations and cash flows that may be reported for the remainder of 2024 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, 2023.

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 and six months ended June 30, 2024 was \$0.6 million and \$1.0 million, respectively. Inventory obsolescence expense for the three and six months ended June 30, 2023 was \$0.8 million and \$2.2 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 and \$1.5 billion at June 30, 2024 and December 31, 2023, respectively.

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.

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. Goodwill was \$530.1 million and \$598.3 million, respectively, at June 30, 2024 and December 31, 2023.

Net intangible assets other than goodwill were \$ 0.9 billion on each of June 30, 2024, and December 31, 2023, with IPR&D accounting for \$ 195.0 million on each date. 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 regulatory approval, IPR&D assets are classified as finite-lived intangible assets. These assets are then amortized on a straight-line basis over their estimated useful lives. If a project is abandoned, the associated IPR&D costs are immediately expensed. We also regularly assess finite-lived intangible assets for impairment. This assessment involves comparing the carrying amount of an asset, which is its cost minus accumulated amortization, to its estimated future undiscounted cash flows. If the carrying amount exceeds the estimated future cash flows, an impairment charge is recognized to reflect the difference between the asset's carrying amount and its fair value.

While we believe our estimates and assumptions used in impairment testing (including for goodwill and IPR&D) are reasonable and reflect those used by market participants, there is a potential risk of material impairment charges. Based on the current financial performance of our diagnostics segment and our Ireland reporting unit (which includes Eirgen and *Rayaldee*), we could be subject to such charges if their future performance deviates from our current estimates and assumptions. For reference, the combined goodwill of these units totaled \$299.6 million and \$367.3 million at June 30, 2024 and December 31, 2023, respectively.

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 \$20.4 million and \$41.9 million for the three and six months ended June 30, 2024, respectively. Amortization expense was \$21.5 million and \$43.0 million for the three and six months ended June 30, 2023, 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 June 30, 2024 and December 31, 2023 are predominately carried at fair value. Our debt under the Credit Agreement (as defined below) 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 a 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 June 30, 2024 and December 31, 2023, 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. In addition, we have determined the value of the embedded derivative liability within the 2029 Convertible 144A Notes (as defined in Note 7) and recorded it at fair value. Refer to Note 7. The changes in the fair value of the embedded derivatives are recognized in the fair value changes of derivatives instruments, net. Refer to Note 9.

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. Assets held under finance leases are included within Property, plant and equipment, net in our Condensed Consolidated Balance Sheets and are amortized over the shorter of their useful lives or the expected term of their related leases. Depreciation expense was \$3.7 million and \$8.1 million for the three and six months ended June 30, 2024, respectively. Depreciation expense was \$5.0 million and \$10.0 million for the three and six months ended June 30, 2023, respectively.

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 six months ended June 30, 2024, 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.

Included in Other long-term liabilities is an accrual of \$9.9 million related to uncertain tax positions involving income recognition. In connection with an examination of foreign tax returns for the 2015 through 2021 tax years, a foreign taxing authority has issued an income tax assessment of approximately \$246 million (including interest). We are appealing this assessment, as we believe, other than for uncertain tax positions for which we have reserved, the issues are without technical merit. We intend to exhaust all judicial remedies necessary to resolve the matter as necessary, which could be a lengthy process. There can be no assurance that this matter will be resolved in our favor, and an adverse outcome, or any future tax examinations involving similar assertions, could have a material adverse effect on our financial condition, results of operations and cash flows.

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, such receivables are not a credit risk because federal and state governments fund the related healthcare programs. Payment is primarily dependent upon submitting appropriate documentation. On June 30, 2024 and December 31, 2023, receivable balances (net of explicit and implicit price concessions) from Medicare and Medicaid were 7.8% and 6.7%, respectively, of our consolidated Accounts receivable, net. The portion of our accounts receivable due from individual patients comprises the largest portion of credit risk. At June 30, 2024 and December 31, 2023, receivables due from patients represented approximately 2.1% and 2.0%, 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 on each of June 30, 2024 and December 31, 2023. The credit loss expense for the three and six months ended June 30, 2024, was \$14.1 thousand and \$142.6 thousand, respectively. The credit loss expense for the three and six months ended June 30, 2023, was \$2.8 thousand and \$88.0 thousand, respectively.

As of June 30, 2024, accounts receivable included \$1.2 million of revenue earned under the BARDA Contract (as defined in Note 14). As of December 31, 2023, accounts receivable included \$0.6 million under this contract. Refer to Note 13, Government Contract Revenue for further information on government contracts and to Note 14, Strategic Alliances for further information on the BARDA Contract.

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 and six months ended June 30, 2024, we recorded \$2.6 million and \$5.2 million, respectively, of equity-based compensation expense. For the three and six months ended June 30, 2023, we recorded \$2.8 million and \$5.5 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 nonclinical 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. Dr. Frost 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 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 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. 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 and six months ended June 30, 2024, we recorded foreign currency transaction losses of (\$ 1.3 million) and (\$4.0 million), respectively. During the three and six months ended June 30, 2023, we recorded foreign currency transaction gains of \$ 0.9 million and \$2.0 million, respectively.

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.

Accounting standards yet to be adopted.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 enhances disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. ASC 280 requires a public entity to report for each reportable segment a measure of segment profit or loss that its CODM uses to assess segment performance and to make decisions about resource allocations. The ASU is effective for fiscal years beginning after December 15, 2024 with updates to be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

Recently adopted accounting standards .

In 2021, the Organization for Economic Co-operation and Development ("OECD") established an inclusive framework on base erosion and profit shifting and agreed on a two-pillar solution ("Pillar Two") to global taxation, focusing on global profit allocation and a 15% global minimum effective tax rate. On December 15, 2022, the EU member states agreed to implement the OECD's global minimum tax rate of 15%. The OECD issued Pillar Two model rules and continues to release guidance on these rules. The inclusive framework calls for tax law changes by participating countries to take effect in 2024 and 2025. Various countries have enacted or have announced plans to enact new tax laws to implement the global minimum tax. We considered the applicable tax law changes on Pillar Two implementation in the relevant countries, and there is no material impact to our tax results for the period. We anticipate further legislative activity and administrative guidance in 2024, and will continue to evaluate the impacts of enacted legislation and pending legislation to enact Pillar Two Model Rules in the non-US tax jurisdictions we operate in.

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 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 2029 Convertible Notes, 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 have been antidilutive, no effect is given in the dilutive computation to Common Stock issuable under outstanding options or warrants or the potentially dilutive shares issuable pursuant to the 2029 Convertible Notes, 2033 Senior Notes, the 2023 Convertible Notes and the 2025 Notes.

A total of 294,774,975 and 82,817,175 potential shares of Common Stock were excluded from the calculation of diluted net loss per share for the three months ended June 30, 2024 and 2023, respectively, because their inclusion would have been antidilutive. A total of 293,731,532 and 82,438,648 potential shares of Common Stock were excluded from the calculation of diluted net loss per share for the six months ended June 30, 2024 and 2023, respectively, because their inclusion would have been 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 June 30, 2024, no options were exercised and 549,687 restricted stock units vested, resulting in the issuance of 384,378 shares of Common Stock.

During the six months ended June 30, 2024, no options were exercised and 549,687 restricted stock units vested, resulting in the issuance of 384,378 shares of Common Stock.

During the three months ended June 30, 2023, no options were exercised and 549,680 restricted stock units vested, resulting in the issuance of 386,971 shares of Common Stock.

During the six months ended June 30, 2023, no options were exercised and 549,680 restricted stock units vested, resulting in the issuance of 386,971 shares of Common Stock.

NOTE 5 COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

(In thousands)	June 30, 2024	December 31, 2023
Accounts receivable, net:		
Accounts receivable	\$ 107,310	\$ 125,379
Less: allowance for credit losses	(1,997)	(2,000)
	<u>\$ 105,313</u>	<u>\$ 123,379</u>
Inventories, net:		
Consumable supplies	\$ 18,011	\$ 25,864
Finished products	34,478	35,582
Work in-process	2,203	1,731
Raw materials	9,269	8,981
Less: inventory reserve	(3,808)	(6,461)
	<u>\$ 60,153</u>	<u>\$ 65,697</u>
Other current assets and prepaid expenses:		
Taxes recoverable	\$ 4,897	\$ 4,211
Prepaid expenses	9,453	6,177
Prepaid insurance	5,399	3,848
Other receivables	5,805	2,610
Other	6,734	7,673
	<u>\$ 32,288</u>	<u>\$ 24,519</u>
Intangible assets, net:		
Customer relationships	\$ 256,571	\$ 315,799
Technologies	812,032	831,509
Trade names	49,740	49,758
Covenants not to compete	12,911	12,916
Licenses	6,240	6,205
Product registrations	6,429	6,790
Other	5,866	6,000
Less: accumulated amortization	(490,678)	(488,694)
	<u>\$ 659,111</u>	<u>\$ 740,283</u>
Accrued expenses:		
Employee benefits	\$ 27,158	\$ 28,952
Clinical trials	5,779	7,624
Commitments and contingencies	8,842	8,088
Gross to net provision	7,808	9,420
Inventory received but not invoiced	3,608	1,653
Finance leases short-term	1,787	2,827
Professional fees	2,672	3,470
Taxes payable	5,780	1,384
Royalties	880	1,544
Commissions	1,960	1,822
Other	28,242	23,302
	<u>\$ 94,516</u>	<u>\$ 90,086</u>
Other long-term liabilities:		
Mortgages and other debts payable	\$ 3,676	\$ 7,709
Finance leases long-term	4,497	7,274
Contract liabilities	7	7
Other	12,135	12,199
	<u>\$ 20,315</u>	<u>\$ 27,189</u>

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Our intangible assets and goodwill relate principally to our completed acquisitions of OPKO Renal, OPKO Biologics, EirGen, BioReference and ModeX. 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 - 5-20 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.

Changes in value of the intangible assets and goodwill during the six months ended June 30, 2024 and 2023 were primarily due to foreign currency fluctuations between the Euro, and the Chilean Peso against the U.S. dollar.

The following table summarizes the changes in Goodwill by reporting unit during the six months ended June 30, 2024.

(In thousands)	2024				
	Gross goodwill at January 1	Cumulative impairment at January 1	Acquisitions, dispositions and other	Foreign exchange and other	Balance at June 30
Pharmaceuticals					
CURNA	\$ 4,827	\$ (4,827)	\$ —	\$ —	\$ —
Rayaldee	84,273	—	—	(2,387)	81,886
FineTech	11,698	(11,698)	—	—	—
ModeX	80,260	—	—	—	80,260
OPKO Biologics	139,784	—	—	(0)	139,784
OPKO Chile	3,642	—	—	(262)	3,380
OPKO Health Europe	7,276	—	—	(211)	7,065
OPKO Mexico	100	(100)	—	—	—
Transition Therapeutics	3,421	(3,421)	—	—	—
Diagnostics					
BioReference	283,025	—	(65,294)	—	217,731
OPKO Diagnostics	17,977	(17,977)	—	—	—
	<u>\$ 636,283</u>	<u>\$ (38,023)</u>	<u>\$ (65,294)</u>	<u>\$ (2,860)</u>	<u>\$ 530,106</u>

Acquisitions, disposition and other includes amounts related to the Labcorp Asset Purchase Agreement, which is included in assets held for sale at June 30, 2024.

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 June 30, 2024 and December 31, 2023:

(in thousands)	As of June 30, 2024		As of December 31, 2023	
	Investment Carrying Value	Underlying Equity in Net Assets	Investment Carrying Value	Underlying Equity in Net Assets
Investment type				
Equity method investments	\$ (0)	\$ 2,649	\$ (0)	\$ 2,942
Variable interest entity, equity method	793	—	796	420
Equity method investments - FV option	93,022		9,786	
Equity securities	149		116	
Equity securities with no readily determinable fair value	7,521		5,382	
Warrants and options	4		2	
Total carrying value of investments	<u>\$ 101,489</u>		<u>\$ 16,082</u>	

Equity method investments

Our equity method investments, other than in GeneDx Holdings, as described below, consist of investments in Pharmsynthez (ownership 9%), Cocystal Pharma, Inc. ("COCP") (2%), Non-Invasive Monitoring Systems, Inc. ("NIMS") (1%), BioCardia, Inc. ("BioCardia") (1%), Xenetic Biosciences, Inc. ("Xenetic") (3%), Zebra Biologics, Inc. ("Zebra") (29%), and LeaderMed Health Group Limited ("LeaderMed") (47%). Neovasc, Inc., in which we owned a 0.5% interest, was acquired by Shockwave Medical, Inc. in April 2023. As a result, we received \$363 thousand in merger consideration in exchange for our shares. The aggregate amount of assets, liabilities, and net losses of these equity method investees as of and for the six months ended June 30, 2024 were \$74.3 million, \$23.0 million, and \$16.8 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, 2023 were \$85.5 million, \$20.8 million, and \$37.7 million, respectively. We have determined that we or our related parties have the ability to exercise significant influence over our equity method investments through our board representation 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 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 June 30, 2024 and December 31, 2023 was \$0.7 million and \$0.7 million, respectively.

Equity method investments - Fair value option

On January 14, 2022, the Company entered into an Agreement and Plan of Merger and Reorganization (the "GeneDx Merger Agreement") with GeneDx Holdings Corp. (f/k/a Sema4 Holdings Corp.), a Delaware corporation ("GeneDx Holdings"), pursuant to which GeneDx Holdings acquired our former subsidiary, GeneDx LLC (formerly GeneDx, Inc. "GeneDx"), on April 28, 2022. As a result of this transaction, the Company holds an equity method investment in GeneDx Holdings, representing an approximate 13.6% ownership interest at June 30, 2024. Pursuant to the GeneDx Merger Agreement, the Company designated, and GeneDx Holdings nominated for election an individual to serve on the board of directors of GeneDx Holdings. This individual was subsequently elected by GeneDx Holdings stockholders and has continued to serve on the board following his re-election in 2024. His term will extend until the GeneDx Holdings annual meeting of stockholders in 2027. Therefore, we have determined that the Company or our related parties can exercise significant influence over the investee through our board representation or voting power. However, our influence is limited by our shareholder agreement with GeneDx Holdings, pursuant to which we have agreed to vote our shares of GeneDx Holdings common stock in accordance with the recommendation of GeneDx Holdings' board of directors for so long as we continue to hold at least 5% of the outstanding shares of GeneDx Holdings common stock. Other than through our sole board seat, we are unable to influence GeneDx Holdings' policy-making process. We currently hold one of seven seats on the GeneDx Holdings board of directors, and our designee may continue to serve following the expiration of his current term if re-elected by GeneDx Holdings stockholders.

We elected to account for our investment in GeneDx Holdings under the equity method fair value option and record gains and losses from changes in fair value in other income (expense), net in our Condensed Consolidated Statements of Operations. For the three and six months ended June 30, 2024, we recognized \$60.5 million and \$83.2 million in net income related to the change in fair value of our GeneDx Holdings investment, respectively. For the three and six months ended June 30, 2023, we recognized \$19.9 million and \$11.6 million in net income related to the change in fair value of our GeneDx Holdings investment, respectively. As of June 30, 2024, the aggregate value of our GeneDx Holdings investment was \$ 93.0 million based on the quoted market price of the GeneDx Holdings common stock.

Investments in equity securities

Our equity securities consist of investments in VBI Vaccines Inc. (0.16%), ChromaDex Corporation ("ChromaDex") (0.05%), and Eloxx Pharmaceuticals, Inc. ("Eloxx") (1%). Our equity securities without readily determinable fair value consists of CAMP4 Therapeutics Corporation ("CAMP4") (2%) and HealthSnap, Inc. (4%). 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 six months ended June 30, 2024 and 2023 were as follows:

(in thousands)	For the six months ended June 30,	
	2024	2023
Equity Securities:		
Net gains and losses recognized during the period on equity securities	\$ 33	\$ (318)
Unrealized net losses recognized during the period on equity securities still held at the reporting date	\$ 33	\$ (318)

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 June 30, 2024 and December 31, 2023, and warrants to purchase 0.7 million additional shares of InCellDx Inc. 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 and 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.

In September 2021, we and LeaderMed, a pharmaceutical development company with operations based in Asia, formed 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 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.

We own 1,260,000 shares of Zebra's Series A- 2 Preferred Stock and 900,000 shares of Zebra restricted common stock (ownership 29%) at June 30, 2024 and December 31, 2023. 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, was a founder of Zebra. 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 June 30, 2024 and December 31, 2023, our debt consisted of the following:

(In thousands)	June 30, 2024	December 31, 2023
2029 Convertible Notes	\$ 175,892	\$ —
2025 Convertible Notes	170	143,250
2033 Senior Notes	50	50
2023 Convertible Notes	—	71,025
JPMorgan Chase Bank line of credit	10,007	12,671
Chilean and Spanish lines of credit	10,525	12,629
Current portion of notes payable	1,597	1,993
Long term portion of notes payable	3,676	7,727
Total	\$ 201,917	\$ 249,345
Balance sheet captions		
Current portion of convertible notes	\$ 170	\$ —
Long term portion of convertible notes	175,942	214,325
Current portion of lines of credit and notes payable	22,129	27,293
Long Term notes payable included in long-term liabilities	3,676	7,727
Total	\$ 201,917	\$ 249,345

In January 2024, we completed a private offering of \$230.0 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2029 (the “2029 Convertible 144A Notes”) in accordance with the terms of a note purchase agreement (the “144A Note Purchase Agreement”) entered into by and between the Company and J.P. Morgan Securities LLC (the “Initial Purchaser”).

Net proceeds from the 2029 Convertible 144A Notes issuance totaled approximately \$222.0 million after deducting fees and estimated offering expenses payable by us. We allocated approximately \$50.0 million of these net proceeds to repurchase shares of our Common Stock. These repurchases were from purchasers of the 2029 Convertible 144A Notes in privately negotiated transactions effected with or through the Initial Purchaser or its affiliate. The purchase price per share of the Common Stock in these transactions equaled the closing sale price of \$0.9067 per share of Common Stock on January 4, 2024.

Contemporaneously with the closing of the offering of the 2029 Convertible 144A Notes on January 9, 2024, we issued and sold approximately \$71.1 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2029 (the “2029 Convertible Affiliate Notes”) and, together with the 2029 Convertible 144A Notes, the “2029 Convertible Notes”) pursuant to the terms of a note purchase agreement entered into on January 4, 2024 (the “Affiliate Note Purchase Agreement”) by and among the Company and certain investors, Frost Gamma Investments Trust, a trust controlled by Dr. Phillip Frost, and Dr. Jane H. Hsiao (collectively, the “Affiliate Purchasers”). Pursuant to the Affiliate Note Purchase Agreement, we issued and sold the 2029 Convertible Affiliate Notes to the Affiliate Purchasers in exchange for the entirety of the \$55.0 million aggregate principal amount of our outstanding 2023 Convertible Notes held by the Affiliate Purchasers, together with approximately \$16.1 million of accrued but unpaid interest thereon.

On January 9th, 2024, we recorded the \$125.6 million value of the embedded derivative liability within the 2029 Convertible Notes as a debt discount. To determine the fair value of this derivative, we employed the Binomial Lattice model. Key inputs and assumptions for this valuation included our common stock price, the derivative's exercise price, risk-free interest rate, volatility, annual coupon rate, and remaining contractual term. We are amortizing the debt discount as non-cash interest expense over the term of the Notes.

From the date the Notes were issued through March 31, 2024, we observed an increase in the market price of our Common Stock which resulted in a \$26.25 million increase in the estimated fair value of our embedded derivatives recorded in Fair value changes of derivative instruments, net in our Condensed Consolidated Statements of Operations. Effective April 1, 2024, the conversion option contained in the 2029 Convertible Notes met the classification of an equity component. As a result, we reclassified \$151.9 million of the embedded derivative liability from debt, non-current, to additional paid-in capital section of stockholders' equity on our Condensed Consolidated Balance Sheet.

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Holders may convert their 2029 Convertible Notes at their option prior to the close of business on the business day immediately preceding September 15, 2028 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2024 (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 the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five consecutive business day period after any ten consecutive trading day period (the "convertible note measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the convertible note measurement period was less than 98% of the product of the last reported sale price of our Common Stock and the applicable conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events specified in the indenture governing the 2029 Convertible Notes. On or after September 15, 2028 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing conditions. Upon conversion of a note, 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 conversion rate is initially equal to 869.5652 shares of Common Stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$1.15 per share of Common Stock). The conversion rate for the 2029 Convertible Notes will be subject to adjustment upon the occurrence of 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 notes, in certain circumstances we will increase the conversion rate of the 2029 Convertible Notes for a holder who elects to convert its notes in connection with such a corporate event.

We may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes. If we undergo a fundamental change, holders may require us to purchase the notes in whole or in part for cash at a fundamental change purchase price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date. The 2029 Convertible Notes are our senior unsecured obligations and rank senior in right of payment to any indebtedness that is expressly subordinated in right of payment to the notes, and equal in right of payment with all of our existing and future unsecured indebtedness that is not so subordinated. The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all existing and future liabilities of our subsidiaries.

The indenture governing the notes provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, the following: nonpayment of principal or interest; breach of covenants or other agreements in the indenture; defaults in failure to pay certain other indebtedness; judgment defaults; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs and is continuing under the indenture, the trustee thereunder or the holders of at least 25% in aggregate principal amount of the notes then outstanding may declare 100% of the principal of and accrued and unpaid interest, if any on all then-outstanding notes to be immediately due and payable. In certain circumstances, we may, for a period of time, elect to pay additional interest on the notes as the sole remedy to holders of the notes in the case of an event of default related to certain failures by us to comply with certain reporting covenants in the indenture.

The following table sets forth information related to the 2029 Convertible Notes which is included in our Condensed Consolidated Balance Sheet as of June 30, 2024:

(In thousands)	2029 convertible notes	Embedded conversion option	Discount	Debt Issuance costs	Total
Balance at December 31, 2023	\$ —	\$ —	\$ —	\$ —	\$ —
Issuance of 3.75% 2029 Convertible Notes	301,054	125,620	(125,620)	(8,562)	292,492
Amortization of debt discount and debt issuance costs	—	—	8,110	910	9,020
Change in fair value of embedded derivative	—	26,250	—	—	26,250
Reclassification of embedded derivative to equity	—	(151,870)	—	—	(151,870)
Balance at June 30, 2024	<u>\$ 301,054</u>	<u>\$ —</u>	<u>\$ (117,510)</u>	<u>\$ (7,652)</u>	<u>\$ 175,892</u>

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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 2025 Notes mature on February 15, 2025, unless earlier repurchased, redeemed or converted.

In May 2021, we entered into an agreement 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”).

Contemporaneously with the closing of our offering of the 2029 Convertible Notes, we repurchased approximately \$144.4 million aggregate principal amount of the 2025 Notes for cash, using \$146.3 million of the net proceeds from our issuance and sale of the 2029 Convertible Notes, following which only \$170 thousand aggregate principal amount of the 2025 Notes remained outstanding.

On January 22, 2024, we terminated our share lending agreement, dated February 4, 2019, with Jefferies Capital Services, LLC (“Share Borrower”). Through this agreement, we had lent the Share Borrower approximately 30 million shares of our Common Stock related to our 2019 issuance of the 2025 Notes. With the termination of this agreement, all remaining borrowed shares of Common Stock have been returned to us and are now held as treasury shares.

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 original maturity of the 2023 Convertible Notes was five years following the date of issuance. Each holder of a 2023 Convertible Note originally had 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.

On February 10, 2023, we amended the 2023 Convertible Notes to extend the maturity to January 31, 2025 and reset the conversion price to the 10 day volume weighted average price immediately preceding the date of the amended note, plus a 25% conversion premium, or \$ 1.66 per share. 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 connection with the closing of the 2029 Convertible Notes offering, the Company issued approximately \$ 71.1 million aggregate principal amount of its 2029 Convertible Affiliate Notes in exchange for all issued and outstanding 2023 Convertible notes, following which exchange, no 2023 Convertible Notes remained outstanding.

In January 2013, we issued an aggregate of \$175.0 million of our 3.0% Senior Notes due 2033 (the “2033 Senior Notes”) in a private placement. The 2033 Senior Notes bear interest at the rate of 3.0% per year, payable semiannually on February 1 and August 1 of each year and mature on February 1, 2033, unless earlier repurchased, redeemed or converted. From 2013 to 2016, holders of the 2033 Senior Notes converted \$143.2 million in aggregate principal amount into Common Stock, and, 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. During the first quarter of 2023, we paid approximately \$3.0 million to purchase 2033 Senior Notes in accordance with the indenture governing the 2033 Senior Notes, following which \$50.6 thousand 2033 Senior Notes remained outstanding.

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”). As amended, 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 June 29, 2023, the Company entered into an amendment to the Credit Agreement (the “Credit Agreement Amendment”), which, among other things, (i) replaced the London interbank offered rate (LIBOR) with the forward-looking term rate based on the secured overnight financing rate (the “SOFR Rate”) as the interest rate benchmark, (ii) reduced the aggregate revolving commitment from \$75,000,000 to \$50,000,000, (iii) provided a revised commitment fee rate, and (iv) extended the maturity date from August 2024 to the earlier of August 2025, and 90 days prior to the maturity date of any indebtedness of the Company in an aggregate principal amount exceeding \$7,500,000.

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The Credit Agreement is guaranteed by all of BioReference's domestic subsidiaries and 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 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 June 30, 2024, \$8.6 million remained available for borrowing under the Credit Agreement. Principal under the Credit Agreement is due upon maturity on August 30, 2025.

At BioReference's option, borrowings under the Credit Agreement (other than swingline loans) bear interest at (i) the CB floating rate (defined as the higher of (x) the prime rate and (y) the SOFR Rate for an interest period of one month plus 2.50% and a benchmark spread adjustment of 0.10%) plus an applicable margin of 1.00%; or (ii) the SOFR Rate plus a benchmark spread adjustment of 0.10% and an applicable margin of 2.00%. Swingline loans will bear interest at the CB floating rate plus the applicable margin. The Credit Agreement also calls for other customary fees and charges, including an unused commitment fee of 0.400% if the average quarterly availability is 50% or more of the revolving commitment, or 0.275% if the average quarterly availability is less than or equal to 50% of the revolving commitments.

As of June 30, 2024 and December 31, 2023, \$10.0 million and \$12.7 million, respectively, was outstanding under the Credit Agreement.

The 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 Credit Agreement, notwithstanding the ability of BioReference to meet its debt service obligations. The 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 Credit Agreement and execution upon the collateral securing obligations under the 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 June 30, 2024, BioReference and its subsidiaries had net assets of approximately \$434.4 million, which included goodwill of \$217.7 million and intangible assets of \$121.7 million.

In addition to the Credit Agreement, we had line of credit agreements with twelve other financial institutions as of June 30, 2024, and December 31, 2023, 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)

Lender	Interest rate on borrowings at June 30, 2024	Credit line capacity	Balance Outstanding	
			June 30, 2024	December 31, 2023
JPMorgan Chase	9.50%	\$ 50,000	\$ 10,007	\$ 12,671
Itau Bank	5.50%	1,900	659	1,264
Bank of Chile	6.60%	2,500	868	1,728
BICE Bank	5.50%	2,500	1,052	1,734
Scotiabank	5.00%	5,500	1,052	981
Santander Bank	5.50%	5,000	2,923	450
Security Bank	5.50%	1,400	921	—
Estado Bank	5.50%	4,000	1,240	3,303
BCI Bank	5.00%	2,500	598	1,626
Internacional Bank	5.50%	1,500	1,212	1,197
Consorcio Bank	5.00%	2,000	—	346
Banco De Sabadell	1.75%	536	—	—
Santander Bank	5.36%	536	—	—
Total		\$ 79,872	\$ 20,532	\$ 25,300

At June 30, 2024 and December 31, 2023, the weighted average interest rate on our lines of credit was approximately 7.5% and 7.5%, respectively.

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At June 30, 2024 and December 31, 2023, we had notes payable and other debt (excluding the 2033 Senior Notes, the 2023 Convertible Notes, the 2025 Notes, the Credit Agreement and amounts outstanding under lines of credit described above) as follows:

(In thousands)	June 30, 2024	December 31, 2023
Current portion of notes payable	\$ 1,597	\$ 1,993
Other long-term liabilities	3,676	7,727
Total	<u>\$ 5,273</u>	<u>\$ 9,720</u>

The notes and other debt mature at various dates ranging from 2024 through 2032, bearing variable interest rates from 0.7% up to 5.1%. The weighted average interest rate on the notes and other debt was 3.1% on June 30, 2024 and 2.9% on December 31, 2023. The notes are partially secured by our office space in Barcelona.

NOTE 8 ACCUMULATED OTHER COMPREHENSIVE LOSS

For the six months ended June 30, 2024, changes in Accumulated other comprehensive loss, net of tax, were as follows:

(In thousands)	Foreign currency translation
Balance at December 31, 2023	\$ (38,030)
Other comprehensive loss	(8,622)
Balance at June 30, 2024	<u>\$ (46,652)</u>

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 June 30, 2024, we had equity securities and an equity method fair value option (refer to Note 6), forward foreign currency exchange contracts for inventory purchases (refer to Note 10). 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 warrants from COCP.

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

Fair value measurements as of June 30, 2024				
(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:				
Money market funds	\$ 10,732	\$ —	\$ —	\$ 10,732
Equity securities	149	—	—	149
Equity Method - Fair value option	93,022	—	—	93,022
Common stock options	—	4	—	4
Total assets	\$ 103,903	\$ 4	\$ —	\$ 103,908
Fair value measurements as of December 31, 2023				
(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:				
Money market funds	\$ 32,404	\$ —	\$ —	\$ 32,404
Equity securities	116	—	—	116
Equity Method - fair value option	9,786	—	—	9,786
Common stock options/warrants	—	2	—	2
Total assets	\$ 42,306	\$ 2	\$ —	\$ 42,308
Liabilities:				
Forward contracts	—	29	—	29
Total liabilities	\$ —	\$ 29	\$ —	\$ 29

The carrying amount and estimated fair value of our 2029 Convertible Notes and 2025 Notes, as well as the applicable fair value hierarchy tiers, are contained in the table below. Additionally, the fair value of the 2029 Convertible Notes and 2025 Notes is determined using inputs other than quoted prices in active markets that are directly observable.

June 30, 2024					
(In thousands)	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
2029 Convertible Notes	\$ 175,892	\$ 355,996	\$ —	\$ 355,996	\$ —
2025 Notes	\$ 170	\$ 141	\$ —	\$ 141	\$ —

There have been no transfers between Level 1 and Level 2 and no transfers to Level 3 of the fair value hierarchy. The change from level 3 to level 2 for the 2029 Convertible Notes was due to a change in valuation technique to an input that is either directly or indirectly observable. Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy.

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The following table reconcile the beginning and ending balances of our Level 3 assets and liabilities as of June 30, 2024.

	June 30, 2024
	Embedded conversion option
(In thousands)	
Balance at December 31, 2023	\$ —
Additions	125,620
Change in fair value:	
Included in results of operations	26,250
Reclassification of embedded derivatives to equity	(151,870)
Balance at June 30, 2024	\$ —

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	June 30, 2024	December 31, 2023
Derivative financial instruments:			
Common Stock options/warrants	Investments, net	\$ 4	\$ 2
Forward contracts	Unrealized losses on forward contracts are recorded in Accrued expenses.	\$ —	\$ (29)

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 June 30, 2024 and December 31, 2023, 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 six months ended June 30, 2024 and 2023:

(In thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Derivative gain (loss):				
Notes	\$ —	\$ —	\$ (26,250)	\$ —
Common Stock options/warrants	1	12	2	10
Forward contracts	—	130	88	(1,057)
Total	\$ 1	\$ 142	\$ (26,160)	\$ (1,047)

NOTE 11 RELATED PARTY TRANSACTIONS

In January 2024, in connection with the closing of the offering of the 2029 Convertible Notes, we issued and sold approximately \$ 71.1 million aggregate principal amount of the 2029 Convertible Affiliate Notes to the Affiliate Purchasers, in exchange for \$ 55.0 million aggregate principal amount of the 2023 Convertible Notes, together with approximately \$ 16.1 million accrued but unpaid interest thereon, held by such Affiliate Purchasers. See Note 7 for additional information.

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On October 12, 2023, the Company entered into an E-Commerce Distribution Agreement with NextPlat Corp ("NextPlat"), a global e-commerce provider, in which Dr. Frost owns more than a 20% interest. Under the terms of the agreement, NextPlat has agreed to launch an OPKO Health-branded online storefront on the Alibaba Group Holding Limited Tmall Global e-commerce platform in China, featuring an assortment of nutraceutical and veterinary products sold and distributed by OPKO Health Europe SLU, our wholly-owned subsidiary.

On May 4, 2023, the Company entered into an Assignment and Assumption Agreement (the "Assignment Agreement") with Ruen-Hui Biopharmaceuticals, Inc., a Taiwanese entity ("Ruen-Hui") in which Dr. Hsiao owns more than a 10% interest. Ruen-Hui assumed the Company's obligations under an exclusive license agreement with Academia Sinica in exchange for an upfront payment of \$150,000, a number of potential milestone payments up to \$1 million, commercial milestones ranging from low to double digit millions, and royalty payments. Ruen Hui is also responsible for any outstanding payment obligations under such license agreement, including patent maintenance costs, and any payments due to Academia Sinica.

On April 29, 2022, upon consummation of our sale of GeneDx, the Company entered into a Transition Services Agreement (the "Transition Services Agreement") with GeneDx, pursuant to which the Company agreed to provide, at cost, certain customary support services in respect of GeneDx's business through August 31, 2023, including human resources, information technology support, and finance and accounting. As of June 30, 2024, the Company had incurred aggregate expenses of \$1.2 million for services rendered under the Transition Services Agreement. For the three and six months ended June 30, 2024, the company did not incur expenses for services rendered under the Transition Services Agreement. As of June 30, 2024, the Company does not have a receivable balance payable to the Company by GeneDx in accordance with the terms of the Transition Services Agreement.

The Company owns approximately 9% of Pharmsynthez and Pharmsynthez is the largest and controlling shareholder of Xenetic, in which the Company has a 3% ownership interest. Adam Logal, our Senior Vice President and Chief Financial Officer, is a director of Xenetic.

We hold investments in Zebra (ownership 29%), ChromaDex (0.05%), COCP (2%), NIMS (1%), Eloxx (1%), BioCardia (1%) and LeaderMed (47%). Neovasc, Inc., in which we owned a 0.5% interest, was acquired by Shockwave Medical, Inc. in April 2023, and during the third quarter of 2023, we received \$363 thousand in merger consideration in exchange for our shares. These investments were considered related party transactions as a result of our executive management's ownership interests and/or board representation in these entities. We also hold an investment in GeneDx Holdings (Nasdaq: WGS) representing a 13.6% ownership interest as a result of our sale of GeneDx, Inc. and subsequent participation in an underwritten offering by GeneDx Holdings. Richard Pfenniger who sits on our Board also sits on the GeneDx Board as a result of the acquisition. See further discussion of our investments in Note 6.

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.

Dr. Elias Zerhouni, our Vice Chairman and President, sits on the board of directors of Danaher Corporation ("Danaher"). Our subsidiary, BioReference, routinely procures products and services from several subsidiaries of Danaher, including Beckman Coulter, Integrated DNA Technologies Inc., and Leica Microsystems Inc., to which BioReference has paid \$1.1 million, \$1.7 million, and \$0.2 million, respectively, during the six months ended June 30, 2024.

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 both the three and six months ended June 30, 2024, we reimbursed and accrued approximately \$ 23.9 thousand for Company-related travel by Dr. Frost and other OPKO executives. For the three and six months ended June 30, 2023, we reimbursed and accrued approximately \$ 0.0 thousand and \$29.3 thousand, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

NOTE 12 COMMITMENTS AND CONTINGENCIES

In February 2023, the Office of the Attorney General for the State of Texas ("TX OAG") informed BioReference that it believes that, from 2005 to the present, BioReference may have violated the Texas Medicaid Fraud Prevention Act with respect to claims it presented to Texas Medicaid for reimbursement. BioReference has not determined whether there is any merit to the TX OAG 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.

On December 29, 2022, the Israel Tax Authority (the "ITA") issued an assessment against our subsidiary, OPKO Biologics in the amount of approximately \$246 million (including interest) related to uncertain tax positions involving income recognition in connection with an examination of foreign tax returns for the 2014 through 2020 tax years. We recognize that local tax law is inherently complex and the local taxing authorities may not agree with certain tax positions taken. We are appealing this assessment, as we believe, other than for uncertain tax positions for which we have reserved, the issues are without technical merit. We intend to exhaust all judicial remedies necessary to resolve the matter, as necessary, which could be a lengthy process. There can be no assurance that this matter will be resolved in our favor, and an adverse outcome, or any future tax examinations involving similar assertions, could have a material effect on our financial condition, results of operations and cash flows.

The Company and BioReference entered into (i) a settlement agreement (the "Settlement Agreement"), effective July 14, 2022, with the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General of the Department of Health and Human Services ("OIG-HHS"), and the Defense Health Agency, acting on behalf of the TRICARE Program (collectively, the "United States"), the Commonwealth of Massachusetts, the State of Connecticut, and the relator identified therein ("Relator"), and (ii) a Corporate Integrity Agreement, effective July 14, 2022 (the "CIA"), with the OIG-HHS, to resolve the investigation and related civil action concerning alleged fee-for-service claims for payment to the Medicare Program, the Medicaid Program, and the TRICARE Program (collectively, the "Federal Health Care Programs").

Under the Settlement Agreement, the Company and BioReference admitted only to having made payments to certain physicians and physicians' groups for office space rentals for amounts that exceeded fair market value, and that it did not report or return any such overpayments to the Federal Health Care Programs (the "Covered Conduct"). The Covered Conduct had commenced prior to the Company's acquisition of BioReference in 2015. With the exception of the Covered Conduct, the Company and BioReference expressly deny the allegations of the Relator as set forth in her civil action. The Company has agreed to pay a total of \$10,000,000 plus accrued interest from September 24, 2021 at a rate of 1.5% per annum (the "Settlement Amount"). The Settlement Amount consists of \$9,853,958 payable to the United States, \$141,041 payable to the Commonwealth and \$5,001 payable to Connecticut, in each case plus interest and was paid on July 18, 2022. Conditioned upon payment of the Settlement Amount, the United States, Massachusetts and Connecticut have agreed to release the Company and BioReference from any civil or administrative monetary liability arising from the Covered Conduct. Upon payment of the Settlement Amount and the amount due under a separate agreement with the Relator, the Relator has agreed to release the Company and BioReference from any and all claims and potential claims. Further, in consideration of the obligations of the Company and BioReference in the Settlement Agreement and the CIA, the OIG-HHS has agreed to release and refrain from instituting any administrative action seeking to exclude the Company or BioReference from participating in Medicare, Medicaid or other Federal health care programs as a result of the Covered Conduct.

Under the CIA, which has a term of 5 years, BioReference is required to, among other things: (i) maintain a Compliance Officer, a Compliance Committee, board review and oversight of certain federal healthcare compliance matters, compliance programs, and disclosure programs; (ii) provide management certifications and compliance training and education; (iii) establish written compliance policies and procedures to meet federal health care program requirements; (iv) create procedures designed to ensure compliance with the Anti-Kickback Statute and/or Stark Law; (v) engage an independent review organization to conduct a thorough review of BioReference's systems, policies, processes and procedures related to certain arrangements; (vi) implement a risk assessment and internal review process; (vii) establish a disclosure program for whistleblowers; and (viii) report or disclose certain events and physician payments. The Company's or BioReference's failure to comply with its obligations under the CIA could result in monetary penalties and the exclusion from participation in Federal Health Care Programs. The CIA does not apply to any of the Company's subsidiaries other than BioReference, and its scope is generally limited to "focus arrangements", which are those "arrangements" (as defined in the CIA) (i) between BioReference and any actual source or recipient of health care business or referrals and involves, directly or indirectly, the offer, payment, or provision of anything of value, or (ii) is between BioReference and any physician (or a physician's immediate family member). Most of these measures have already been implemented at BioReference. Following its acquisition of BioReference, the Company and BioReference implemented robust compliance measures that substantially align with those actions required under the CIA.

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. A motion to dismiss the Complaint was filed on April 25, 2022 and the case was dismissed in March 2023. However, the Relator filed an amended complaint in April 2023 and a second amended complaint, both of which were dismissed. Relator then filed an appeal in the U.S. Eleventh Circuit Court of Appeals which is pending before the court following a failed mediation in April. 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.

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 June 30, 2024, we were committed to make future purchases for inventory and other items in 2024 that occur in the ordinary course of business under various purchase arrangements with fixed purchase provisions aggregating approximately \$45.8 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.

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 six months ended June 30, 2024, we recorded \$0.9 of negative revenue adjustments due to changes in estimates of implicit price concessions for performance obligations satisfied in prior periods mainly due to the composition of client pay mix. For the six months ended June 30, 2023, we recorded \$13.9 million of negative revenue adjustments primarily due to the composition of patient pay mix.

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 June 30, 2024 and December 31, 2023, we had liabilities of approximately \$ 5.2 million and \$3.1 million, respectively, within Accrued expenses and Other long-term liabilities related to reimbursements for payor overpayments.

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The composition of revenue from services by payor for the three and six months ended June 30, 2024 and 2023 was as follows:

(In thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Healthcare insurers	\$ 78,808	\$ 76,954	\$ 153,416	\$ 157,365
Government payers	21,234	20,923	43,193	41,267
Client payers	25,061	24,899	50,749	52,443
Patients	4,292	4,276	8,928	8,345
Total	<u>\$ 129,395</u>	<u>\$ 127,052</u>	<u>\$ 256,286</u>	<u>\$ 259,420</u>

Revenue from products

We recognize revenue from product sales when a customer obtains control of promised goods or services. The amount of revenue 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.

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

We recognize revenue for shipments of *Royaldee* 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 and six months ended June 30, 2024, we recognized \$7.2 million and \$14.1 million, respectively, in net product revenue from sales of *Royaldee*. For the three and six months ended June 30, 2023, we recognized \$7.7 million and \$14.4 million, respectively, in net product revenue from sales of *Royaldee*.

The following table presents an analysis of *Royaldee* product sales allowances and accruals for the three and six months ended June 30, 2024 and 2023:

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at March 31, 2024	\$ 2,494	\$ 4,475	\$ 2,215	\$ 9,184
Provision related to current period sales	4,400	6,416	368	11,184
Credits or payments made	(4,151)	(4,900)	(389)	(9,440)
Balance at June 30, 2024	\$ 2,743	\$ 5,991	\$ 2,194	\$ 10,928
Total gross <i>Royaldee</i> sales				\$ 18,424
Provision for <i>Royaldee</i> sales allowances and accruals as a percentage of gross <i>Royaldee</i> sales				61%

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at December 31, 2023	\$ 2,578	\$ 6,150	\$ 2,192	\$ 10,920
Provision related to current period sales	8,219	10,548	672	19,439
Credits or payments made	(8,054)	(10,707)	(670)	(19,431)
Balance at June 30, 2024	\$ 2,743	\$ 5,991	\$ 2,194	\$ 10,928
<i>Total gross Rayaldee sales</i>				\$ 33,582
<i>Provision for Rayaldee sales allowances and accruals as a percentage of gross Rayaldee sales</i>				58%

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at March 31, 2023	\$ 1,574	\$ 5,140	\$ 1,676	\$ 8,390
Provision related to current period sales	3,950	5,561	351	9,862
Credits or payments made	(3,194)	(4,747)	(393)	(8,334)
Balance at June 30, 2023	\$ 2,330	\$ 5,954	\$ 1,634	\$ 9,918
<i>Total gross Rayaldee sales</i>				\$ 17,568
<i>Provision for Rayaldee sales allowances and accruals as a percentage of gross Rayaldee sales</i>				56%

(In thousands)	Chargebacks, discounts, rebates and fees	Governmental	Returns	Total
Balance at December 31, 2022	\$ 1,532	\$ 5,063	\$ 1,683	\$ 8,278
Provision related to current period sales	7,256	9,606	637	17,499
Credits or payments made	(6,458)	(8,715)	(686)	(15,859)
Balance at June 30, 2023	\$ 2,330	\$ 5,954	\$ 1,634	\$ 9,918
<i>Total gross Rayaldee sales</i>				\$ 31,850
<i>Provision for Rayaldee sales allowances and accruals as a percentage of gross Rayaldee sales</i>				55%

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.

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.

BARDA Contract: Revenue from the BARDA Contract is generated under terms that are cost plus fee. We recognize revenue using the incurred costs output method to measure progress. Revenue will only be recognized when research and development services are performed to the extent of actual costs incurred.

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 June 30, 2024, revenue from the transfer of intellectual property and other was \$ 12.3 million, a decrease from \$94.9 million for the three months ended June 30, 2023. This decrease was primarily attributable to a one-time \$90.0 million milestone payment received in 2023, triggered by the FDA approval of NGENLA (Somatogon). Revenue for the three months ended June 30, 2024, consisted of \$6.3 million in gross profit share and royalty payments for NGENLA (Somatogon) and Pfizer's Genotropin® (Somatropin), compared with \$3.8 million for the same period in 2023, and \$5.0 million from the BARDA Contract (as defined and described in Note 14).

Similarly, for the six months ended June 30, 2024, revenue from the transfer of intellectual property and other decreased to \$ 21.1 million from \$159.7 million for the six months ended June 30, 2023. This decrease was primarily due to one-time milestone payments received in 2023, including the aforementioned \$90.0 million payment related to NGENLA, a \$50.0 million payment from Merck for rights granted under the Merck Agreement, a \$7.0 million payment from VMCRP triggered by the German price approval for *Rayaldee*, and a \$2.5 million payment from Nicoya upon submission of an investigational new drug application to China's Center for Drug Evaluation. See Note 14 for a description of the arrangements pursuant to which such milestone payments were received. Revenue for the six months ended June 30, 2024, included \$11.9 million in gross profit share and royalty payments for NGENLA (Somatrogon) and Pfizer's Genotropin® (Somatropin), compared to \$6.9 million in the same period in 2023, as well as \$7.2 million from the BARDA Contract during the 2024 period.

NOTE 14 STRATEGIC ALLIANCES

Biomedical Advanced Research and Development Authority

On September 28, 2023, ModeX was awarded a contract (the "BARDA Contract") from the Biomedical Advanced Research and Development Authority ("BARDA"), part of the Administration for Strategic Preparedness and Response at the U.S. Department of Health and Human Services, to advance a platform and specific product candidates designed to address a range of public health threats in viral infectious diseases. The awarded funding will enable research, development and clinical evaluation of potent multispecific antibodies, based on ModeX's proprietary MSTAR technology. MSTAR is a flexible plug-and-play platform able to incorporate multiple independent antibody binding sites into a single molecule, dramatically expanding its therapeutic potential while enabling rapid responses to emerging infections and their viral variants, including COVID-19, influenza, and other pathogens.

The BARDA Contract is cost plus fixed fee, pursuant to which we will receive \$ 59.0 million over a five-year period from September 2023 to February 2028 for the development, manufacturing, and execution of a Phase 1 clinical trial for a next-generation MSTAR multispecific antibody with broad neutralizing activity against known variants of SARS-CoV-2. We are eligible to receive up to an additional \$109.6 million from BARDA upon achieving particular milestones to develop multispecific antibodies targeting other viral pathogens such as influenza. As part of the research program, gene-based delivery methods for the multispecific antibodies will be developed using mRNA or DNA vectors to leverage the body's natural protein production processes. BARDA will make periodic assessments of progress, and the continuation of the BARDA Contract is based on ModeX's performance thereunder, the timeliness and quality of deliverables, and certain other factors. The BARDA Contract contains a number of terms and conditions that are customary for government contracts of this nature, including provisions giving BARDA the right to terminate the BARDA Contract at any time in its sole discretion.

The Company evaluated the BARDA Contract under ASC, Topic 606, Revenue from Contracts with Customers, or ASC 606, and concluded that the BARDA Contract is in scope of ASC 606 as the U.S. government meets the definition of a customer. The scope of the BARDA Contract includes preclinical, clinical, and manufacturing and development activities that fall into the following areas: non-clinical efficacy studies, clinical activities; manufacturing activities; and all associated regulatory, quality assurance, management and administrative activities. The R&D effort for the development of these multispecific antibodies will progress in specific stages that cover the base performance segment, and option segments. ModeX will complete specific tasks required in each of the discrete work segments. The Company identified three potential material promises under the BARDA Contract: (i) development of tetravalent trispecific antibody for COVID-19; (ii) development of multispecific protein Ab for Influenza or other pathogen; and (iii) nucleic acid delivery of a multispecific influenza Ab or other pathogen.

The Company determined that the promise to develop a tetravalent trispecific antibody for COVID-19, is a separate performance obligation because it is distinct within the context of the contract, as the services have a standalone value and are separately identifiable from other promises within the contract.

The Company evaluated the material promises that contained option rights (ii) development of multispecific protein Ab for influenza or other pathogen and (iii) nucleic acid delivery of a multispecific influenza Ab or other pathogen and determined (ii) and (iii) were not offered at a discount that is incremental to the range of discounts typically given for these goods and services, and as such, do not represent material rights. Therefore, options for additional services in (ii) and (iii) were not considered performance obligations at the outset of the BARDA Contract.

The Company concluded that research and development services performed under the BARDA Contract would be recognized as revenue when research and development services are performed to the extent of actual costs incurred including a fixed fee and will be reimbursed by BARDA. Costs incurred represent work performed, which corresponds with, and thereby best depicts, the transfer of control of the research and development to BARDA. Types of contract costs include labor, material, and third-party services. As such, the related BARDA revenue is recognized as revenue from transfer of intellectual property and other within the Company's Consolidated Statements of Operations. For the three and six months ended June 30, 2024, we recorded \$5.0 million and \$7.2 million in revenue under the BARDA Contract. As of June 30, 2024, the aggregate amount of transaction price allocated to remaining performance obligations, excluding unexercised contract options, was \$50.6 million. We expect to recognize this amount as revenue through February 2028.

Merck

On March 8, 2023, ModeX, the Company (with respect to certain sections), and Merck Sharp & Dohme LLC ("Merck") entered into a License and Research Collaboration Agreement (the "Merck Agreement") pursuant to which ModeX granted to Merck a license to certain patent rights and know-how in connection with the development of ModeX's preclinical nanoparticle vaccine candidate targeting the Epstein-Barr Virus.

Under the terms of the Merck Agreement, ModeX granted to Merck an exclusive, sublicensable, royalty-bearing license to certain intellectual property to develop, manufacture, use and commercialize (i) a multivalent or monovalent vaccine assembled using our platform for Epstein-Barr Virus ("Vaccine"), and (ii) any pharmaceutical or biological preparation in final form containing a Vaccine for sale or for administration to human patients in a clinical trial for all uses ("Product"). We received an initial payment of \$50.0 million and are eligible to receive up to an additional \$ 872.5 million upon the achievement of certain commercial and development milestones under several indications. We are also eligible to receive tiered royalty payments ranging from high single digits to low double digits upon achievement of certain sales targets of the Product. Certain of the rights subject to the license provided by us under the Merck Agreement were obtained by us from Sanofi pursuant to that certain License Agreement entered into as of July 1, 2021 ("Sanofi In-License Agreement") between us and Sanofi, a French corporation ("Sanofi"), and a portion of the upfront payment, milestones and royalties received by us under the Merck Agreement may be payable to Sanofi under the terms of the Sanofi In-License Agreement. As a result of such obligations under the Sanofi In-License Agreement, we paid \$12.5 million to Sanofi during the three months ended June 30, 2023.

As part of their strategic collaboration, ModeX and Merck have put in place a research plan to manage research and other development activities related to the development of a Vaccine or Product including a joint steering committee to facilitate the research program. As part of the research plan, they will use a third-party contract development and manufacturing organization to carry out such activities unless otherwise agreed. Development costs incurred by ModeX in furtherance of these development activities will be reimbursed by Merck. To date, we have spent \$23.3 million of development costs related to the Epstein -Barr Virus, for which Merck has provided reimbursement.

The Merck Agreement will remain in effect until one or more Products receive marketing authorization, and, thereafter, until the expiration of all royalty obligations unless earlier terminated as permitted under the Merck Agreement. In addition to termination rights for material breach and bankruptcy, Merck is permitted to terminate the Merck Agreement in its entirety without cause after a specified notice period. If Merck terminates the Merck Agreement for convenience or by us for Merck's uncured material breach, we may elect to receive a reversion license such that we can continue its work with Vaccines and Products which have not been terminated due to a material safety issue.

LeaderMed

On September 14, 2021, we and LeaderMed 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, during 2021 we received an upfront payment of \$1 million and will be reimbursed for clinical trial material and technical support we provide the joint venture.

LeaderMed is 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 then equated 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 CAMP4 Agreement after a specified notice period. CAMP4 has informed the Company that the FDA has placed the Dravet clinical trials on hold as CAMP4 is pursuing strategies to potentially advance to clinical trials.

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 *Royaldee*. 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 received an initial upfront payment of \$5 million and was eligible to receive an additional \$5 million tied to the first anniversary of the effective date of the Nicoya Agreement, as amended, of which EirGen has received \$2.5 million plus accrued interest for the delayed payment. Furthermore, EirGen received the additional \$2.5 million upon Nicoya's submission of an investigational new drug (IND) application to the Center for Drug Evaluation of China in March 2023. 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 is eligible to 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.

VFMC RP

In May 2016, EirGen and Vifor Fresenius Medical Care Renal Pharma Ltd. ("VFMC RP") entered into a Development and License Agreement (the "VFMC RP Agreement") for the development and commercialization of *Rayaldee* (the "Product") worldwide, except for (i) the United States and Canada, (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 "VFMC RP Territory"), as amended. The license to VFMC RP potentially covers all therapeutic and prophylactic uses of the Product in human patients (the "VFMC RP 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 "VFMC RP Initial Indication").

In January 2023, the German Association of Statutory Health Insurance funds (GKV-SV) granted price approval for *Rayaldee*. This triggered a milestone payment of \$7.0 million. In 2022, we recognized a separate milestone payment of \$ 3.0 million in revenue from the 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 VFMC RP Agreement pursuant to which the parties thereto agreed to include Japan as part of the VFMC RP Territory.

Effective May 5, 2020, we entered into an amendment to the VFMC RP Agreement pursuant to which the parties agreed to exclude Mexico, South Korea, the Middle East and all of the countries of Africa from the VFMC RP 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, \$7.0 million payment triggered by the Germany price approval by the local sick fund association, and is eligible to receive up to an additional \$15 million in regulatory milestones and \$ 200 million in milestone payments tied to launch, pricing and sales of *Rayaldee*, and tiered, double-digit royalties.

We plan to share responsibility with VFMC RP 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 VFMC RP Territory and the commercialization activities outside the VFMC RP Territory and outside the VFMC RP Field in the VFMC RP Territory and VFMC RP will lead the commercialization activities in the VFMC RP Territory and the VFMC RP Field. For the initial development plan, the companies have agreed to certain cost sharing arrangements. VFMC RP will be responsible for all other development costs that VFMC RP considers necessary to develop the Product for the use of the Product for the VFMC RP Initial Indication in the VFMC RP Territory in the VFMC RP Field except as otherwise provided in the VFMC RP Agreement. The first of the clinical studies provided for in the development activities commenced in September 2018.

In connection with the VFMC RP Agreement, the parties entered into a letter agreement pursuant to which EirGen granted to VFMC RP 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, VFMC RP has agreed to reimburse EirGen for all of the development costs incurred by EirGen with respect to the Product for the Dialysis Indication in the U.S. VFMC RP 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, VFMC RP has not exercised the Option.

Payments received for regulatory milestones and sales milestones are non-refundable. The regulatory milestones are payable if and when VFMCRRP 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 with Pfizer for the development and commercialization of our long-acting Somatrogen (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 May 2020, we entered into an amended and restated development and commercialization license with Pfizer, effective January 1, 2020 (the "Restated Pfizer Agreement"), 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 Pfizer Agreement.

In June 2023, the FDA approved NGENLA (Somatrogen (hGH-CTP)) a once-weekly injection to treat pediatric growth hormone deficiency in the United States. In early 2022, the European Commission and Ministry of Health, Labour and Welfare in Japan approved NGENLA (Somatrogen). We have also received pricing approvals in Germany and Japan. NGENLA (Somatrogen (hGH-CTP)) is approved for the treatment of pediatric GHD in more than 50 markets, including Canada, Australia, Japan, and EU Member States. With the achievement of these milestones, in 2023 we recorded revenue of \$90 million, and in 2022 we recorded \$85.0 million, in each case under the Restated Pfizer Agreement.

On October 21, 2019, we and Pfizer announced that the global phase 3 trial evaluating Somatrogen 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 Restated Pfizer Agreement 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 Somatrogen worldwide. In addition, we are eligible to receive regional, tiered gross profit sharing for both Somatrogen and Pfizer's Genotropin® (somatropin) in all global markets, with the U.S. region commencing gross profit sharing in August 2023.

The Restated Pfizer Agreement will remain in effect until the last sale of the licensed product, unless earlier terminated in accordance with its terms. In addition to termination rights for material breach and bankruptcy, Pfizer is permitted to terminate the Restated Pfizer Agreement in its entirety, or with respect to one or more world regions, without cause after a specified notice period. If the Restated 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. As of June 30, 2024 and December 31, 2023, we had no contract liabilities related to the Pfizer Transaction.

The Restated Pfizer Agreement 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, \$175.0 million of revenue has been recognized related to the achievement of the milestones.

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 laboratory operations through BioReference. 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:

(In thousands)	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Revenue from services:				
Pharmaceutical	\$ —	\$ —	\$ —	\$ —
Diagnostics	129,395	127,052	256,286	259,420
Corporate	—	—	—	—
	<u>\$ 129,395</u>	<u>\$ 127,052</u>	<u>\$ 256,286</u>	<u>\$ 259,420</u>
Revenue from products:				
Pharmaceutical	\$ 40,485	\$ 43,500	\$ 78,532	\$ 83,883
Diagnostics	—	—	—	—
Corporate	—	—	—	—
	<u>\$ 40,485</u>	<u>\$ 43,500</u>	<u>\$ 78,532</u>	<u>\$ 83,883</u>
Revenue from transfer of intellectual property and other:				
Pharmaceutical	\$ 12,306	\$ 94,866	\$ 21,054	\$ 159,692
Diagnostics	—	—	—	—
Corporate	—	—	—	—
	<u>\$ 12,306</u>	<u>\$ 94,866</u>	<u>\$ 21,054</u>	<u>\$ 159,692</u>
Operating income (loss):				
Pharmaceutical	\$ (24,820)	\$ 63,631	\$ (52,500)	\$ 82,585
Diagnostics	(26,583)	(44,258)	(60,985)	(84,264)
Corporate	(10,267)	(12,348)	(19,658)	(21,890)
	<u>\$ (61,670)</u>	<u>\$ 7,025</u>	<u>\$ (133,143)</u>	<u>\$ (23,569)</u>
Depreciation and amortization:				
Pharmaceutical	\$ 17,905	\$ 17,788	\$ 35,856	\$ 35,703
Diagnostics	6,250	8,603	14,118	17,290
Corporate	—	—	—	—
	<u>\$ 24,155</u>	<u>\$ 26,391</u>	<u>\$ 49,974</u>	<u>\$ 52,993</u>
Loss from investment in investees:				
Pharmaceutical	\$ (1)	\$ (42)	\$ (3)	\$ (79)
Diagnostics	—	—	—	—
Corporate	—	—	—	—
	<u>\$ (1)</u>	<u>\$ (42)</u>	<u>\$ (3)</u>	<u>\$ (79)</u>
Revenues:				
United States	\$ 141,717	\$ 134,859	\$ 277,759	\$ 323,943
Ireland	9,842	96,749	19,065	112,595
Chile	17,602	19,954	32,491	35,494
Spain	5,872	5,968	11,531	12,078
Israel	441	1,639	601	6,233
Mexico	5,908	5,724	12,991	11,551
Other	804	525	1,434	1,101
	<u>\$ 182,186</u>	<u>\$ 265,418</u>	<u>\$ 355,872</u>	<u>\$ 502,995</u>

(In thousands)	June 30, 2024	December 31, 2023
Assets:		
Pharmaceutical	\$ 1,248,270	\$ 1,331,764
Diagnostics	607,981	630,753
Corporate	123,620	49,181
	<u>\$ 1,979,871</u>	<u>\$ 2,011,698</u>
Goodwill:		
Pharmaceutical	\$ 312,375	\$ 315,235
Diagnostics	217,731	283,025
	<u>\$ 530,106</u>	<u>\$ 598,260</u>

No customer represented more than 10% of our total consolidated revenue for the six months ended June 30, 2024 and 2023. As of June 30, 2024 and December 31, 2023, 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 Condensed 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.

On January 2, 2023, ModeX entered into a 10-year office lease agreement that commenced in October 2023. ModeX was previously located in Natick, Massachusetts and relocated to Weston, Massachusetts, upon lease commencement. The new location is approximately 33,056 square feet of office space. ModeX has two options to extend the lease term for an additional five years per extension, which would commence upon the expiration of the term in October 2033. Straight-line monthly expense for the lease is \$243.5 thousand.

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The following table presents the lease balances within the Condensed Consolidated Balance Sheet as of June 30, 2024 and December 31, 2023:

(in thousands)	Classification on the Balance Sheet	June 30, 2024	December 31, 2023
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 61,622	\$ 68,088
Finance lease assets	Property, plant and equipment, net	6,284	10,101
Liabilities			
Current			
Operating lease liabilities	Current maturities of operating leases	11,624	12,996
Accrued expenses	Current maturities of finance leases	1,787	2,827
Long-term			
Operating lease liabilities	Operating lease liabilities	49,624	54,140
Other long-term liabilities	Finance lease liabilities	\$ 4,497	\$ 7,274
Weighted average remaining lease term			
Operating leases (in years)		6.8	7.1
Finance leases (in years)		7.4	6.2
Weighted average discount rate			
Operating leases		5.4%	5.4%
Finance leases		2.7%	3.8%

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 June 30, 2024:

(in thousands)	Operating	Finance
July 1, 2024 through December 31, 2024	\$ 6,217	\$ 1,085
2025	11,220	1,550
2026	10,367	1,086
2027	10,194	659
2028	9,985	195
Thereafter	25,769	1,881
Total undiscounted future minimum lease payments	73,752	6,456
Less: Difference between lease payments and discounted lease liabilities	12,504	172
Total lease liabilities	\$ 61,248	\$ 6,284

Expense under operating leases and finance leases was \$ 9.2 million and \$1.3 million, respectively, for the six months ended June 30, 2024, which included \$1.0 million of variable lease costs. Expense under operating leases and finance leases was \$ 8.2 million and \$1.4 million, respectively, for the six months ended June 30, 2023, which included \$0.6 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 six months ended June 30,	
	2024	2023
Operating cash out flows from operating leases	\$ 9,113	\$ 7,955
Operating cash out flows from finance leases	238	206
Financing cash out flows from finance leases	1,268	1,268
Total	\$ 10,619	\$ 9,429

NOTE 17 SUBSEQUENT EVENTS

On July 18, 2024, the Company announced that its Board of Directors authorized the repurchase of up to \$ 100 million of Common Stock. Under this program, OPKO may repurchase shares through various methods, including open market purchases, block trades, privately negotiated transactions, and accelerated share repurchases, as well as pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Exchange Act, and otherwise in compliance with applicable laws. The timing and volume of repurchases will depend on market conditions, the Company's capital management, investment opportunities, and other factors. The program does not obligate the Company to repurchase any specific number of shares, has no set expiration date, and may be modified, suspended, or discontinued at the Company's discretion.

On July 17, 2024, the Company completed a private offering of \$ 250 million aggregate principal amount of senior secured notes (the "2044 Notes"), pursuant to a note purchase agreement dated July 17, 2024 (the "2044 Note Purchase Agreement"), by and among the Company, certain purchasers party thereto, the Company's wholly-owned subsidiaries OPKO Biologics and EirGen as guarantors (OBL and EirGen collectively, the "2044 Note Guarantors"), and HCR Injection SPV, LLC, as agent ("Agent"). The 2044 Notes mature on July 17, 2044 and bear interest at the 3-month Secured Overnight Financing Rate (SOFR) subject to a 4.0% per annum floor, plus 7.5% per annum. Interest is payable on the 2044 Notes on a quarterly basis determined by profit share payments received by EirGen pursuant to the profit share arrangement with Pfizer, Inc. (the "Royalty Payments") set forth in the Restated Pfizer Agreement. In the event that the aggregate amount of the Royalty Payments received by EirGen during the quarter preceding any quarterly interest payment date are less than the accrued and unpaid interest payable on such date, the excess interest payable on such date shall be paid-in-kind and added to the outstanding principal amount of the 2044 Notes. The Company will be required to pay the noteholders a 3% exit fee in connection with any repayment in full of the 2044 Notes, whether at maturity or otherwise. In addition, in the event that the Company repays the 2044 Notes in full prior to the maturity date, the Company will be required to pay the noteholders a make whole payment in an amount necessary such that the noteholders shall have received aggregate payments of principal, interest and fees in respect of the 2044 Notes equal to at least 150% of the initial principal amount of the 2044 Notes, in the event that such prepayment shall occur on or prior to July 17, 2029, or 200% of the initial principal amount of the 2044 Notes, in the event that such prepayment shall occur following July 17, 2029. The Company may authorize up to an additional \$50,000,000 in additional 2044 Notes to the purchasers on the same terms and conditions of the initial 2044 Notes. The 2044 Notes are secured by the Royalty Payments, and the 2044 Note Guarantors have guaranteed the obligations under the 2044 Notes by granting a security interest in certain assets of the 2044 Note Guarantors. The 2044 Note Purchase Agreement contains customary terms and covenants, including negative covenants, such as limitations on indebtedness, liens, amendments to certain material contracts and disposition of assets.

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, 2023 (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 pharmaceutical business features *Royaldee*, 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 *Somatrogon* (hGH-CTP), a once-weekly human growth hormone injection. We have partnered with Pfizer Inc. ("Pfizer") for the development and commercialization of *Somatrogon* (hGH-CTP). Regulatory approvals for *Somatrogon* (hGH-CTP) for the treatment of growth hormone deficiency in children and adolescents have been secured in over 50 markets, including the United States, European Union ("EU") Member States, Japan, Canada, and Australia, where it is marketed under the brand name *NGENLA*®. Our 2022 acquisition of *ModeX Therapeutics, Inc.* ("ModeX") has expanded our pharmaceutical pipeline with early-stage immune therapies targeting cancer and infectious diseases.

Our diagnostics business, *BioReference Health, LLC* ("BioReference"), is one of the nation's largest full-service laboratories, with a sales and marketing team focused on growth and new product integration, including the *4Kscore* prostate cancer test. BioReference primarily serves customers in major metropolitan areas across the United States. We offer a comprehensive clinical diagnostics menu, including hematology, clinical chemistry, immunoassays, infectious disease testing, serology, hormone analyses, toxicology assays, Pap smears, anatomic pathology, and COVID-19 testing. Our laboratory services are marketed directly to physicians, geneticists, hospitals, clinics, correctional facilities, and other healthcare providers. On March 28, 2024 we entered into an agreement to sell select assets of BioReference to Laboratory Corporation of America Holdings ("Labcorp"), as described below.

The Company maintains established, revenue-generating pharmaceutical platforms in Spain, Ireland, Chile, and Mexico, contributing to positive cash flow and facilitating market entry for our development pipeline. In addition to these platforms, we operate a global pharmaceutical development and commercial supply company, a global supply chain operation, and manufacture specialty active pharmaceutical ingredients (API) in Israel through our subsidiary, *FineTech*.

RECENT DEVELOPMENTS

\$250 Million Note Purchase Agreement Secured by NGENLA's Profit Share Payments

On July 17, 2024, the Company completed a private offering of \$250 million aggregate principal amount of senior secured notes (the "2044 Notes"), pursuant to a note purchase agreement dated July 17, 2024 (the "2044 Note Purchase Agreement"), by and among the Company, certain purchasers party thereto, the Company's wholly-owned subsidiaries *OPKO Biologics Limited* ("OPKO Biologics") and *EirGen Pharma Ltd.* ("EirGen") as guarantors (OPKO Biologics and EirGen collectively, the "2044 Note Guarantors"), and *HCR Injection SPV, LLC*, as agent ("Agent"). The 2044 Notes mature on July 17, 2044 and bear interest at the 3-month Secured Overnight Financing Rate ("SOFR") subject to a 4.0% per annum floor, plus 7.5% per annum. Interest is payable on the 2044 Notes on a quarterly basis determined by profit share payments received by EirGen pursuant to the profit share arrangement with Pfizer, Inc. (the "Royalty Payments") set forth in the Restated Pfizer Agreement (as described in Note 4 to our Quarterly Financials). In the event that the aggregate amount of the Royalty Payments received by EirGen during the quarter preceding any quarterly interest payment date are less than the accrued and unpaid interest payable on such date, the excess interest payable on such date shall be paid-in-kind and added to the outstanding principal amount of the 2044 Notes. The Company will be required to pay the noteholders a 3% exit fee in connection with any repayment in full of the 2044 Notes, whether at maturity or otherwise. In addition, in the event that the Company repays the 2044 Notes in full prior to the maturity date, the Company will be required to pay the noteholders a make whole payment in an amount necessary such that the noteholders shall have received aggregate payments of principal, interest and fees in respect of the 2044 Notes equal to at least 150% of the initial principal amount of the 2044 Notes, in the event that such prepayment shall occur on or prior to July 17, 2029, or 200% of the initial principal amount of the 2044 Notes, in the event that such prepayment shall occur following July 17, 2029. The Company may authorize up to an additional \$50,000,000 in additional 2044 Notes to the purchasers on the same terms and conditions of the initial 2044 Notes.

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The 2044 Notes are secured by the Royalty Payments, and the 2044 Note Guarantors have guaranteed the obligations under the 2044 Notes by granting a security interest in certain assets of the 2044 Note Guarantors.

The 2044 Note Purchase Agreement contains customary terms and covenants, including negative covenants, such as limitations on indebtedness, liens, amendments to certain material contracts and disposition of assets.

Stock Repurchase Program

On July 18, 2024, our Board of Directors authorized the repurchase of up to \$100 million of our Common Stock. Under this program, we may repurchase shares through various methods, including open market purchases, block trades, privately negotiated transactions and accelerated share repurchases, as well as pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Exchange Act, and otherwise in compliance with applicable laws. The timing and volume of repurchases will depend on market conditions, our capital management, investment opportunities, and other factors. The program does not obligate us to repurchase any specific number of shares, has no set expiration date, and may be modified, suspended, or discontinued at our discretion.

Proposed Sale of Select BioReference Assets

On March 27, 2024, Labcorp entered into a definitive agreement with us (the "Labcorp Asset Purchase Agreement") to acquire select assets of BioReference (the "BioReference Transaction"). The assets contemplated by the BioReference Transaction include BioReference's laboratory testing businesses focused on clinical diagnostics, reproductive health, and women's health across the United States, excluding New York and New Jersey operations. These assets include patient service centers, specific customer contracts, and operating assets. The purchase price for the BioReference Transaction is \$237.5 million. The BioReference Transaction remains subject to customary closing conditions, including applicable regulatory approvals. The Company anticipates closing the BioReference Transaction in the third quarter of 2024.

Offering of 3.75% Convertible Senior Notes due 2029

In January 2024, we completed a private offering of \$230.0 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2029 (the "2029 Convertible 144A Notes") in accordance with the terms of a note purchase agreement (the "144A Note Purchase Agreement") entered into by and between the Company and J.P. Morgan Securities LLC (the "Initial Purchaser"). The \$230.0 million aggregate principal amount of 2029 Convertible 144A Notes included \$30.0 million aggregate principal amount of 2029 Convertible 144A Notes purchased on the Closing Date by the Initial Purchaser in accordance with its overallotment option.

Net proceeds from the 2029 Convertible 144A Notes issuance totaled approximately \$222.0 million after deducting fees and estimated offering expenses payable by us. We allocated approximately \$50.0 million of these net proceeds to repurchase shares of our Common Stock. These repurchases were from purchasers of the 2029 Convertible 144A Notes in privately negotiated transactions effected with or through the Initial Purchaser or its affiliate. The purchase price per share of the Common Stock in these transactions equaled the closing sale price of \$0.9067 per share of Common Stock on January 4, 2024.

Contemporaneously with the closing of the offering of the 2029 Convertible Notes on January 9, 2024, we issued and sold approximately \$71.1 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2029 (the "2029 Convertible Affiliate Notes" and, together with the 2029 Convertible 144A Notes, the "2029 Convertible Notes") pursuant to the terms of a note purchase agreement entered into on January 4, 2024 (the "Affiliate Note Purchase Agreement") by and among the Company and certain investors including, Frost Gamma Investments Trust, a trust controlled by Phillip Frost, M.D., our Chairman and Chief Executive Officer, and Jane H. Hsiao, Ph.D., MBA, our Vice-Chairman and Chief Technical Officer (collectively, the "Affiliate Purchasers"). Pursuant to the Affiliate Note Purchase Agreement, we issued and sold the 2029 Convertible Affiliate Notes to the Affiliate Purchasers in exchange for the entirety of the \$55.0 million aggregate principal amount of our outstanding 2023 Convertible Notes held by the affiliate Purchasers, together with approximately \$16.1 million of accrued but unpaid interest thereon.

Furthermore, in connection with the closing of our offering of the 2029 Convertible Notes, we repurchased approximately \$144.4 million aggregate principal amount of the 2025 Notes for cash, using \$146.3 million of the net proceeds from our issuance and sale of the 2029 Convertible 144A Notes.

Termination of Share Lending Agreement

On January 22, 2024, we terminated our share lending agreement, dated February 4, 2019, with Jefferies Capital Services, LLC ("Share Borrower"). Through this agreement, we had lent the Share Borrower approximately 30 million shares of our common stock related to our 2019 issuance of the \$200.0 million in 2025 Notes. We had since reduced the number of outstanding borrowed shares by approximately 8.313 million. With the termination of this agreement, all remaining shares have been returned to us and are now held as treasury shares.

RESULTS OF OPERATIONS

Foreign Currency Exchange Rates

Approximately 21.7% of our revenue for the six months ended June 30, 2024, was denominated in currencies other than the U.S. Dollar (USD). This compares to 34.4% for the same period in 2023. Our financial statements are reported in USD; therefore, fluctuations in exchange rates affect the translation of foreign-denominated revenue and expenses. During the second quarter of 2024 and the year ended December 31, 2023, our most significant currency exchange rate exposures were to the Euro and the Chilean Peso. Gross accumulated currency translation adjustments, recorded as a separate component of shareholders' equity, totaled \$43.3 million and \$34.6 million at June 30, 2024 and December 31, 2023, respectively.

We are subject to foreign currency transaction risk due to fluctuations in exchange rates between the time a transaction is initiated and settled. To mitigate this risk, we use foreign currency forward contracts. These contracts fix an exchange rate, allowing us to offset potential losses (or gains) caused by exchange rate changes at the settlement date. As of June 30, 2024, we held no open foreign exchange forward contracts related to inventory purchases on letters of credit. As of December 31, 2023, we held 52 open foreign exchange forward contracts related to inventory purchases on letters of credit. These contracts matured monthly through January 2024 with a total notional value of approximately \$2.9 million.

FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

Our consolidated (loss) income from operations for the three months ended June 30, 2024 and 2023 was as follows:

(In thousands)	For the three months ended June 30,		Change	% Change
	2024	2023		
Revenues:				
Revenue from services	\$ 129,395	\$ 127,052	\$ 2,343	2%
Revenue from products	40,485	43,500	(3,015)	(7)%
Revenue from transfer of intellectual property and other	12,306	94,866	(82,560)	(87)%
Total revenues	182,186	265,418	(83,232)	(31)%
Costs and expenses:				
Cost of revenue	130,533	138,939	(8,406)	(6)%
Selling, general and administrative	68,821	79,794	(10,973)	(14)%
Research and development	24,082	18,159	5,923	33%
Contingent consideration	—	(34)	34	100%
Amortization of intangible assets	20,420	21,535	(1,115)	(5)%
Total costs and expenses	243,856	258,393	(14,537)	(6)%
(Loss) income from operations	\$ (61,670)	\$ 7,025	\$ (68,695)	(978)%

Diagnostics

(In thousands)	For the three months ended June 30,			
	2024	2023	Change	% Change
Revenues				
Revenue from services	\$ 129,395	\$ 127,052	\$ 2,343	2%
Total revenues	129,395	127,052	2,343	2%
Costs and expenses:				
Cost of revenue	107,078	113,027	(5,949)	(5)%
Selling, general and administrative	44,502	52,617	(8,115)	(15)%
Research and development	386	617	(231)	(37)%
Amortization of intangible assets	4,012	5,049	(1,037)	(21)%
Total costs and expenses	155,978	171,310	(15,332)	(9)%
Loss from operations	\$ (26,583)	\$ (44,258)	\$ 17,675	40%

Revenue. Revenue from services for the three months ended June 30, 2024 increased by approximately \$2.3 million, an increase of 1.8% compared to the same period in 2023. This increase was primarily driven by higher clinical test reimbursement of \$3.6 million, offset by a decrease in clinical test volume of \$1.3 million.

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 June 30, 2024 and 2023, we recorded \$1.4 million and \$13.9 million, respectively, of negative revenue adjustments due to changes in estimates of implicit price concessions for performance obligations satisfied in prior periods mainly due to the composition of client pay mix.

The composition of revenue from services by payor for the three months ended June 30, 2024 and 2023 was as follows:

(In thousands)	Three months ended June 30,	
	2024	2023
Healthcare insurers	\$ 78,808	\$ 76,954
Government payers	21,234	20,923
Client payers	25,061	24,899
Patients	4,292	4,276
Total	\$ 129,395	\$ 127,052

Cost of revenue. Cost of revenue for the three months ended June 30, 2024 decreased \$6.0 million, a decrease of 5.3% compared to the three months ended June 30, 2023. Cost of revenue decreased primarily due to a decrease in employee headcount, reflecting our continued cost-reduction initiatives implemented at BioReference, in addition to changes in the mix of testing ordered during the period.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended June 30, 2024 and 2023 were \$44.5 million and \$52.6 million, respectively, representing a decrease of 15.4% from the prior period. Selling, general and administrative expenses in our diagnostics segment decreased primarily due to continued cost-reduction initiatives implemented at BioReference.

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

Research and Development Expenses (In thousands)	Three months ended June 30,	
	2024	2023
Research and development employee-related expenses	\$ 331	\$ 464
Other internal research and development expenses	55	153
Total research and development expenses	\$ 386	\$ 617

The decrease in research and development expenses for the three months ended June 30, 2024 as compared to 2023 was primarily due to a decrease in employee-related expenses as a result of the continued cost-reduction initiatives implemented at BioReference.

Amortization of intangible assets. Amortization of intangible assets was \$4.0 million and \$5.1 million, respectively, for the three months ended June 30, 2024 and 2023. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives.

Pharmaceuticals

(In thousands)	For the three months ended June 30,		Change	% Change
	2024	2023		
Revenues:				
Revenue from products	\$ 40,485	\$ 43,500	\$ (3,015)	(7)%
Revenue from transfer of intellectual property and other	12,306	94,866	(82,560)	(87)%
Total revenues	52,791	138,366	(85,575)	(62)%
Costs and expenses:				
Cost of revenue	23,455	25,912	(2,457)	(9)%
Selling, general and administrative	14,062	14,831	(769)	(5)%
Research and development	23,686	17,540	6,146	35%
Contingent consideration	—	(34)	34	100%
Amortization of intangible assets	16,408	16,486	(78)	(0)%
Total costs and expenses	77,611	74,735	2,876	4%
(Loss) income from operations	\$ (24,820)	\$ 63,631	\$ (88,451)	(139)%

Revenue from products. Revenue from products for the three months ended June 30, 2024 decreased \$3.0 million or 6.9%, compared to the three months ended June 30, 2023. This decline was primarily driven by decreasing sales from international operations, further impacted by foreign exchange fluctuations. Additionally, revenue from the sales of *Royaldee* for the three months ended June 30, 2024, was \$7.2 million compared to \$7.7 million in the same period in 2023.

Revenue from transfer of intellectual property and other. For the three months ended June 30, 2024, revenue from the transfer of intellectual property and other was \$12.3 million compared to \$94.9 million for the prior year period. This decrease was primarily due to a one-time milestone payment of \$90.0 million received in the 2023 period triggered by FDA approval of NGENLA (Somatrogen). For the three months ended June 30, 2024, revenue from the transfer of intellectual property and other reflects \$6.3 million in gross profit share and royalty payments for NGENLA (Somatrogen) and Pfizer's Genotropin® (Somatropin), compared with \$3.8 million of such payments received in the same period in 2023. Furthermore, revenue for the three months ended June 30, 2024 included \$5.0 million from the BARDA Contract (as defined and described in Note 14 to our condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q (our "Quarterly Financials")).

Cost of revenue. Cost of revenue for the three months ended June 30, 2024 decreased \$2.5 million, a decrease of 9.5%, compared to the three months ended June 30, 2023. This decrease was primarily due to favorable foreign exchange fluctuations of approximately \$2.1 million. However, the positive impact of these fluctuations was offset by an increase in cost of sales, driven by changes in product mix to meet increased demand during the 2024 period.

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Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended June 30, 2024 and 2023 were \$14.1 million and \$14.8 million, respectively, a decrease of 5.2% from the prior year period. This decrease was due to lower employee-related costs and favorable foreign exchange fluctuations of approximately \$0.4 million in our international operations.

Research and development expenses. Research and development expenses for the three months ended June 30, 2024 and 2023 were \$23.7 million and \$17.5 million, respectively, an increase of 35.0% from the prior year period. 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 (In thousands)	Three months ended June 30,	
	2024	2023
External expenses:		
Manufacturing expense for biological products	\$ 8,307	\$ 3,006
Phase 3 studies	141	1,186
Post-marketing studies	145	29
Earlier-stage programs	8,496	11,925
Research and development employee-related expenses	9,174	8,955
Other internal research and development expenses	1,897	1,052
Third-party grants and funding from collaboration agreements	(4,474)	(8,613)
Total research and development expenses	<u>\$ 23,686</u>	<u>\$ 17,540</u>

Research and development expenses for the three months ended June 30, 2024 increased primarily due to research expenses at ModeX, driven by growth in our early-stage programs. This was partially offset by a reduction in costs associated with Somatrogon (hGH-CTP) following the conclusion of open-label extension studies in countries where the drug has received marketing authorization.

Contingent consideration. Contingent consideration for the three months ended June 30, 2024 was zero, as compared to \$34.0 thousand reversal of expense for the three months ended June 30, 2024. Contingent consideration for the three months ended June 30, 2023 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 2013.

Amortization of intangible assets. Amortization of intangible assets was \$16.4 million and \$16.5 million, respectively, for the three months ended June 30, 2024 and 2023. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives. Our indefinite lived IPR&D assets will not be amortized until the underlying development programs are completed. Upon obtaining regulatory approval by the FDA, the IPR&D assets will be accounted for as a finite-lived intangible asset and amortized on a straight-line basis over its estimated useful life. 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 June 30,			
	2024	2023	Change	% Change
Costs and expenses:				
Selling, general and administrative	\$ 10,257	\$ 12,346	\$ (2,089)	(17)%
Research and development	10	2	8	400%
Total costs and expenses	10,267	12,348	(2,081)	(17)%
Loss from operations	\$ (10,267)	\$ (12,348)	\$ 2,081	17%

Operating loss for our unallocated corporate operations for the three months ended June 30, 2024 and 2023 was \$10.3 million and \$12.4 million, respectively, and principally reflect general and administrative expenses incurred in connection with our corporate operations. The decrease in operating loss for our unallocated corporate operations was primarily due to a decrease in employee-related expenses.

Other

Interest income. Interest income for the three months ended June 30, 2024 and 2023 was not significant as our cash investment strategy emphasizes the security of the principal invested and fulfillment of liquidity needs.

Interest expense. Interest expense increased to \$8.2 million for the three months ended June 30, 2024, compared to \$3.3 million in the same period of 2023. This increase was primarily driven by \$4.7 million of interest incurred on the 2029 Convertible Notes (as defined below), including interest incurred and amortization of deferred financing costs, partially offset by the extinguishment of our outstanding 2023 Convertible Notes in connection with their exchange for 2029 Convertible Notes and the repurchase of approximately \$144.4 million aggregate principal amount of the 2025 Notes a portion of the net proceeds from the issuance of the 2029 Convertible Notes.

Fair value changes of derivative instruments, net. Fair value changes of derivative instruments, net for the three months ended June 30, 2024 and 2023, was \$1.0 thousand and \$142.0 thousand of expense, respectively. Derivative expense was principally related to the change in fair value on the 2029 Convertible Notes and on foreign currency forward exchange contracts at OPKO Chile.

Other income (expense), net. Other income (expense), net for the three months ended June 30, 2024, resulted in \$58.9 million of income compared to \$21.4 million of expense for the 2023 period. Other income (expense), net for the three months ended June 30, 2024 and 2023 included \$60.5 million of income and \$19.9 million of expense, respectively, as a result of the change in the fair value of our investment in GeneDx Holdings (as defined in Note 6 to our Quarterly Financials). Furthermore, a foreign currency loss of \$1.3 million was recorded for the 2024 period, compared with a \$0.9 million of income in the 2023 period.

Income tax (benefit) provision. Our income tax (benefit) provision for the three months ended June 30, 2024 and 2023 was a \$0.3 million benefit and a \$3.2 million provision, respectively. For the three months ended June 30, 2024 and 2023, the tax rate differed from the U.S. federal statutory rate of 21% primarily due to 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 invested in certain early-stage companies that we perceive to have valuable proprietary technology and significant potential to create value for us as an equityholder. 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 \$1.0 thousand and \$42.0 thousand for the three months ended June 30, 2024 and 2023, respectively.

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

Our consolidated loss from operations for the six months ended June 30, 2024 and 2023 was as follows:

(In thousands)	For the six months ended June 30,		Change	% Change
	2024	2023		
Revenues:				
Revenue from services	\$ 256,286	\$ 259,420	\$ (3,134)	(1)%
Revenue from products	78,532	83,883	(5,351)	(6)%
Revenue from transfer of intellectual property and other	21,054	159,692	(138,638)	(87)%
Total revenues	355,872	502,995	(147,123)	(29)%
Costs and expenses:				
Cost of revenue	262,151	277,253	(15,102)	(5)%
Selling, general and administrative	138,988	155,436	(16,448)	(11)%
Research and development	46,020	50,764	(4,744)	(9)%
Contingent consideration	—	102	(102)	(100)%
Amortization of intangible assets	41,856	43,009	(1,153)	(3)%
Total costs and expenses	489,015	526,564	(37,549)	(7)%
Loss from operations	\$ (133,143)	\$ (23,569)	\$ (109,574)	(465)%

Diagnostics

(In thousands)	For the six months ended June 30,		Change	% Change
	2024	2023		
Revenues				
Revenue from services	\$ 256,286	\$ 259,420	\$ (3,134)	(1)%
Total revenues	256,286	259,420	(3,134)	(1)%
Costs and expenses:				
Cost of revenue	216,952	227,088	(10,136)	(4)%
Selling, general and administrative	90,262	105,193	(14,931)	(14)%
Research and development	1,052	1,306	(254)	(19)%
Amortization of intangible assets	9,005	10,097	(1,092)	(11)%
Total costs and expenses	317,271	343,684	(26,413)	(8)%
loss from operations	\$ (60,985)	\$ (84,264)	\$ 23,279	28%

Revenue. Revenue from services for the six months ended June 30, 2024 decreased by approximately \$3.1 million, a decrease of 1.2% compared to the six months ended June 30, 2023. This decrease reflects the combined impact of changes in clinical test reimbursement rates, volumes, and mix.

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 six months ended June 30, 2024 and 2023, we recorded \$0.9 million and \$18.7 million, respectively, of negative revenue adjustments due to changes in estimates of implicit price concessions for performance obligations satisfied in prior periods mainly due to the composition of patient pay mix.

The composition of revenue from services by payor for the six months ended June 30, 2024 and 2023 was as follows:

(In thousands)	Six months ended June 30,	
	2024	2023
Healthcare insurers	\$ 153,416	\$ 157,365
Government payers	43,193	41,267
Client payers	50,749	52,443
Patients	8,928	8,345
Total	\$ 256,286	\$ 259,420

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Cost of revenue. Cost of revenue for the six months ended June 30, 2024 decreased \$10.1 million, a decrease of 4.5% compared to the six months ended June 30, 2023. Cost of revenue decreased primarily due to a decrease in employee headcount, reflecting our continued cost-reduction initiatives implemented at BioReference, in addition to changes in the mix of testing ordered during the period.

Selling, general and administrative expenses. Selling, general and administrative expenses for the six months ended June 30, 2024 and 2023 were \$90.3 million and \$105.2 million, respectively, representing a decrease of 14.2% from the prior period. Selling, general and administrative expenses in our diagnostics segment decreased primarily due to continued cost-reduction initiatives implemented at BioReference.

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

Research and Development Expenses	Six months ended June 30,	
	2024	2023
Research and development employee-related expenses	\$ 674	\$ 826
Other internal research and development expenses	378	480
Total research and development expenses	<u>\$ 1,052</u>	<u>\$ 1,306</u>

The decrease in research and development expenses for the six months ended June 30, 2024 was primarily due to a decrease in employee-related expenses as a result of the continued cost-reduction initiatives implemented at BioReference.

Amortization of intangible assets. Amortization of intangible assets was \$9.0 million and \$10.1 million, respectively, for the six months ended June 30, 2024 and 2023. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives.

Pharmaceuticals

(In thousands)	For the six months ended June 30,		Change	% Change
	2024	2023		
Revenues:				
Revenue from products	\$ 78,532	\$ 83,883	\$ (5,351)	(6)%
Revenue from transfer of intellectual property and other	21,054	159,692	(138,638)	(87)%
Total revenues	<u>99,586</u>	<u>243,575</u>	<u>(143,989)</u>	<u>(59)%</u>
Costs and expenses:				
Cost of revenue	45,199	50,165	(4,966)	(10)%
Selling, general and administrative	29,103	28,392	711	3%
Research and development	44,933	49,419	(4,486)	(9)%
Contingent consideration	—	102	(102)	(100)%
Amortization of intangible assets	32,851	32,912	(61)	(0)%
Total costs and expenses	<u>152,086</u>	<u>160,990</u>	<u>(8,904)</u>	<u>(6)%</u>
(Loss) income from operations	<u>\$ (52,500)</u>	<u>\$ 82,585</u>	<u>\$ (135,085)</u>	<u>(164)%</u>

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Revenue from products. Revenue from products for six months ended June 30, 2024 decreased \$5.4 million or 6.4%, compared to the six months ended June 30, 2023. This decline was primarily due to foreign exchange fluctuations of approximately \$4.5 million and by decreasing sales from our international operations. Additionally, revenue from sales of *Royaldee* for the six months ended June 30, 2024, was \$14.1 million compared to the \$14.4 million recorded in the same period in 2023.

Revenue from transfer of intellectual property and other. For the six months ended June 30, 2024, revenue from the transfer of intellectual property and other was \$21.1 million compared to \$159.7 million for the prior period. This decrease was primarily due to one-time milestone payments received in 2023, including a \$90.0 million payment triggered by the FDA approval of NGENLA (Somatogon), a \$50.0 million payment from Merck for rights granted under the Merck Agreement (as defined and described in Note 14 to our Quarterly Financials), a \$7.0 million payment from VMCRP triggered by the German price approval for *Royaldee* (as described in Note 14 to our Quarterly Financials) and a \$2.5 million payment from Nicoya due to Nicoya's submission of the investigational new drug application to China's Center for Drug Evaluation pursuant to the Nicoya Agreement (as described in Note 14 to our Quarterly Financials). For the six months ended June 30, 2024, revenue from the transfer of intellectual property and other reflects \$11.9 million in gross profit share and royalty payments for NGENLA (Somatogon) and Pfizer's Genotropin® (Somatropin), compared with \$6.9 million received in the same period in 2023. Furthermore, revenue for the six months ended June 30, 2024 included \$7.2 million from the BARDA Contract (as defined and described in Note 14 to our Quarterly Financials).

Cost of revenue. Cost of revenue for the six months ended June 30, 2024 decreased \$5.0 million, a decrease of 9.9% compared to the six months ended June 30, 2023 which was primarily driven by favorable foreign exchange fluctuations of \$3.7 million and as a result of changes in product mix during the 2024 period.

Selling, general and administrative expenses. Selling, general and administrative expenses for the six months ended June 30, 2024 and 2023 were \$29.1 million and \$28.4 million, respectively, an increase of 2.5% from the prior year period. The increase in selling, general and administrative expenses was due to higher employee-related and professional expenses related to our international operations.

Research and development expenses. Research and development expenses for the six months ended June 30, 2024 and 2023 were \$44.9 million and \$49.4 million, respectively, a decrease of 9.1% from the prior year period. 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 (In thousands)	Six months ended June 30,	
	2024	2023
External expenses:		
Manufacturing expense for biological products	\$ 13,235	\$ 5,979
Phase III studies	648	3,127
Post-marketing studies	288	159
Earlier-stage programs	18,023	30,075
Research and development employee-related expenses	17,855	16,762
Other internal research and development expenses	3,938	2,003
Third-party grants and funding from collaboration agreements	(9,055)	(8,686)
Total research and development expenses	<u>\$ 44,933</u>	<u>\$ 49,419</u>

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Research and development expenses for the six months ended June 30, 2024, decreased primarily due to a one-time payment to Sanofi of \$12.5 million pursuant to the Sanofi In-License Agreement, which was made in 2023 as a result of the Merck Agreement. Costs related to Somatogon (hGH-CTP) decreased following the closure of open-label extension studies in countries where it has received marketing authorization. This decrease was partially offset by increased BARDA spending of \$7.2 million of increased BARDA spending and higher employee related expenses during the 2024 period.

Contingent consideration. Contingent consideration for the six months ended June 30, 2024 was zero, as compared to a \$0.1 million reversal of expense for the six months ended June 30, 2024. Contingent consideration for the six months ended June 30, 2023 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 2013.

Amortization of intangible assets. Amortization of intangible assets was \$32.9 million for both for the six months ended June 30, 2024 and 2023. Amortization expense reflects the amortization of acquired intangible assets with defined useful lives. Our indefinite lived IPR&D assets will not be amortized until the underlying development programs are completed. Upon obtaining regulatory approval by the FDA, the IPR&D assets will be accounted for as a finite-lived intangible asset and amortized on a straight-line basis over its estimated useful life. The assets will be amortized on a straight-line basis over their estimated useful life of approximately 12 years.

Corporate

(In thousands)	For the six months ended June 30,		Change	% Change
	2024	2023		
Costs and expenses:				
Selling, general and administrative	\$ 19,623	\$ 21,851	\$ (2,228)	(10)%
Research and development	35	39	(4)	(10)%
Total costs and expenses	19,658	21,890	(2,232)	(10)%
Loss from operations	\$ (19,658)	\$ (21,890)	\$ 2,232	10%

Operating loss for our unallocated corporate operations for the six months ended June 30, 2024 and 2023 was \$19.7 million and \$21.9 million, respectively, and principally reflect general and administrative expenses incurred in connection with our corporate operations. The decrease in operating loss for our unallocated corporate operations was primarily due to a decrease in employee-related expenses.

Other

Interest income. Interest income for the six months ended June 30, 2024 and 2023 was not significant as our cash investment strategy emphasizes the security of the principal invested and fulfillment of liquidity needs.

Interest expense. Interest expense increased to \$15.9 million for the six months ended June 30, 2024, compared to \$6.7 million in the same period of 2023. This increase was primarily driven by \$9.0 million of interest incurred on the 2029 Convertible Notes including interest incurred, amortization of deferred financing costs, and embedded derivatives, partially offset by the extinguishment of our outstanding 2023 Convertible Notes in connection with their exchange for 2029 Convertible Notes and the repurchase of approximately \$144.4 million aggregate principal amount of the 2025 Notes with certain of the net proceeds from the issuance of the 2029 Convertible Notes.

Fair value changes of derivative instruments, net. Fair value changes of derivative instruments, net for the six months ended June 30, 2024 and 2023, was \$26.2 million and \$0.9 million of expense, respectively. Derivative expense was principally related to the change in fair value on the 2029 Convertible Notes and on foreign currency forward exchange contracts at OPKO Chile.

Other income (expense), net. Other income (expense), net for the six months ended June 30, 2024, resulted in \$80.2 million of income, compared to \$4.4 million of expense for the 2023 period. Other income (expense), net for the six months ended June 30, 2024 and 2023, included \$83.2 million of income and \$11.6 million of expense, respectively, as a result of the change in the fair value of our investment in GeneDx Holdings (as defined in Note 6 to our Quarterly Financials). Furthermore, the six months ended June 30, 2023, reflected an \$8.5 million of income due to GeneDx Holdings reaching specific revenue targets for the fiscal year ending December 31, 2022. Finally, a foreign currency loss of \$4.0 million was recorded for the 2024 period, compared with a \$2.0 million gain in the 2023 period.

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Income tax (benefit) provision. Our income tax (benefit) provision for the six months ended June 30, 2024 and 2023 was a \$1.6 million benefit and \$4.4 million provision, respectively. For the six months ended June 30, 2024 and 2023, the tax rate differed from the U.S. federal statutory rate of 21% primarily due to the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, the impact of the payments under Merck Agreement, and operating results in tax jurisdictions which do not result in a tax benefit.

Loss from investments in investees. We have invested in certain early stage companies that we perceive to have valuable proprietary technology and significant potential to create value for us as an equityholder. 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 \$3.0 thousand and \$79.0 thousand for the six months ended June 30, 2024 and 2023, respectively.

LIQUIDITY AND CAPITAL RESOURCES

On June 30, 2024, we had cash and cash equivalents of approximately \$40.6 million. Cash used in operations of \$62.0 million for the six months ended June 30, 2024 principally reflected general and administrative expenses related to our corporate operations, research and development activities, partially offset by the change in fair value of our equity securities. Cash used in investing activities of \$11.6 million for the six months ended June 30, 2024 primarily reflected capital expenditures. Cash provided by financing activities for the six months ended June 30, 2024 of \$18.5 million primarily reflected net borrowings on our lines of credit, the issuance of our 2029 Convertible Notes, the redemption of the 2025 Notes, and repurchase of shares of our Common Stock. 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 and debt, as well as credit facilities available to us.

On July 17, 2024, we completed a private offering of \$250 million aggregate principal amount of the 2044 Notes in accordance with the terms of the 2044 Note Purchase Agreement. The 2044 Notes are secured by the Company's profit share payments from Pfizer, received under the Restated Pfizer Agreement. The 2044 Notes bear interest at the 3-month SOFR plus 7.5%, subject to a minimum interest rate of 4.0% per annum. The 2044 Notes mature in July 2044, with interest-only payments required for the first four years.

In March 2024, the Company and Labcorp entered into the Labcorp Asset Purchase Agreement, pursuant to which Labcorp agreed to acquire select assets of BioReference. The purchase price for the BioReference Transaction was \$237.5 million, subject to adjustments. We anticipate closing the BioReference Transaction in the third quarter of 2024. The BioReference Transaction met the held-for-sale accounting criteria and the related assets and liabilities are classified as held for sale in our condensed consolidated balance sheet.

In January 2024, we completed a private offering of \$230.0 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2029 (the "2029 Convertible 144A Notes") in accordance with the terms of a note purchase agreement (the "144A Note Purchase Agreement") entered into by and between the Company and J.P. Morgan Securities LLC (the "Initial Purchaser").

The Company received approximately \$220.0 million of net proceeds from the issuance of the 2029 Convertible 144A Notes, after deducting fees and estimated offering expenses. The Company used approximately \$50.0 million of the net proceeds to repurchase shares of our Common Stock from purchasers of the 2029 Convertible 144A Notes in privately negotiated transactions at a purchase price equal to the closing sale price per share of Common Stock on January 4, 2024, which was \$0.9067. Contemporaneously with the pricing of the 2029 Convertible 144A Notes, the Company entered into separate, privately negotiated transactions with certain holders of the Company's outstanding 4.50% Convertible Senior Notes due 2025 to repurchase, on the closing date, approximately \$144.4 million aggregate principal amount of such notes. The Company effected such repurchases for cash, using \$146.3 million of the net proceeds from the offering of the 2029 Convertible 144A Notes, following which only \$170 thousand aggregate principal amount of the 2025 Notes remained outstanding.

Additionally, the Company issued and sold approximately \$71.1 million aggregate principal amount of 3.75% Convertible Senior Notes due 2029 (the "2029 Convertible Affiliate Notes" and, together with the 2029 Convertible 144A Notes, the "2029 Convertible Notes") pursuant to the terms of a note purchase agreement entered into on January 4, 2024 (the "Affiliate Note Purchase Agreement") by and among the Company and certain investors including, Frost Gamma Investments Trust, a trust controlled by Phillip Frost, M.D., our Chairman and Chief Executive Officer, and Jane H. Hsiao, Ph.D., MBA, our Vice-Chairman and Chief Technical Officer (collectively, the "Affiliate Purchasers"). Pursuant to the Affiliate Note Purchase Agreement, the Company issued and sold the 2029 Convertible Affiliate Notes to the Affiliate Purchasers in exchange for \$55.0 million aggregate principal amount of 2023 Convertible Notes, held by the Affiliate Purchasers, together with approximately \$16.1 million of accrued but unpaid interest thereon. Following such exchange, no 2023 Convertible Notes remained outstanding.

Holders may convert their 2029 Convertible Notes at their option prior to the close of business on the business day immediately preceding September 15, 2028 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2024 (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 the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five consecutive business day period after any ten consecutive trading day period (the "convertible note measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the convertible note measurement period was less than 98% of the product of the last reported sale price of our Common Stock and the applicable conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events specified in the indenture governing the 2029 Convertible Notes. On or after September 15, 2028 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing conditions. Upon conversion of a note, 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 conversion rate is initially equal to 869.5652 shares of Common Stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$1.15 per share of Common Stock). The conversion rate for the 2029 Convertible Notes is subject to adjustment upon the occurrence of certain events but will not be adjusted for any accrued and unpaid interest.

On September 28, 2023, ModeX was awarded a BARDA Contract by BARDA, part of the Administration for Strategic Preparedness and Response at the U.S. Department of Health and Human Services, to advance a platform and specific candidates designed to address a range of public health threats in viral infectious diseases. Pursuant to the BARDA Contract, we will receive \$59.0 million over a five-year period through February 2028 for the development, manufacturing, and execution of a Phase 1 clinical trial for a next-generation MSTAR multispecific antibody with broad neutralizing activity against known variants of SARS-CoV-2. We are eligible to receive up to an additional \$109.6 million from BARDA upon achieving particular milestones to develop multispecific antibodies targeting other viral pathogens such as influenza. As of June 30, 2024, the aggregate amount remaining to be funded by BARDA, subject to performance obligations and excluding unexercised contract options, was \$50.6 million.

On March 8, 2023, ModeX, the Company (with respect to certain sections), and Merck entered into the Merck Agreement pursuant to which Merck obtained a license to certain patent rights and know-how in connection with the development of ModeX's preclinical nanoparticle vaccine candidate targeting the Epstein -Barr Virus.

ModeX and Merck have established a strategic collaboration with a detailed research plan to guide the development of such a vaccine or related product. This plan includes the creation of a joint steering committee and the potential use of third-party contract development and manufacturing organization carry out such activities unless otherwise agreed. Merck will reimburse ModeX for development costs incurred as part of this research plan. To date, we have incurred \$23.3 million of development costs related to the Epstein -Barr Virus, for which Merck has provided reimbursement in full.

As of June 30, 2024, the total commitments under our amended and restated credit agreement, dated August 30, 2021 (as amended, the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("CB") and our lines of credit with financial institutions in Chile and Spain were \$38.5 million, of which \$20.5 million was drawn as of June 30, 2024. On June 30, 2024, the weighted average interest rate on these lines of credit was approximately 7.5%. 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 six months ended June 30, 2024 was \$23.6 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 Credit Agreement provides for a \$50.0 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 Credit Agreement matures on August 30, 2025 and is guaranteed by all of BioReference's domestic subsidiaries, subject to certain exceptions. The 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 Credit Agreement is based on a borrowing base composed of eligible accounts receivable of BioReference and certain of its subsidiaries, as specified therein. As of June 30, 2024, \$8.6 million remained available for borrowing under the Credit Agreement.

In connection with our agreements with Merck, Pfizer, VFMCRRP, Nicoya and CAMP4, we are eligible to receive various milestone payments and royalty considerations. Under the terms of the Merck Agreement, we received an initial payment of \$50.0 million and are also eligible to receive up to an additional \$872.5 million upon the achievement of certain commercial and development milestones under several indications. We are also eligible to receive tiered royalty payments ranging from high single digits to low double digits upon achievement of certain sales targets of the Product (as defined in the Merck Agreement). Under the terms of the Restated Pfizer Agreement, we have received or are eligible to receive up to an additional \$275.0 million upon the achievement of certain regulatory milestones, including \$90 million triggered by the FDA approval in the United States and \$85 million due to the commencement of sales of NGENLA (Somatogon) in Europe and Japan, which we received in 2022. In addition, we are eligible to receive regional, tiered gross profit sharing for both Somatogon (hGH-CTP) and Pfizer's Genotropin®. Under the terms of the VFMCRRP Agreement, we are entitled to receive up to an additional \$15 million in regulatory milestones and \$200 million in milestone payments tied to the launch, pricing and sales of *Rayaldee*, including a \$7 million regulatory milestone payment we recorded in the first quarter of 2023 triggered by the German price approval for *Rayaldee* and \$3 million regulatory milestone payment we recognized in 2022 following 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 aggregate of \$5 million tied to the first anniversary of the effective date of the Nicoya Agreement, of which we have received \$2.5 million. Furthermore, we received the additional \$2.5 million upon Nicoya's submission of the investigational new drug application to the Center for Drug Evaluation of China in March 2023. 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 are also eligible to 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.

On July 18, 2024, our Board of Directors authorized the repurchase of up to \$100 million of our Common Stock. Under this program, we may repurchase shares through various methods, including open market purchases, block trades, privately negotiated transactions and accelerated share repurchases, as well as pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Exchange Act, and otherwise in compliance with applicable laws. The timing and volume of repurchases will depend on market conditions, our capital management, investment opportunities, and other factors. The program does not obligate us to repurchase any specific number of shares, has no set expiration date, and may be modified, suspended, or discontinued at our discretion.

We believe that the cash and cash equivalents on hand at June 30, 2024, the amounts received from the sale of the 2044 Notes and the amounts we expect to receive upon closing of the BioReference Transaction, 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 approval and success of our products and products in development, particularly our long acting Somatogon (hGH-CTP) for which we have received approval in over 50 markets, including the United States, Europe, Japan, Australia and Canada, the commercial success of *Rayaldee*, BioReference's financial performance, possible acquisitions and dispositions (including the BioReference Transaction), 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, existing legal proceedings (including the ITA litigation) and those that may arise in the future. 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.

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The following table provides information as of June 30, 2024, with respect to the amounts and timing of our known contractual obligation payments due by period.

Contractual obligations	Remaining six months ending December 31,						Total
(In thousands)	2024	2025	2026	2027	2028	Thereafter	
Open purchase orders	\$ 40,408	\$ 4,959	\$ 415	\$ —	\$ —	\$ —	\$ 45,782
Operating leases	6,166	10,715	9,384	8,733	8,110	18,140	61,248
Finance leases	973	1,501	1,076	658	195	1,881	6,284
2029, 2025 and 2023 Convertible Notes	—	170	—	—	—	175,942	176,112
Mortgages and other debts payable	156	306	298	291	284	3,146	4,481
Lines of credit	12	10	—	—	—	—	22
Interest commitments	5,764	11,575	11,445	11,438	11,431	929	52,582
Total	\$ 53,479	\$ 29,236	\$ 22,618	\$ 21,120	\$ 20,020	\$ 200,038	\$ 346,511

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 \$125.0 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There were no material changes to our critical accounting policies and estimates described in our Form 10-K that have had a material impact on our Quarterly Financials and related notes.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards yet to be adopted.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 enhances disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. ASC 280 requires a public entity to report for each reportable segment a measure of segment profit or loss that its chief operating decision maker ("CODM") uses to assess segment performance and to make decisions about resource allocations. The ASU is effective for fiscal years beginning after December 15, 2024 with updates to be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

Recently adopted accounting standards .

In 2021, the Organization for Economic Co-operation and Development ("OECD") established an inclusive framework on base erosion and profit shifting and agreed on a two-pillar solution ("Pillar Two") to global taxation, focusing on global profit allocation and a 15% global minimum effective tax rate. On December 15, 2022, the EU member states agreed to implement the OECD's global minimum tax rate of 15%. The OECD issued Pillar Two model rules and continues to release guidance on these rules. The inclusive framework calls for tax law changes by participating countries to take effect in 2024 and 2025. Various countries have enacted or have announced plans to enact new tax laws to implement the global minimum tax. We considered the applicable tax law changes on Pillar Two implementation in the relevant countries, and there is no material impact to our tax results for the period. We anticipate further legislative activity and administrative guidance in 2024, and will continue to evaluate the impacts of enacted legislation and pending legislation to enact Pillar Two Model Rules in the non-US tax jurisdictions we operate in.

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 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 those for the Chilean Peso and the Euro.

From time to time, we manage our exposure to fluctuations in foreign currency exchange rates through the use of foreign exchange forward contracts. Certain firmly committed transactions may be hedged with foreign exchange forward contracts. As exchange rates fluctuate, 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. We do not enter into foreign exchange or other derivative contracts for trading or speculative purposes.

Our derivative activities, which consist of foreign exchange forward contracts, are intended 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' respective 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, our results of operations could be negatively impacted due to effectively unhedged 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.

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Approximately 21.7% of our revenue for the six months ended June 30, 2024 was denominated in currencies other than the U.S. Dollar (USD). This compares to 34.4% for the same period in 2023. Our financial statements are reported in USD; therefore, fluctuations in exchange rates affect the translation of foreign-denominated revenue and expenses. In the first six months of 2024 and for the year ended December 31, 2023, our most significant currency exchange rate exposures were to the Euro and the Chilean Peso. Gross accumulated currency translation adjustments, recorded as a separate component of shareholders' equity, totaled \$43.3 million and 34.6 million at June 30, 2024 and December 31, 2023, respectively. For information on such open foreign exchange forward contracts for the six months ended June 30, 2024 and 2023 see "Management's Discussion and Analysis—Results of Operations— Foreign Currency Exchange Rates."

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 subject to minimal interest rate risk due to their very short-term nature. 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 interest rates would have a significant negative impact on the value of our investment portfolio except for reduced income resulting from declining interest rates.

At June 30, 2024, we had cash and cash equivalents of \$40.6 million. The weighted average interest rate related to our cash and cash equivalents for the six months ended June 30, 2024 was approximately 4.1%. As of June 30, 2024, the principal outstanding balances under the Credit Agreement with CB and our Chilean and Spanish lines of credit was \$20.5 million in the aggregate at a weighted average interest rate of approximately 7.5%.

Our outstanding convertible senior notes have fixed rates of interest; therefore, we are not exposed to interest rate risk on those instruments.

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 management's evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

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 June 30, 2024 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, 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, 2023 other than as set forth below.

As previously reported, the Company received a Civil Investigative Demand (“CID”) from the U.S. Department of Justice (“DOJ”), Washington, DC on March 1, 2019. 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 declined to intervene in the matter but retained 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, and Georgia, and the Commonwealth of Massachusetts notified the U.S.D.C., Middle District Florida, Jacksonville Division, that they declined 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 Prevention Act, the Florida False Claims Act, the Massachusetts False Claims Act, the Georgia False Medicaid Claims Act, and illegal kickbacks. A motion to dismiss the Complaint was filed on April 25, 2022, and the case was dismissed in March 2023. However, the Relator filed an amended complaint in April 2023, which was subsequently dismissed, and a seconded amended complaint which was also dismissed in January 2024. Relator has since filed an appeal with the U.S. Eleventh Circuit Court of Appeals following a failed mediation in April 2024.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our Form 10-K.

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

During the quarter ended June 30, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any “non-Rule 10b5-1 trading arrangement”, as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit 10.1 ^{*,+}	Note Purchase Agreement dated July 17, 2024 by and among the Company, certain purchasers party thereto, OPKO Biologics Limited, Eirgen Pharma Ltd. and HCR Injection SPV, LLC as agent.
Exhibit 10.2 [*]	Form of Note dated July 17, 2024
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 June 30, 2024.
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 June 30, 2024.
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 June 30, 2024.
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 June 30, 2024.
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)

* Furnished herewith.

+ 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. 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: August 7, 2024

OPKO Health, Inc.

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial
Officer

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. OMISSIONS ARE IDENTIFIED AS [***]

NEITHER THIS DEBT INSTRUMENT NOR THE NOTES ISSUED IN CONNECTION HERewith HAVE BEEN REGISTERED UNDER THE SECURITIES ACT (AS DEFINED BELOW), OR ANY APPLICABLE STATE SECURITIES LAWS. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES AND MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FILED BY THE ISSUER (AS DEFINED BELOW) WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION COVERING SUCH SECURITIES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED.

THE FOLLOWING INFORMATION IS PROVIDED PURSUANT TO TREAS. REG. SECTION 1.1275-3: THIS DEBT INSTRUMENT IS ISSUED WITH ORIGINAL ISSUE DISCOUNT. HOLDERS CAN OBTAIN INFORMATION REGARDING ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THIS DEBT INSTRUMENT BY CONTACTING THE TREASURER OF ISSUER AT 4400 BISCAYNE BOULEVARD, MIAMI, FL 33137.

NOTE PURCHASE AGREEMENT

Dated as of July 17, 2024

By and among

OPKO HEALTH, INC.,
as Issuer,

the Guarantors from time to time party hereto,

the various Purchasers from time to time party hereto,

HCR INJECTION SPV, LLC,
as Agent

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NOTE PURCHASE AGREEMENT

This NOTE PURCHASE AGREEMENT (this "Agreement"), dated as of July 17, 2024, is entered into by and among **OPKO HEALTH, INC.**, a Delaware corporation ("Issuer"), the Guarantors from time to time party hereto, the initial Purchasers that hold Notes issued hereunder (each, an "Initial Purchaser" and, collectively, the "Initial Purchasers"), **HCR INJECTION SPV, LLC**, a Delaware limited liability company ("HCRI SPV"), as administrative agent, collateral agent and security trustee for the Purchasers (in such capacities together with its successors and assigns in such capacities, the "Agent").

RECITALS

WHEREAS, on the Closing Date the Issuer will issue, and the Purchasers on Appendix A will purchase, senior secured notes in an aggregate initial principal amount of up to Two Hundred Fifty Million Dollars (\$250,000,000), at the initial purchase price thereof (the "Purchase Price") set forth beside such Purchaser's name on Appendix A (the "Allocated Share");

WHEREAS, as a condition precedent to the Closing Date, the Guarantors have agreed to secure the Obligations by granting to the Agent, for the benefit of the Secured Parties, a first priority Lien on the Collateral; and

NOW, THEREFORE, in consideration of the mutual promises of the Parties, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed by the Parties as follows:

ARTICLE I. CERTAIN DEFINITIONS

Section 1.01 Definitions. As used herein:

"Acceleration Trigger Date" has the meaning set forth in Section 10.01(3).

"Acceleration Trigger Event" has the meaning set forth in Section 10.01(3).

"Account Bank" means [***] such other bank or financial institution approved by each of the Agent and Issuer.

"Accreted Principal" has the meaning set forth in Section 3.01(d).

"Additional Notes" means, collectively, the notes issued by the Issuer and purchased by the Purchasers on an Issuance Date pursuant to Section 2.01(b), in the form of Exhibit B hereto, and also means all other notes accepted by any Purchaser from time to time in substitution therefor or renewal thereof, in each case, as such note may be reduced by any repayment, redemption or retirement thereof or increased pursuant to any payment and capitalization of Accreted Principal.

"Additional Notes Issuance" has the meaning set forth in Section 2.01(b).

"Additional Notes Offering" has the meaning set forth in Section 2.01(b).

"Adjusted Term SOFR" means, for purposes of any calculation, the rate per annum equal to Term SOFR for such calculation; provided that, if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

"Affected Financial Institution" means (a) any EEA Financial Institution, or (b) any UK Financial Institution.

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another Person. For purposes of this definition, "control" means (a) in the case of corporate entities, direct or indirect ownership of at least ten percent (10%) of the stock or shares having the right to vote for the election of directors; and (b) in the case of non-corporate entities, direct or indirect ownership of at least ten percent (10%) of the equity interest with the power to direct the management and policies of such non-corporate entities. Unless otherwise stated, any usage of "Affiliate" herein means an Affiliate of Issuer.

"Agent" has the meaning set forth in the preamble hereto.

"Agent Expense Amount" means the reasonable and documented fees and out-of-pocket expenses of the Agent incurred in connection with the closing of this Agreement and the other Note Documents, including Attorneys' Fees and expenses and expenses incurred in connection with Agent's due diligence investigation. It being understood that, unless agreed otherwise with the Issuers, the fees and expenses to be paid by the Issuer on the Closing Date shall not [***] less any amounts paid by Issuer prior to the Closing Date.

"Aggregate Amounts Due" has the meaning set forth in Section 3.06.

"Agreement" has the meaning set forth in the preamble hereto.

"Allocated Share" has the meaning set forth in the recitals.

"Amortization Payments" has the meaning set forth in Section 3.01(a).

"Anti-Corruption Laws" means the United States Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and Section E of Chapter 9 of the Israeli Penal Law, 1977 as well as any other Law, rule or regulations of any jurisdiction applicable to a Note Party concerning or relating to bribery or corruption.

"Anti-Money Laundering Laws" means any and all Laws, judgments, executive orders, decrees, ordinances, rules, regulations, statutes, case Law or treaties applicable to any Note Party or any of its Subsidiaries related to terrorism financing or money laundering, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959) and the Israeli Anti-Money Laundering Law, 2000.

"Applicable Law" means, with respect to any Person, all Laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"Applicable Prepayment Price" means, as of any Prepayment Date, an amount equal to the aggregate Prepayment Price in respect of all of the outstanding Notes as of such Prepayment Date.

"Applicable Rate" means, as of any date of determination, the applicable rate per annum set forth below:

<u>Term SOFR Note</u>	<u>Base Rate Note</u>
Adjusted Term SOFR plus 7.50%	Base Rate plus 4.36%

Upon the occurrence and during the continuance of a Default or an Event of Default, the Applicable Rate shall be increased by two percent (2.00%) per annum above the rate set forth above for Base Rate Notes (the "Default Rate").

"Assignee" means any other Person to which a Purchaser has assigned or is assigning its rights and obligations hereunder, whether in whole or in part.

"Attorneys' Fees" means and shall include any and all attorneys' fees that are incurred by Agent or any other Secured Party incident to, arising out of, or in any way in connection with Agent's or other Secured Party's interests in, or defense of, any action, claim, proceeding or Agent's or other Secured Party's enforcement of its rights and interests with respect to any Collateral or otherwise under any Note, or any Note Document, which shall include all attorneys' fees incurred by the Agent and other Secured Parties (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent or applicable Secured Party is a party thereto) whether or not a suit or action is commenced, and all costs in collection of sums due during any workout or with respect to settlement negotiations, or the cost to defend the Agent or other Secured Party or to enforce any of its rights, including, without limitation, during any Bankruptcy Event or other Insolvency Proceeding.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement; or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 4.09(d).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing Law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other Law applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Code" means (x) the U.S. Bankruptcy Code, or (y) equivalent legislation in any jurisdiction applicable to the Note Parties or their respective Subsidiaries.

"Bankruptcy Event of Default" means the occurrence of any condition or event set forth in Section 10.01(i).

"Bankruptcy Event" shall mean the occurrence of any of the following:

(a) any Note Party or any of its Material Subsidiaries becomes insolvent within the meaning of 11 U.S.C. § 101(32) or Section 2 of the Israeli Insolvency Law or any other Debtor Relief Law applicable to any Note Party or any of its Material Subsidiaries;

(b) any Note Party or any of its Material Subsidiaries generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its Indebtedness, or proposes a compromise or arrangement or deed of company between it and any class of its creditors;

(c) any Note Party or any of its Material Subsidiaries commits an act of bankruptcy or makes an assignment of its property for the general benefit of its creditors or makes a proposal of such an assignment (or files a notice of its intention to do so);

(d) any Note Party or any of its Material Subsidiaries institutes a proceeding seeking to adjudicate it as insolvent, or seeking liquidation, examinership, dissolution, winding-up, reorganization, restructuring, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief, under any applicable Debtor Relief Law or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding;

(e) any Note Party or any of its Material Subsidiaries applies for the appointment of, or the taking of possession by, a receiver, examiner, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official (whether temporary or permanent) for it or any substantial part of its property;

(f) any petition is filed, application made or other proceeding instituted against or in respect of any Note Party or any of its Material Subsidiaries:

(i) seeking to adjudicate it as insolvent;

(ii) seeking a receiving order against it;

(iii) seeking liquidation, dissolution, examinership, winding-up, reorganization, restructuring, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), deed of company arrangement or composition of it or its debts or any other relief under any Law, now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors or at common law or in equity; or

(iv) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official for it or any substantial part of its property,

and, in each case, under this clause (f), such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of sixty (60) days after the institution thereof; provided that, if an order, decree or judgment is granted or entered (whether or not entered or subject to appeal) against any Note Party or any of its Material Subsidiaries thereunder in the interim, such grace period will cease to apply; provided, further, that if any Note Party or any of its Material Subsidiaries files an answer admitting the material allegations of a petition filed against it in any such proceeding prior to such date, the grace period will cease to apply;

(g) any Note Party or any of its Material Subsidiaries takes any action, corporate or otherwise, including, an affirmative vote by the board of directors (or equivalent management or oversight body) of any Note Party, to commence any Insolvency Proceeding or to approve, effect, consent to or authorize any of the actions described in clauses (a) through (f) above, or otherwise acts in furtherance thereof; or

(h) any other event or circumstance occurs which, under applicable Debtor Relief Laws, has an equivalent effect to any of the events or circumstances referred to in the other clauses of this definition.

"Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus one half of one percent ($\frac{1}{2}$ of 1.00%), (c) four percent (4.00%) per annum, and (d) Term SOFR for a three (3)-month tenor in effect

on such day plus one percent (1.00%) per annum. If the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate or Term SOFR for any reason, the Base Rate shall be determined without regard to clause (b) or (d) above, as applicable, until the circumstances giving rise to such inability no longer exist. Each change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or Term SOFR shall be effective from and including the effective date of such change is announced as being effective.

"Base Rate Note" means a Note bearing interest, at all times during an Interest Period applicable to such Note, at a rate of interest determined by reference to the Base Rate.

"Base Rate Term SOFR Determination Day" has the meaning specified in the definition of "Term SOFR."

"Benchmark" means, initially, the Term SOFR Reference Rate; provided that, if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.09.

"Benchmark Replacement" means with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

(a) the sum of (i) Daily Simple SOFR and (ii) 0.11448% (11.448 basis points); or

(b) the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Issuer (which alternate benchmark rate shall be administratively feasible as determined by the Agent) giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body, or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities; and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Note Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero (0)) that has been selected by the Agent and the Issuer (and which shall be administratively feasible as determined by the Agent) giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body; or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Date" means a date and time determined by the Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein, and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Note Document in accordance with Section 4.09; and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Note Document in accordance with Section 4.09.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Beneficiary" means Agent and each Purchaser.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"Blocked Account" means, collectively, any segregated deposit account established and maintained in the United States at the Account Bank and pledged as Collateral pursuant to the terms of the Collateral Documents and subject to a Control Agreement that is subject to the full dominion and "control" of the Agent within the meaning of Section 9-104 of the UCC.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Ireland are authorized or required by Applicable Law to remain closed.

"Calendar Quarter" means, for the first calendar quarter, the period beginning on the Closing Date and ending on the last day of the calendar quarter in which the Closing Date falls, and thereafter each successive period of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31.

"Capital Stock" of any Person means any and all shares, interests, memberships, ownership interest units, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, and including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, and including, if such Person is a limited liability company, membership interests and any other interest or participation that confers on a Person the right to receive an interest in the profits and losses of, or distributions of property of, such limited liability company, in each case, whether outstanding on the date hereof or issued after the Closing Date, but excluding any debt securities convertible into or exchangeable into common stock unless and until they are converted or exchanged.

"Cash Equivalents" means, as at any date of determination, (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States government, or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case, maturing within one (1) year after such date; (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case, maturing within one (1) year after the date of the relevant calculation and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (c) commercial paper maturing no more than one (1) year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (d) certificates of deposit or bankers' acceptances maturing within one (1) year after such date and issued or accepted by any Purchaser or by any commercial bank organized under the Laws of the United States of America or any state thereof or the District of Columbia that (i) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator), and (ii) has Tier 1 capital (as defined in such regulations) of not less than Five Hundred Million Dollars (\$500,000,000); and (e) shares of any money market mutual fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (a) and (b) above, (ii) has net assets of not less than Five Billion Dollars (\$5,000,000,000), and (iii) has the highest rating obtainable from either S&P or Moody's.

"Change of Control" means (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) other than the Permitted Holders becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than [***] of the Capital Stock of Issuer entitled to vote (through contract, ownership of voting securities or otherwise) for members of its board of directors on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (b) at any time, Issuer shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100%) of the aggregate voting and economic power of the Capital Stock of each other Note Party free and clear of all Liens (except Permitted Liens); (c) any "change of control," "Fundamental Change" or similar event shall occur under, and as defined in or set forth in the documents evidencing or governing the Capital Stock of Issuer, the License Agreement or any agreement in connection therewith, any Material Indebtedness or Material Contract of any of the Note Parties, in each case, to the extent it would result in any event of default, optional or mandatory repayment or payment obligation by any of the Note Parties (or equivalent) in connection with such event; or (d) the sale, transfer or other Disposition of all or a substantial portion of the assets of any Note Party (other than pursuant to a transaction expressly permitted under this Agreement); provided that a Change of Control shall not be deemed to have occurred for purposes of clause (a) or, to the extent related to an event of the type specified in clause (a), clause (c) of this definition, if, contemporaneously with the occurrence of any such event with respect to the Issuer, (x) the Issuer (or any successor or assignee thereof or any purchaser or other transferee of all or substantially all of the assets thereof) has assumed all obligations, liabilities and duties of Issuer under this Agreement and the other Note Documents and the License Agreement pursuant to written agreements in form and substance satisfactory to Agent in its sole discretion, (y) to the extent [***], the Issuer has provided evidence satisfactory to the Agent that the [***], and (z) provide such other agreements, documentation and information as Agent may reasonably request (including, without limitation, the information specified in Section 6.01(k)). For the avoidance of doubt, any [***] without the consent of the Agent shall be deemed to be a Change of Control.

"Closing Date" means July 17, 2024.

"Co-owned Patents" means the Patents owned by Israeli Guarantor and a Third Party.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means, collectively, the tangible and intangible assets and property of the Note Parties, including all personal, intangible (including Intellectual Property rights) and mixed property, leases, rents, rights, powers, benefits, privileges, remedies, and interests therein and proceeds thereof, whether now owned or hereafter acquired, in or upon which Liens are purported to be granted pursuant to any of the Collateral Documents and/or other Note Documents as security for the Obligations.

"Collateral Documents" means each Israeli Security Document, the Irish Security Document, each U.S. Security Agreement, each Control Agreement, each IP Security Agreement and each acknowledgement with respect to any such agreements, and all other instruments, powers of attorney, intercompany notes, allonges, certificates, documents, agreements, acknowledgements, collateral assignments, notices and filings delivered in connection with the Collateral, this Agreement or any of the other Note Documents in order to grant to (or evidence the grant of) Agent, for the benefit of Secured Parties, a Lien on any assets, rights, powers, benefits, privileges, remedies and interests of that Note Party as security for the Obligations or the Guaranteed Obligations or that provides information with respect to the assets of each Note Party.

"Collection Account" that certain Blocked Account described on Schedule 4 of this Agreement maintained with [***] and established solely for the purpose of receiving remittance of royalty receivables of Irish Guarantor pursuant to the License Agreement and disbursement thereof as provided herein, and any successor Collection Account entered into in accordance with Section 4.03 and the related Control Agreement.

"Commercialization" means, on a country-by-country basis, any and all activities with respect to the distribution, marketing, detailing, promotion, selling and securing of reimbursement of the Licensed Product in the Territory, which shall include, as applicable, post-marketing approval studies, post-launch marketing, promoting, detailing, marketing research, distributing, customer service, selling the Licensed Product, importing, exporting or transporting the Licensed Product for sale, and regulatory compliance with respect to the foregoing. When used as a verb, **"Commercialize"** means to engage in Commercialization.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended and in effect from time to time, and any successor statute.

"Compliance Certificate" means a certificate of the chief financial officer or the treasurer or other similar financial officer of the Issuer substantially in

the form attached as Exhibit D.

"Confidential Information" means any and all technical and non-technical non-public information provided by either Party to the other (including, without limitation, any notices or other information provided pursuant to Section 8.08), either directly or indirectly, whether in graphic, written, electronic or oral form, and marked or identified at the time of disclosure as confidential, or which by its context would reasonably be deemed to be confidential, including without limitation information relating to a Party's revenues, net sales, costs, technology, products and services, and any business, financial or customer information relating to a Party. Confidential Information shall not include any information that a Party can demonstrate was: (i) known to the general public at the time of its disclosure to such Party or its Affiliates, or thereafter became generally known to the general public, other than as a result of actions or omissions of the receiving Party, its Affiliates, or anyone to whom the receiving Party or its Affiliates disclosed such portion; (ii) known by the receiving Party or its Affiliates prior to the date of disclosure by the disclosing Party; (iii) disclosed to the receiving Party or its Affiliates on an unrestricted basis from a source unrelated to the disclosing Party and not known by the receiving Party or its Affiliates to be under a duty of confidentiality to the disclosing Party; or (iv) independently developed by the receiving Party or its Affiliates by personnel that did not use the Confidential Information of the disclosing Party in connection with such development. For clarity, this Agreement shall supersede the Confidentiality Agreement and the Confidentiality Agreement shall cease to be of any force and effect following the execution of this Agreement; provided, however, that all information falling within the definition of "Confidential Information" set forth in the Confidentiality Agreement shall also be deemed Confidential Information disclosed pursuant to this Agreement, and the use and disclosure of such Confidential Information following the date of this Agreement shall be subject to the provisions of Section 12.17.

"Confidentiality Agreement" means that certain Non-Disclosure and Confidential Information Agreement, dated as of January 24, 2020, by and between HealthCare Royalty Management, LLC and Issuer, as amended.

"Conforming Changes" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Adjusted Term SOFR," the definition of "Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of issuance offers or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the (x) Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Note Documents, and (y) the Agent determines is administratively feasible).

"Contract" means any agreement, contract, lease, commitment, license and other arrangement that is legally binding.

"Contribution Agreements" means, collectively, (a) [***]; and (b) the [***].

"Control Agreement" shall mean, with respect to Collateral consisting of any deposit account, any securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to Agent, among, the Agent, the financial institution or other person at which such account is maintained or with which such entitlement or contract is carried and the Note Party maintaining such account, effective to grant "control" (as defined under the applicable UCC) over such account to the Agent; it being understood that other than with respect to the Collection Account (which shall be a blocked account subject to Agent's full dominion and control within the meaning of Section 9-104 of the UCC as of the Closing Date), any reference to a Control Agreement shall mean a Control Agreement subject to springing dominion pursuant to which the applicable Note Party shall maintain control unless and until the notice of springing control has been given by Agent to the financial institution or other person at which such account is maintained or with which such entitlement or contract is carried.

"Covenant Expiration Date" means the first date following the Closing Date on which the Purchasers shall have collectively received aggregate cash payments in respect of the Notes (whether such payments constitute payments of principal, interest or otherwise) in an aggregate amount equal to the aggregate original principal amount of the Notes issued hereunder (without giving effect to any PIK Interest added to the principal amount of the Notes following the Closing Date).

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans.

"Debtor Relief Laws" means the U.S. Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, stay of proceedings, rearrangement, arrangement, compromise, receivership (whether temporary or permanent), insolvency, examinership, reorganization, or similar debtor relief Laws (including applicable provisions of any corporate laws) of the United States or any state thereof or Ireland, Israel or any other applicable jurisdictions from time to time in effect.

"Default" means any condition or event which constitutes an Event of Default or which, with the giving of notice or the lapse of time or both (in each case, to the extent described in the relevant sub-clauses of the definition of "Event of Default") would, unless cured or waived, become an Event of Default.

"Deficiency Amount" has the meaning set forth in Section 3.01(d).

"Disposition" means the sale, license, lease or sublease (as lessor or sublessor), sale and leaseback, assignment or other conveyance, transfer, license or sublicense or other Return on Capital, liquidity event, disposition or other exchange of any property for value by any Note Party or any of its Subsidiaries to any Person (including any issuance of Capital Stock by a Subsidiary of any Note Party) of any asset, property (real property, mixed or otherwise) or right of any Note Party or any of its Subsidiaries (including the loss, destruction or damage of any of the foregoing or any actual or threatened condemnation, confiscation, requisition, seizure or taking of any of the foregoing), in one transaction or a series of transactions. For purposes of clarification, "Disposition" shall include, without limitation, (a) any sale or other disposition for value of the License Agreement or any other contracts, (b) any early termination or modification of the License Agreement or any other contract resulting in the receipt by any Note Party or any of its Subsidiaries of a cash payment or other consideration in exchange for such event (other than payments in the ordinary course for accrued and unpaid amounts due through the date of termination or modification), (c) any sale of accounts receivable (or any rights thereto (including, without limitation, any rights to any residual payment stream with respect thereto including with respect to any fee income)) by any Note Party or any of its Subsidiaries, (d) any sale or other disposition for value of any Capital Stock owned by any Note Party or any of its Subsidiaries, or (e) any sale or disposition of one or more of the material assets, a line of business, a division, a project or a substantial portion of the assets or properties of any Note Party or any of its Subsidiaries or any similar transactions.

"Dispute(s)" means any opposition, interference, reexamination, injunction, claim, suit, action, citation, summons, subpoena, hearing, inquiry, investigation (by the International Trade Commission or otherwise), complaint, arbitration, mediation, demand, decree or other dispute, disagreement, proceeding, claim or *inter partes* review (other than standard patent prosecution before a Patent Office).

"Disqualified Capital Stock" of any Person means any class of Capital Stock of such Person that, by its terms, or by the terms of any related agreement or of any security into which it is convertible, puttable or exchangeable, is, or upon the happening of any event (other than a Change of Control) or the passage of time would be, required to be redeemed by such Person, whether or not at the option of the holder thereof, or matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, in whole or in part, on or prior to the date which is ninety-one (91) days after the Maturity Date; provided, however, that any class of Capital Stock of such Person that, by its terms, authorizes such Person to satisfy in full its obligations with respect to the payment of dividends or upon maturity, redemption (pursuant to a sinking fund or otherwise) or repurchase thereof or otherwise by the delivery of Capital Stock that is not Disqualified Capital Stock, and that is not convertible, puttable or exchangeable for Disqualified Capital Stock or Indebtedness, will not be deemed to be Disqualified Capital Stock so long as such Person satisfies its obligations with respect thereto solely by the delivery of Capital

Stock that is not Disqualified Capital Stock.

"Dollars" or "\$" means lawful money of the United States of America.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the economies of member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Enhanced Cooperation Event" has the meaning set forth in Section 1.06.

"Enhanced Cooperation Period" has the meaning set forth in Section 1.06.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is under common control with any Note Party and is treated as a single employer within the meaning of Section 414(b) or (c) of the Code or, solely for purposes of Section 412 of the Code, under Section 414(m) or (o) of the Code or Section 4001 of ERISA.

"ERISA Event" means (a) any "reportable event" as defined in Section 4043 of ERISA with respect to a Pension Plan (other than an event as to which the PBGC has waived under subsection .22, .23, .25, .27 or .28 of PBGC Regulation Section 4043 the requirement of Section 4043(a) of ERISA that it be notified of such event); (b) any failure to make a required contribution to any Pension Plan that would result in the imposition of a lien or other encumbrance or the provision of security under Section 430 of the Code or Section 303 or 4068 of ERISA, or the arising of such a lien or encumbrance, there being or arising any "unpaid minimum required contribution" or "accumulated funding deficiency" (as defined or otherwise set forth in Section 4971 of the Code or Part 3 of Subtitle B of Title 1 of ERISA), whether or not waived, or any filing of any request for or receipt of a minimum funding waiver under Section 412 of the Code or Section 303 of ERISA with respect to any Pension Plan or Multiemployer Plan, or that such filing may be made, or any determination that any Pension Plan is, or is expected to be, in at-risk status under Title IV of ERISA; (c) any incurrence by Issuer, any of its Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA with respect to any Pension Plan or Multiemployer Plan (other than for premiums due and not delinquent under Section 4007 of ERISA); (d) any institution of proceedings, or the occurrence of an event or condition which would reasonably be expected to constitute grounds for the institution of proceedings by the PBGC, under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (e) any incurrence by Issuer, any of its Subsidiaries or any of their respective ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan, or the receipt by Issuer, any of its Subsidiaries or any of their respective ERISA Affiliates of any notice that a Multiemployer Plan is in endangered or critical status under Section 305 of ERISA; (f) any receipt by Issuer, any of its Subsidiaries or any of their respective ERISA Affiliates of any notice, or any receipt by any Multiemployer Plan from Issuer, any of its Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in critical or declining status within the meaning of Title IV of ERISA; (g) engaging in a non-exempt prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA; or (h) any filing of a notice of intent to terminate any Pension Plan if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, any filing under Section 4041(c) of ERISA of a notice of intent to terminate any Pension Plan, or the termination of any Pension Plan under Section 4041(c) of ERISA.

"Event of Default" has the meaning given to such term in Section 10.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient, (i) any Taxes imposed on (or measured by) net income (however denominated), branch profits Taxes, or any franchise or similar Taxes imposed in lieu thereof, imposed by any Governmental Authority, in each case (x) as a result of such Recipient being organized under the laws of, or having its principal office or its applicable funding office located in, the jurisdiction imposing such Tax (or any political subdivision thereof), or (y) that are Other Connection Taxes; (ii) in the case of a Purchaser, any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Purchaser with respect to an applicable interest in a Note pursuant to a Law in effect on the date on which (A) such Purchaser acquires such interest in the applicable Note, or (B) such Purchaser changes its funding office, except in each case, to the extent that amounts with respect to such Taxes were payable under Section 5.01 either to such Purchaser's assignor immediately before such Purchaser acquired such interest in the applicable Note or to such Purchaser immediately before it changed its funding office; (iii) any Tax that is attributable to such Recipient's failure to comply with Section 5.01(b); and (iv) any Tax withheld pursuant to FATCA.

"Existing Unsecured Convertible Notes" means the 3.000% Convertible Notes (2033), the 4.500% Convertible Notes (2025) and the 3.750% Convertible Notes (2029).

"Exit Fee" shall have the meaning given to such term in the Closing Date Fee Letter.

"Exploit" means, with respect to the Licensed Product, the manufacture, use, sale, offer for sale (including marketing and promotion), importation, distribution or other Commercialization; and "Exploitation" shall have the correlative meaning.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above) and any intergovernmental agreement, treaty or convention among Governmental Authorities (and any related laws, regulations or official administrative guidance) implementing the foregoing.

"FCPA" means the United States Foreign Corrupt Practices Act.

"FDA" means the United States Food and Drug Administration.

"Federal Funds Rate" means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate; and (b) zero percent (0%).

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Fee Letters" means (a) that certain fee letter dated as of the Closing Date, entered into by the Issuer and the Agent (as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Closing Date Fee Letter"); and (b) each other fee letter entered into on or after the Closing Date by and among Issuer and the Persons party thereto and delivered in connection with the transactions

contemplated by this Agreement or by any of the other Note Documents, in each case, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time.

"Financial Statements" means, collectively, (a) the consolidated balance sheets of the Issuer and its Subsidiaries, audited at December 31, 2023, December 31, 2022, December 31, 2021, and December 31, 2020 and the related consolidated statements of operations and comprehensive loss, cash flows and changes in stockholders' equity of the Issuer and its Subsidiaries, audited for the years ended December 31, 2023, December 31, 2022, December 31, 2021, and December 31, 2020 and the accompanying notes thereto, as filed within Forms 10-K with the SEC; and (b) the consolidated balance sheets of the Issuer and its Subsidiaries at March 31, 2024, and the related consolidated statements of operations and comprehensive loss, cash flows and changes in stockholders' equity of the Issuer and its Subsidiaries, for the fiscal quarter ending March 31, 2024, as filed within Form 10-Q with the SEC.

"Financial Test Failure Event" means, as of any Test Date occurring prior to the Covenant Expiration Date, the occurrence of either (a) the Tangible Net Worth, as of such date, being less than [***]; or (b) the Quick Ratio, as of such date, [***]. For the purposes of this definition of "Financial Test Failure Event," the Tangible Net Worth and Quick Ratio as of any date shall, to the extent applicable, be determined in accordance with Section 1.06(f).

"Floor" means a rate of interest equal to four percent (4.00%).

"Foreign Purchaser" means any Purchaser which is not a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession in the United States, which are in effect as of the relevant date of determination. It being understood that in the event such principles change after the Closing Date in a manner which affects compliance with this Agreement by the Note Parties (including without limitation in the determination of payments in respect of the Included Royalty Interest), such change shall be ignored for the purpose of determining such compliance with the Note Documents unless and until agreed otherwise with the Agent.

"General Event of Default" means the occurrence of any condition or event set forth in Section 10.01 (other than a Bankruptcy Event of Default or Specified Event of Default).

"Governmental Authority" means the government of the United States, Ireland, Israel or any other nation or any political subdivision thereof, whether state, provincial, local or otherwise, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Governmental Authorization" means any permit, certificate, license, registration, authorization, clearance, plan, directive, consent order or consent decree, or approval of or from any Governmental Authority and any accreditation issued or granted by an accrediting organization.

"Grant" means any grant, funding, incentive, subsidy, award, loan, participation, exemption, cost sharing arrangement, reimbursement arrangement, relief or other support or benefit (including, but not limited to, Tax benefits).

"Guarantee" means, as to any Person: (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part); or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person.

"Guaranteed Obligations" has the meaning given to such term in Section 14.01.

"Guarantor" means, collectively, the Irish Guarantor, the Israeli Guarantor and any other Person who joins this Agreement as a guarantor from time to time.

"Guaranty" means the guaranty of each Guarantor set forth in Article XIV.

"HCRI SPV" shall have the meaning set forth in the preamble hereto.

"IIA" means the Israeli Innovation Authority (formerly known as the Office of the Chief Scientist), being part of the Israeli Ministry of Innovation, Science and Technology.

"Included Royalty Interest" means, with respect to each Calendar Quarter, all payments on account of the Royalty Interest received (or receivable) by the Note Parties and/or their Affiliates during such Calendar Quarter.

"Indebtedness" with respect to any Person means (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (iii) all obligations of such Person in respect of the deferred purchase price of property or services (other than current trade payables which are not overdue by more than ninety (90) days); (iv) all obligations of such Person created or arising under any conditional sale or other title retention agreement(s) with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (v) all obligations, contingent or otherwise, of such Person in respect of letters of credit, banker's acceptances or similar extensions of credit; (vi) any capitalized lease; (vii) any obligations with respect to Disqualified Capital Stock; (viii) indebtedness of a third party secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on assets owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed (but only to the extent of such Lien); (ix) net amounts owing pursuant to an interest rate protection agreement, foreign currency exchange agreement or other hedging arrangement; (x) a reimbursement obligation under a letter of credit issued for the account of such Person; or (xi) all Guarantees with respect to Indebtedness of the types specified in clauses (i) through (x) above of another Person. For the avoidance of doubt, the Indebtedness of any Person shall include the Indebtedness of any other entity to the extent such Person is directly liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Indemnified Liabilities" means, collectively, any and all liabilities, obligations, losses, damages, penalties, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and whether or not such Indemnitee is required by Applicable Law to be involved therein, and any fees or expenses actually incurred by Indemnitees in enforcing the indemnity provided herein), whether direct, indirect or consequential, whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations), on common law or equitable cause or on contract or otherwise, imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of this Agreement or the other Note Documents or the transactions contemplated hereby or thereby (including any enforcement of any of the Note Documents (including any sale of,

collection from, or other realization upon any of the Collateral)).

"Indemnified Taxes" means all (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any the Note Party under any Note Document; and (ii) Other Taxes.

"Indemnitee" means Agent, each Purchaser, their respective Affiliates and their respective officers, partners, directors, trustees, employees, agents and controlling Persons.

"Indemnitee Related Party" has the meaning given to such term in Section 13.07.

"Initial Notes" means, collectively, the notes issued by the Issuer and purchased by the Initial Purchasers on the Closing Date pursuant to Section 2.01(a), in the form of Exhibit B hereto, and also means all other notes accepted by any Purchaser from time to time in substitution therefor or renewal thereof, in each case, as such note may be reduced by any repayment, redemption or retirement thereof or increased pursuant to any payment and capitalization of Accreted Principal.

"Initial Notes Issuance" has the meaning set forth in Section 2.01(a).

"Initial Purchaser" has the meaning given to such term in the preamble hereto.

"Insolvency Proceeding" means any proceeding commenced by or against any Person or entity under any Debtor Relief Laws (domestic or foreign), including assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with its creditors or proceedings seeking reorganization, arrangement or other relief.

"Intellectual Property" means all intellectual property covering the sale, manufacture, use, importation or marketing of the Licensed Product including but not limited to the Product Patents, License Agreement and any other Patents, other Patent applications, and know-how, necessary or useful for the Exploitation of the Licensed Product, in each case, that is owned or controlled (and if controlled, only to the extent of control) by a Note Party during term of this Agreement.

"[*]"** means that [***].

"Intercompany Subordination Agreement" means an Intercompany Subordination Agreement, dated as of the Closing Date, by and among the Note Parties and their Subsidiaries in favor of the Agent for the benefit of the Secured Parties.

"Interest Only Period" means the period beginning on the Closing Date and ending on the fourth (4th) annual anniversary thereof.

"Interest Payment Date" means, with respect of each of the Notes, (i) August 20, 2024, and each November 20, February 20, May 20 and August 20 occurring thereafter (or if any such day is not a Business Day, on the next succeeding Business Day); and (ii) the Maturity Date.

"Interest Period" means, in connection with a Notes Issuance, an interest period of three (3) months, unless the Agent agrees otherwise in its sole discretion, (a) initially, commencing on the Issuance Date thereof; and (b) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no Interest Period shall extend beyond the Maturity Date. For purposes hereof, the date of a Notes Issuance initially shall be the date on which such Notes Issuance is made and thereafter shall be the effective date of the most recent conversion or continuation of the Note issued in connection with such Notes Issuance.

"Investment" means (a) any direct or indirect purchase or other acquisition by any Person or any of its Subsidiaries of, or of a beneficial interest in, any of the Capital Stock, securities or evidence of Indebtedness of any other Person (other than a Note Party); (b) any direct or indirect loan, advance, investment or capital contributions by any Person or its Subsidiaries to any other Person (other than a Note Party), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business; (c) any Guarantee by a Person or any of its Subsidiaries of any obligations of another Person; and (d) any direct or indirect acquisition by a Person or any of its Subsidiaries. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"Investment Grade Securities" means: (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents); (2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and the Subsidiaries of the Issuer; (3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and (4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"IP Security Agreement" means each intellectual property security agreement or other security agreement, entered into from time to time by a Note Party in favor of the Agent (on behalf of the Secured Parties) with such changes as approved by the Agent, in each case, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time.

"Irish Guarantor" means Eirgen Pharma Limited, a private limited company incorporated under the laws of Ireland.

"Irish Security Documents" means the Irish law security deed between the Issuer and the Security Trustee (on behalf of the Secured Parties), creating an Irish law charge over the Issuer's rights in respect of the License Agreement and the Blocked Account.

"Israeli Companies Law" means the Israeli Companies Law, 1999 and any regulations promulgated thereunder.

"Israeli Encouragement of Capital Investments Law" means the Israeli Law for Encouragement of Capital Investments, 1959 and any regulations promulgated thereunder.

"Israeli Encouragement of Industrial R&D Law" means Israeli Encouragement of Industrial Research and Development Law, 1984 and any regulations promulgated thereunder.

"Israeli Fixed Charge Pledge" means the Israeli law fixed charge debenture, dated as of the Closing Date, by and between the Israeli Guarantor and the Agent, creating, among others, an Israeli law fixed charge over Israeli Guarantor's assets in favor of the Agent (on behalf of the Secured Parties) and securing the Guaranteed Obligations.

"Israeli Guarantee Law" means the Israeli Guarantee Law, 1967 and any regulations promulgated thereunder.

"Israeli Guarantor" means OPKO Biologics Ltd., a private company incorporated under the laws of the State of Israel, with company registration number 51-310520-5.

"Israeli Income Tax Ordinance" means the Israeli Income Tax Ordinance (New Version), 1961 and any regulations promulgated thereunder.

"Israeli Insolvency Law" means the Israeli Insolvency and Economic Rehabilitation Law, 2018 and any regulations promulgated thereunder.

"Israeli Investment Center" means the Investment Center of the Israeli Ministry of Economy (formerly, the Israeli Ministry of Industry, Trade and Labor) established under the Israeli Encouragement of Capital Investments Law.

"Israeli Security Documents" means the Israeli Fixed Charge Pledge and any other Israeli law governed Collateral Documents entered into from time to time.

"Israeli Tax Dispute" means (a) Tax Appeal 66372-01-23 filed by the Israeli Guarantor in the Haifa District Court appealing a tax order issued on December 29, 2022, in respect of tax years 2014-2017; and (b) Tax Appeal 45307-05-24 filed by the Israeli Guarantor in the Haifa District Court appealing a tax order issued on April 18, 2024, in respect of tax years 2018-2020.

"Issuance Date" means the date of issuance of any Note.

"Issuance Offer" means an offer substantially in the form of Exhibit A or such other form as agreed by the Agent, specifying, among other things, (a) the name of the Issuer; (b) the requested date of the issuance of any Note; (c) the purchase price of the Notes to be purchased; (d) the use of proceeds of the sale by Issuer of the Note (which must be a purpose permitted by Section 8.02); and (e) the account to which the proceeds of the Notes Issuance should be directed.

"Issuer" shall have the meaning set forth in the preamble hereto.

"Jointly-Owned Patents" means the Patents owned by Israeli Guarantor jointly with Licensee.

"Knowledge" means, with respect to any Person or its Subsidiaries, the actual knowledge of any Senior Officer or other responsible officer of such Person, or to the extent such officer does not exist, the actual knowledge of another person with similar responsibility, regardless of title, of any such Person, relating to a particular matter.

"Law" means any federal, state, local or foreign law, including common law, and any regulation, rule, requirement, administrative pronouncement, policy, judgment, order, writ, decree, ruling, award, approval, authorization, consent, license, waiver, variance, guideline or permit of, or any agreement with, any Governmental Authority.

"License Agreement" means the Amended and Restated Development and Commercialization License Agreement, dated as of May 12, 2020, by and between Licensee and Irish Guarantor (as assignee of OPKO Ireland Ltd.), together with such amendments or other modifications thereto (including the amendments set forth on Schedule 1.01(a)), as assigned, transferred and contributed to Irish Guarantor pursuant to the Contribution Agreements.

"Licensed Product" means the "Licensed Product" as such term is defined in the License Agreement.

"Licensee" means Pfizer Inc., a Delaware corporation, or any successor thereto, a party to the License Agreement.

"Lien" means (a) with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person (including an interest in respect of a capital lease) which secures payment or performance of any obligation and shall include any mortgage, lien, pledge, encumbrance, hypothec, deed of trust, assignment license or sublicense, title retention lien, charge, cautionary note or other security interest of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof and any option, trust or other preferential arrangement having the practical effect of any of the foregoing), whether arising by contract, as a matter of law, by judicial process or otherwise, and whether or not filed or otherwise recorded; and (b) in the case of securities or Capital Stock, any purchase option, call or similar right of a third party with respect to such securities or Capital Stock.

"Liquid Assets" means as of any date of determination, (i) cash, (ii) Cash Equivalents, (iii) Investment Grade Securities, and (iv) accounts receivable (net of appropriate loss and other reserves therefor) and other liquid Investments that in each case can be converted into cash within thirty (30) days (as evidenced by (i) such Investment being listed on the Nasdaq, the New York Stock Exchange or another national exchange; or (ii) regularly traded in other recognized markets and subject to price quotes from an approved pricing service); provided that Liquid Assets shall not include Investments that are subject to restrictions on the Subsidiaries' distributing the proceeds thereof to the Issuer or any Guarantor and shall not include assets pledged pursuant to reverse repurchase agreement transactions or factoring transactions or similar.

"Material Acquisition" means any acquisition, or a series of related acquisitions, of (a) Capital Stock in any Person if, after giving effect thereto, such Person will become a Subsidiary; or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person in which the aggregate consideration (including Indebtedness assumed in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar contingent payments not yet earned, due and payable unless and until such payments become Indebtedness on the balance sheet of the Issuer in accordance with GAAP) and all other consideration however characterized payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) for such acquisition or series of acquisitions [***].

"Material Adverse Effect" means a material adverse effect on (a) the business operations, properties, assets, condition (financial or otherwise) or liabilities of the Note Parties and their Subsidiaries taken as a whole; (b) the ability of any Note Party to fully and timely perform its obligations under any Note Document to which it is a party; (c) the legality, validity, binding effect, or enforceability against a Note Party of a Note Document to which it is a party; (d) the validity, perfection or priority of Agent's Liens on the Collateral (other than, in the case of this clause (d), to the extent resulting solely from the action or inaction of the Agent); or (e) the rights, remedies and benefits available to, or conferred upon, any Agent or Purchaser or any other Secured Party under any Note Document (other than, in the case of this clause (e), to the extent resulting solely from the action or inaction of the Agent). It being understood that [***] under Section 9.3 or 9.5.1 thereof.

"Material Contract" means (a) the License Agreement, (b) the Existing Unsecured Convertible Notes, and (c) any Contract to which any Note Party, as the case may be in the context in which used, is a party or any of the respective assets or properties of any Note Party are bound or committed (other than the Note Documents) and for which any breach, violation, nonperformance or early cancellation would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Material Contracts as of the Closing Date are identified on Schedule 7.01(r).

"Material Contract Counterparty" means a counterparty to any Material Contract.

"Material Disposition" means any sale, transfer or other Disposition, or a series of related sales, transfers or other Dispositions, of (a) all or substantially all the issued and outstanding Capital Stock in any Subsidiary that are owned by the Issuer or any Subsidiary, or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of or a license or other Disposition of all of the intellectual property relating to a business line or product line or product) any Person (other than (x) the sale of goods entered into in the ordinary course of business, and (y) sales pursuant to any other ordinary course commercial contract, undertaking or similar agreement that by its terms may be terminated or canceled by such Person in the ordinary course of business upon less than sixty (60) days' prior notice and without penalty or

premium for which the breach, loss or termination of such contract would not reasonably be expected to result in a Material Adverse Effect); provided that the aggregate consideration therefor (including Indebtedness assumed by the transferee in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) [***].

"Material Indebtedness" means the Existing Unsecured Convertible Notes and any other Indebtedness (other than the Obligations under the Note Documents) of any one (1) or more of the Issuer and its Subsidiaries in an aggregate principal amount of [***] or more.

"Material Restricted Payment" means any Restricted Payment, or a series of related Restricted Payments, made by any one or more of the Issuer and its Subsidiaries in an amount in excess of [***].

"Material Subsidiary" means any Subsidiary that would be a "Significant Subsidiary" under Rule 1-02(w) of Regulation S-X; provided that, in any event, each of the Guarantors shall be Material Subsidiaries.

"Maturity Date" means July 17, 2044.

"Maximum Lawful Rate" means the highest rate of interest permissible under Applicable Law.

"Milestone Payments" means all amounts payable by the Licensee pursuant to Section 5.2 of the License Agreement.

"Multiemployer Plan" means any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is contributed to by (or to which there is or may be an obligation to contribute of) Issuer, any of its Subsidiaries or an ERISA Affiliate.

"Net Sales" means "Net Sales" as such term is defined in the License Agreement.

[***] has the meaning set forth in [***].

"Note Documents" means this Agreement, each Note, each Collateral Document, each Fee Letter, the Intercompany Subordination Agreement, the Contribution Agreements, each Instruction Letter, the Process Agent Appointment Letters, and all other fee letters, side letters, certificates, notes, allonges, joinders, counterpart agreements, guaranty documents, subordination agreements, intercreditor agreements, mortgages, instruments, powers of attorney, process agent appointment letters, notices or agreements executed and delivered from time to time by a Note Party for the benefit of the Agent or any Purchaser in connection herewith in connection with the other Note Documents.

"Note Party" means the Issuer and the Guarantors.

"Notes" means, collectively, the Initial Notes and any Additional Notes.

"Notes Issuances" means an Initial Notes Issuance or an Additional Notes Issuance, as the context may require.

"Notices" means, collectively, notices, consents, approvals, reports, designations, requests, waivers, elections and other communications.

"Obligations" means all obligations of every nature of the Note Parties from time to time owed to the Agent (including any former Agent), the Purchasers or other Secured Parties or any one of them, under any Note Document, regardless of how such obligation arises or by what agreement or instrument it may be evidenced, whether or not it is or may be direct, indirect, matured, unmatured, absolute, contingent, primary, secondary, liquidated, unliquidated, disputed, undisputed, joint, joint and several, legal, equitable, secured or unsecured, and whether or not any claim for such Indebtedness, liability or obligation is discharged, stayed or otherwise affected by any proceeding under any Debtor Relief Law. Without limiting the generality of the foregoing, the Obligations of the Issuer and, if applicable, the other Note Parties include (a) the obligation (irrespective of whether a claim therefor is allowed in a proceeding under any Debtor Relief Law) to pay principal, interest, fees, (including, without limitation, any Exit Fee or Prepayment Premium (if applicable) and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance), origination fee and/or Attorneys' Fees), and disbursements, indemnities and other amounts payable by such Person under the Note Documents; (b) the obligation to pay all costs and expenses incurred by the Agent and/or any other Secured Parties to obtain, preserve, perfect and enforce the Liens granted to the Agent and/or any other Secured Party pursuant to any Note Documents and to maintain, preserve and collect the property subject to such Liens, including but not limited to all reasonable attorneys' fees and expenses of any Secured Party to enforce any Obligations whether or not by litigation, in each case, as required to be repaid by the Issuer in any Note Document; (c) the obligation to reimburse any amount in respect of any of the foregoing that any Secured Party may elect to pay or advance on behalf of the Note Parties in accordance with the terms of this Agreement or any other Note Document; (d) the obligation of the Note Parties under the Collateral Documents to reimburse the Agent for any amount incurred in connection with (i) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (ii) the exercise or enforcement of any of the rights of the Agent under the Collateral Documents, or (iii) the failure by any Note Party to perform any of the provisions of any Collateral Document; and (e) Surviving Obligations. It is understood that "Obligations" shall include, without limitation, the obligation of the Note Parties to pay amounts under the Note Documents necessary for the Purchasers to achieve the Prepayment Price and that such obligations exist as of the Closing Date and, if such obligations increase after such date due to additional extensions of credit being made by or advanced by or on behalf of the Secured Parties, such increases occur at the time that the additional extensions of credit are made or deemed made by the Secured Parties and in all other events prior to the time when the Notes and other Obligations are accelerated by operation of law or otherwise become due as result of a Prepayment Event (the "Base Return Principal").

"Obligee Guarantor" has the meaning set forth in Section 14.06.

"Office" means, for each Person, such Person's office as set forth in Section 12.03, or such other office, address, or bank account as such Person may from time to time designate in writing to Issuer, Agent and each Purchaser.

"Organizational Document" means, with respect to any Person, (i) in the case of any corporation, the certificate of incorporation, each certificate of name change, memorandum of association and by-laws (or similar documents) of such Person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such Person and, where such limited liability company is incorporated under Irish law, the certificate of incorporation and the constitution, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar documents) of such Person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such Person, and (v) in any other case, the functional equivalent of the foregoing.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Note Document, or sold or assigned an interest in any Note or other Note Document).

"Other Taxes" has the meaning set forth in Section 5.03.

"Owned Patents" means the Patents owned by Israeli Guarantor.

"Party" and "Parties" means the parties to this Agreement from time to time, individually and collectively.

"Patent" means any and all issued patents and pending patent applications, including without limitation, all provisional applications, substitutions, continuations, continuations-in-part, divisions and renewals, all letters patent granted thereon, and all patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms (including regulatory extensions), whether in or related to the United States or any foreign country or other jurisdiction.

"Patent Office" means the respective patent office (foreign or domestic) for any patent.

"Patent Rights" has the meaning set forth the License Agreement.

"Patriot Act" means the USA Patriot Act, Public Law No. 107-56.

"Payment in Full," "payment in full," "paid in full," "repaid in full," "prepaid in full" or any other term or word of similar effect used in this Agreement or any other Note Document means the indefeasible payment in full in cash of all Obligations in immediately available funds in Dollars (including any Exit Fee or Prepayment Premium (if any)) (other than yet unasserted contingent indemnification obligations) and the termination of the Note Documents in writing.

"Payments" means due and owing payments of Amortization Payments and interest (each under Section 4.04 hereof), including, in each case, any default, additional interest, Exit Fee, or Prepayment Premium or other prepayment premium charged hereunder.

"Pension Plan" means any "employee benefit plan" as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA (other than a Multiemployer Plan) and that is maintained or contributed to by Issuer, any of its Subsidiaries or any ERISA Affiliate or to which Issuer, any of its Subsidiaries or any ERISA Affiliate has or could reasonably be expected to have an obligation to contribute.

"Permitted Holders" means (a) Phillip Frost, M.D., and (b) any entities directly or indirectly controlled by Phillip Frost, M.D. or established for the benefit of Phillip Frost, M.D. or his descendants or spouses or charities.

"Permitted Liens" means:

- (a) Liens created pursuant to any Note Document;
- (b) Liens securing the claims of materialmen, mechanics, carriers, landlords, warehousemen and similar Persons, and attachment, judgment and other similar Liens arising in connection with court proceedings so long as the enforcement of such Liens is effectively stayed and the judgment claims secured thereby do not otherwise constitute a Bankruptcy Event of Default and adequate reserves have been set aside therefor in accordance with GAAP;
- (c) (i) other than in respect of Intellectual Property and other assets or properties that are the subject of the License Agreement, leases, subleases, licenses or sublicenses of the assets or properties of any Note Party thereof, in each case, entered into in the ordinary course of business and not interfering in any material respect with the business of any Note Party, and (ii) the License Agreement and any New Arrangement or other license replacing the License Agreement in accordance with Section 8.14(b); provided that, in the case of any such replacement license under this clause (ii), all consents and other actions necessary or desirable to pledge an interest in such replacement licenses and any products or proceeds thereof for the benefit of the Agent have been taken;
- (d) (i) inchoate Liens for ad valorem property Taxes not yet delinquent, and (ii) Liens in respect of Taxes to the extent such Taxes are being contested in good faith by appropriate proceedings and, in each of clauses (i) and (ii), provided that adequate reserves are set aside therefor in accordance with GAAP;
- (e) banker's liens for collection or rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions in the ordinary course of business; provided that such deposit accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by any Note Party in excess of those required by applicable banking regulations;
- (f) Liens in existence on the Closing Date and set forth on Schedule 1.01 and any modifications, renewals, refinancings or extensions thereof, provided that (i) the property covered thereby is not changed (other than after-acquired property that is affixed or incorporated in to the property covered and other than proceeds and products thereof), (ii) the amount secured or benefited thereby is not increased (other than by the amount of any fees, expenses or premiums incurred in connection with such modification, renewal, refinancing or extension and any such related Indebtedness is expressly permitted hereunder), and (iii) any modification, renewal, refinancing or extension of the obligations secured or benefited thereby, to the extent constituting Indebtedness, is permitted by Section 9.05;
- (g) Liens which secure purchase money Indebtedness and capital lease obligations permitted under Section 9.05(i) and which encumber only the assets acquired with such purchase money Indebtedness or the assets subject to such capital lease; provided that the Indebtedness incurred in connection with such acquisition and secured by such Lien shall not exceed one hundred percent (100%) of the amount of the purchase price of the items then being financed with such purchase money Indebtedness;
- (h) pledges, deposits or Liens arising or made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs;
- (i) Liens arising from the filing of precautionary UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods;
- (j) Liens (i) in favor of customs and revenue authorities arising as a matter of Applicable Law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business, or (ii) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit or other similar instruments issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;
- (k) security deposits made in the ordinary course of business to secure obligations under leases or subleases which are not yet delinquent;
- (l) Liens on insurance proceeds securing the payment of financed premiums that are incurred in the ordinary course of business and consistent with past practices (provided that such premiums are promptly paid and that such Liens extend only to such insurance proceeds and not to any other Collateral or other property or assets of the Note Parties);
- (m) easements, rights-of-way, encumbrances, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions and other similar charges or encumbrances or minor title deficiencies on the use or value of real property or any other property or asset which do not materially impair the use thereof or with the business of the Issuer and its Subsidiaries; and
- (n) other Liens on assets (not constituting Collateral or the License Agreement) to the extent that the obligations secured thereby do not [***] in the aggregate and to the extent they relate to Indebtedness, such Indebtedness is also permitted hereby.

"Permitted Refinancing Indebtedness" means any Indebtedness (the "Refinancing Indebtedness"), the proceeds of which are used to refinance, refund, renew, extend or replace outstanding Indebtedness or issued in exchange for outstanding Indebtedness (such outstanding Indebtedness, the "Refinanced Indebtedness"); provided that (a) the principal amount (or accreted value, if applicable) of such Refinancing Indebtedness (including any unused commitments thereunder) is not greater than the principal amount (or accreted value, if applicable) of the Refinanced Indebtedness at the time of such refinancing, refunding, renewal, extension, replacement or exchange, except by an amount equal to any original issue discount thereon and the amount of unpaid accrued interest and fees paid to all lenders and legal advisors in connection with the originations thereof; (b) the final stated maturity and Weighted Average Life to Maturity of such Refinancing Indebtedness shall not be prior to or shorter than that applicable to the Refinanced Indebtedness and such Refinancing Indebtedness does not require any scheduled payment of principal, mandatory repayment, redemption or repurchase that is more favorable to the holders of the Refinancing Indebtedness than the corresponding terms (if any) of the Refinanced Indebtedness (including by virtue of such Refinancing Indebtedness participating on a greater basis in any mandatory repayment, redemption or repurchase as compared to the Refinanced Indebtedness, but excluding any scheduled payment of principal, mandatory repayment, redemption or repurchase occurring on or after the date that is ninety-one (91) days after the Maturity Date); (c) such Refinancing Indebtedness shall not be secured by (i) Liens on assets other than assets securing the Refinanced Indebtedness at the time of such refinancing, refunding, renewal, extension, replacement or exchange, or (ii) Liens having a higher priority than the Liens, if any, securing the Refinanced Indebtedness at the time of such refinancing, refunding, renewal, extension, replacement or exchange; (d) such Refinancing Indebtedness shall not be guaranteed by or otherwise recourse to any Note Party other than the Note Party(ies) to whom the Refinanced Indebtedness is recourse or by whom it is guaranteed, in each case, as of the time of such refinancing, refunding, renewal, extension, replacement or exchange; and (e) to the extent such Refinanced Indebtedness is subordinated in right of payment to the Obligations (or the Liens securing such Indebtedness were originally contractually subordinated to the Liens securing the Collateral pursuant to the Note Documents), such refinancing, refunding, renewal, extension, replacement or exchange is subordinated in right of payment to the Obligations (or the Liens securing such Indebtedness shall be subordinated to the Liens securing the Collateral pursuant to the Note Documents) on terms at least as favorable to the Purchasers as those contained in the documentation governing such Refinanced Indebtedness or otherwise reasonably acceptable to the Agent.

"Person" means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

"Personal Information" means any data that is defined as "personal information" under applicable Privacy Law, including any such data that constitutes a name, address, email address, photograph, internet protocol address, and unique device identifier.

"Plan Assets" means assets of any (i) employee benefit plan (as defined in Section 3(3) of ERISA) subject to the fiduciary responsibility provisions of Title I of ERISA, (ii) plan (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, or (iii) entity whose underlying assets include assets of any such employee benefit plan or plan by reason of the investment by an employee benefit plan or plan in such entity.

"Prepayment Date" means (i) the date on which any prepayment and redemption shall occur or shall be required to occur in accordance with Section 3.02(b), or (ii) the date on which the Obligations become due and payable prior to the Maturity Date in accordance with the terms hereof, whether due to acceleration pursuant to the terms of this Agreement, by operation of law or otherwise, as the context may require.

"Prepayment Event" means the occurrence of any of the following events or circumstances prior to the Maturity Date: (a) all or any portion of the Obligations evidenced by the Note Documents are refinanced, repaid, prepaid or replaced or modified by operation of Applicable Law or reduced for any reason prior to the date of any scheduled repayment pursuant to this Agreement, including, without limitation, as a result of any optional or mandatory repayments or deemed repayment or prepayment of the Notes and other Obligations evidenced by the Note Documents, including as a result of acceleration or otherwise; (b) there is a Bankruptcy Event; (c) all or any portion of the Obligations evidenced by the Note Documents are satisfied as a result of a foreclosure sale, deed in lieu or by any other means (including, without limitation, (x) a foreclosure or enforcement of any Lien on the Collateral pursuant to the Note Documents, or (y) a sale of the Collateral in any proceeding under Debtor Relief Laws); or (d) this Agreement (or the Obligations evidenced by the Note Documents) terminates for any other reason.

"Prepayment Notice" has the meaning set forth in Section 3.02(b).

"Prepayment Premium" means, as of any Prepayment Date, an amount equal to the greater of:

(a) an amount equal to:

(i) the product of (A) the applicable Prepayment Premium Percentage, *times* (B) the aggregate original principal amount of the Notes issued hereunder (without giving effect to any PIK Interest added to the principal amount of the Notes following the Closing Date), *minus*

(ii) the aggregate amount of payments in cash in immediately available funds in Dollars that have been made in respect of the Notes hereunder (whether such payments constitute cash payments of principal, interest or fees) at any time from or after the Closing Date (excluding, for the avoidance of doubt, the amount of the Applicable Prepayment Price to be made in cash in immediately available funds in Dollars in respect of the Notes on such Prepayment Date); and

(b) zero.

"Prepayment Premium Percentage" means (i) with respect to any Prepayment Date occurring on or prior to the fifth (5th) anniversary of the Closing Date, one hundred fifty percent (150%); and (ii) with respect to any Prepayment Date occurring after fifth (5th) anniversary of the Closing Date, two hundred percent (200%).

"Prepayment Price" means a cash redemption price of the Notes being redeemed equal to, without duplication, (A) one hundred percent (100%) of the principal amount of the Notes being redeemed, together with (B) accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption, (C) the applicable Exit Fee (if any), (D) the applicable Prepayment Premium (if any), and (E) other unpaid amounts then due and owing by the Issuer to the applicable Purchaser(s) pursuant to this Agreement and the other Note Documents.

"Prime Rate" means the rate of interest per annum last quoted by the *Wall Street Journal* as the "Prime Rate" in the U.S. or, if the *Wall Street Journal* ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Agent) or any similar release by the Federal Reserve Board (as determined by the Agent). Any change in the Prime Rate shall take effect at the opening of business on the day such change is publicly announced or quoted as being effective.

"Principal Amount" means, as of any date of determination, and without duplication, the amount equal to the sum of: (i) the original principal amount of the Notes, *plus*, (ii) any Accreted Principal accrued as of such date, *minus*, (iii) any payment in respect of principal as provided for in Section 3.01.

"Privacy Laws" shall mean any applicable requirements of Laws governing privacy, data security or breach notification with respect to the processing of Personal Information, and privacy and data security requirements of contracts by which any Note Party is otherwise bound. Without limiting the foregoing, Privacy Laws include, as applicable, state personal information breach notification Laws.

"Proceeding" means an action or proceeding brought against a Party as a defendant, for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby.

"Process Agent Appointment Letters" means, collectively, the U.S. Process Agent Appointment Letter and each other process agent appointment letter entered into in connection with the Note Documents.

"Process Agents" means, collectively, the U.S. Process Agent and each other process agent appointment pursuant to a Process Agent Appointment Letter.

"Product Patents" means all Patents (a) in which a Note Party has rights, and (b) that relate to, are embodied in, cover, involve or would otherwise be infringed by the Exploitation of a Licensed Product, including but not limited to those Patents identified in Schedule 7.01. For the avoidance of doubt, the Product Patents include the Patent Rights.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchase Price" has the meaning set forth in the recitals.

"Purchaser" means each Initial Purchaser, and any of its successors and assigns and any other Person that accepts or otherwise holds a Note from time to time pursuant to the terms hereof.

"Purpose" has the meaning set forth in Section 12.17(a).

"Qualified Capital Stock" means Capital Stock that is not Disqualified Capital Stock.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Note Party that has total assets exceeding Ten Million Dollars (\$10,000,000) at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other Person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Quarterly Interest Excess" has the meaning set forth in Section 4.04(b).

"Quarterly Interest Shortfall" has the meaning set forth in Section 3.01(d).

"Quarterly Report" means, with respect to the relevant Calendar Quarter, the quarterly reports provided for under Section 5.5.3 of the License Agreement for the period thereunder corresponding to such quarter, together with relevant supporting documentation.

"Quick Ratio" means, with respect to the Issuer and its Subsidiaries at any time, the ratio, determined on a consolidated basis in accordance with GAAP, of: (a) Liquid Assets, to (b) the aggregate amount of all items which would be set forth as current liabilities on the balance sheet of Issuer and its Subsidiaries at such time in accordance with GAAP (including the current portion of all Indebtedness of the Issuer and its Subsidiaries).

"Recipient" means Agent or any Purchaser, as applicable.

"Recourse Event" means the occurrence of (a) a Bankruptcy Event, or (b) a Trigger Event.

"Register" means a record of ownership in which Issuer registers by book entry the interests (including any rights to receive payment hereunder) of each Purchaser in the Notes and any assignment of any such interest, obligation or right.

"Regulatory Agency" means a Governmental Authority with responsibility for the regulation of the research, development, marketing or sale of drugs or pharmaceuticals in any jurisdiction, including, without limitation, the FDA, the European Medicines Agency and the Israeli Ministry of Health.

"Regulatory Change" means (i) the adoption after the date hereof of any Applicable Law, rule or regulation or any change therein after the date hereof; or (ii) any change after the date hereof in the interpretation or administration thereof by any Regulatory Agency, Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, either generally or as effected through compliance with any request or directive (whether or not having the force of law) of any such Regulatory Agency, Governmental Authority, central bank or comparable agency.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, members, managers, investors, potential investors, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Relevant Jurisdiction" means in relation to any Note Party (as applicable): (a) its jurisdiction of incorporation; (b) the jurisdiction whose laws govern the perfection of any Collateral or Collateral Document (as applicable) entered into by it; and (c) any jurisdiction where any Note Party conducts its business, has assets or operations or is required to maintain permits for its continued operations.

"Relevant non-U.S. Jurisdiction" means a jurisdiction set forth on Schedule 7.01(m).

"Representative" means, with respect to any Person, directors, officers, employees, agents, co-investors, advisors, potential investors, underwriters, rating agencies, permitted assignees, sources of financing and trustees of such Person.

"Requisite Purchasers" means one or more Purchasers having or holding Notes with an outstanding principal amount owing under such Notes representing more than fifty percent (50%) of the aggregate outstanding principal amount owing under the Notes held by all Purchasers.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means any (i) dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of any Note Party or any of their Subsidiaries, or (ii) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Capital Stock or other Capital Stock, or on account of any return of capital to a Note Party or a Subsidiary's stockholders, partners or members (or the equivalent of any thereof).

"Return on Capital" means any payment of dividends or other payments or distributions, in each case, in cash by a Person, to the direct or indirect holders of the Capital Stock in such Person on account of their ownership interests in the Capital Stock of such Person.

"Royalty Amount" has the meaning set forth in Section 3.01(c).

"Royalty Interest" means the royalties and other payments (together with the right to receive such royalties and payments) payable to Irish Guarantor under Section 5.3, Section 5.4 or Section 5.5 of the License Agreement (including in each case, payments constituting royalties, settlement payments, judgments, securities, consideration or any other remuneration of any kind payable or received in respect of, or in substitution or compensation

for, or otherwise in lieu of, such royalties under the License Agreement and all “accounts” (as such term is defined in the New York Uniform Commercial Code) in respect of the Royalty Interest evidencing or giving rise to any of the foregoing) relating to Exploitation of the Licensed Product as provided in the License Agreement, and any collections, recoveries, payments or other compensation made in lieu thereof and any amounts paid or payable to Irish Guarantor, any other Note Party and/or any of their respective Subsidiaries in respect of such royalties pursuant to Section 365(n) of the U.S. Bankruptcy Code derived from payments under the License Agreement since the Closing Date. For the avoidance of doubt, the term “Royalty Interest” shall not include any Milestone Payments.

“[***]” has the meaning [***].

“Sanctions” has the meaning set forth in [Section 7.01\(v\)](#).

“SEC” means the United States Securities and Exchange Commission.

“Secured Parties” means, collectively, the Purchasers and the Agent and shall include, without limitation, any former Purchaser or Agent to the extent that any Obligations owing to such Person were incurred while such Person was Agent or a Purchaser and such Obligations have not been paid and satisfied in full in cash.

“Security Trustee” means the Agent acting in its capacity as security trustee under the Irish Security Document.

“Senior Officer” means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president, chief operating officer, or one of its vice presidents (or the equivalent thereof), and such Person’s chief financial officer or treasurer and, with respect to any Note Party or its Subsidiaries, shall include, without limitation, each of Phil Frost, Steve Rubin, Adam Logal, Damien Burke and Monte Browder.

“Set-off” means any right of set off, rescission, counterclaim, reduction, deduction or defense.

“[***]” means that certain letter agreement, dated as of the Closing Date, by and among the Agent and the Note Parties.

“Significant Transaction” means (a) any incurrence or repayment of Material Indebtedness, (b) the making of any Material Restricted Payment, (c) the consummation of any Material Acquisition or any Material Disposition, and (d) the loss, sale or other material amendment to any Material Contract.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Solvent” means, with respect to any Person, that as of the date of determination, both (a)(i) the sum of such Person’s debts (including contingent liabilities) does not exceed the present fair saleable value of such Person’s present assets, (ii) such Person’s capital is not unreasonably small in relation to its business as contemplated on the Closing Date or with respect to any transaction contemplated or undertaken after the Closing Date; and (b) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (c) such Person is “solvent” within the meaning given that term and similar terms under Applicable Laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

“Specified Event of Default” means the occurrence of any condition or event set forth in [Section 10.01\(a\)](#), [10.01\(b\)](#) or [10.01\(g\)\(i\)](#).

“Specified Existing Debt Documents” means the ***.

“Specified Permitted Lien” means a Lien of the type described in [clause \(a\)](#), [\(c\)\(ii\)](#), [\(d\)](#) or [\(e\)](#) of the definition of Permitted Liens.

“Subsidiary” means, with respect to any Person, at any time, any entity of which more than fifty percent (50%) of the outstanding voting stock or other equity interest entitled ordinarily to vote in the election of the directors or other governing body (however designated) is at the time beneficially owned or controlled directly or indirectly by such Person, by one or more such entities or by such Person and one or more such entities.

“Surviving Obligations” has the meaning given to such term in the Side Letter.

“Surviving Person” means, with respect to any Person involved in or that makes any disposition, the Person formed by or surviving such disposition or the Person to which such disposition is made.

“Suspended Covenants” has the meaning set forth in [Section 1.06](#).

“Suspension Period” has the meaning set forth in [Section 1.06](#).

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Tangible Net Worth” means, with respect to the Issuer and its Subsidiaries at any time, determined on a consolidated basis in accordance with GAAP, the sum of (i) consolidated total assets, *minus* (ii) any amounts attributable to (a) goodwill, (b) intangible items such as unamortized debt discount and expense, Patents, Trademarks, Copyrights and research and development expenses, and (c) reserves not already deducted from assets, *minus* (iii) the aggregate amount of all items which would be set forth as liabilities on the balance sheet of Issuer and its Subsidiaries at such time in accordance with GAAP (including all Indebtedness of the Issuer and its Subsidiaries). A representative example of the calculation of Tangible Net Worth is set forth on [Appendix B](#) hereto.

“Taxes” means all present and future taxes, levies, duties, imposts, deductions, charges, fees or withholdings (including backup withholdings), and all interest, penalties and additions to tax with respect thereto, that are imposed by any Governmental Authority.

“Term SOFR” means,

(a) for any calculation with respect to a Term SOFR Note, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “[Periodic Term SOFR Determination Day](#)”) that is two (2) U.S. Government Securities Business Days prior to the first (1st) day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Base Rate Note on any day, the Term SOFR Reference Rate for a tenor of one (1) month on the day (such day, the "Base Rate Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is no more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

"Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Agent in its sole discretion).

"Term SOFR Note" means a Note bearing interest, at all times during an Interest Period applicable to such Note, at a rate of interest determined by reference to Adjusted Term SOFR.

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Terminated Covenants" has the meaning set forth in [Section 1.06](#).

"Territory" means the United States and its territories and possessions.

"Test Date" means (a) the last day of each calendar quarter, (b) the date of any Additional Notes Issuance, and (c) each date on which either the Quick Ratio or Tangible Net Worth are required to be tested or complied with in connection with any Significant Transaction or pursuant to [Article IX](#), in each case, of [clauses \(a\)](#), [\(b\)](#) and [\(c\)](#), that occurs prior to the Covenant Expiration Date.

"Third Party" means any Person other than Issuer or its Affiliates.

"Trademarks" means, collectively, all trademarks, service marks, corporate names, company names, business names, trade names, trade dress, logos, Internet domain names, other source or business identifiers, designs and general intangibles of like nature, all registrations thereof, and all registrations and applications filed in connection therewith, together with any and all (i) rights and privileges arising under Applicable Law with respect to such trademarks, (ii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, and (iv) rights to sue for past, present or future infringements thereof.

"Transactions" shall mean, collectively, the transactions to occur pursuant to the Note Documents on or about the Closing Date, including (a) the execution and delivery of the Note Documents and the Note purchase hereunder, and (b) the payment of the fees, cost and expenses incurred in connection with any of the foregoing.

"Trigger Event" means any of (i) the occurrence of both (A) the Maturity Date and (B) the failure of the Issuer to fulfill its obligations to consummate the actions specified in either [Section 3.01\(b\)\(i\)](#) or [Section 3.01\(b\)\(ii\)](#) on the Maturity Date, (ii) the automatic acceleration of the Obligations in the case of a Bankruptcy Event of Default, (iii) the acceleration of the Obligations pursuant to [Section 10.01\(2\)](#) upon the occurrence of a Specified Event of Default, or (iv) an Acceleration Trigger Event.

"U.S." means the United States of America.

"U.S. Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"U.S. Government Securities Business Day" means any Business Day except for (a) a Saturday, (b) a Sunday, or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Process Agent" has the meaning set forth in [Section 6.01\(n\)](#).

"U.S. Process Agent Appointment Letter" has the meaning set forth in [Section 6.01\(n\)](#).

"U.S. Security Agreement" and "U.S. Security Agreements" means each of (i) the Security Agreement, dated as of the Closing Date, entered into, by among others, the Irish Guarantor as a grantor for the benefit of the Agent acting on behalf of the Secured Parties; (ii) the Security Agreement dated as of the Closing Date, entered into, by among others, the Israeli Guarantor as a grantor for the benefit of the Agent acting on behalf of the Secured Parties; and (iii) each other New York law governed security agreement entered from time to time securing the Obligations, in each case, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time.

"Uniform Commercial Code" and "UCC" shall mean the Uniform Commercial Code in effect in the State of New York (the "NY UCC"); provided that, if by reason of mandatory provisions of Applicable Law, the perfection, non-perfection, attachment or priority of a security interest is governed by the Uniform Commercial Code (or any similar or equivalent legislation) in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" means the Uniform Commercial Code (or any similar or equivalent legislation) in effect in such other jurisdiction for the purposes of the provisions in the Note Documents relating to such perfection, or effect of perfection or non-perfection, attachment or priority and for the purposes of definitions related to such provisions.

"United Kingdom" and "UK" means the United Kingdom of Great Britain and Northern Ireland.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"VAT" means, as applicable (a) any tax imposed in compliance with the Council Directive of November 28, 2006 on the common system of value added tax (EC Directive 2006/112), including any value added tax imposed by the Value-Added Tax Consolidation Act 2010 of Ireland or the Value-Added Tax Regulations 20210 of Ireland; (b) any value added tax imposed by the Value Added Tax Act 1994 (United Kingdom); (c) any other tax of a similar nature, whether imposed in a member state of the European Union or the United Kingdom in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above, or imposed elsewhere; and (d) value added tax as defined in the Israeli Value Added Tax Law, 1975.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth (1/12)) that will elapse between such date and the making of such payment; by (b) the then-outstanding principal amount of such Indebtedness, in each case, of clauses (a) and (b), without giving effect to the application of any prior prepayment to such installment, sinking fund, serial maturity or other required payment of principal.

"Withholding Agent" means any Note Party, the Agent and any other applicable withholding agent.

"Write-Down and Conversion Powers" means, with respect to any applicable Resolution Authority, the write-down and conversion powers of such applicable Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country or as the context may require, the United Kingdom, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule or in the equivalent Laws in the United Kingdom.

"3.000% Convertible Notes (2033)" means each of the unsecured convertible notes in an aggregate principal amount not to exceed \$50,000 and issued pursuant to that certain Indenture (and 3.000% Convertible Senior Notes due 2033), dated as of January 30, 2013, by and among Issuer and Wells Fargo Bank, National Association, as trustee.

"4.500% Convertible Notes (2025)" means each of the unsecured convertible notes in an aggregate principal amount not to exceed \$170,000 and issued pursuant to that certain Indenture, dated as of February 7, 2019, by and among Issuer and U.S. Bank National Association, as trustee, and the First Supplemental Indenture (and 4.500% Convertible Senior Notes due 2025), dated as of February 7, 2019, by and among Issuer and U.S. Bank National Association, as trustee.

"3.750% Convertible Notes (2029)" means each of the unsecured convertible notes in an aggregate principal amount not to exceed \$301,054,000 and issued pursuant to that certain Indenture (and 3.750% Convertible Senior Notes due 2029), dated as of January 9, 2024, by and among Issuer and U.S. Bank Trust Company, National Association, as trustee.

Section 1.02 Rules of Construction. Unless the context otherwise requires, in this Agreement:

- (a) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.
- (b) The definitions of terms shall apply equally to the singular and plural forms of the terms defined.
- (c) The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation."
- (d) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth herein or in any of the other Note Documents) and include any annexes, exhibits and schedules attached thereto.
- (e) References to any Applicable Law shall include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.
- (f) References to any Person shall be construed to include such Person's successors and permitted assigns (subject to any restrictions on assignment, transfer or delegation set forth herein or in any of the other Note Documents), and any reference to a Person in a particular capacity excludes such Person in other capacities.
- (g) The word "will" shall be construed to have the same meaning and effect as the word "shall."
- (h) The words "hereof," "herein," "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision hereof, and Article, Section and Exhibit references herein are references to Articles and Sections of, and Exhibits to, this Agreement unless otherwise specified.
- (i) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."
- (j) Where any payment is to be made, any funds are to be applied or any calculation is to be made under this Agreement on a day that is not a Business Day, unless this Agreement otherwise provides, such payment shall be made, such funds shall be applied and such calculation shall be made on the succeeding Business Day, and payments shall be adjusted accordingly.
- (k) In the event there is a conflict or inconsistency between this Agreement and any other Note Document, the terms of this Agreement shall control; provided that any provision of any Note Document which imposes additional burdens on a Note Party or further restricts the rights of a Note Party or gives any of the Agent or the Purchasers additional rights shall not be deemed to be in conflict or inconsistent with this Agreement and shall be given full force and effect.
- (l) The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.
- (m) Any amount in a currency other than Dollars is to be taken into account at its Dollar equivalent calculated on the basis of: (i) if the amount is to be calculated on the last day of a financial period of Issuer and its Subsidiaries, or as the context may require, another Note Party and its Subsidiaries, the relevant rates of exchange used by such Person in, or in connection with, its financial statements for that period; or (ii) for purposes of determining compliance with any incurrence or expenditure test set forth in Article VIII or Article IX, any amounts so incurred or expended (to the extent incurred or expended in a currency other than Dollars) shall be converted into Dollars on the basis of the exchange rates (as shown on the Bloomberg currency page for such currency, or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by Agent or, in the event that no such service is selected by Agent, on such other basis as is reasonably satisfactory to Agent) as in effect on the date of such incurrence of expenditure under any provision of such Section that has, an aggregate Dollar limitation provided for therein (and to the extent the respective incurrence or expenditure test regulates the aggregate amount outstanding at any time and it is expressed in terms of Dollars, all outstanding amounts originally incurred or spent in currencies other than Dollars shall be converted into Dollars on the basis of exchange rates (as shown on the Bloomberg currency page for such currency, or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by Agent or, in the event that no such service is selected by Agent, on such other basis as is reasonably satisfactory to Agent) as in effect on the date of any new incurrence or expenditure made under any provision of any such Section that regulates the Dollar amount outstanding at any time).
- (n) The phrases "permitted by" and "not prohibited by" or words of similar import shall be construed to have the same meaning and effect.

- (o) References in this Agreement to “determination” by any Person include good faith estimates by such Person (in the case of quantitative determinations) and good faith beliefs by such Person (in the case of qualitative determinations). A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default, respectively, occurs to the date on which such Default or Event of Default, respectively, is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall “continue” or be “continuing” until such Event of Default has been waived in writing by the Requisite Purchasers or by each Purchaser affected thereby, or by all Purchasers, as applicable. Any Lien referred to in this Agreement or any other Note Document as having been created in favor of Agent, any agreement entered into by Agent pursuant to this Agreement or any other Note Document, any payment made by or to or funds received by Agent pursuant to or as contemplated by this Agreement or any other Note Document, or any act taken or omitted to be taken by Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of the Agent and the other Secured Parties. Wherever the phrase “to the knowledge of the Issuer” or words of similar import relating to the knowledge or the awareness of the Issuer are used in this Agreement or any other Note Document, such phrase shall mean and refer to (i) the actual knowledge of a Senior Officer of the Issuer, or (ii) the knowledge that a Senior Officer would have obtained if such officer had engaged in good faith and diligent performance of such officer’s duties, including the making of such reasonably specific inquiries as may be necessary of the employees or agents of the Issuer and a good faith attempt to ascertain the existence or accuracy of the matter to which such phrase relates.
- (p) All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.
- (q) Any reference to Debtor Relief Laws, insolvency, bankruptcy, liquidation, receivership, administration, examinership, reorganization, dissolution, winding-up, relief of debtors, or similar proceedings hereunder shall also include proceedings under the laws of the jurisdiction in which a company or corporation is incorporated or any jurisdiction in which a company or corporation carries on business, including an order relating to: (i) liquidation, winding-up, dissolution, administration or an arrangement (“*Hesder*”) with creditors, as such terms are understood under the Israeli Companies Law and the Israeli Insolvency Law; (ii) the appointment of a receiver or trustee or other authorized functionary (“*baal tafkaid*”), as such term is understood under the Israeli Insolvency Law; (iii) a reorganization order, freeze order, stay of proceedings order (“*Ikuv Halichim*”) (or other similar remedy), relief of debtors, an order for commencing proceedings (“*Tzav Ptachat Halichim*”), an order for financial rehabilitation (“*Hafala Leshem Shikum Calcali*”) or an order for liquidation (“*Tzav Piruk*”); or (iv) the recognition of a foreign proceeding with respect to an insolvency of a company (“*Hakara be Halich Zar*”), as such term is understood under the Israeli Insolvency Law.

Section 1.03 Rates.

Agent neither warrants nor accepts responsibility for, and Agent shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Base Rate, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Base Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability; or (b) the effect, implementation or composition of any Conforming Changes. Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Base Rate, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Issuer. The Agent may select information sources or services in its sole discretion to ascertain the Base Rate, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR or any other Benchmark, in each case, pursuant to the terms of this Agreement, and shall have no liability to the Issuer, any Purchaser or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 1.04 Divisions. For all purposes under the Note Documents, in connection with any division or plan division under Delaware law (or any comparable event under a different jurisdiction’s Laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person; and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

Section 1.05 Accounting Terms.

- (a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement or any other Note Document shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Financial Statements delivered on or prior to the Closing Date, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of Tangible Net Worth and the Quick Ratio or component definitions) contained herein, Indebtedness of the Note Parties and their Subsidiaries shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.
- (b) Changes in GAAP. To the extent there are any changes in GAAP or in the requirements of the SEC or other Regulatory Agency from the date of this Agreement (an “Accounting Change”), if at any time such change would affect the computation of any financial ratio or requirement set forth in any Note Document, and Issuer, the Requisite Purchasers, or Agent shall so request, the Purchasers, Agent and Issuer shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change (subject to the approval of the Requisite Purchasers); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP or, as the context may require, the prior requirements of the SEC and/or other Regulatory Agency, as in effect immediately prior to such change therein; and (ii) the Issuer shall provide to the Agent and the Purchasers financial statements and other documents required under this Agreement which include a reconciliation between calculations of such requirement made before and after giving effect to such Accounting Change.

Section 1.06 Suspension and Termination of Covenants.

- (a) Notwithstanding anything to the contrary set forth herein, (x) the covenants set forth in Sections 8.06(a)(ii), 8.08(b), 8.09, 9.02(b), 9.03(b), 9.05, 9.06, 9.08, 9.09 and 9.19(b) (collectively, the “Terminated Covenants”) shall terminate and cease to be of effect on the Covenant Expiration Date; and (y) from and after the Covenant Expiration Date, none of the Note Parties or any of their respective Subsidiaries shall be required to comply with, or otherwise have any obligations under, any of the Terminated Covenants.
- (b) So long as no Financial Test Failure Event shall have occurred and be continuing, the Note Parties and their Subsidiaries shall not be subject to the provisions of Sections 8.06(a)(ii), 8.08(b), 9.02(b), 9.08, 9.09 and 9.19(b) (collectively, the “Suspended Covenants”).

- (c) If, at any time prior to the Covenant Expiration Date, a Financial Test Failure Event or Event of Default shall have occurred and be continuing (any such event or circumstance, an "Enhanced Cooperation Event"), then, unless otherwise agreed by the Agent, during the period from and after the occurrence of such Enhanced Cooperation Event until the first date occurring thereafter on which no Financial Test Failure Event shall then be continuing and no Event of Default exists (such period, an "Enhanced Cooperation Period"), the Note Parties and their Subsidiaries will be subject to the Suspended Covenants and during the Enhanced Cooperation Period commencing on such date all of the Suspended Covenants shall be deemed to apply. Any period of time occurring after the Closing Date until the Covenant Expiration Date during which no Enhanced Cooperation Period shall be in effect is referred to as a "Suspension Period." For the avoidance of doubt, in the event that an Enhanced Cooperation Period shall be in effect on the Covenant Expiration Date, such Enhanced Cooperation Period shall be deemed to automatically terminate on the Covenant Expiration Date.
- (d) Notwithstanding that the Suspended Covenants may be reinstated during an Enhanced Cooperation Period, except where such Significant Transaction causes (or if consummated would cause) a Financial Test Failure Event or Default, no Default or Event of Default will be deemed to have occurred solely as a result of a failure to comply with the Suspended Covenants during any prior or future Suspension Period (or upon the termination of a Suspension Period or after that time based solely on events that occurred during a Suspension Period), it being understood that this provision shall not act as a waiver of any other Default or Event of Default and shall be limited expressly as written. For the avoidance of doubt, in the event that any incurrence, event, transaction or condition that occurred during a Suspension Period did not constitute a Default or an Event of Default at the time of such occurrence, then the continued existence of such incurrence, event, transaction or condition during an Enhanced Cooperation Period shall not constitute a Default, Event of Default or breach or violation of any Suspended Covenant during such Enhanced Cooperation Period.
- (e) Upon the occurrence of an Enhanced Cooperation Event or a Suspension Period prior to the occurrence of the Covenant Expiration Date, Issuer shall promptly deliver to the Agent and Purchasers a certificate of a Senior Officer of Issuer notifying the Agent and Purchasers of the Enhanced Cooperation Event and the commencement of an Enhanced Cooperation Period or, as the context may require, the commencement of the Suspension Period.
- (f) If, during any Suspension Period, any Note Party or Subsidiary is consummating a Significant Transaction that would otherwise be subject to the Suspended Covenants if not for such Suspension Period, then for purposes of compliance with this Section, the Issuer shall give pro forma effect to such transaction for determining whether a Financial Test Failure Event has occurred as of a Test Date on a pro forma basis both before and after giving effect to such transaction and shall notify the Agent if any such transactions would result in an Enhanced Cooperation Event and the end of the Suspension Period.

ARTICLE II. THE NOTES; DISBURSEMENT; CERTAIN FEES

Section 2.01 Notes Issuance.

- (a) On the terms and subject to the conditions set forth herein, including the conditions set forth in Section 6.01 hereof, each Initial Purchaser listed on Appendix A severally agrees to purchase, and Issuer agrees to issue, sell and deliver, on the Closing Date, upon payment of the Purchase Price, such Issuer's Allocated Share of the Notes (the "Initial Notes Issuance").
- (b) At any time and from time to time in the sole discretion of the Purchasers, subject such conditions as the Agent and Purchasers shall require, the Issuer may authorize the issuance and offering of Additional Notes in an aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000) (an "Additional Notes Offering") to the Purchasers or an Affiliate thereof or another Purchaser approved by the Agent (each, an "Additional Note Purchaser" and, collectively, the "Additional Note Purchasers"), which Additional Notes, if issued and purchased, will constitute Notes under, and will be issued on all of the same terms and conditions of, this Agreement and the other Note Documents, subject to the following:
 - (i) The Additional Note Purchasers, the Note Parties, the Requisite Purchasers and the Agent will execute an amendment hereof, which amendment will (A) reflect each Additional Note Purchaser as a Purchaser, and (B) require the satisfaction of certain conditions precedent to any Additional Notes Issuance as may be required by the Purchasers and Agent.
 - (ii) Additional Notes Offerings shall be in an aggregate minimum amount of Five Million Dollars (\$5,000,000) and shall be in integral multiples of One Million Dollars (\$1,000,000) in excess of that amount.

With respect to any Additional Notes Offering, Issuer shall deliver to the Agent a fully completed and duly executed and delivered Issuance Offer no later than 10:00 a.m. (New York City time) three (3) Business Days prior to the proposed Issuance Date (or such shorter period agreed to by the Agent and Additional Note Purchasers in their sole discretion). Except as otherwise provided herein, an Issuance Offer for an Additional Notes Issuance shall be irrevocable on and after the date delivered, and Issuer shall be bound to issue such Additional Notes in accordance therewith. Promptly upon receipt by the Agent of such Issuance Offer, the Agent shall notify each Additional Note Purchaser of the proposed issuance and sale and each Additional Note Purchaser shall promptly notify the Agent and Issuer whether such Additional Note Purchaser will purchase the Additional Notes subject to such Additional Notes Offering.

Section 2.02 Disbursement of Purchase Price. Issuer shall deliver to the Agent a fully executed Issuance Offer for the Notes Issuance no later than 10:00 a.m. (New York City time) three (3) Business Days prior to the Closing Date (or such shorter period agreed by the Agent and the Purchasers in writing). Except as otherwise provided herein, an Issuance Offer for the Notes Issuance shall be irrevocable on and after the date delivered, and Issuer shall be bound to issue such Notes in accordance therewith. Promptly upon receipt by Agent of such Issuance Offer, the Agent shall notify each Purchaser of the proposed issuance and sale. Each Purchaser shall make the purchase price of its Note available to the Agent not later than 12:00 p.m. (New York City time) on the Closing Date, by wire transfer of same day funds in Dollars, at the Agent's Office. Upon satisfaction or waiver of the conditions precedent specified herein, and receipt of all funds requested in the applicable Issuance Offer, Agent shall fund a net amount to Issuer in Dollars equal to (A) the purchase price of all such Notes received by Agent, less (B) each of (i) the Agent Expense Amount, and (ii) any fees, obligations or other expenses due and payable hereunder or under any other Note Document.

Section 2.03 No Right to Reborrow or Reissue. Any Note issued under this Article II and subsequently repaid or prepaid may not be reborrowed or reissued. Each Initial Purchaser's commitment to purchase the Notes listed on Appendix A shall terminate immediately and without further action on the Closing Date after giving effect to the purchase of Notes in an amount equal to such Initial Purchaser's Allocated Share, if any, on such date.

Section 2.04 Allocated Shares; Availability of Funds.

- (a) Allocated Shares. All Notes issued on the Closing Date shall be purchased by Initial Purchasers simultaneously and proportionately to their respective Allocated Shares, it being understood that no Purchaser shall be responsible for any default by any other Purchaser in such other Purchaser's obligation to purchase a Note requested hereunder.

- (b) Availability of Funds. Unless the Agent shall have been notified in writing by a Purchaser prior to the applicable Issuance Date that such Purchaser does not intend to make available to the Agent the amount of the purchase price of such Purchaser's Note requested on such Issuance Date, Agent may assume that such Purchaser has made such amount available to the Agent on such Issuance Date and after consultation with Issuer, the Agent may, in its sole discretion, but shall not be obligated to, make available to Issuer a corresponding amount on such Issuance Date. If such corresponding amount is not in fact made available to Agent by such Purchaser, Agent shall be entitled to recover such corresponding amount following demand from such Purchaser together with interest thereon, for each day from such Issuance Date until the date such amount is paid to the Agent, at the customary rate set by Agent for the correction of errors among banks for three (3) Business Days and thereafter at the Base Rate. If such Purchaser does not pay such corresponding amount forthwith following Agent's demand therefor, Agent shall promptly notify the Issuer and Issuer shall immediately pay such corresponding amount to Agent together with interest thereon, for each day from such Issuance Date until the date such amount is paid to Agent, at the then Applicable Rate payable hereunder for Base Rate Notes. Nothing in this Section 2.04(b) shall be deemed to prejudice any rights that the Issuer may have against any Purchaser as a result of any default by such Purchaser hereunder.

ARTICLE III. REPAYMENT

Section 3.01_ Amortization; Maturity Date.

- (a) Until the last day of the Interest Only Period, no scheduled amortization payments will be due on the Notes. On and after the Interest Only Period, on each Interest Payment Date occurring thereafter, to the extent the Included Royalty Interest for the immediately preceding Calendar Quarter exceeds the amount of interest accrued for such Calendar Quarter then payable, then after giving effect to such interest payment and any other fees and expenses due and owing on such date to the Secured Parties, the Issuer shall repay the principal amount of the Notes in an amount equal to such difference (such amount, the "Amortization Payment") together with any amount required to be paid pursuant to Section 8.04.
- (b) In the event that the Notes shall have not been repaid in full prior to the Maturity Date, then, except as otherwise provided in Section 10.01, on the Maturity Date, the Issuer shall have the option to elect (in its sole discretion) to either:
- (i) repay in full, in cash in immediately available funds in Dollars on the Maturity Date, the entire unpaid balance of the outstanding Principal Amount of the Notes, together with any accrued and unpaid interest, and all other Obligations then outstanding (including any Exit Fee), and any amounts so paid to the Agent, once paid shall be applied by the Agent in accordance with the terms hereof and distributed to the Secured Parties in accordance with the terms hereof (including satisfying the Base Return Principal); or
 - (ii) consummate the [***] on the Maturity Date as set forth in the [***].

In the event that the Issuer shall desire to consummate the [***] on the Maturity Date pursuant to clause (b)(ii) above, the Issuer shall (x) deliver written notice thereof to the Agent at least thirty (30) days prior to the Maturity Date, and (y) execute and deliver to the Agent and the Purchasers on the Maturity Date such agreements, documents and other evidence, instructions and filings reasonably necessary to consummate and evidence the [***] on the Maturity Date as may reasonably be requested by the Agent and/or the Requisite Purchasers by delivery of written notice thereof to the Issuer reasonably in advance of the Maturity Date (including taking steps to cooperate on [***] necessary to effectuate the intent of the parties).

In the event that the Issuer shall fulfill its obligations under this clause (b) on the Maturity Date by consummating the actions specified in clause (b)(ii) above, then, on the date the Agent determines that all such conditions precedent to effectuate such transaction have been satisfied, all of the Obligations under the Note Documents (other than Surviving Obligations) shall be deemed satisfied and paid in full on such date. The Surviving Obligations shall continue on and after such date and shall continue to be secured by first priority Liens on the Collateral, and neither the Collateral nor the License Agreement shall be subject to Liens other than Specified Permitted Liens.

- (c) Unless a Recourse Event or [***] shall have occurred, notwithstanding anything to the contrary set forth herein or in any other Note Document, (i) the outstanding principal balance of the Notes and any interest, premium (including any Exit Fee or any Prepayment Premium) or other Obligations due with respect to the Note Documents shall be repayable by Issuer solely based on a cash payment amount equal to the equivalent amount of Included Royalty Interest received (or receivable) by Irish Guarantor (such amount, inclusive of any additional amounts paid in cash during such period pursuant to any audit described in Section 8.04, the "Royalty Amount"), and (ii) the amount of the Obligations shall be calculated based on the Base Return Principal and absent a Recourse Event recovery shall be limited to present and future Royalty Amounts. In the case of a [***], the Surviving Obligations shall be satisfied in the manner described in the documentation evidencing such election. It is agreed that prior to the occurrence of a Recourse Event, unless agreed otherwise by the Issuer and the Agent (acting at the direction of the Secured Parties), the payment on the Obligations shall be limited to the Royalty Amount and proceeds of the Collateral securing the Obligations (even if the Issuer elects to pay or satisfy any of the Obligations using other assets of the Note Parties).
- (d) If the Royalty Amount for any Interest Payment Date is insufficient to pay all amounts of interest due on the Notes in cash for such period (such shortfall, the "Quarterly Interest Shortfall" and the amount of such shortfall, the "Deficiency Amount"), then any such Deficiency Amount shall be deemed to have been paid in kind and increase the outstanding Principal Amount of the Notes on and after such Interest Payment Date by an amount equal to the Deficiency Amount for the applicable Interest Payment Date (rounded up to the nearest whole dollar) and Issuer shall pay to the Agent in cash an amount equal to the Royalty Amount on such Interest Payment Date (inclusive of any additional amounts required to be paid pursuant to Section 8.04). Deficiency Amounts that are capitalized and added to the outstanding principal of the Notes in accordance with the preceding sentence ("Accreted Principal") shall thereafter bear interest in accordance with Article IV and otherwise be treated as an increase in the outstanding principal balance of the Notes for purposes of this Agreement. In the event of any repayment or prepayment of any Note (including, without limitation, principal payments due under Section 4.04(a)), accrued and unpaid interest on the Principal Amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

Section 3.02 Voluntary Prepayment.

- (a) The Issuer shall have the right, exercisable at any time from and after the Closing Date, to voluntarily prepay and redeem all, but not less than all, of the outstanding Notes pursuant to and in accordance with this Section 3.02 at an aggregate prepayment and redemption price equal to the Prepayment Price as of the applicable Prepayment Date in respect thereof.
- (b) In order to exercise its rights to prepay and redeem the Notes under this Section 3.02, the Issuer shall deliver written notice thereof (a "Prepayment Notice") to the Agent at least five (5) Business Days prior to the date of such prepayment and redemption, which Prepayment Notice shall specify (i) that the Issuer is electing to prepay and redeem all, but not less than all, of the outstanding Notes pursuant to and in accordance with this Section 3.02, (ii) when the Prepayment Date with respect to such prepayment and redemption shall occur, which Prepayment Date shall be a Business Day occurring at least five (5) Business Days following the date the Issuer shall deliver such Prepayment Notice to the Agent, and (iii) the Prepayment Price as of the Prepayment Date. Upon the Agent's receipt of a Prepayment Notice, the Agent shall promptly notify each Purchaser of the Agent's receipt of such Prepayment Notice and the applicable Prepayment Date in respect thereof.
- (c) In the event that the Issuer shall deliver a Prepayment Notice to the Agent in accordance with the foregoing then, on the Prepayment Date:
- (i) the Issuer shall pay the aggregate Applicable Prepayment Price to the Agent for further distribution to the Purchasers and other Secured Parties in accordance with Section 3.05(a) below; and

(ii) the Agent shall apply the Applicable Prepayment Price received by the Agent for its own account and for the account of the other Secured Parties pursuant to clause (i), above in accordance with Section 3.04.

(d) Upon Agent's receipt of the Applicable Prepayment Price from the Issuer together with such other amounts necessary to repay the Obligations (including any legal fees and expenses then due under the Note Documents) in cash in immediately available funds in Dollars, the Prepayment Date in accordance with Section 3.02(c)(i), all of the Obligations hereunder and under the other Note Documents shall be deemed discharged and paid in full and all of the outstanding Notes shall be deemed redeemed in full and cancelled.

Section 3.03 Increased Cost.

(a) If any Regulatory Change occurs that has or would have the effect of:

- (i) imposing, modifying or deeming applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Purchaser;
- (ii) subjecting any Recipient to any Taxes (other than (A) Indemnified Taxes, or (B) Excluded Taxes) with respect to the Notes, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or
- (iii) imposing on any Purchaser any other condition, cost or expense (other than Taxes) affecting this Agreement or the Notes purchased by such Purchaser;

and the result of any of the foregoing shall be to reduce the rate of return on the capital of any Purchaser or other Recipient as a consequence of its obligations hereunder or arising in connection herewith to a level below that which such Purchaser or Recipient could have achieved but for such introduction, change or compliance (taking into consideration the policies of Purchaser with respect to capital adequacy) by an amount deemed by such Purchaser or Recipient to be material, then from time to time, on the first Interest Payment Date occurring at least thirty (30) days after demand by such Purchaser or Recipient (which demand shall be accompanied by a statement setting forth the basis for such demand and a description of the computation of such demand), Issuer shall pay directly to such Purchaser or Recipient such additional amount or amounts as will compensate such Purchaser or Recipient for such reduction. Such Purchaser or Recipient will take such actions reasonably requested by Issuer, at the expense of Issuer, if such actions will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Purchaser or Recipient, be otherwise disadvantageous to it or inconsistent with its internal policies and procedures. In no event will such Purchaser or Recipient be expected or required to monitor the occurrence of any of the events or contingencies described in this Section 3.03(a). Notwithstanding the foregoing, in no event shall Issuer be required to compensate such Purchaser or Recipient pursuant to this Section 3.03 for any amounts under this Section 3.03 incurred more than one hundred eighty (180) days prior to the date that such Purchaser or Recipient notifies Issuer of such amount and of such Purchaser's or Recipient's intention to claim compensation therefor.

(b) In determining any amount provided for in this Section 3.03, such Purchaser or Recipient shall use commercially reasonable averaging and attribution methods. If any Purchaser or other Recipient makes a claim under this Section, it shall submit to Issuer a certificate setting forth the basis for such demand and a description of the computation of such demand as to such additional or increased cost or reduction, which certificate shall be conclusive absent manifest error.

Section 3.04 Application of Prepayments.

Any prepayments of any Note in connection with a Prepayment Event shall be applied as follows (and, in the case of any partial prepayment, ratably across the applicable series or tranche of Notes):

first, to the payment of all fees, and all expenses specified in Section 11.03 owed to the Agent, to the full extent thereof;

second, to the payment of all fees, and all expenses specified in Section 11.03 owed to the Purchasers, to the full extent thereof;

third, to the payment of any accrued interest at the Default Rate, if any;

fourth, to the payment of any accrued interest (other than Default Rate interest);

fifth, to the payment of, as applicable, the Exit Fee and/or any Prepayment Premium (if any) then due on any Notes or other Obligations;

sixth, to prepay Notes on a pro rata basis (in accordance with the respective outstanding principal amounts thereof) and shall be further applied in direct order of maturity to reduce the remaining scheduled installments of principal amount of the Notes;

seventh, to the payment in full of all other Obligations; and

eighth, upon satisfaction in full of all Obligations, to the Issuer or as otherwise required by Law.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (b) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Upon the acceleration of the principal amount of any of the Notes in accordance with Article X, Issuer irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by the Agent from or on behalf of Issuer, and, as between Issuer on the one hand and the Agent and the other Secured Parties on the other, the Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as the Agent may deem advisable and to make and apply such payments notwithstanding any previous application by the Agent.

Section 3.05 General Provisions Regarding Payments.

(a) Payments by Issuer.

- (i) All payments to be made by the Issuer and the other Note Parties hereunder and the other Note Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. All payments in respect of the principal amount of any Note shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid. The Issuer will pay principal, premium, if any, interest, Exit Fee, Prepayment Premium or other fees, if any, in Dollars by wire transfer of immediately available funds to the accounts specified by Agent, for the account of the respective Purchasers and other Secured Parties to which such payment is owed, at the Agent's Office in immediately available funds no later than 12:00 noon (New York City time) on the date specified herein. All amounts received by the Agent after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Agent will promptly distribute to each applicable Purchaser or as the context may require, such other Secured Party, its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Purchaser's applicable lending office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). Subject to the provisos set forth in the definition of "Interest Period," if any payment to be made by the Note Parties shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in the computation of the payment of interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the applicable Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Note Document shall be made in Dollars.
 - (ii) Agent may (but shall at the direction of the Requisite Purchasers) deem any payment by or on behalf of Issuer hereunder that is not made in same day funds prior to 12:00 p.m. (New York City time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. Agent shall give prompt written (which may be through electronic means) notice to the Issuer and each applicable Purchaser if any payment is non-conforming. Any non-conforming payment may constitute or become a Default or an Event of Default. Interest shall continue to accrue on any Obligations as to which a non-conforming payment is made at the Default Rate from the date such amount was due and payable until the date such amount is paid in full in cash in immediately available funds in Dollars.
- (b) Application of Insufficient Payments. Subject to Section 3.04, if at any time insufficient funds are received by and available to the Agent to fully pay all amounts of principal, interest, fees, premiums (including the Exit Fee and any Prepayment Premium) and other amounts and Obligations then due hereunder to the Secured Parties or if an Event of Default shall have occurred and not otherwise been waived, and the Obligations have become due and payable in full, whether by acceleration, maturity or otherwise, all payments or proceeds received by Agent hereunder or under any Note Document in respect of any of the Obligations, including, but not limited to all proceeds received by Agent in respect of any sale, any collection from or other realization upon all or any part of the Collateral, such funds shall be applied as follows: *first*, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to Agent and its agents and counsel, and all other expenses, liabilities and advances made or incurred by Agent in connection therewith, and all amounts for which Agent is entitled to indemnification hereunder or under any Note Document (in its capacity as Agent and not as a Purchaser) and all advances made by Agent under any Note Document for the account of the applicable Note Party, and to the payment of all costs and expenses paid or incurred by Agent in connection with the exercise of any right or remedy hereunder or under any Note Document, all in accordance with the terms hereof or thereof; *second*, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties; *third*, to the extent of any excess of such proceeds, to the payment of all other Obligations for the ratable benefit of the Secured Parties; and *fourth*, to the extent of any excess of such proceeds, to the payment to or upon the order of such Note Party or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.
- (c) Presumptions by Agent. Unless the Agent shall have received notice from the Issuer prior to the date on which any payment is due to the Agent for the account of the applicable Purchasers hereunder that the Issuer will not make such payment, the Agent may assume that the Issuer has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Purchasers the amount due. In such event, if the Issuer has not in fact made such payment, then each of the applicable Purchasers severally agrees to repay to the Agent forthwith following demand the amount so distributed to such Purchaser, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.
- (d) Deductions by Agent. If any Purchaser shall fail to make any payment required to be made by it pursuant to this Agreement, then the Agent may, in the Agent's discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Agent for the account of such Purchaser for the benefit of the Agent, to satisfy such Purchaser's obligations to the Agent until all such unsatisfied obligations are fully paid; or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Purchaser under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Agent in its discretion.
- (e) Several Obligations of Purchasers. The obligations of the Purchasers hereunder to purchase Notes, and to make payments pursuant to Section 13.07 are several and not joint. The failure of any Purchaser to purchase any Note or, as applicable, to fund any such participation or to make any such payment on any date required hereunder shall not relieve any other Purchaser of its corresponding obligation to do so on such date, and no Purchaser shall be responsible for the failure of any other Purchaser to so purchase its applicable Note, to purchase its participations, as applicable, or to make its payment under Section 13.07.

Section 3.06_ Ratable Sharing.

The Purchasers hereby agree among themselves that, except otherwise expressly provided herein, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of the Notes made and applied in accordance with the terms hereof), through the exercise of any right of set-off or banker's Lien, by counterclaim or cross action or by the enforcement of any right under the Note Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, amounts payable in respect of fees and other amounts then due and owing to such Purchaser hereunder or under the other Note Documents (collectively, the "Aggregate Amounts Due" to such Purchaser) which is greater than the proportion received by any other Purchaser in respect of the Aggregate Amounts Due to such other Purchaser, then the Purchaser receiving such proportionately greater payment shall (a) notify Agent and each other Purchaser of the receipt of such payment, and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Purchasers so that all such recoveries of Aggregate Amounts Due shall be shared by all Purchasers in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Purchaser is thereafter recovered from such Purchaser upon the bankruptcy or reorganization of any Note Party or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Purchaser ratably to the extent of such recovery, but without interest. Each Note Party expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's Lien, set-off or counterclaim with respect to any and all monies owing by any Note Party to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

ARTICLE IV. INTEREST; EXPENSES; MAKING OF PAYMENTS

Section 4.01 Interest Rate; Payments of Interest.

- (a) On and after the Closing Date and for so long as any portion of the Obligations remain outstanding, the then outstanding Notes shall bear interest on the then outstanding principal amount thereof at a rate per annum equal to the then Applicable Rate. On each Interest Payment Date for the interest period then ended, interest (other than defaulted interest, which shall be paid as described in [Section 4.05](#) below) shall be paid in cash in immediately available funds in Dollars unless the available Royalty Amount results in a Quarterly Interest Shortfall and cash is not immediately available, in which case the Deficiency Amount in respect of such Quarterly Interest Shortfall may be paid in kind and the Issuer's cash payment shall be limited to the Royalty Amount, in each case, in the manner set forth in [Section 4.03\(f\)](#). Any amounts paid in kind shall be capitalized and added to the outstanding principal amount of the Notes and thereafter shall be treated part of the outstanding Obligations for purposes of this Agreement ("[PIK Interest](#)" and such payment of PIK Interest hereinafter referred as a "[PIK Payment](#)") and the other Note Documents and thereafter bear interest in accordance with this [Section 4.01](#).
- (b) Interest payable pursuant to the terms of the Note Documents shall be computed on the basis of a three hundred sixty (360)-day year of twelve (12) thirty (30)-day months. In computing interest accruing on the principal amount of any Note, the date of the initial purchase of such Note or the first (1st) day of an Interest Period applicable to such Note or, with respect to a Base Rate Note being converted from a Term SOFR Note, the date of conversion of such Term SOFR Note to such Base Rate Note, as the case may be, shall be included, and the date of payment of such Note or the expiration date of an Interest Period applicable to such Note or, with respect to a Base Rate Note being converted to a Term SOFR Note, the date of conversion of such Base Rate Note to such Term SOFR Note, as the case may be, shall be excluded; provided, if a Note is repaid on the same day on which it is made, one (1) day's interest shall be paid on that Note. In computing interest accruing on any Note, the date of the purchase of such Note (or in the case of other Obligations, from the date such other Obligations are due and payable) (or the date upon which Deficiency Amounts become Accreted Principal) shall be included, and the date of payment of such Obligation in cash in immediately available funds in Dollars shall be excluded; provided, if an Obligation is repaid in cash in Dollars on the same day on which it is made or extended, one (1) day's interest shall be paid on that Obligation.
- (c) [Reserved].
- (d) All Notes shall be Term SOFR Notes unless the Agent determines that a Default, Event of Default or Benchmark Transition Event has occurred. In connection with the use or administration of Term SOFR, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Note Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Note Document. The Agent will promptly notify the Issuer and the Purchasers of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement.

Section 4.02 [\[Reserved\]](#).

Section 4.03 [Collection Account](#).

- (a) On or before the Closing Date, (i) Irish Guarantor shall establish with the Account Bank the Collection Account, and (ii) Irish Guarantor and the Agent shall enter into a Control Agreement with the Account Bank with respect to the Collection Account.
- (b) Irish Guarantor shall pay for all fees, expenses and charges of the Account Bank pursuant to the terms of the Control Agreement and the other cash management agreements between Irish Guarantor and Account Bank, as applicable, by depositing sufficient funds into the Collection Account when such fees, expenses and charges are due.
- (c) Prior to the Payment in Full, Irish Guarantor shall have no right to terminate or replace the Collection Account without prior written consent of the Agent, but except during an Enhanced Cooperation Period, may request by written notice to the Agent and the Account Bank that any or all of the funds held therein be paid to any other accounts or persons that it so determines; provided that the Agent and Account Bank receive at least ten (10) days' prior written notice.
- (d) For purposes of this Agreement, any reference to the "Collection Account," "Control Agreement" or "Account Bank" shall refer to such replacement or successor Collection Account, Control Agreement or Account Bank as the context requires from time to time.
- (e) On or before the Closing Date, Irish Guarantor shall deliver an irrevocable instruction letter substantially in the form of [Exhibit E](#) (any such instruction letter, an "[Instruction Letter](#)") [***] and directing that for so long as the Obligations remain outstanding all payments that are due and payable to Irish Guarantor in respect of or derived from the License Agreement shall be paid directly into the Collection Account and naming the Agent as an intended third-party beneficiary of such instruction letter.
- (f) To the extent all or any portion of the Included Royalty Interest is not paid directly into the Collection Account, Irish Guarantor shall (i) remit, or cause to be remitted, to the Collection Account the entire Included Royalty Interest amount (without deduction, withholding, setoff or counterclaim and prior to the payment of any Taxes) within five (5) Business Days of receipt of any such funds; (ii) promptly instruct such Licensee and all other Persons to remit any future payments to the Collection Account; and (iii) promptly provide to Agent copies of all such notices.

Section 4.04 [Application of Payments](#).

- (a) On each Interest Payment Date, the Issuer shall pay an amount equal to the Royalty Amount in cash and such cash payment amount shall be applied by the Agent, for the ratable benefit of the Purchasers and the other Secured Parties in the following order of priority:

first, to the payment of all fees, and all expenses specified in [Section 11.03](#) owed to the Agent, to the full extent thereof;

second, to the payment of all fees, and all expenses specified in [Section 11.03](#) owed to the Purchasers, to the full extent thereof;

third, to the payment of any accrued and unpaid interest at the Default Rate, if any; and

fourth, to the payment of any accrued and unpaid interest (other than Default Rate interest);

provided, however, that if there is a Quarterly Interest Shortfall on any Interest Payment Date, then on such Interest Payment Date (x) the Issuer shall be deemed to have made a payment in kind in an amount equal to the Deficiency Amount in respect of such Quarterly Interest Shortfall, (y) the Issuer shall make a cash payment to Agent in an amount equal to the Royalty Amount (any such cash payment, the "[Cash Interest Payment](#)"), which amount shall be forthwith distributed by Agent to the Purchasers on a ratable basis and all other interest then due and owing shall be deemed to have been paid in kind and added to the principal amount of the Notes, and (z) upon Agent's receipt of such Cash Interest Payment, provided that no Enhanced Cooperation Period shall then be in effect, upon request of the Note Parties to the Agent and the Account Bank, the Agent shall deliver a countersigned notice instruction to the Account Bank authorizing the Account Bank to release to the Irish Guarantor or its designee an amount equal to the Cash Interest Payment from the Collection Account in accordance with the instructions of the Irish Guarantor.

- (b) To the extent the Royalty Amount for the immediately preceding Calendar Quarter for any Interest Payment Date occurring during the Interest Only Period exceeds an amount equal to (a) interest accrued and payable on such Interest Payment Date *plus* (b) the fees and expenses then due and owing under the Note Documents to the Secured Parties (such amount, the “Quarterly Interest Excess”), provided that no Enhanced Cooperation Period shall then be in effect, upon the request of the Note Parties to the Agent and the Account Bank, the Agent shall deliver a countersigned notice instruction to the Account Bank to release to the Irish Guarantor or its designee an amount equal to the Quarterly Interest Excess from the Collection Account in accordance with the instructions of the Irish Guarantor. To the extent the Royalty Amount for the immediately preceding Calendar Quarter includes an Amortization Payment, the Issuer shall make a cash payment equal to the Quarterly Interest Excess to be applied as an Amortization Payment to ratably repay such portion of the outstanding principal amount of the Notes to the Purchasers at par.

Section 4.05 Default Rate. Immediately upon the occurrence of a Default or an Event of Default, the outstanding principal balance of the outstanding Notes and other Obligations shall bear interest at the Default Rate and shall be payable in cash on demand and upon the election of the Agent at the direction of the Requisite Purchasers shall be converted to Base Rate Notes. Any election made pursuant to this Section 4.05 may be made retroactive to the date of the occurrence of the applicable Default. Payment or acceptance of the increased rates of interest provided for in this Section 4.05 is not a permitted alternative to timely payment and shall not constitute a waiver of any Default or Event of Default or otherwise prejudice or limit any rights or remedies of Agent or any Purchaser. Any such election by Agent, if exercised after the date of such Default or Event of Default, may apply retroactively to the date of such Default or Event of Default in the sole discretion of the Agent. If any amount payable by Issuer to Agent or any Purchaser hereunder is not paid when due (whether at stated maturity, by acceleration or otherwise), interest shall accrue on any such unpaid amounts, both before and after judgment during the period from and including the applicable due date, to but excluding the day the overdue amount is paid in full, at a rate per annum equal to the Default Rate. Interest accruing under this Section 4.05 shall be payable in cash on demand of the Agent.

Section 4.06 Administration and Enforcement Expenses. Issuer shall promptly reimburse the Secured Parties on demand for the costs and expenses incurred by Secured Parties (including, without limitation, the reasonable fees and expenses of counsel to Agent and Purchasers to the extent required pursuant to Article XI) as a consequence of or in connection with the administration, monitoring and enforcement of the Notes Documents, including without limitation, as a result of any Default, Event of Default, Prepayment Event or other prepayment of the Notes.

Section 4.07 Making of Payments. Notwithstanding anything to the contrary contained herein, any Payment stated to be due hereunder or under any Note on a given day in a specified month shall be made or shall end (as the case may be), (i) if there is no such given day or corresponding day, on the last Business Day of such month; or (ii) if such given day or corresponding day is not a Business Day, on the next succeeding Business Day.

Section 4.08 Set-off or Counterclaim. Each payment by Issuer under this Agreement or under any Note shall be made without Set-Off or counterclaim. The Secured Parties shall have the right to Set-off any and all amounts owed by the Note Parties and/or any of their Subsidiaries under the Note Documents in the manner provided in Section 10.03.

Section 4.09 Benchmark Replacement Setting.

- (a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Note Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Note Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Note Document; and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Note Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Purchasers without any amendment to, or further action or consent of any other party to, this Agreement or any other Note Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Purchasers comprising the Requisite Purchasers.

- (b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Note Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Note Document.

- (c) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Issuer and the Purchasers of (i) the implementation of any Benchmark Replacement, and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will promptly notify the Issuer of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 4.09(d), and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Purchaser (or group of Purchasers) pursuant to this Section 4.09, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Note Document, except, in each case, as expressly required pursuant to this Section 4.09.

- (d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Note Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its sole discretion, or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative tenor; and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement), or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

- (e) Benchmark Unavailability Period. Upon the Issuer's receipt of notice of the commencement of a Benchmark Unavailability Period, the Issuer may revoke any pending request for the issuance and sale of a Term SOFR Note or the conversion to or continuation of Term SOFR Notes to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Issuer will be deemed to have converted any such request into a request for an issuance and sale of or conversion to Base Rate Notes. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

Section 4.10 Compensation for Losses. In the event of (a) the payment of any principal of any Term SOFR Note other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default); (b) the conversion of any Term SOFR Note other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default); (c) the failure to issue and sell, convert, continue or prepay any Term SOFR Note on the date specified in any notice delivered pursuant hereto; or (d) the assignment of any Term SOFR Note other than on the last day of the Interest Period applicable thereto, then, in any such event, the Issuer shall compensate each Purchaser for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds or from any fees payable. A certificate of any Purchaser setting

forth any amount or amounts that such Purchaser is entitled to receive pursuant to this Section shall be delivered to the Issuer and shall be conclusive absent manifest error. The Issuer shall pay such Purchaser the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Section 4.11 Inability to Determine Rates.

If, on or prior to the first (1st) day of any Interest Period for any Term SOFR Note:

- (a) the Agent determines (which determination shall be conclusive and binding absent manifest error) that "Adjusted Term SOFR" cannot be determined pursuant to the definition thereof, or
- (b) the Requisite Purchasers determine that for any reason in connection with any request for a Term SOFR Note or a conversion thereto or a continuation thereof that Adjusted Term SOFR for any requested Interest Period with respect to a proposed Term SOFR Note does not adequately and fairly reflect the cost to such Purchasers of purchasing and maintaining such Note, and the Requisite Purchasers have provided notice of such determination to the Agent, the Agent will promptly so notify the Issuer and each Purchaser.

Upon notice thereof by the Agent to the Issuer, any obligation of the Purchasers to purchase Term SOFR Notes, and any right of the Issuer to continue the interest rate applicable to Term SOFR Notes or to convert the interest rate applicable to Base Rate Notes to the interest rate applicable to Term SOFR Notes, shall be suspended (to the extent of the affected Term SOFR Notes or affected Interest Periods) until the Agent (with respect to clause (b), at the instruction of the Requisite Purchasers) revokes such notice. Upon receipt of such notice, (i) the Issuer may revoke any pending request for an issuance and sale of, conversion to or continuation of the interest rate applicable to Term SOFR Notes (to the extent of the affected Term SOFR Notes or affected Interest Periods) or, failing that, the Issuer will be deemed to have converted any such request into a request for an issuance and sale of or conversion to the interest rate applicable to Base Rate Notes in the amount specified therein; and (ii) any outstanding affected Term SOFR Notes will be deemed to have been converted into Base Rate Notes at the end of the applicable Interest Period. Upon any such conversion, the Issuer shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 4.10. Subject to Section 4.09, if the Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" cannot be determined pursuant to the definition thereof on any given day, the interest rate on Base Rate Notes shall be determined by the Agent without reference to clause (d) of the definition of "Base Rate" until the Agent revokes such determination.

ARTICLE V. TAXES

Section 5.01 Taxes.

(a) Except as otherwise required by Applicable Law, all payments by Issuer or any other Note Party under this Agreement or any other Note Document (including payments with respect to the Notes and payment under a guarantee) shall be made free and clear of and without deduction for any present or future Taxes. If Issuer, any other Note Party or any other applicable Withholding Agent shall be required by Applicable Law to deduct any Taxes from or in respect of any sum payable to a Recipient under this Agreement or any other Note Document, (i) if such Taxes are Indemnified Taxes, the sum payable by Issuer or any other Note Party shall be increased as necessary so that after all required deductions for Indemnified Taxes have been made by any applicable Withholding Agent (including deductions applicable to additional sums payable under this Section 5.01(a)), such Recipient receives an amount equal to the sum it would have received had no such deductions been made; (ii) the applicable Withholding Agent shall make such deductions; and (iii) the applicable Withholding Agent shall pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Status of Purchasers

(i) Any Purchaser that is entitled to an exemption from or reduction of withholding Tax with respect to any payments made under any Note Document shall deliver to Issuer, at the time or times reasonably requested by Issuer, such properly completed and executed documentation reasonably requested by Issuer as will permit such payments to be made without withholding or at a reduced rate of withholding, it being agreed that with respect to Israeli Guarantor or any other Note Party organized or formed under the laws of the State of Israel, and without derogating from the provisions of Section 5.01(a) above, any Purchaser shall be deemed to have complied with the provisions of this Section 5.01(b) to the extent it provides a completed and validly executed ITA Form A/114 (Claim for Reduced Rate of Withholding Tax/Exemption from Withholding Tax in the State of Israel on Payments to a Non Resident). In addition, any Purchaser, if reasonably requested by Issuer, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Issuer as will enable Issuer to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements.

(ii) Without limiting the generality of the foregoing,

- (1) any Purchaser that is not a Foreign Purchaser shall deliver to the Issuer on or prior to the date on which such Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer), executed copies of IRS Form W-9 certifying that such Purchaser is exempt from U.S. federal backup withholding tax;
- (2) any Foreign Purchaser shall, to the extent it is legally eligible to do so, deliver to the Issuer on or prior to the date on which such Foreign Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer), two of whichever of the following is applicable:
 - (A) in the case of a Foreign Purchaser claiming the benefits of an income tax treaty to which the United States is a party executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to such tax treaty;
 - (B) executed copies of IRS Form W-8ECI;
 - (C) in the case of a Foreign Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Purchaser is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Issuer within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Issuer as described in Section 881(c)(3)(C) of the Code and that no payments under any Note Document are effectively connected with the Foreign Purchaser's conduct of a U.S. trade or business (a "U.S. Tax Compliance Certificate"), and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E;
 - (D) to the extent a Foreign Purchaser is not the beneficial owner (for example, where the Foreign Purchaser is a partnership or sells a participation in the Notes), executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate and/or other certification documents from each beneficial owner, as applicable; provided that, if the Foreign Purchaser is a partnership (and not a participating Purchaser) and one or more direct or indirect partners of such Foreign Purchaser are claiming the portfolio interest exemption, such Foreign Purchaser may provide a U.S. Tax Compliance Certificate on behalf of such direct and indirect partner(s); and
 - (E) any Foreign Purchaser shall, to the extent it is legally eligible to do so, deliver to the Issuer (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Purchaser becomes a

Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Issuer to determine the withholding or deduction required to be made;

- (3) if a payment made to a Purchaser under any Note Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with their obligations under FATCA and to determine that such Purchaser has complied with such Purchaser's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (3), "FATCA" shall include any amendments made to FATCA after the date of this Agreement; and

- (4) each Purchaser agrees that if any documentation it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such documentation or promptly notify the Issuer in writing of its legal ineligibility to do so. Notwithstanding any other provision of this Section 5.01(b), no Purchaser shall be required to deliver any documentation pursuant to this Section 5.01(b) that such Purchaser is not legally eligible to deliver.

(iii) Notwithstanding any other provision of this Section 5.01(b), no Purchaser shall be required to deliver any documentation pursuant to this Section 5.01(b) that such Purchaser is not legally eligible to deliver.

Section 5.02 Receipt of Payment. Within thirty (30) days after the date of any payment of Taxes by Issuer or any other Note Party pursuant to this Article V, Issuer or such Note Party shall furnish to the applicable Recipient the original or a certified copy of a receipt evidencing payment thereof or other evidence reasonably satisfactory to such Recipient.

Section 5.03 Other Taxes. Issuer and the other Note Parties shall promptly pay any registration, transfer, stamp or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes arising from any payment made under any Note Document, or from the execution, delivery, performance, enforcement or registration of, the receipt or perfection of a security interest under, or otherwise with respect to, any Note Document, except any such Taxes with respect to an assignment by a Purchaser that are Other Connection Taxes (all such non-excluded Taxes, "Other Taxes"), to the relevant Governmental Authority in accordance with Applicable Law.

Section 5.04 Indemnification. If a Recipient pays any Indemnified Taxes pursuant to this Article V, Issuer and the other Note Parties, jointly and severally, shall indemnify such Recipient on demand in full (including any Indemnified Taxes imposed by any jurisdiction on amounts payable under this Section 5.04), whether or not such Taxes were correctly or legally asserted, together with interest thereon from and including the date of payment to, but excluding, the date of reimbursement at the Default Rate and any reasonable expenses arising therefrom. A certificate of an affected Recipient claiming any compensation under this Section 5.04, setting forth the amounts to be paid thereunder and delivered to Issuer, shall be conclusive, binding and final for all purposes, absent manifest error.

Section 5.05 Registered Obligation.

- (a) Issuer shall establish and maintain, at its address referred to in Section 12.03, (i) a Register in which Issuer agrees to register by book entry the interests (including any rights to receive payment hereunder) of each Purchaser in the Notes, each of its obligations under this Agreement to participate in the Notes, and any assignment of any such interest, obligation or right; and (ii) accounts in the Register in accordance with its usual practice in which it shall record (1) the names and addresses of each Purchaser (and each change thereto pursuant to Section 12.01 and Section 12.02), (2) the principal amount of the Notes described in clause (i) above, (3) the amount of any principal or interest due and payable or paid, and (4) any other payment received and its application to the Notes. The entries in the Register shall be conclusive, in the absence of manifest error, and Issuer and each Purchaser shall treat each person whose name is recorded in the Register as the owner of the Notes for all purposes of this Agreement, notwithstanding notice to the contrary. No error in the Register shall diminish any of Issuer's obligations to any Purchaser under this Agreement.
- (b) Notwithstanding anything to the contrary contained in this Agreement or elsewhere, the Notes are registered obligations, the right, title and interest of each Purchaser and its assignees in and to the Notes shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. The parties hereto intend that the Notes will be at all times maintained in "registered form" within the meaning of Section 5f.103-1(c) of the U.S. Treasury Regulations, Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (and any successor provisions).

Section 5.06 Tax Treatment.

- (a) For U.S. federal income and applicable state and local income tax purposes, the Parties shall treat the Notes as debt. Each Party agrees not to take any position that is inconsistent with the foregoing sentence on any Tax return or in any audit or other administrative or judicial Tax proceeding unless (i) each other Party has consented to such actions; or (ii) such inconsistent position is required as a result of a material change in Applicable Law following the date of this Agreement or the good faith resolution of a Tax audit or a judicial or administrative Tax proceeding.
- (b) This Agreement is not intended to create a partnership, association or joint venture between or among the Agent, any Purchaser and/or Issuer, any other Note Party or any Subsidiary. Each Party agrees not to refer to the other as a "partner" or the relationship as a "partnership" or "joint venture."

Section 5.07 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Article V (including by the payment of additional amounts pursuant to this Article V), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Article V with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 5.07 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 5.07, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 5.07 the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 5.07 shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

Section 5.08 Value Added Tax. All fees and other amounts payable to any Purchaser under this Agreement by the Issuer and/or the Guarantors are exclusive of any VAT. If any of the transactions described in this Agreement are subject to VAT, the Purchasers shall provide the Issuer with a valid invoice that complies with all relevant tax regulations and that specifically states the applicable VAT. Provided the Purchaser(s) have stated the applicable VAT on the invoice, the Issuer will pay the applicable Purchaser(s) the applicable VAT. All payments by Issuer or any other Note Party under this Agreement or any other Note Document (including payments with respect to the Notes and payments under a guarantee) which (in whole or in part)

constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable, if any, on that supply, and accordingly, if VAT is or becomes chargeable on any supply made by any Purchaser and such Purchaser is required to account to the relevant tax authority for the VAT, Issuer or any other Note Party must pay to such Purchaser (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT.

ARTICLE VI. CLOSING CONDITIONS

Section 6.01 Conditions Precedent to the Initial Notes Issuance. The obligation of each Purchaser to purchase Initial Notes on the Closing Date shall be subject to the fulfillment, to the sole satisfaction of each Purchaser, of all of the following conditions precedent in addition to the conditions specified in Section 2.01 and Section 2.02:

- (a) Notes. Issuer shall have executed and delivered an original wet ink Initial Note to each Purchaser, dated the Closing Date, and the Agent and Purchasers shall have received a fully executed and delivered Issuance Offer, together with all attachments and specifying a use for the proceeds of the Notes Issuance permitted by Section 8.02.
- (b) Closing Date Certificate; Legal Opinions. Agent and the Purchasers shall have received on or before the Closing Date executed copies of each of the following (each in form and substance satisfactory to the Agent and the Purchasers):
 - (i) a certificate of the Issuer, executed respectively by a Senior Officer thereof, dated the Closing Date, substantially in the form of Exhibit C hereto; and
 - (ii) favorable written opinions each dated as of the Closing Date and addressed to the Agent and the Purchasers of (a) Greenberg Traurig, LLP, U.S. counsel to the Note Parties; (b) McCann FitzGerald LLP, Irish counsel to the Note Parties; and (c) Gornitzky & Co, Israeli counsel to the Note Parties.
- (c) Organizational Documents; Incumbency.
 - (i) The Issuer shall have delivered to Agent and the Purchasers a certificate, dated the Closing Date, of a Senior Officer of Issuer, countersigned and witnessed by a second Senior Officer of Issuer and certifying as to the statements below (the statements in which shall be true and correct on and as of the Closing Date) and attaching the documents below: (i) copies, certified by such officer as true and complete, of such party's Organizational Documents certified by the appropriate Governmental Authority as being true, correct and complete copies; (ii) copies, certified by such officer as true and complete, of resolutions of the Board of Directors (or similar governing body) of such party authorizing and approving the execution, delivery and performance by such party of the Note Documents to which it is a party and the transactions contemplated herein and therein, and specifically affirming that (a) prior to executing this Agreement and the other Note Documents, Issuer has had the opportunity to review, evaluate and negotiate this Agreement, the other Note Documents, the Exit Fee, the Prepayment Premium and the calculations thereof with its advisors, (b) each of the Exit Fee and the Prepayment Premium is a good-faith, reasonable approximation of the Purchasers' liquidated damages upon the applicable triggering events, taking into account all of the circumstances, including the cost of funds, the opportunity costs of capital, the relative risk of the investment and the operational benefits for the Note Parties from continued use of funds as a result of the Purchasers' agreement to accept the Exit Fee and the Prepayment Premium in lieu of additional up-front fees, (c) neither the Exit Fee nor the Prepayment Premium is intended to be nor viewed by the parties as the economic equivalent of unmatured interest, and (d) each of the Note Parties has duly authorized its entry into this Agreement and the other Note Documents in connection therewith; (iii) setting forth the incumbency of the officer of such party who executed and delivered such Note Documents, including therein a signature specimen of each such officer; and (iv) copies, certified by such officer as true and complete, of certificates of the appropriate Governmental Authority of the jurisdiction of formation, stating that such party was in good standing under the laws of such jurisdiction as of the Closing Date (or a date immediately prior thereto acceptable to Agent);
 - (ii) the Israeli Guarantor and each other Note Party organized or formed under the laws of Israel, a certificate dated as of the Closing Date executed by one (1) director or officer of such Note Party (and countersigned and witnessed by a second director or a Senior Officer of such Note Party) certifying and attaching: (A) copies of the Organizational Documents of such Note Party, together with all amendments thereto; (B) a copy of the resolutions or written consents (1) of such Note Party authorizing the guaranties hereunder and the other transactions contemplated by the Note Documents to which such Note Party is or will be a party, and specifically affirming that prior to executing this Agreement and the other Note Documents, the Israeli Guarantor and each other Note Party organized or formed under the laws of Israel has had the opportunity to review, evaluate and negotiate this Agreement and the other Note Documents, and (2) of such Note Party authorizing the execution, delivery and performance by such Note Party of each Note Documents to which such Note Party is or will be a party and the execution and delivery of the other documents to be delivered by such Person in connection herewith and therewith; (C) the names and true signatures of the representatives of such Note Party authorized to sign each Note Documents to which such Note Party is or will be a party and the other documents executed and delivered by such Note Party in connection herewith and therewith; and (D) a certification from the board of directors that pursuant to sections 256(d) and 282 of the Israeli Companies Law, that all approvals, as required under the Israeli Companies Law (including, without limitation, under sections 255, 270-272 and Section 277 thereof) and the Organizational Documents of such party, had been duly obtained for, amongst other things, the transactions contemplated by the Note Documents; and
 - (iii) the Irish Guarantor shall have delivered to the Agent and Purchasers a certificate dated as of the Closing Date executed by one (1) director of the Irish Guarantor (and countersigned and witnessed by a second director or a Senior Officer of the Irish Guarantor) certifying and attaching: (A) copies of the Organizational Documents of the Irish Guarantor; (B) the names and true signatures of the officers of the Irish Guarantor; (C) a copy of the board resolution authorizing and approving the execution, delivery and performance by such party of the Note Documents to which it is a party and the transactions contemplated herein and therein and specifically affirming that (a) prior to executing this Agreement and the other Note Documents, Irish Guarantor has had the opportunity to review, evaluate and negotiate this Agreement, the Note Documents, the Exit Fee, the Prepayment Premium and the calculations thereof with its advisors, (b) each of the Exit Fee and the Prepayment Premium is a good-faith, reasonable approximation of the Purchasers' liquidated damages upon the applicable triggering events, taking into account all of the circumstances, including the cost of funds, the opportunity costs of capital, the relative risk of the investment and the operational benefits for the Note Parties from continued use of funds as a result of the Purchasers' agreement to accept the Exit Fee and the Prepayment Premium in lieu of additional up-front fees, (c) neither the Exit Fee nor the Prepayment Premium is intended to be nor viewed by the parties as the economic equivalent of unmatured interest, and (d) Irish Guarantor has duly authorized its entry into this Agreement and the other Note Documents in connection therewith; and (D) if relevant, a copy of any power of attorney granted to authorized signatories in respect of execution of this Agreement and the other Note Documents to which it is party.
- (d) Organizational and Capital Structure. Agent and Purchasers shall have received on or before the Closing Date the organizational structure and capital structure of Issuer and its Subsidiaries, immediately before giving effect to the Transactions occurring on the Closing Date, shall be as set forth on Schedule 6.01(d).
- (e) Note Documents. Agent shall have received a copy of each Note Document to be entered into on the Closing Date originally executed and delivered by each applicable party thereto for each Purchaser and original wet ink versions of the Notes.

- (f) No Default; No Material Adverse Effect; No Litigation. The Note Documents shall be in full force and effect and no event or circumstance shall have occurred and be continuing that (i) constitutes a Default, an Event of Default or an Enhanced Cooperation Event; and (ii) would reasonably be expected to constitute a Material Adverse Effect, in each case, both at the time of, and immediately after giving effect to, the purchase of the Notes. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that, in the reasonable discretion of the Agent, singly or in the aggregate, materially impairs the consummation of the Transactions, the financing thereof or any of the other transactions contemplated by the Note Documents or that would reasonably be expected to have a Material Adverse Effect.
- (g) Representations and Warranties. The representations and warranties made by the Note Parties in Article VII hereof and in the other Note Documents shall be true and correct in all material respects as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, before and after giving effect to the purchase of the Notes (except that any representation or warranty that is qualified as to "materiality" shall be true and correct in all respects).
- (h) Governmental and Other Third-Party Authorizations and Consents. All governmental and third-party approvals, consents and filings necessary for the contemplated transactions or otherwise requested by the Secured Parties, including in connection with the purchase of the Notes the execution, delivery and performance of the Note Documents shall have been obtained or made and shall remain in full force and effect.
- (i) Lien Searches. Note Parties shall have delivered to Agent certified copies of UCC, United States Patent and Trademark Office and United States Copyright Office and any other equivalent foreign office of competent jurisdiction in any Relevant non-U.S. Jurisdiction or any other jurisdiction in which a Note Party has registered material Intellectual Property, tax and judgment lien searches, or equivalent reports or searches, each of a recent date listing all effective financing statements, lien notices or comparable documents that name each Note Party as debtor and that are filed in those state and county jurisdictions in which such Note Party is organized or maintains its principal place of business and such other searches that Agent deems necessary or appropriate, none of which encumber the Collateral covered or intended to be covered by the Note Documents (other than any Specified Permitted Liens and other Liens acceptable to Agent). Note Parties shall have delivered to Agent a copy of an excerpt from a search against the Israeli Guarantor at Israeli Patent Office and the Israeli Companies Registrar, evidencing that there were no outstanding Liens over its assets, save as permitted under this Agreement.
- (j) Personal Property Collateral. Agent shall have received copies of all UCC financing statements in appropriate form for filing under the UCC, and all other certificates, agreements, instruments, filings, recordings and other actions, including recordings in the United States Patent and Trademark Office and the United States Copyright Office and any other equivalent foreign office of competent jurisdiction in any Relevant non-U.S. Jurisdiction or any other jurisdiction in which a Note Party has registered material Intellectual Property that are necessary or reasonably requested by Agent in order to establish, protect, preserve and perfect the security interest in the assets of each Note Party constituting Collateral as provided in any Collateral Document as a valid and perfected first priority security interest with respect to such assets shall have been duly effected (or arrangements therefor satisfactory to Agent shall have been made).
- (k) U.S. PATRIOT Act, KYC and Similar Disclosures.
- (i) The Agent and the Purchasers shall have received all documentation and other information, including a duly executed W-9 tax form (or such other applicable IRS tax form) of the Note Parties, required by such institution or its bank Governmental Authorities under laws applicable economic sanctions laws, "know your customer" and other terrorism, counter-terrorism and anti-money laundering rules and regulations, including the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 § 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959, along with the information described in Section 12.19.
 - (ii) At least five (5) days prior to the Closing Date, if the Issuer qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall deliver a Beneficial Ownership Certification in relation to the Issuer.
- (l) Solvency Certificate. The Agent and each Purchaser's receipt of a Solvency Certificate from the chief financial officer of each Note Party dated as of the Closing Date and addressed to Agent and the Purchasers, certifying as to the matters in Section 7.01(i) and in form, scope and substance satisfactory to Agent.
- (m) Material Contracts. Agent shall have received copies of the Material Contracts; provided that such conditions shall be deemed to be satisfied if such copies are filed with the SEC and publicly available.
- (n) Evidence of Appointment of Process Agents. Agent shall have received on or before the Closing Date evidence in form and substance satisfactory to it that each Note Party organized under the Laws of a jurisdiction outside the United States of America irrevocably appoints Corporation Service Company (the "U.S. Process Agent"), as its agent for service of process in any matter related to this Agreement or the other Note Documents (the "U.S. Process Agent Appointment Letter").
- (o) Termination of Certain Existing Liens. The Note Parties shall have delivered to Agent a release letter in form and substance reasonably acceptable to Agent together with all documents or instruments necessary to release all existing Liens on the Collateral (including public filings with respect thereto) (other than Permitted Liens).
- (p) Amendment of Specified Existing Debt Documents. The Note Parties shall have delivered to Agent an amendment to each Specified Existing Debt Document in form and substance satisfactory to Agent.
- (q) Irish Guarantor Resolution. Agent shall have received a copy of a resolution of the shareholder of the Irish Guarantor authorizing the execution by the Irish Guarantor of this Agreement and the other Note Documents to which it is party, in form and substance satisfactory to Agent.
- (r) Fees. Evidence that all fees required to be paid to the Agent and Purchasers pursuant to any Note Document on or before the date of such credit extension, shall have been paid and all other fees and expenses required to be paid to the Purchasers or the Agent (including all out-of-pocket expenses of the Agent and Purchasers (including the reasonable fees, charges and disbursements of counsel to the Secured Parties) required to be paid or reimbursed by the Note Parties) on or before or substantially concurrently with the applicable credit extension shall have been paid (or the Agent shall have received evidence in form and substance satisfactory to it that such fees will be paid substantially concurrently with the extension of credit).
- (s) IRS Forms. The Issuer shall have delivered to Agent a duly executed IRS Form W-9 certifying that the Issuer is a United States person and is not subject to U.S. federal backup withholding.
- (t) Additional Deliverables. Agent shall have received such other approvals, opinions, documents or materials as Agent may reasonably request, including all other closing deliverables described in the closing checklist attached hereto as Exhibit E.

Each Purchaser and the Agent, by delivering its signature page to this Agreement and the Purchasers purchasing and accepting the Notes on the Closing Date, shall be deemed to have acknowledged receipt of, and consented to and approved, each Note Document and each other document required to be approved by Agent, Requisite Purchasers or Purchasers, as applicable on the Closing Date.

ARTICLE VII. REPRESENTATIONS AND WARRANTIES

Section 7.01 Representations and Warranties of Note Parties. Each Note Party hereby represents and warrants on its own behalf to Agent and each Purchaser as of the date of this Agreement (except for any representations and warranties which speak as to a specific date, which representations and warranties shall be made as of the date specified) as follows:

- (a) Organization; Requisite Power and Authority. Issuer is a corporation incorporated under the laws of the State of Delaware, Irish Guarantor is a private limited company incorporated under the laws of Ireland and Israeli Guarantor is a private company duly organized and validly existing under the laws of Israel. Each Note Party (i) has all powers and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted; and (ii) is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except, in each case, where the failure to be so qualified or in good standing would not result in, and would not reasonably be expected to have resulted in (A) a Material Adverse Effect, or (B) an adverse effect, in any material respect, on the timing, amount or duration of the Included Royalty Interest or the right of Agent, for the ratable benefit of the Purchasers, to receive the Included Royalty Interest). Israeli Guarantor is not a "company in breach" (*"hevrach meferah"*), as such term is defined in the Israeli Companies Law, and it has not received a notice that it is expected to be registered as such. No Note Party is registered or is required to be registered in the State of Israel as a "foreign company" (*"hevrat hutz"*), as such term is defined in the Israeli Companies Law.
- (b) No Conflict. None of the execution and delivery by any Note Party of any of the Note Documents to which any Note Party is party, the performance by each Note Party of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will: (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy (including termination, cancellation or acceleration) or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any material respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which any Note Party or any of its assets or properties may be subject or bound, (B) any term or provision of any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which any Note Party is a party or by which any Note Party or any of its assets or properties is bound or committed (including, without limitation, the License Agreement), or (C) any term or provision of any of the Organizational Documents of any Note Party, except in the case of clause (A) or (B) where any such event would not reasonably be expected to result in (1) a Material Adverse Effect, or (2) an adverse effect, in any respect, on the timing, amount or duration of the Included Royalty Interest or the right of Agent, for the ratable benefit of the Purchasers, to receive payments based on the Included Royalty Interest; or (ii), except as provided in or contemplated by any of the Note Documents, result in or require the creation or imposition of any Lien on the Product Patents, the Licensed Product or the Included Royalty Interest.
- (c) No Liens. Other than Liens granted pursuant to the Note Documents, no Note Party has granted, nor does there exist, any Lien on the Collateral (other than Specified Permitted Liens).
- (d) Due Authorization. Each Note Party has all powers and authority to execute and deliver, and perform its obligations under, the Note Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Note Documents to which any Note Party is party and the performance by each Note Party of its obligations hereunder and thereunder have been duly authorized by each Note Party. Each of the Note Documents to which any Note Party is party has been duly executed and delivered by such Note Party. Each of the Note Documents to which any Note Party is party constitutes the legal, valid and binding obligation of such Note Party party thereto, enforceable against such Note Party party thereto in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.
- (e) Title to Properties. Each Note Party shall be the exclusive owner of the entire right, title (legal and equitable) and interest in, to and under the Collateral owned by it, free and clear of all Liens other than Specified Permitted Liens and Irish Guarantor shall be entitled to be the sole recipient of all payments in respect of the Included Royalty Interest. The Included Royalty Interest constituting Collateral granted to Agent on the Closing Date has not been pledged, sold, assigned, transferred, conveyed or granted by Irish Guarantor to any other Person, in each case, except Specified Permitted Liens of the types described in clauses (a), (d) and (e) of the definition thereof. Upon granting by Irish Guarantor of the security interests in the Included Royalty Interest to the Agent pursuant to the Collateral Documents and the completion of all actions necessary to perfect such security interests, Agent shall acquire for the benefit of the Secured Parties a first priority security interest in the Included Royalty Interest free and clear of all Liens, other than Specified Permitted Liens of the types described in clauses (a), (d) and (e) of the definition thereof. No Note Party has caused, and to the knowledge of the Note Parties no other Person has caused, the claims and rights of Agent and the other Secured Parties created by any Note Document in and to the Included Royalty Interest, to be subordinated to any creditor or any other Person.
- (f) Governmental Consents. The execution and delivery by each Note Party of the Note Documents to which such Note Party is party, the performance by each Note Party of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder (including the granting of security interests in the Collateral to the Agent for the benefit of the Secured Parties) do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority or any other Person, except for (i) the filing of any applicable notices under securities laws, (ii) the filings necessary to perfect Liens created by the Note Documents, (iii) those previously obtained and in full force and effect, and (iv) those which, if not obtained, would not reasonably be expected to have a Material Adverse Effect.
- (g) Grants. Except as set forth [***], no Note Party [***]. The transactions contemplated under any Note Document are [***]. [***].
- (h) Adverse Proceedings. Except as set forth in Schedule 7.01(h), to the Knowledge of the Note Parties there is no action, suit, arbitration proceeding, claim, citation, summons, subpoena, investigation or other proceeding (whether civil, criminal, administrative, regulatory, investigative or informal, and including by or before a Governmental Authority) pending or, to the Knowledge of the Note Parties, threatened in writing by or against any Note Party, at law or in equity, that (i) if adversely determined, would reasonably be expected to result in a Material Adverse Effect; (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Note Documents to which any Note Party is party; or (iii) may impact any security interest granted to the Agent over any asset subject to such security interest or the enforceability or validity of such security interest.
- (i) Solvency. Both immediately before and immediately after giving effect to the Transactions on the Closing Date and on each Issuance Date and the application of proceeds therefrom, (i) each Note Party, individually, is and will be Solvent; and (ii) no Note Party is or will become subject to any Bankruptcy Event. No transfer of property is being made by any Note Party and no obligation is being incurred by any Note Party in connection with the issuance and sale of the Notes and the other transactions contemplated by this Agreement or the other Note Documents with the intent to hinder, delay or defraud either present or future creditors of any Note Party and no step has been taken by any Note Party or any other Person to make any Note Party subject to a Bankruptcy Event.
- (j) No Defaults. No Default or Event of Default has occurred and is continuing, and no such event or Enhanced Cooperation Event will occur upon the purchase of the Notes on any Issuance Date.

- (k) Payment of Taxes. Other than [***], each Note Party has filed (or caused to be filed) all Tax returns and reports required by Applicable Law to have been filed by it and has paid all Taxes required to be paid by it (including in its capacity as a Withholding Agent), except where any such failure to file or pay would not result, individually or in the aggregate, in (a) a Material Adverse Effect, or (b) an adverse effect, in any respect, on the timing, amount or duration of the Included Royalty Interest or the right of Agent, for the ratable benefit of the Purchasers and other Secured Parties, to receive a payment equal to the Royalty Amount or for the Included Royalty Interest to be paid into the Collection Account. The Taxes that are the [***] are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP have been set aside on the Note Parties' books and records. Other than the [***] or disputes that would not reasonably be expected to have a Material Adverse Effect, there are no disputes with a Governmental Authority that are ongoing, pending or threatened in writing against any Note Party in respect of the Tax affairs of a Note Party or any of its Subsidiaries. None of the payments received (or to be received) by any Note Party in respect of the Royalty Interest has been, or under current Law will be, subject to any deduction or withholding of any Tax and no Note Party has provided or been requested to provide any documentation to any applicable withholding agent in order to establish entitlement to any treaty benefit in order to avoid any such withholding, other than an IRS Form W-8BEN or W-8BEN-E with respect to U.S. federal withholding tax.
- (l) Certain Fees. Except as set forth on Schedule 7.01(i) or those the payment or nonpayment of which would not reasonably be expected to have a Material Adverse Effect, no Note Party has taken any action that would entitle any person or entity to any commission or broker's fee in connection with the transactions contemplated by this Agreement.
- (m) Compliance with Laws. No Note Party (a) is in violation of, and to its Knowledge, is under investigation with respect to, or has been threatened in writing to be charged with or been given written notice of any violation of, any Applicable Law or any judgment, order, writ, decree, injunction, stipulation, consent order, permit or license granted, issued or entered by any Governmental Authority; and (b) is subject to any judgment, order, writ, decree, injunction, stipulation, consent order, permit or license granted, issued or entered by any Governmental Authority, in each case, that would reasonably be expected to result in a Material Adverse Effect. Each Note Party is in compliance with the requirements of all Applicable Laws except for any breach, violation or noncompliance thereof which would not reasonably be expected to result in a Material Adverse Effect.
- (n) [Reserved].
- (o) Patents.
- (1) Schedule 7.01 sets forth a complete and accurate list of the Product Patents, including the following: Schedule 7.01(i) sets forth a complete and accurate list of all Product Patents that are Owned Patents; Schedule 7.01(ii) sets forth a complete and accurate list of all Product Patents that are Co-owned Patents including with respect to each Co-owned Patent any other Person that has an ownership interest in such Co-owned Patent. For each Product Patent set forth on Schedule 7.01, Issuer has indicated: (i) the application number; (ii) the patent or registration number, if any; (iii) the country or jurisdiction of application and/or registration; (iv) the date of application and/or registration; and (v) the registered owner(s) thereof.
- (2) Israeli Guarantor is the sole and exclusive owner of the entire right, title and interest in each of the Product Patents that are Owned Patents other than the Jointly-Owned Patents, and Israeli Guarantor jointly owns, solely with Licensee, each of the Product Patents that are Jointly-Owned Patents. Except as set forth in Schedule 7.01(v), each of the Product Patents that are Owned Patents are not subject to any encumbrance, lien or claim of ownership by any Third Party, and there are no facts that would preclude Israeli Guarantor from having unencumbered title to the Owned Patents, in each case, other than Specified Permitted Liens. Except as set forth in Schedule 7.01(v), no Note Party has received any notice of any claim by any Third Party challenging the ownership of the rights of such Note Party in and to any of the Product Patents that are Owned Patents.
- (3) [Reserved].
- (4) [Reserved].
- (5) Except as would not reasonably be expected to result in a Material Adverse Effect or a material reduction in the amount of the Royalty Interest, to the Knowledge of the Note Parties, each Person who has or has had any rights in or to the Product Patents, including each inventor named on the Product Patents, has executed a Contract assigning their entire right, title and interest in and to such Product Patents and the inventions embodied, described and/or claimed therein, to the owner thereof.
- (6) To the Knowledge of the Note Parties, no issued Product Patent has lapsed, expired or otherwise been terminated. To the Knowledge of the Note Parties, no Product Patent applications have lapsed, expired, been abandoned or otherwise been terminated, other than by operation of law or, with regard to immaterial Product Patents, by any prosecution or maintenance decisions of the Licensee on a case-by-case and country-by-country basis and under routine patent prosecutions.
- (7) There are no unpaid maintenance fees, annuities or other like payments with respect to the Product Patents that would have a material effect on any Product Patent or that would result in a material reduction in the amount of the Royalty Interest.
- (8) Except as set forth in Schedule 7.01(v), (i) to the Knowledge of the Note Parties each of the Product Patents correctly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Product Patent was issued or is pending; (ii) to the Knowledge of the Note Parties, there is not any Person who is or claims to be an inventor of any of the Product Patents who is not a named inventor thereof; and (iii) no Note Party has received any notice from any Person who is or claims to be an inventor of any of the Product Patents who is not a named inventor thereof.
- (9) Each of the Product Patents is valid, enforceable and subsisting. (i) No Note Party has received any opinion of counsel that any of the Product Patents is invalid or unenforceable, and (ii) no Note Party has received any written notice of any claim by any Third Party challenging the validity or enforceability of any of the Product Patents.
- (10) To the Knowledge of the Note Parties, each individual associated with the filing and prosecution of the Product Patents has complied, in all material respects with all applicable duties of candor and good faith in dealing with any Patent Office, including any duty to disclose to any Patent Office all information known by such individual to be material to patentability of each such Product Patent, in those jurisdictions where such duties exist.
- (11) To the Knowledge of the Note Parties, there is at least one (1) valid claim in each of Product Patent that would be infringed by Licensee's Exploitation of the Product Patents in the currently approved indications of use but for the Licensee's rights in such Product Patent.
- (12) [Reserved].
- (13) There are no pending or threatened proceedings before a Governmental Authority (other than normal course patent examinations, if any) that could reasonably be expected to (i) impact the validity and/or enforceability of any of the claims of the Product Patents, or (ii) otherwise impact whether any claim within the Product Patents is a valid claim.

- (14) Except as set forth in Schedule 7.01(v), there is no pending, decided or settled Dispute, including without limitation any International Trade Commission investigations, and, to the Knowledge of the Note Parties, no such Dispute been threatened in writing, in each case, challenging the legality, validity, enforceability, scope or ownership of any Product Patent, or adjudicating whether any Product Patent is or would be infringed by the Exploitation of a product by a Third Party.
- (15) Except as set forth in Schedule 7.01(v), to the Knowledge of the Note Parties there are no pending Disputes or like procedures involving any of the Product Patents.
- (16) Except as set forth in Schedule 7.01(v), to the Knowledge of the Note Parties, none of the conception, development and reduction to practice of the inventions claimed in the Product Patents has constituted or involved the misappropriation of trade secrets or other rights or property of any Third Party.
- (17) No Note Party has filed any disclaimer, other than a terminal disclaimer, or made or permitted any other voluntary reduction in the scope of any Product Patent.
- (18) To the Knowledge of the Note Parties, neither any Note Party nor any other Person has undertaken or omitted to undertake any acts, and no circumstances or grounds exist, that would void, invalidate, reduce or eliminate, in whole or in part, the enforceability or scope of any of the Product Patents.
- (19) To the Note Parties' Knowledge, (i) no Third Party Patent has been, or is or will be, infringed by Licensee's Exploitation of the Licensed Products; (ii) no Patent other than the Product Patents would limit or prohibit in any material respect Licensee's Exploitation of any Licensed Product; and (iii) Licensee does not have rights in any Patent other than the Product Patents that relate to, are embodied in, cover, involve or would otherwise be infringed by the Exploitation of the Licensed Product. Except as set forth in Schedule 7.01(v), no Note Party nor, to the Knowledge of any Note Party, Licensee has received any notice of any claim by any Third Party asserting that Licensee's Exploitation of any Licensed Product infringes such Third Party's Patents. No Note Party has received any opinion of counsel regarding infringement or non-infringement of any Third Party Patent by Licensee's Exploitation of any Licensed Product.
- (20) No Subsidiary or Affiliate of any Note Party other than the Note Parties has rights to any Patent that relates to, is embodied in, covers, involved or would otherwise be infringed by the Exploitation of a Licensed Product.
- (21) Except as set forth in Schedule 7.01(v) or as would not reasonably be expected to result in a Material Adverse Effect or be likely to result in a material reduction in the amount of the Royalty Interest, (i) there are no Disputes between a Note Party and a Third Party relating to the Exploitation of any Licensed Product, (ii) no Note Party has received or given notice of any such Dispute, and (iii) to Issuer's Knowledge, there exists no circumstances or grounds upon which any such claims could be asserted. The Patents are not subject to any outstanding injunction, judgment or other decree, ruling, charge settlement or other disposition of any Dispute.
- (22) No Note Party is aware of any actual, potential, suspected or threatened infringement, misappropriation or other violation by a Third Party of any Patent Right.
- (p) Margin Stock. No Note Party is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the proceeds received from the issuance of the Notes shall be used by any Note Party for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.
- (q) License Agreement.
- (i) No Note Party nor, to the Knowledge of the Note Parties, [***], as applicable, has [***]; provided that no Note Party shall be required on the Closing Date to [***].
 - (ii) The License Agreement is in full force and effect and has not been waived, altered or modified in any respect, whether by consent or otherwise, other than as set forth on Schedule 1.01(a). The Licensee has not been released, in whole or in part, from any of its material obligations under the License Agreement. The License Agreement has not been satisfied in full, discharged, canceled, terminated, subordinated or rescinded, in whole or in part. The License Agreement is the entire agreement among the parties thereto relating to the subject matter thereof.
 - (iii) No Note Party has [***].
 - (iv) No Note Party has received any notice or other written or, the Knowledge of the Note Parties, oral communication requesting any amendment, supplement, alteration or modification to the License Agreement that could reasonably be expected to have an adverse effect, in any respect, on the timing, amount or duration of the Included Royalty Interest or the right for the Included Royalty Interest to be paid into the Collection Account and be included as Collateral or the right of Agent, for the ratable benefit of the Secured Parties, to receive the proceeds of the License Agreement and the Included Royalty Interest as Collateral.
 - (v) To the Knowledge of the Note Parties, all payments required to be made under the License Agreement have been made and nothing has occurred and no condition exists that could adversely impact, in any material respect, the right of Irish Guarantor to receive any payments payable to Irish Guarantor under the License Agreement. No Note Party nor, to the Knowledge of the Note Parties, the Licensee, has taken any action or omitted to take any action that could adversely impact, in any material respect, the right of Agent to take a security interest in the License Agreement or the Royalty Interest for the benefit of the Secured Parties. No Note Party is aware of any tax set-off, dispute or counterclaim that could be expected to reduce the Royalty Interest or the amount of the Included Royalty Interest in any material respect or result in an Enhanced Cooperation Event.
 - (vi) The execution, delivery and performance of the License Agreement was and is within the corporate powers or other organizational power of the Irish Guarantor and its Affiliates and, to the Knowledge of the Note Parties, the Licensee. The License Agreement was duly authorized by all necessary action on the part of, and validly executed and delivered by, the Irish Guarantor and its Affiliates and, to the Knowledge of the Note Parties, the Licensee.
- (r) Material Contracts. Without limiting any representation made under Section 7.01(q) above:
- (i) Schedule 7.01(r) contains a true, correct and complete list of all Material Contracts of the Note Parties as of the Closing Date.

- (ii) Except as separately disclosed in writing to Agent referencing this Section 7.01, neither any Note Party nor, to the Note Parties' Knowledge, any Material Contract Counterparty is in material breach or default of any Material Contract and no circumstances or grounds exist that would, upon the giving of notice, the passage of time or both, give rise (i) to a claim by any Note Party or any Material Contract Counterparty of a material breach or default of any Material Contract, or (ii) to a right of rescission, termination, revision, setoff, or any other rights, by any Person, in, to or under any Material Contract except, in any case, where such claim or right would not reasonably be expected to have a Material Adverse Effect. No Note Party has received from, or delivered to, any Material Contract Counterparty, any notice alleging a material breach or default under any Material Contract, which breach or default has not been cured or waived as of the date hereof, except as would not reasonably be expected to have a Material Adverse Effect.
- (iii) Except as would not reasonably be expected to have a Material Adverse Effect, (A) each Material Contract to which any Note Party is a party is a valid and binding obligation of such Note Party and, to the Knowledge of the Note Parties, of the applicable Material Contract Counterparty, enforceable against each of such Note Party and, to the Knowledge of the Note Parties, each applicable Material Contract Counterparty in accordance with its terms, except as may be limited by general principles of equity (regardless of whether considered in a proceeding at law or in equity) and by applicable bankruptcy, insolvency, moratorium and other similar laws of general application relating to or affecting creditors' rights generally; (B) no Note Party has received any written notice from any Material Contract Counterparty or any other Person challenging the validity or enforceability of any Material Contract; and (C) neither any Note Party nor, to the Knowledge of the Note Parties, any Material Contract Counterparty, has delivered or intends to deliver any written notice to any Note Party or a Material Contract Counterparty challenging the validity or enforceability of any Material Contract.
- (iv) Except as would not reasonably be expected to have a Material Adverse Effect, neither any Note Party nor, to the Knowledge of the Note Parties, any Material Contract Counterparty, is contemplating to commence any case, proceeding or other action relating to Material Contract Counterparty's bankruptcy, insolvency, liquidation or dissolution or reorganization by any of the foregoing means.
- (s) Principal Place of Business; Chief Executive Office. The chief place of business, the chief executive office and each office where each Note Party keeps its records regarding the Collateral are, as of the date hereof, each located at the locations described on Schedule 7.01(s).
- (t) Other Names. Except as set forth on Schedule 7.01(t), no Note Party (or any predecessor by merger or otherwise) has, within the five (5)-year period preceding the date hereof, had a name that differs from its name as set forth on the signature pages hereto.
- (u) Disclosure. Except as would not reasonably be expected to have a Material Adverse Effect, no written information heretofore or herein supplied by or on behalf of any Note Party to any Agent or any Purchaser in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or any other Note Document (as modified or supplemented by other information so furnished) when taken as a whole contains any misstatement of material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading (it being understood that with respect to projections and pro forma financial information, such information was prepared based upon good faith estimates and assumptions believed by management of Issuer to be accurate and reasonable at the time made, it being recognized by the Agent and Purchasers that such financial information as it relates to future events is not to be viewed as fact, that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein and that no assurances are being given that the results reflected in the projections and the other pro forma financial information will be achieved). There is no fact or circumstance known to any Note Party that would reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed in writing to the Agent. As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.
- (v) Sanctions. No Note Party is, nor to the knowledge of the Note Parties, is any director, officer, employer, agent, representative or Affiliate of a Note Party, the subject or target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, the State of Israel (including the Israeli Ministry of Finance or the Israeli Ministry of Defense) or the United Kingdom (collectively, "Sanctions"). Each Note Party, and to the knowledge of the Note Parties, each director, officer, employer, agent, representative and Affiliate of a Note Party, is in compliance with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.
- (w) Privacy. Each of the Note Parties have complied with, and are in compliance with, all applicable Privacy Laws and any applicable written privacy policy of the Note Parties, in each case, except in the case that such failure to comply with any Privacy Laws and any applicable privacy policy of each of the Note Parties would not reasonably be expected to result in a Material Adverse Effect. Except as would not reasonably be expected to have a Material Adverse Effect, (i) there are not, and have not been any written allegations or claims or occurrences pertaining to an actual security breach of Personal Information or alleged non-compliance with applicable Privacy Laws; (ii) each of the Note Parties have implemented industry standard or better information and data security policies and procedures that are designed to safeguard the confidential information of each of the Note Parties (including the confidential information of the Note Parties' customers), as well as all Personal Information collected by each of the Note Parties both on its own behalf and on behalf of third parties; and (iii) in the past one (1) year, no Note Party has (A) experienced any material actual, alleged or suspected unauthorized access, use or disclosure of, or data breach or other security incident involving Personal Information in its possession or control, or (B) received any written notice of any proceeding by any Governmental Authority concerning any Note Party's collection, use, processing, storage, transfer or protection of Personal Information or any actual, alleged or suspected violation of any Privacy Law, and, to the Knowledge of any Note Party, there are no facts or circumstances that could reasonably be expected to give rise to any such proceedings.
- (x) No Regulatory Restrictions on Issuance, Guarantees or Upstreaming Cashflows. To the Knowledge of the Note Parties, none of the Note Parties or their Subsidiaries is subject to regulation under any Applicable Law, treaty, rule or regulation or determination of an arbitrator or court or other Governmental Authority or any other contractual restriction that limits its ability to incur or guarantee any Indebtedness under any Note or any other Note Document except as would not be adverse to the ability of the Note Parties to perform their Obligations under the Note Documents.
- (y) Rank of Debt. The obligations of the Note Parties under the Note Documents to pay the principal of and interest on the Notes and any and all other amounts due thereunder constitute direct and unconditional senior obligations of each such Note Party and will at all times rank at least equal in right of payment with all other present and future indebtedness and other obligations of such Note Party, except for any obligations in respect of employee compensation, benefits, taxes and other obligations that are immaterial in the aggregate to the Note Parties, taken as a whole, which have priority under any applicable Laws.
- (z) No Set-off. The obligations of the Note Parties under the Note Documents are not subject to any defense, set-off or counterclaim by any of the Note Parties or any circumstance whatsoever which might constitute a legal or equitable discharge from its obligations thereunder.
- (aa) No Immunity; Proper Legal Form; No Need to Qualify under Any Relevant Jurisdiction or Other Applicable Law.
 - (i) None of the Note Parties nor any of their properties have any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the Laws of the United States, Ireland, Israel, any Relevant Jurisdiction or other relevant jurisdiction in respect of its obligations under the Note Documents. To ensure the legality, validity, enforceability or admissibility into evidence in each Relevant Jurisdiction of the Note Documents, it is not necessary that the Note Documents or any other document be filed or recorded with any Governmental Authority in any Relevant Jurisdiction.

(ii) Except as would not reasonably be expected to have a Material Adverse Effect, (A) each of the Note Documents is in proper legal form under the Laws of each Relevant Jurisdiction for the enforcement thereof against the Note Parties under such Laws, and (B) the submission to jurisdiction, appointment of the process agent, consents and waivers by the Note Parties in this Agreement and the other Note Documents are valid and irrevocable.

(iii) It is not necessary in order for the Agent or any Purchaser to enforce any rights or remedies under the Note Documents or solely by reason of the execution, delivery and performance by any of the Note Parties of the Note Documents that Agent or any Purchaser be licensed or qualified with any Governmental Authority in any Relevant Jurisdiction, or be entitled to carry on business in any of the foregoing.

(bb) Exchange Controls. Under current Laws and regulations of each Relevant Jurisdiction applicable to the Note Parties and each political subdivision thereof, all interest, principal, premium, if any, and other payments due or to be made on the Notes or otherwise pursuant to the Note Documents may be freely transferred out of such Relevant Jurisdictions and may be paid in, or freely converted into, Dollars.

(cc) Investment Company Act. No Note Party is or is required to be registered as an "investment company" under the Investment Company Act of 1940, as amended, as such terms are defined in the Investment Company Act of 1940.

(dd) Israeli Guarantor. The prices of any [***].

(ee) ERISA. Neither Issuer, any Subsidiary nor any ERISA Affiliate has any Pension Plan (other than any Pension Plan that is in material compliance in form and operation with its terms and with ERISA and the Code and all other applicable laws and regulations or that would not reasonably be expected to have a Material Adverse Effect).

Section 7.02 Survival of Representations and Warranties. All representations and warranties by the Note Parties, whether with respect to any Note Party, any respective Affiliate or any asset or property, contained in this Agreement shall survive the execution, delivery and acceptance thereof by the Parties and the closing of the transactions described in this Agreement and continue in effect until Payment in Full.

Section 7.03 Representations and Warranties of Purchasers. Each Purchaser, by acceptance of a Note, hereby represents and warrants on the Closing Date and on each Issuance Date as follows:

(a) Accredited Purchaser. It is (i) an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act and an "Institutional Account" as defined in FINRA Rule 4512(c) or a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act, and (ii) has such knowledge, skill, sophistication and experience in business and financial matters, based on actual participation, that it is capable of evaluating the merits and risks of the purchase and sale of the Notes from Issuer and the suitability thereof for such Purchaser. It is specifically understood and agreed that such Purchaser is acquiring the Notes for the purpose of investment and not with a view toward the sale or distribution thereof within the meaning of the Securities Act, and it is acquiring the Notes only for its own account and not for the account of others, or if such Purchaser is subscribing for the Notes as a fiduciary or agent for one or more investor accounts, such Purchaser has full investment discretion on such account, and the full power and authority to make the acknowledgments, representations and agreements herein on behalf of each owner of each such account.

(b) Registration. It understands that the Notes will not be registered under the Securities Act by reason of their issuance by Issuer in a transaction exempt from the registration requirements of the Securities Act and that it may have to hold the Notes indefinitely unless a subsequent disposition thereof is registered under the Securities Act and applicable state securities laws, or is exempt from registration or qualification by prospectus.

(c) Existence, Good Standing, and Power and Authority. It (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, incorporation or formation; and (ii) has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by it, will constitute valid and legally binding obligations of each Purchaser, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(d) Satisfaction of Conditions. Such Purchaser further understands that the exemption from registration afforded by Rule 144 promulgated under the Securities Act depends on the satisfaction of various conditions, and that, if applicable, Rule 144 may afford the basis for sales only in limited amounts.

(e) Investor Representations. Such Purchaser (i) is an institutional account as defined in FINRA Rule 4512(c); (ii) is a sophisticated investor, experienced in investing in equity transactions that are not registered under the Securities Act, and capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; and (iii) has exercised independent judgment in evaluating its participation in the purchase of the Notes.

(f) Opportunity to Review. In making its decision to purchase the Notes, such Purchaser has relied solely upon independent investigation made by such Purchaser and the Issuer's representations and warranties in Section 7.01 and covenants contained herein and in the other Note Documents. Such Purchaser acknowledges and agrees that such Purchaser has received, and has had an adequate opportunity to review, such information as such Purchaser deems necessary in order to make an investment decision with respect to the Notes, including with respect to the Note Parties and the Transactions. Such Purchaser represents and agrees that such Purchaser and such Purchaser's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as such Purchaser and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Notes, and such Purchaser acknowledges that it has reviewed all disclosure documents provided by or on behalf of the Issuer in connection with the Notes Issuance, the Note Documents and the Transactions.

(g) Risk Analysis. Such Purchaser has analyzed and considered the risks of an investment in the Notes and determined that the Notes are a suitable investment for such Purchaser and that such Purchaser is able at this time and in the foreseeable future to bear the economic risk of a total loss of such Purchaser's investment in the Issuer. Such Purchaser acknowledges specifically that a possibility of total loss exists.

ARTICLE VIII. AFFIRMATIVE COVENANTS

Each Note Party covenants and agrees with Agent and Purchasers that, until Payment in Full:

Section 8.01 Maintenance of Existence. Each Note Party shall at all times (a) preserve, renew and maintain in full force and effect its legal existence (except as otherwise permitted pursuant to Section 9.02 hereof) and good standing as a corporation under the Laws of the jurisdiction of its organization, provided such concept exists under the Laws of that jurisdiction; (b) not change its name, jurisdiction of organization or formation or its chief executive office as set forth herein without having given the Agent and the Purchasers the notice thereof required under Section 8.13; and (c) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 8.02 Use of Proceeds. Issuer shall use the net proceeds of the issuance of the Notes received by it for general corporate purposes. No

portion of the proceeds of any Notes Issuance shall be used in any manner that causes or might cause such Notes Issuance or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System, or any other regulation thereof, or to violate the Exchange Act, to violate any Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws or other Applicable Laws.

Section 8.03 Financial Statements and Information.

- (a) Note Parties shall furnish to Agent and the Purchasers, on or before the forty-fifth (45th) day after the close of each quarter of each fiscal year (or such earlier date which such information is filed with the SEC), the consolidated balance sheet of the Issuer and its Subsidiaries as at the close of such quarter and consolidated statement of operations and comprehensive loss and cash flows of the Issuer and its Subsidiaries for such quarter, setting forth, in each case, in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and duly certified by the chief financial officer of the Issuer as having been prepared in accordance with GAAP and fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Issuer and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes. In the event that any such quarterly financial statement is required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, the Issuer shall furnish such statement to Agent and Purchasers concurrently with such filing (which requirement may be satisfied by the Issuer sending Agent a hyperlink to the EDGAR website where such information is available). Concurrently with the delivery or filing of the statements described in the preceding two sentences, Note Parties shall furnish to Agent and Purchasers a Compliance Certificate of the chief financial officer of the Issuer, which certificate shall include (i) (A) a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes a Default or an Event of Default, and (B) the amount of the Included Royalty Interest; and (ii) solely to the extent that such certificate is delivered prior to the Covenant Expiration Date, (A) a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes an Enhanced Cooperation Event, and (B) a certification as to the Tangible Net Worth and Quick Ratio as of the applicable Test Date, along with backup documentation and calculations relating to the same.
- (b) Note Parties shall furnish to Agent and Purchasers, on or before the ninetieth (90th) day after the close of each fiscal year or such earlier date such financial information is filed with the SEC, the Issuer's and its Subsidiaries' consolidated financial statements as at the close of such fiscal year, including the consolidated balance sheet as at the end of such fiscal year and consolidated statement of operations and cash flows of the Issuer and its Subsidiaries for such fiscal year, setting forth, in each case, in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Ernst & Young LLP or any other independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit. In the event that any such annual financial statement is required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, Note Parties shall furnish such statement to Agent and Purchasers concurrently with such filing (which requirement may be satisfied by Note Parties sending Agent a hyperlink to the EDGAR website where such information is available). Concurrently with the delivery or filing of the documents described in the preceding sentence, Note Parties shall furnish to Agent a Compliance Certificate of the chief financial officer of the Issuer, which certificate shall include (i)(A) a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes a Default or an Event of Default, and (B) the amount of the Included Royalty Interest; and (ii) solely to the extent that such certificate is delivered prior to the Covenant Expiration Date, (A) a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes an Enhanced Cooperation Event, and (B) a certification as to the Tangible Net Worth and Quick Ratio as of the applicable Test Date, along with backup documentation and calculations relating to the same.
- (c) Other than [***].
- (d) For each quarter ending after the Closing Date, Note Parties shall, [***].
- (e) If, as a result of any change in accounting principles and policies from those used in the preparation of the Financial Statements, the consolidated financial statements delivered pursuant to this Section 8.03 will differ in any material respect from the consolidated financial statements that would have been delivered pursuant to this Section 8.03 had no such change in accounting principles and policies been made, then, together with the first delivery of such financial statements after such change (except to the extent the failure to timely deliver would not reasonably be expected to have a Material Adverse Effect), one or more statements of reconciliation for all such prior financial statements in form and substance satisfactory to the Agent.
- (f) Promptly after the same become publicly available, the Note Parties shall furnish Agent copies of all periodic and other reports, proxy statements and other materials filed by any Note Party with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by Issuer to its shareholders generally, as the case may be, unless the failure to timely deliver such reports, proxy statements and other materials would not reasonably be expected to have a Material Adverse Effect.
- (g) Promptly after receipt thereof by any Note Party, copies of each material notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by the SEC or such other agency regarding financial or other operational results of any Note Party thereof that would be reasonably likely to result in (A) to the extent prior to the Covenant Expiration Date, an Enhanced Cooperation Event; or (B) a Material Adverse Effect.

Section 8.04 Books and Records; Audit Rights.

- (a) Note Parties shall keep proper books, records (including all records required to be maintained by any Governmental Authority) and accounts in which entries in material conformity with sound business practices and all requirements of Law applicable to it shall be made of all dealings and transactions in relation to its business, assets and activities, and shall permit the preparation of the consolidated financial statements of the Issuer and its Subsidiaries in accordance with GAAP.
- (b) Agent, the Purchasers and their Representatives shall have the right from time to time at the cost of the Note Parties to visit the offices and properties of each Note Party where books and records relating or pertaining to the Included Royalty Interest and the Collateral are kept and maintained (or, at the option of the Agent and Purchasers, to conduct a meeting by telecommunications), to discuss, with officers of the Note Parties, the business, operations, properties and financial and other condition of the Note Parties, to discuss the License Agreement and the Licensed Product, to discuss the Quarterly Report, to verify compliance with the provisions of the Note Documents regarding receipt and application of the Included Royalty Interest and, upon physical visits, to inspect and make extracts from and copies of the books and records of the Note Parties relating or pertaining to the Included Royalty Interest and the Collateral; provided that, (i) unless (A) an Enhanced Cooperation Period is then in effect or (B) a Default or an Event of Default shall have occurred and is then continuing, the Agent, the Purchasers and their Representatives shall be collectively permitted to exercise the rights under this clause (b) only once during any calendar year; and (ii) the Agent, the Purchasers and their Representatives shall use commercially reasonable efforts to ensure that any exercise of the rights under this clause (b) are made during normal business hours and upon prior written notice to Issuer.
- (c) Upon request by the Agent, the [***]

Section 8.05 Governmental Authorizations. Except as would not reasonably be expected to have a Material Adverse Effect, each Note Party shall obtain, make and keep in full force and effect all authorizations from and registrations with Governmental Authorities that may be required for the validity or enforceability against such Note Party of this Agreement and the other Note Documents to which it is a party.

Section 8.06 Compliance with Laws and Contracts.

- (a) Each Note Party shall comply with all Applicable Laws, perform its obligations under the License Agreement and use commercially reasonable efforts to take all actions necessary to enforce its rights under the License Agreement except, in each such case, where the failure to comply or so perform would not reasonably be expected to result in a Material Adverse Effect or, to the extent prior to the Covenant Expiration Date, an Enhanced Cooperation Event (subject to Section 9.01).
- (ii) Solely to the extent that an Enhanced Cooperation Period is then in effect, (A) each Note Party shall perform its obligations under all Material Contracts (other than the License Agreement), except, in each such case, where the failure to so perform would not reasonably be expected to result in a Material Adverse Effect; and (B) each Note Party shall use commercially reasonable efforts to take all actions necessary to enforce its rights under each Material Contract (other than the License Agreement), except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (b) Each Note Party shall at all times comply with the margin requirements set forth in Section 7 of the Exchange Act and any regulations issued pursuant thereto, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II.
- (c) Each of the Note Parties will, and will cause each of its Subsidiaries to, comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws and will maintain in effect policies and procedures designed to ensure compliance by the Note Parties, their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws; provided that, solely in the case of the Subsidiaries of the Note Parties, to the extent such failure to comply would not reasonably be expected to have a Material Adverse Effect. No Note Party will, directly or indirectly, use the proceeds of the issuance and sale by Issuer of the Notes, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money or anything else of value, to any Person in violation of any Anti-Corruption Law; or (ii) (A) to fund any activities or business of or with any Person, in any country or territory that, at the time of such funding, is, or whose government is, the subject of Sanctions; or (B) any other manner that would result in a violation of any applicable Sanctions by any Person (including any Person participating in the Notes, whether as agent, purchaser, underwriter, advisor, investor or otherwise).

Section 8.07 [Reserved].

Section 8.08 Notices.

- (a) Note Parties shall promptly (and in any event within one (1) Business Day) after an officer becomes aware thereof, give written Notice to the Agent and the Purchasers of (A) to the extent occurring prior to the Covenant Expiration Date, each Enhanced Cooperation Event; and (B) each Default, Event of Default or Prepayment Event and each other event that has or would reasonably be expected to have a Material Adverse Effect; provided that, in any of the foregoing situations where any Note Party knows a press release or other public disclosure is to be made, such Note Party shall use all commercially reasonable efforts to provide such information to the Secured Parties as early as possible, but in no event later than simultaneously with such release or other public disclosure.
- (b) The Note Parties shall promptly give written Notice to the Agent and the Purchasers upon receiving notice, or an officer otherwise becomes aware, of any default or event of default under any Material Contracts, except to the extent the failure to timely deliver such Notice would not reasonably be expected to have a Material Adverse Effect.
- (c) Note Parties shall, promptly (and in any event within four (4) Business Days) after any Note Party becomes aware thereof, give written Notice to the Agent and the Purchasers of (i) any litigation or proceedings to which any Note Party is a party which would reasonably be expected to have (A) a Material Adverse Effect, or (B) to the extent occurring prior to the Covenant Expiration Date, an Enhanced Cooperation Event; and (ii) any material developments with respect to (A) any such litigation, and (B) any litigation among a Note Party with the Israel Tax Authority, ***.
- (d) Note Parties shall, promptly after an officer becomes aware thereof, give written Notice to the Agent and the Purchasers of any litigation or proceedings challenging the validity of the License Agreement, the Note Documents or any of the transactions contemplated therein.
- (e) In connection with any Notice, report, update or other data or information received by a Note Party and delivered or required to be delivered to Agent pursuant to Section 8.03(c), the Note Parties shall promptly provide Agent with a summary of such Note Party's intended response to Licensee and a copy of any response delivered to Licensee.
- (f) The Note Parties shall promptly, after an officer becomes aware thereof, give written Notice to the Agent and the Purchasers of any material regulatory examination or investigation against such Note Party by a Governmental Authority and to the extent permitted by Applicable Law and not required to be kept confidential, copies of any and all other correspondence from such Governmental Authority, together with such additional information relating to such regulatory examination or investigation as Agent may reasonably request, except to the extent the failure to timely deliver any such Notice would not reasonably be expected to have a Material Adverse Effect.

Section 8.09 Payment of Taxes.

- (a) Except as would not reasonably be expected to have a Material Adverse Effect, each Note Party will (i) timely and accurately file all U.S. federal income Tax returns, all Irish corporation tax returns, all Israeli Tax returns and all other material Tax returns required to be filed; and (ii) pay all U.S. federal income Tax, all Irish corporation tax, all Israeli Tax and all other Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon, and all material claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by Law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such tax or claim need be paid to the extent such Taxes or claims are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as, (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP, shall have been made therefor; and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. Except as would not reasonably be expected to have a Material Adverse Effect, no Note Party will (i) file or consent to the filing of any consolidated income tax return with any Person (other than the Issuer or any of its Subsidiaries), or (ii) enter into any tax sharing or similar agreement with any Person (other than (x) any such agreement with any of the Note Parties, or (y) agreements entered into in the ordinary course of business, the primary purpose of which does not relate to Tax).
- (b) At all times, the Issuer shall cause the Note Parties to [***].

Section 8.10 Company in Breach. Israeli Guarantor shall timely and accurately file all filings required to be filed with the Israeli Companies Registrar and shall timely pay all fees due to the Israeli Companies Registrar, in each case, as necessary for it to not be classified as "company in breach" ("hevrach meferah"), as such term is defined in the Israeli Companies Law.

Section 8.11 Intellectual Property. In each case (x) subject to Article 6 of the License Agreement, and (y) solely to the extent that the Note Parties are permitted to take such actions in accordance with the License Agreement:

- (a) Each Note Party shall, at its sole expense, prepare, execute, deliver and file any and all agreements, documents or instruments which are necessary and/or desirable to (i) prosecute and maintain the material Intellectual Property (including material Product Patents); and (ii) defend or assert such material Intellectual Property against commercially significant infringement or interference by any other Persons, and against any claims of invalidity or unenforceability (including by bringing any legal action for infringement or defending any counterclaim of invalidity or action of a Third Party for declaratory judgment of non-infringement or non-interference) to the extent any Note Party has the right to do so. Note Parties shall keep Agent and the Purchasers informed of all such actions. For clarity, this subsection (a) shall apply only to the extent of any Note Party's or any Affiliate's rights (including rights to review and comment) to prosecute, maintain and/or enforce the Intellectual Property.
- (b) To the extent permitted under the License Agreement, no Note Party shall, nor shall it permit or suffer any of its Affiliates to consent to any dispute or disagreement in any action, suit or proceeding referred to in Section 11.3 of the License Agreement or any claim for indemnification under Section 10.3 of the License Agreement, in each case, without the prior consultation of Agent.
- (c) Note Parties shall use commercially reasonable efforts to prosecute all pending material Patent applications within the Product Patents and pursue extensions for issued material Patents in the Product Patents, including patent term extensions and supplementary protection certificates, as applicable, for which any Note Party or its Affiliates has rights to prosecute such Patents consistent with standards in the biotechnology industry (as applicable) for similarly situated entities.
- (d) Note Parties shall, and shall cause their Affiliates to:
 - (i) take reasonable measures to protect the proprietary nature of material Intellectual Property and to maintain in confidence all trade secrets and confidential information comprising a part thereof;
 - (ii) not disclose and use commercially reasonable efforts to prevent any distribution or disclosure by others (including their employees and contractors) of any item that contains or embodies material Intellectual Property; and
 - (iii) take reasonable physical and electronic security measures to prevent disclosure of any item that contains or embodies material Intellectual Property.
- (e) Note Parties shall use commercially reasonable efforts to cause each individual associated with the filing and prosecution of the Product Patents material to the conduct of the business of Note Parties to comply in all material respects with all applicable duties of candor and good faith in dealing with any Patent Office, including any duty to disclose to any Patent Office all information known by such individual to be material to patentability of each such Patent, in those jurisdictions where such duties exist.
- (f) Note Parties shall furnish Agent and the Purchasers from time to time upon Agent's reasonable written request therefor, but in any event, not more than once in any fiscal year so long as no Enhanced Cooperation Period or Event of Default is continuing, reasonably detailed statements and schedules further identifying and describing the Intellectual Property and such other materials evidencing or reports pertaining to any Intellectual Property as Agent and the Purchasers may reasonably request.
- (g) Note Parties shall, promptly upon obtaining Knowledge thereof, give written notice to Agent and the Purchasers of any commercially significant infringement or interference by any Person, any claims of invalidity or unenforceability or any prosecution or litigation action relating to the Product Patents or patents and trademarks relating to the Licensed Product granted outside of the United States in any Relevant non-U.S. Jurisdiction.

Section 8.12 Security Documents: Further Assurances.

- (a) Subject to Section 8.12(b), Note Parties shall promptly, upon the reasonable request of Agent, at Note Parties' expense, (a) execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Note Documents or otherwise deemed by Agent reasonably necessary or desirable for the continued validity, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except as permitted by the applicable Note Document, or obtain any consents or waivers as may be necessary or appropriate in connection therewith; (b) deliver or cause to be delivered to Agent and the Purchasers from time to time such other documentation, consents, authorizations, approvals and orders in form and substance reasonably satisfactory to Agent and as the Agent shall reasonably deem necessary to perfect or maintain the Liens on the Collateral pursuant to the Note Documents; and (c) upon the exercise by Agent of any power, right, privilege or remedy pursuant to any Note Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that Agent may require. In addition, subject to Section 8.12(b), Note Parties shall promptly, at their sole cost and expense, execute and deliver to Agent such further instruments and documents, and take such further action, as the Agent may, at any time and from time to time, reasonably request in order to carry out the intent and purpose of this Agreement and the other Note Documents to which it is a party and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of Agent for the benefit of the Secured Parties hereby and thereby.
- (b) Notwithstanding anything to the contrary herein or in any other Note Document, no [***].

Section 8.13 Information Regarding Collateral. No Note Party shall effect any change (i) [***]; (ii) except to the extent such change would not reasonably be expected to have a Material Adverse Effect, in the location of its chief executive office; (iii) [***]; (iv) except to the extent such change would not reasonably be expected to have a Material Adverse Effect, in its federal Taxpayer Identification Number or organizational identification number, if any; or (v) [***], until (A) it shall have given Agent not less [***] (in the form of a certificate of a duly authorized Senior Officer of such Note Party), or such lesser notice period agreed to by Agent, of its intention so to do, clearly describing such change and providing such other information in connection therewith as Agent may reasonably request; and (B) it shall have taken all actions reasonably satisfactory to Agent to maintain the perfection and priority of the security interest of Agent for the benefit of the Secured Parties in the Collateral, if applicable (subject to the limitations set forth in Section 8.12(b)). The Note Parties agree to provide Agent with (1) certified Organizational Documents reflecting any of the changes described in the preceding sentence prior to making any such change, and (2) prior written notice of any change in the location of any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which any portion of Collateral is located (including the establishment of any such new office or facility), except to the extent the failure to so timely deliver such certified Organizational Documents or provide prior written notice of any such change referred to in clause (2) would not reasonably be expected to have a Material Adverse Effect.

Section 8.14 Additional Collateral: [***].

- (a) With respect to any asset or property of the Note Parties that are intended to be Collateral acquired after the Closing Date by any Note Party that is not already subject to the Lien created by any of the Note Documents or specifically excluded from the requirement to be subject to such Lien in the Note Documents, such Note Party shall promptly (and in any event within thirty (30) days after the acquisition thereof) (i) execute and deliver to the Agent and Purchasers such amendments or supplements to the relevant Note Documents or such other documents (including pledge agreements and debentures) as Agent shall deem necessary or advisable to grant for its benefit, a first priority (subject to Specified Permitted Liens) Lien on such property subject to no Liens other than Specified Permitted Liens; and (ii) take all actions necessary or reasonably requested by Agent to cause such Lien to be duly perfected in accordance with all applicable requirements of Law, including the filing of financing statements in such jurisdictions as may be reasonably requested by Agent. Subject to Section 8.12(b), Note Parties shall otherwise take such actions and execute and/or deliver to Agent such documents as Agent shall reasonably require to confirm the validity, perfection and priority of the Lien of any Collateral Document on such after-acquired properties.
- (b) Without limiting any other rights or remedies Agent or any other Secured Party may have under this Agreement or any Collateral Document, if (i) [***] by operation of law, or (ii) any of the Note Parties [***] as to such Note Party by operation of law, then the Note Parties, in consultation with Agent, or Agent (in the case of a termination under preceding sub-clause (ii) or in the event that any of the Note Parties fails to so consult with Agent), in each case, at Agent's option and at all times in consultation with Agent and subject to the further requirements of this Section 8.14(b), [***] Third Party's use of the Intellectual Property in the development, manufacture, use and Commercialization of the Licensed Product [***]. The Note Parties shall cooperate with Agent and the other Secured Parties, at the [***], in connection therewith, in such efforts to [***], which license shall (i) become effective as soon as practicable, but in any event, [***], (ii) [***], and (iii) include, without Agent's prior written consent, terms, conditions and limitations that are not materially less favorable to the Note Parties or Agent and other Secured Parties (other than economic terms, which shall be no less favorable to the Note Parties or Agent and other Secured Parties), than those contained in the [***].

Section 8.15 Further Assurances. At any time or from time to time upon the request of Agent, the Issuer and each other Note Party will, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as Agent may reasonably request in order to effect fully the purposes of the Note Documents, including providing Purchasers with any information reasonably requested pursuant to Section 12.19. In furtherance and not in limitation of the foregoing, the Issuer shall take such actions as Agent may reasonably request from time to time to ensure that the Obligations are secured by the assets intended to be Collateral owned by the Issuer or any other Note Party.

Section 8.16 Post-Closing Covenant. The Issuer shall deliver, or cause to be delivered, to Agent, or otherwise complete to Agent's reasonable satisfaction, the items set forth on Schedule 8.16 on or before the date specified for such item (or such later date determined by Agent in its sole discretion).

ARTICLE IX. NEGATIVE COVENANTS

Each Note Party covenants and agrees with the Agent and Purchasers that, until Payment in Full:

Section 9.01 Amendments to License Agreement. No Note Party shall amend, modify, waive or terminate (other than expiration in accordance with its terms) any provision of, or permit or agree to the amendment, modification, waiver or termination (other than expiration in accordance with its terms) of any provision of, the License Agreement, [***], if the related amendment, modification, waiver or termination could reasonably be expected to have an adverse effect, in any respect, on the timing, amount or duration of the Royalty Interest or the right of Secured Parties to receive payments equivalent to the Royalty Amount or the right for the Royalty Interest to be paid into the Collection Account; and (y) with respect to any other matters, such consent not to be unreasonably withheld or delayed; provided that, notwithstanding anything to the contract set forth above, no consent of the Agent shall be required with respect to (i) any amendment, modification or waiver to the License Agreement implemented by the JDC (as defined in the License Agreement) in accordance with the License Agreement; or (ii) any amendment, modification or waiver of any provision of the License Agreement related to the development of products or related timelines.

Section 9.02 Merger; Dispositions; Sale-Leasebacks.

- (a) No Note Party shall merge or consolidate with or into (whether or not any Note Party is the Surviving Person) any other Person where the Note Party is not the surviving Person unless, in any such case, each of the conditions specified in clauses (x), (y) and (z) of the proviso to the definition of "Change of Control" are satisfied in a manner that results in such transaction being deemed not to be a "Change of Control" pursuant to the proviso to the definition of "Change of Control."
- (b) For so long as (x) an Enhanced Cooperation Period is then in effect, and (y) the Covenant Expiration Date shall have not yet occurred, no Note Party shall, nor shall it permit any of its Subsidiaries to, sell, convey, assign, transfer, lease, sublease, license, sublicense or otherwise Dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, or all or any part of the Capital Stock or other evidence of beneficial ownership of, any Investment or any of their respective subsidiaries or any division or line of business or other business unit or any investment or any of their respective subsidiaries whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, or acquire by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment and capital expenditures in the ordinary course of business) the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, except that the Note Parties and their Subsidiaries may:
- (i) sell inventory or services and enter into arm's-length licensing arrangements for cash and other Liquid Assets in the ordinary course of business and consistent with past practice; provided that they do not Dispose of Collateral or the License Agreement or proceeds thereof without the Agent's prior written consent;
 - (ii) Dispose of cash and Cash Equivalents for fair market value in the ordinary course of business and consistent with past practice;
 - (iii) Dispose of obsolete or worn out equipment no longer used or useful in the business of the Issuer or any of its Subsidiaries and immaterial to the business of the Note Parties taken as a whole; and
 - (iv) Dispose of other assets (other than Collateral or the License Agreement) so long as (x) such Disposition is made for fair market value and the consideration received shall be no less than seventy-five percent (75%) in cash, Cash Equivalents or other Liquid Assets; and (y) such Disposition is made on an arm's-length basis upon fair and reasonable terms.
- (c) No Note Party shall sell, assign, convey, transfer, lease, sublease, license, sublicense or otherwise Dispose of (including by way of merger or consolidation) any right, title or interest in or to, the License Agreement, the Product Patents, Patent Rights or the Included Royalty Interest, in each case, other than the license granted to the Licensee pursuant to the terms of the License Agreement, as in effect on the date hereof or as may be amended in a manner permitted by Section 9.01.

Section 9.03 Liens.

- (a) No Note Party shall, nor shall it permit any of its Subsidiaries to, create or suffer to exist any Lien on or with respect to the Collateral or the License Agreement, except for Specified Permitted Liens.

- (b) For so long as the Covenant Expiration Date shall have not yet occurred, no Note Party shall incur any Liens on its assets or properties not constituting Collateral, except for Permitted Liens; provided that any Liens securing Indebtedness must comply with Section 9.05 (including requirements for any intercreditor agreements (or non-disturbance agreements as the context may require)).

Section 9.04 Investment Company Act. No Note Party shall be or become an investment company subject to registration under the Investment Company Act of 1940.

Section 9.05 Limitation on Additional Indebtedness. For so long as the Covenant Expiration Date shall have not yet occurred, no Note Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, incur or suffer to exist any Indebtedness, other than:

- (a) the Obligations;
- (b) Indebtedness which may be deemed to exist as a statutory matter under performance bonds, surety bonds, release, appeal and similar bonds, with respect to workers' compensation claims, in each case, incurred in the ordinary course of business;
- (c) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts incurred in the ordinary course of business;
- (d) Indebtedness (i) owed on ordinary trade terms to vendors or suppliers providing goods or services in the ordinary course of business and consistent with past practices, (ii) consisting of obligations (contingent or otherwise) existing or arising in connection with endorsement of instruments for deposit in the ordinary course of business, (iii) incurred in connection with the financing of insurance premiums in the ordinary course of business and consistent with past practices, (iv) in respect of hedging agreements that are entered into for purposes of reducing risk and not for speculative purposes, and (v) incurred in lieu of cash payments to repurchase Capital Stock permitted under Section 9.08(c) so long as, in the case of this clause (v), such Indebtedness is unsecured;
- (e) intercompany Indebtedness (i) owed by any Note Party to another Note Party, (ii) owed by any Note Party to any non-Note Party Subsidiary; provided that, any such Indebtedness shall be unsecured and subordinated pursuant to the Intercompany Subordination Agreement, (iii) owed by any non-Note Party Subsidiary to any Note Party (provided that after an Enhanced Cooperation Event, intercompany Indebtedness under this clause (iii) in the form of cash and other Liquid Assets shall be prohibited to the extent that it would cause a Bankruptcy Event or for such Person to have unreasonably small capital to satisfy their obligations, including the payment of the Obligations at the Prepayment Price), or (iv) owed by any non-Note Party Subsidiary to any other non-Note Party Subsidiary (clauses (i) through (iv), collectively, the "Permitted Intercompany Investments");
- (f) Indebtedness in existence on the Closing Date and listed on Schedule 9.05 and any Permitted Refinancing Indebtedness in respect thereof, provided that such refinancing does not result in an Enhanced Cooperation Event;
- (g) with respect to the Note Parties, the Existing Unsecured Convertible Notes and any other Indebtedness, provided that:
 - (i) such Indebtedness is *pari passu* or subordinated in right of payment to the Notes;
 - (ii) is unsecured or, if such Indebtedness is secured, there is no Lien on the Collateral or the License Agreement; and
 - (iii) at the time of incurrence, either (A) no Enhanced Cooperation Period shall then be in effect and no Event of Default has occurred and is continuing immediately before and after giving effect thereto on a pro forma basis, or (B) if an Enhanced Cooperation Period shall then be in effect, but such transaction does not result in a [***] to the Quick Ratio or Tangible Net Worth;
- (h) any other Indebtedness of the Subsidiaries of the Issuer that are not Note Parties that is not otherwise expressly permitted pursuant to this Section 9.05 that is incurred in the ordinary course of business of such Subsidiaries and consistent with past practice (including, for the avoidance of doubt, Indebtedness in the form of working capital facilities and other guarantees and hedging obligations in respect thereof entered into in the ordinary course of business by such Subsidiaries), so long as (A) none of the Note Parties guarantee or have any other liability or obligations with respect to any portion of such Indebtedness and no such Indebtedness is not subject to any Liens on the assets of any Note Parties; (B) both before and immediately after giving effect to the incurrence of such Indebtedness (and the application of the proceeds thereof): (i) no Event of Default has occurred and is continuing or would result therefrom, and (ii) either (x) no Financial Test Failure Event, determined on a pro forma basis, has occurred and is then continuing, or (y) if a Financial Test Failure Event has occurred and is then continuing, the incurrence of such Indebtedness would not result in a [***] to the Quick Ratio or Tangible Net Worth; and (C) such Indebtedness does not contain restrictions on paying the Obligations and making payments and distributions to the Note Parties in the ordinary course of business;
- (i) purchase money Indebtedness and capital lease obligations incurred in the ordinary course of business; provided that (i) such purchase money Indebtedness and capital lease obligations do not exceed one hundred percent (100%) of the amount of the purchase price of such items then being financed, and (ii) the aggregate outstanding amount of such purchase money Indebtedness and capital lease obligations does not exceed Ten Million Dollars (\$10,000,000) in the aggregate; and
- (j) any other Indebtedness, so long as the aggregate outstanding principal amount thereof shall not exceed Thirty Million Dollars (\$30,000,000) in the aggregate.

Section 9.06 Transactions with Affiliates. For so long as the Covenant Expiration Date shall have not yet occurred, no Note Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions or participate in any arrangement (including any purchase, sale, lease or exchange of assets or the rendering of any service) with any Affiliate, in each such case, that involves the payment of money by a Note Party or any of its Subsidiaries in excess of Ten Million Dollars (\$10,000,000), other than:

- (a) the Note Documents;
- (b) the Note Parties and their Subsidiaries may enter into transactions in the ordinary course of business of such Note Party or Subsidiary upon fair and reasonable terms no less favorable to such Note Party or Subsidiary than it would obtain in a comparable arm's-length transaction with a non-Affiliate;
- (c) transactions among (i) the Issuer and any of its Subsidiaries, or (ii) any Subsidiary of the Issuer and any other Subsidiary of the Issuer so long as, in each case, such transactions are otherwise permitted under this Agreement;
- (d) (i) reasonable and customary fees paid to the directors of the Issuer and its Subsidiaries, and (ii) reasonable and customary expense reimbursement and indemnities provided to the directors, officers and employees of the Issuer and its Subsidiaries, in each case, in the ordinary course of business;
- (e) reasonable and customary compensation arrangements for, benefits for, and employment arrangements with, directors, officers and other employees of the Issuer and its Subsidiaries entered into in the ordinary course of business or as required by applicable law;

- (f) transactions permitted by Section 9.02, Liens to the extent permitted by Section 9.03, Indebtedness to the extent permitted by Section 9.05, Restricted Payment to the extent permitted under Section 9.08 and Investments to the extent permitted under Section 9.09; and
- (g) any transaction existing on the Closing Date and set forth on Schedule 9.06.

Section 9.07 ERISA. No Note Party shall, nor shall it permit any Subsidiary or ERISA Affiliate to, suffer to exist one or more ERISA Events which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section 9.08 Restricted Payments. For so long as (x) an Enhanced Cooperation Period is then in effect, and (y) the Covenant Expiration Date shall have not yet occurred, no Note Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make any Restricted Payments, unless, at the time of and after giving effect to such Restricted Payment, no Enhanced Cooperation Event has occurred. The provisions of this Section 9.08 will not prohibit the following:

- (a) the redemption, repurchase, retirement or other acquisition of any Capital Stock of the Issuer or any Subsidiary in exchange for, or out of the net proceeds of the issue or sale within sixty (60) days of, Qualified Capital Stock (other than Qualified Capital Stock issued or sold to any of its Subsidiaries);
- (b) repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants or upon the vesting of restricted stock units if such Capital Stock represents the exercise price of such options or warrants or represents withholding taxes due upon such exercise or vesting;
- (c) the repurchase, retirement or other acquisition for value of Capital Stock of the Issuer or any Subsidiary of the Issuer held by any future, present or former employee, director or consultant of the Issuer or any Subsidiary of the Issuer (or any such Person's permitted transferees, assigns, estates, trusts or heirs) pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement or upon termination of such employee, director or consultant's employment or directorship; provided that the aggregate amounts paid under this clause (c) do not exceed Five Million Dollars (\$5,000,000) in the aggregate per annum;
- (d) purchases, redemptions or acquisitions of fractional shares of Capital Stock arising out of the exercise of warrants or convertible securities, reverse stock splits or similar transactions;
- (e) dividends and distributions by any Subsidiary of any Note Party to such Note Party;
- (f) dividends and distributions ratably to the holders of its Capital Stock solely in the form of additional Capital Stock that is not Disqualified Capital Stock;
- (g) the purchase, redemption or other acquisition or retirement for value of Capital Stock deemed to occur upon the cashless exercise or the conversion of stock options, restricted stock, restricted stock units, warrants, convertible notes or similar rights to acquire Qualified Capital Stock to the extent that such Qualified Capital Stock represents the exercise, exchange or conversion price of those stock options, restricted stock, restricted stock units, warrants, convertible notes or similar rights;
- (h) conversions of the Existing Unsecured Convertible Notes into Qualified Capital Stock of the Issuer so long as a Change of Control does not occur;
- (i) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds from the substantially concurrent contribution to the Issuer's Common Stock or from the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, the Issuer's Capital Stock (other than Disqualified Capital Stock that is not Permitted Refinancing Indebtedness);
- (j) the repurchase, refinancing, exchange, conversion or extension of any Existing Unsecured Convertible Notes with Qualified Capital Stock, unsecured convertible or exchangeable debt securities or in exchange for, or out of or with the net cash proceeds from the substantially concurrent contribution to the Issuer's Common Stock or from the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, the Issuer's Qualified Capital Stock or unsecured convertible or exchangeable debt securities of the Issuer in each case, convertible or exchangeable into the Issuer's Capital Stock (other than Disqualified Capital Stock); provided that if a Financial Test Failure Event has occurred and is then continuing, such repurchase, refinancing, exchange, conversion or extension would not result in a decrease to the Quick Ratio or Tangible Net Worth;
- (k) the Issuer may repurchase, redeem or otherwise acquire or retire or exchange for value the Existing Unsecured Convertible Notes (i) for so long as no Enhanced Cooperation Period shall then be in effect at the time such Restricted Payment is declared or made, in an aggregate amount not to exceed an amount equal to One Dollar (\$1.00) less than the amount that would result in a Financial Test Failure Event occurring under clause (b) of the definition of "Financial Test Failure Event" or, if less, One Dollar (\$1.00) less than the amount that would result in a Financial Test Failure Event occurring under clause (a) of the definition of "Financial Test Failure Event" and (ii) if an Enhanced Cooperation Period shall then be in effect at the time of such payment, a repurchase, redemption, acquisition, retirement or exchange for value would only be permitted if the consummation of such transaction would not result in a Financial Test Failure Event then being in effect unless funded with the proceeds of issuances of Qualified Capital Stock or the proceeds of issuances of Permitted Refinancing Indebtedness; provided, further, that if the Existing Unsecured Convertible Notes are repurchased for value with cash consideration, the purchase price for such Existing Unsecured Convertible Notes shall be a cash amount not greater than the lesser of (A) the current trading price per One Thousand Dollars (\$1,000) principal amount of Existing Unsecured Convertible Notes, plus a reasonable premium (as determined in good faith by the Board of Directors of the Issuer), or (B) the par value of the Existing Unsecured Convertible Notes, in each case, plus transfer taxes and fees and expenses associated therewith; and
- (l) dividends and distributions of Subsidiaries of the Issuer permitted by the Organizational Documents of such Subsidiaries; provided that any such dividends and distributions from non-wholly owned Subsidiaries shall be made on a no less than ratable basis to the Note Parties and their Subsidiaries in accordance with their equity ownership.

Section 9.09 Investments. For so long as (x) an Enhanced Cooperation Period is then in effect and (y) the Covenant Expiration Date shall have not yet occurred, no Note Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make or own any Investment unless, at the time of and after giving effect to such Investment, no Enhanced Cooperation Event has occurred. The provisions of this Section 9.09 will not prohibit the following:

- (a) Investments in cash, Cash Equivalents and Investment Grade Securities;
- (b) (i) Investments in the form of Capital Stock in any Subsidiary owned as of the Closing Date, or (ii) any other Investments by the Issuer or any of its other Subsidiaries in any Subsidiary of the Issuer that constitute Permitted Intercompany Investments;
- (c) Investments (i) in any securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors, (ii) consisting of deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of the Issuer and its Subsidiaries and (iii) received in compromise or resolution of litigation, arbitration or other dispute;
- (d) (i) Guarantees in connection with (A) leases (other than capital lease obligations) or (B) of other obligations not constituting Indebtedness and entered into in the ordinary course of business, (ii) Guarantees of the lease obligations of suppliers, customers, franchisees and licensees of the Issuer and its Subsidiaries, in each case, in the ordinary course of business and (iii) Guarantee obligations of the Issuer and its Subsidiaries permitted by Section 9.05;

- (e) Investments in any Person, including earnouts, to the extent such Investment represents the non-cash portion of the consideration received for a Disposition that was made pursuant to and in compliance with Section 9.02(b) hereof;
- (f) loans or advances or other similar transactions with customers, distributors, clients, developers, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business and consistent with past practice;
- (g) any Investment solely in exchange for, or made with the proceeds of, the issuance of Qualified Capital Stock;
- (h) any Investment consisting of workers' compensation, performance bonds and other similar bonds and letters of credit issued to suppliers or landlords made in the ordinary course of business and consistent with past practice;
- (i) loans and advances to, or guarantees provided for benefit of, officers, directors and employees for business-related travel expenses, entertainment, moving and relocation expenses and other similar expenses, in each case, incurred in the ordinary course of business and consistent with past practice;
- (j) any Investment consisting of purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses of intellectual property or leases, in each case, in the ordinary course of business and consistent with past practice;
- (k) Investments consisting of joint development programs and the licensing for value of Intellectual Property not constituting Collateral, in each case, in the ordinary course of business and consistent with past practice and on fair market terms on an arm's-length basis for consideration in Liquid Assets or other consideration that the Board of Directors of Issuer determines is reasonable and market;
- (l) Investments consisting of earnest money deposits required in connection with a purchase agreement or other acquisition permitted hereunder;
- (m) Investments existing as of the Closing Date and set forth on Schedule 9.09 but not any additional Investment in respect thereof unless otherwise independently permitted under another clause of this Section 9.09;
- (n) (i) any other Investments that are not otherwise expressly permitted pursuant to this Section 9.09, so long as (A) the aggregate amount of such Investment does not exceed an amount equal to One Dollar (\$1.00) less than the amount that would result in a Financial Test Failure Event occurring under clause (b) of the definition of "Financial Test Failure Event" on a pro forma basis after giving effect to such Investment or, if less, One Dollar (\$1.00) less than the amount that would result in a Financial Test Failure Event occurring under clause (a) of the definition of "Financial Test Failure Event" on a pro forma basis after giving effect to such Investment or (B)(1) such Investment is made in a Subsidiary of Issuer, (2) such Investment is not governed by or made in accordance with binding agreements that would in any way restrict the ability of any Note Party to pay the Obligations or any Subsidiary to make payments and distributions to the Note Parties in the ordinary course of business and (3) both before and immediately after giving effect to the making of such Investment, no Financial Test Failure Event, determined on a pro forma basis, has occurred and is then continuing, or if a Financial Test Failure Event has occurred and is then continuing, the making of such Investment would not result in a decrease to the Quick Ratio or Tangible Net Worth;
- (o) to the extent constituting Investments, (i) mergers and consolidations permitted by Section 9.02(a), (ii) Dispositions permitted by Section 9.02(b), (iii) guarantees constituting Indebtedness to the extent permitted under Section 9.05 and (iv) Restricted Payments permitted by Section 9.08; and
- (p) other Investments so long as the aggregate outstanding amount thereof shall not exceed Ten Million Dollars (\$10,000,000) in the aggregate.

Section 9.10 [Reserved].

Section 9.11 Pari Passu Ranking. The Note Parties shall take, and shall cause each of their Subsidiaries to take, all actions to ensure that (a) the Obligations rank at all times at least *pari passu* in right of payment with the claims of all other creditors of the Note Parties (other than any such claims that, by operation of Applicable Law, are prior in right of payment to the Obligations), and (b) except as expressly permitted hereby, no Note Party shall, nor shall it permit any of its Subsidiaries to, incur or suffer to exist Indebtedness that is senior in right of payment to the Obligations without the consent of the Purchasers.

Section 9.12 Burdensome Agreements. No Note Party shall, nor shall it permit any of its Subsidiaries to, enter into agreement or document or permit to exist any contractual obligation (other than this Agreement or any other Note Document) that limits the ability of (a) any Subsidiary to make dividends or other distributions to any Note Party or to otherwise transfer property to or invest in a Note Party, (b) any Subsidiary to make or repay obligations owing to a Note Party or (c) the Note Parties to create, incur, assume or suffer to exist Liens on the Collateral in favor of the Agent pursuant to the Collateral Documents; provided, however, that the foregoing shall not prohibit restrictions imposed by any agreement relating to Indebtedness and/or Investments permitted by this Agreement to be incurred or made, as applicable, after the Closing Date if the relevant restrictions, taken as a whole, are not materially less favorable to the Note Parties or the Purchasers than the restrictions contained in this Agreement, taken as a whole.

Section 9.13 No Change in Fiscal Year; Auditor. No Note Party shall change its fiscal year end from December 31st without the Agent's prior written consent.

Section 9.14 [Reserved].

Section 9.15 Centre of Main Interests and Establishment. The Irish Guarantor shall not, without the prior written consent of the Agent, take any action that shall cause its centre of main interests (as that term is used in Article 3(1) of the Regulation) to be situated outside of its jurisdiction of incorporation.

Section 9.16 [Reserved].

Section 9.17 [Reserved].

Section 9.18 Tax. No Note Party shall, without the prior written consent of the Agent, take any action that shall cause it to become tax resident in any jurisdiction other than its jurisdiction of incorporation.

Section 9.19 Amendments to Organizational Documents; Material Contracts.

- (a) No Note Party shall amend or permit any amendments to such Person's Organizational Documents in a manner that is material and adverse to the Agent and the Purchasers in their capacities as such.

- (b) For so long as (x) an Enhanced Cooperation Period is then in effect and (y) the Covenant Expiration Date shall have not yet occurred, no Note Party shall amend or permit any amendments to, or terminate or waive any provision of, any Material Contract if such amendment, termination, or waiver would be material and adverse to the Agent or the Purchasers in their capacities as such or to the Note Parties.

Section 9.20 Plan Assets. No Note Party shall take any action that causes its assets to be deemed to be Plan Assets at any time.

Section 9.21 Nature of Business. From and after the Closing Date, no Note Party shall engage in any business other than (a) the businesses engaged in by such Note Party on the Closing Date, (b) such other lines of business that are incidental, ancillary, complementary or reasonably related to the Note Parties' lines of business on the Closing Date or reasonable extensions, developments or expansions thereof and (c) such other lines of business as may be consented to from time to time by Agent and Requisite Purchasers.

Section 9.22 Impairment of Security Interest, Obligations and Royalty Interest and License Agreement. No Note Party shall, nor shall it permit any Subsidiary to, take or knowingly or negligently omit to take any action, including any discount or sale (with or without recourse) to any other Person that is not a Note Party any of its notes receivable or accounts receivable relating to or arising from the Royalty Interest, which action or omission might reasonably be expected to or would (in the good faith determination of the Issuer) have the result of materially impairing the value of the Royalty Interest, the License Agreement or the security interests granted in the Note Documents or the ability of the Issuer or the Guarantors to pay the Obligations, taken as a whole (including the lien priority with respect to the Collateral) (it being understood that any release permitted by the terms of this Agreement or the other Note Documents and the incurrence of Specified Permitted Liens shall not be deemed to so materially impair the security interests with respect to the Collateral).

ARTICLE X. EVENTS OF DEFAULT

Section 10.01 Events of Default. The occurrence at any time of one or more of the following conditions or events (where applicable, after giving effect to the applicable grace and cure periods described in the paragraphs below) constitutes an event of default (an "Event of Default"):

- (a) Issuer fails to pay any principal or premium (if any) on any Note after the same becomes due and payable, whether on the Maturity Date or otherwise.
- (b) Issuer fails to pay any interest on any Note or any Note Party fails to make payment of any fee or other amounts payable under this Agreement or the other Note Documents within three (3) Business Days after the same becomes due and payable.
- (c) Any representation or warranty of any Note Party in any Note Document to which it is party or in any certificate, financial statement or other document delivered by any Note Party pursuant to the Note Documents to Agent or any Purchaser proves to have been incorrect in any material respect at the time it was made or deemed made (except that any representation or warranty that is qualified as to "materiality," "Material Adverse Effect" or by reference to an objective standard (e.g., a specified dollar amount) shall be true and correct in all respects).
- (d) Any Note Party fails to perform or observe any covenant or agreement contained in (i) Section 8.03(a), (b) or (c) or Section 8.08 and such failure is not remedied within ten (10) Business Days or (ii) Section 4.03, Section 8.01, Section 8.02, Section 8.14(b), Section 8.16 or Article IX.
- (e) Any Note Party fails to perform or observe any other covenant or agreement contained in the Note Documents to which it is a party (other than those referred to in the preceding clauses of this Section 10.01) if such failure is not remedied within thirty (30) days.
- (f) A Change of Control shall occur.
- (g) Either:
 - (i) the (A) failure of any Note Party or, during an Enhanced Cooperation Period, any Note Party or any of its Subsidiaries, to pay when due any principal of or interest on or any other amount payable in respect of any of the Existing Unsecured Convertible Notes, in each case, beyond the grace period, if any, provided therefor; or (B) breach or default by any such Note Party or, during an Enhanced Cooperation Period, any Note Party or any of its Subsidiaries, with respect to any other term of one or more items of the Existing Unsecured Convertible Notes beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of such Existing Unsecured Convertible Notes (or a trustee on behalf of such holder or holders) to cause, such Existing Unsecured Convertible Notes to become or be declared due and payable (or subject to a compulsory repurchase or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be (inclusive of the effectiveness of any "put right" or similar right in any such contract or other instrument which would require the payment of the Existing Unsecured Convertible Notes); or
 - (ii) the (A) failure of any Note Party or, during an Enhanced Cooperation Period, any Note Party or any of its Subsidiaries, to pay when due any principal of or interest on or any other amount payable in respect of one or more items of Material Indebtedness (other than the Obligations or any Existing Unsecured Convertible Notes), in each case, beyond the grace period, if any, provided therefor; or (B) breach or default by any such Note Party or, during an Enhanced Cooperation Period, any Note Party or any of its Subsidiaries, with respect to any other term of one or more items of Material Indebtedness beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders) to cause, that Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be (inclusive of the effectiveness of any "put right" or similar right in any such contract or other instrument which would require the payment of an aggregate principal amount under such contract or instrument in excess of the amount described in the definition of Material Indebtedness to be paid), so long as, in the case of clause (A) or (B) above, such event would reasonably be expected to result in a Material Adverse Effect.
- (h) Any money judgment, writ or warrant of attachment or similar process involving an amount individually or in the aggregate in excess of Fifteen Million Dollars (\$15,000,000) (to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) that, in any such case, would reasonably be expected to result in a Material Adverse Effect shall be entered or filed against any Note Party or any of its assets or, during an Enhanced Cooperation Period, any Note Party or any of its Subsidiaries or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days (or, if earlier, in any event later than five (5) days prior to the date of any proposed sale thereunder), provided, further, that if such Note Party or, during an Enhanced Cooperation Period, such Note Party or any of its Subsidiaries, files an answer admitting the material allegations of a petition filed against it in any such proceeding prior to such date, such grace period will cease to apply.
- (i) A Bankruptcy Event shall occur.

- (j) (i) Any of the Note Documents shall cease to be in full force and effect (other than pursuant to its terms), (ii) the validity or enforceability of any Note Document is disaffirmed or challenged in writing by any Note Party or any of its Affiliates or by any other Person (other than the Agent or any Secured Party) asserting an interest in any substantial portion of the Collateral and such written disaffirmation or challenge is not withdrawn or disavowed by such Person within ten (10) days after its communication or such Note Party has not brought appropriate proceedings for declaratory or other relief negating such disaffirmation or challenge within twenty (20) days after such communication and has not obtained an order granting such relief within forty-five (45) days after commencement of such proceedings, (iii) this Agreement or any Collateral Document shall cease to give the Agent or any other Secured Party the material rights purported to be created hereby or thereby (including a first priority (subject to Specified Permitted Liens) perfected and enforceable Lien on the assets of each Note Party that constitute Collateral (except as otherwise expressly provided herein and in the other Note Documents)) other than as a direct result of any action or inaction by Agent or any Secured Party or failure of Agent or such Secured Party to perform its respective obligation hereunder, (iv) any subordination agreement (or subordination provisions incorporated in any Indebtedness) or intercreditor agreement relating to the Agent's Liens on the Collateral, or any provisions thereof, ceases to be valid and enforceable against any Person (other than the Agent or any other Secured Party) intended to be bound thereby or such Person shall so assert in writing unless, with respect to this clause (iv), the existence of the Indebtedness to which such subordination agreement (or subordination provisions) or intercreditor agreement relates would not, at such time, be prohibited by Section 9.05 regardless of whether or not such subordination agreement (or subordination provisions) or intercreditor agreement were in effect, or (v) the failure of any Person referred to in the immediately preceding clause (iv) to comply with the terms of such applicable intercreditor agreement or subordination agreement unless, with respect to this clause (v), the existence of the Indebtedness to which such subordination agreement or intercreditor agreement relates would not, at such time, be prohibited by Section 9.05 regardless of whether or not such subordination agreement or intercreditor agreement were in effect.
- (k) A moratorium shall be agreed or declared in respect of any Indebtedness of any Note Party, or any restriction or requirement not in effect on the Closing Date shall be imposed, whether by legislative enactment, decree, regulation, order or otherwise, which limits the availability or the transfer of foreign exchange by any Note Party for the purpose of performing any payment obligation under any Note Document to which it is a party and such moratorium, restriction or requirement has a material adverse effect on the ability of a Note Party to pay the Obligations under the Note Documents.
- (l) The License Agreement is terminated or cancelled by the Licensee, in each case, prior to the Maturity Date and is not replaced in accordance with Section 8.14(b) hereof or any other event or circumstance occurs that has the effect of causing the termination or rescission of the License Agreement or granting a fully paid, perpetual, royalty-free license to the Licensee.
- (m) Any security interest in any Collateral purported to be created by any Collateral Document shall cease to be in full force and effect, or shall cease to give the rights, powers and privileges purported to be created and granted hereunder or thereunder (including a perfected first priority (subject to Specified Permitted Liens) Lien on substantially all of the Collateral (except as otherwise expressly provided herein and therein)) in favor of Agent pursuant hereto or thereto (other than as a result of the failure by Agent of taking any action required to maintain the perfection of such security interests), or shall be asserted by any Note Party not to be a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Collateral Document) security interest in the Collateral and/or any Note Party takes any action that could reasonably be expected to impair Agent's security interest in any of the Collateral.
- (n) (i) Any material portion of any Note Party and its Material Subsidiaries' assets is attached, seized or appropriated, levied on or condemned, or otherwise comes into possession or control of a temporary or permanent trustee or receiver or any other Governmental Authority or any Person acting or purporting to act under such authority; or (ii) any court order enjoins, restrains or prevents the Note Parties from conducting any material part of their business, in each case, as to each of clauses (i) and (ii), which event is expected to result in a Material Adverse Effect and which continues in existence and is not remedied, dismissed or stayed for thirty (30) days after the earlier of (x) a Senior Officer of a Note Party's obtaining actual or constructive knowledge of such default or (y) the occurrence of such default.

In the case of one of the events or circumstances described above which is not a Specified Event of Default or a Bankruptcy Event of Default which is capable of cure and for which the Note Parties are given a cure period either expressly stated in the clauses above or, in the case of other non-monetary breaches or potential breaches where no specific cure period is identified but the Issuer reasonably believes that the breach is capable of cure within fifteen (15) days, Issuer may notify the Agent and Purchasers in writing by a date not later than the second (2nd) Business Day after such event or circumstance occurs identifying (i) the applicable event, circumstance or breach, (ii) stating that such event, circumstance or breach is curable and the actions it is taking and the time period in which it believes such event, circumstance or breach will be cured (an "Extended Cure Period Request") and any such event, circumstance or breach, a "Curable Default"). The Agent acting at the direction of the Requisite Purchasers in its sole discretion shall have the right to approve or decline any Extended Cure Period Request and if the Agent fails to respond (including via email) within two (2) Business Days after an Extended Cure Period Request (such date, the "Cure Acceptance Date"), it shall be deemed to be declined. During the period prior to the Cure Acceptance Date, or if such Curable Default has a cure period expressly stated above or agreed with the Agent, the last day of such cure period (such date, the applicable "Cure Date"), it is agreed that for purposes of this Agreement, provided that the Note Parties are diligently pursuing such cure and no Bankruptcy Event or other Event of Default occurs during such period, that no Event of Default with respect to such Curable Default will be deemed to have occurred until the applicable Cure Date.

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- (1) **Bankruptcy Event of Default.** In the case of a Bankruptcy Event of Default, automatically, the principal amount of the Notes then outstanding, together with the accrued interest thereon and all fees and other Obligations, including any Exit Fee and the Prepayment Premium, and all other liabilities of the Issuer and the other Note Parties accrued hereunder and under any other Note Document, shall immediately and automatically become due and payable at the Prepayment Price therefor, without the need for any request by or consent of the Requisite Purchasers or presentment, demand, protest or other notice of any kind to the Issuer or any other Note Party, all of which are hereby waived.
- (2) **Certain Defaults Other Than A Bankruptcy Event of Default.** Upon the occurrence of any Event of Default (other than a Bankruptcy Event of Default), then, and in every such Event of Default, and at any time thereafter during the continuance of such Event of Default, the Agent may, by delivery of written notice thereof to the Issuer, declare the Notes and other Obligations then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Notes so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations, including Exit Fee and the Prepayment Premium, shall become due and payable immediately (in the case of the Notes, at the Prepayment Price therefor), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer.

- (3) **Extended Cure Option.** Notwithstanding the foregoing, and at any time after the occurrence of a General Event of Default or in the case of a Curable Default, a date prior to the Cure Date when the Agent and Issuer determine that the Curable Default will not be timely cured or waived, the Agent may notify the Issuer that the Agent, acting at the direction of the Requisite Purchasers, intends to accelerate the then outstanding Obligations unless the Note Parties consummate a [***] by a date not later than the date specified in such notice (which date shall be a Business Day occurring at least fifteen (15) Business Days following the date of the Agent's notice (or in the case of a Curable Default, a date not later than fifteen (15) Business Days after the applicable Cure Date (such date, the "Acceleration Trigger Date"))). During the period from the date of such notice until the Acceleration Trigger Date (and absent the occurrence of a Bankruptcy Event of Default or Specified Event of Default or the Issuer repaying the Obligations in full in immediately available funds in Dollars (including any Exit Fee or Prepayment Premium then due)) the Issuer shall have the option to cooperate in good faith with the Agent to consummate the [***] by a date not later than the Acceleration Trigger Date (or if agreed with the Agent in its sole discretion, such later date as agreed with the Agent, the "Extended Option Exercise End Date"). It is understood that so long as the Note Parties are cooperating in good faith to consummate the [***] with respect to a Curable Default, provided no Bankruptcy Event of Default or Specified Event of Default has occurred hereunder, (x) no Event of Default will be deemed to have occurred hereunder as a result of the Curable Default until the Extended Option Exercise End Date and (y) the Secured Parties will not accelerate the Obligations or exercise remedies with respect to the Collateral other than the [***] and the collection and payment of cash in the Blocked Account in the manner the Agent directs. However, if (x) a Bankruptcy Event of Default or Specified Event of Default occurs, (y) the Note Parties fail to cooperate or the Agent otherwise determines that the [***] cannot be consummated before the applicable Extended Option Exercise End Date or (z) the [***] is not timely consummated in a manner acceptable to Agent on or before the Extended Option Exercise End Date (any such event, an "Acceleration Trigger Event"), then the Agent and the Secured Parties shall have the immediate right without any further delay, notice or waiting period to declare the Obligations immediately due and payable and to exercise all other rights and remedies hereunder.

In the event that the [***] has been timely consummated, then on the date the Agent determines all conditions to such transaction have been satisfied, the Obligations under the Note Documents (other than the Surviving Obligations) shall be deemed discharged and paid in full. The Surviving Obligations shall continue on and after such date and shall continue to be secured by first priority Liens on the Collateral, and neither the Collateral nor the License Agreement shall be subject to Liens other than Specified Permitted Liens.

- (4) **Additional Remedies.** If an Event of Default has occurred and is continuing, in addition to the rights and remedies described above, (A) Agent or the Requisite Purchasers may cause Agent to enforce any and all Liens and security interests created pursuant to Collateral Documents and exercise on behalf of the Secured Parties all of its other rights and remedies under this Agreement and the other Note Documents and Applicable Law in order to satisfy the Obligations; (B) if the Issuer shall be in default under the License Agreement or any other Material Contract, the Agent shall have the right (but not any obligation) to cause the default or defaults to be remedied (including paying any unpaid amount thereunder) and otherwise exercise any and all rights of the Issuer thereunder as may be necessary to prevent and/or cure any such default; (C) Agent shall direct Issuer to pay (and Issuer hereby agrees upon receipt of such notice, or automatically upon the occurrence of any Bankruptcy Event of Default, to pay) to Agent such additional amounts of cash, to be held as security for Issuer's reimbursement Obligations in respect of then outstanding under arrangements acceptable to Agent; and (D) Agent may apply any funds in its possession to the Obligations in such order as Agent shall determine in its sole and exclusive discretion, and any surplus shall be paid to Issuer or other Persons legally entitled thereto, provided that the Issuer shall remain liable to the Secured Parties for any deficiency. If Agent, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Agent shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Agent of cash therefor.

- (5) **Payment of Exit Fee and Prepayment Premium.** Notwithstanding anything in this Agreement or any other Note Document to the contrary, the Exit Fee and the Prepayment Premium shall automatically be due and payable at any time the Obligations become due and payable prior to the Maturity Date in accordance with the terms hereof as though such Indebtedness were voluntarily prepaid pursuant to Section 3.02 at such time and shall constitute part of the Obligations, whether due to acceleration pursuant to the terms of this Agreement (in which case it shall be due immediately, upon the giving of notice to Issuer in accordance with Section 10.01(2) or automatically, in accordance with Section 10.01(l)), by operation of law or otherwise (including, without limitation, on account of any bankruptcy filing or any other Prepayment Event), in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Purchasers or profits lost by the Purchasers as a result of such acceleration, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Purchasers as a result thereof. Any Exit Fee or Prepayment Premium payable pursuant to the Note Documents shall be presumed to be the liquidated damages sustained by each Purchaser as the result of the applicable triggering event and the Issuer and each other Note Party agree that the Exit Fee and Prepayment Premium are reasonable under the circumstances currently existing and that the parties' Base Return Principal is part of the agreed consideration at the Closing Date for the issuance of the Notes. In the event the Obligations are reinstated in connection with or following any applicable triggering event, it is understood and agreed that the Obligations shall include any Exit Fee and Prepayment Premium payable in accordance with the Note Documents. The Exit Fee and Prepayment Premium shall also be payable (i) in the event the Obligations (and/or this Agreement or the Notes evidencing the Obligations) are satisfied or released by foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other means and/or (ii) upon the satisfaction, release, payment, restructuring, reorganization, replacement, reinstatement, defeasance or compromise of any of the Obligations (and/or this Agreement or the Notes evidencing the Obligations) in any Insolvency Proceeding or other proceeding pursuant to any Debtor Relief Laws, foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other means or the making of a distribution of any kind in any Insolvency Proceeding or other proceeding pursuant to any Debtor Relief Laws to Agent, for the account of the Purchasers, in full or partial satisfaction of the Obligations. If the Exit Fee and/or the Prepayment Premium becomes due and payable pursuant to the Note Documents, the Exit Fee and Prepayment Premium shall be deemed to be principal of the Notes and Obligations under the Note Documents and interest shall accrue on the full principal amount of the Notes (including on the Exit Fee and Prepayment Premium) from and after the applicable triggering event. In the event that any Exit Fee or Prepayment Premium is determined not to be due and payable by order of any court of competent jurisdiction, including, without limitation, by operation of the Bankruptcy Code, despite such a triggering event having occurred, each of the Exit Fee and the Prepayment Premium shall nonetheless constitute Obligations under this Agreement and the Note Documents for all purposes hereunder and thereunder. EACH OF THE ISSUER AND EACH OTHER NOTE PARTY HEREBY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE EXIT FEE OR THE PREPAYMENT PREMIUM AND ANY DEFENSE TO PAYMENT, WHETHER SUCH DEFENSE MAY BE BASED IN PUBLIC POLICY, AMBIGUITY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY VOLUNTARY OR INVOLUNTARY ACCELERATION OF THE OBLIGATIONS PURSUANT TO ANY INSOLVENCY PROCEEDING OR OTHER PROCEEDING PURSUANT TO ANY DEBTOR RELIEF LAWS OR PURSUANT TO A PLAN OF REORGANIZATION. Each of the Note Parties, the Agent and the Secured Parties acknowledges and agrees that any Exit Fee or Prepayment Premium due and payable in accordance with the Note Documents does not and shall not be deemed to constitute unmaturing interest, whether under Section 502(b)(2) of the U.S. Bankruptcy Code or otherwise (including pursuant to any analogous Bankruptcy Code provision). Each Note Party further acknowledges and agrees, and waives any argument to the contrary, that payment of such amount does not constitute a penalty or an otherwise unenforceable or invalid obligation. The parties have agreed on the Exit Fee, the Prepayment Premium and the Base Return Principal because these capture the attractiveness of the Investment and the opportunity cost to each Purchaser for its capital investment because each Purchaser is an investment fund with limited ability to recycle capital and the Exit Fee and Prepayment Premium reflect the parties' view on risk return. All parties to this Agreement agree (and each person that accepts an interest in the Notes or Obligations from time to time by their acceptance of such Note or interest agrees) to the Base Return Principal and that neither the Exit Fee nor the Prepayment Premium is to be construed as part of a headline interest rate, but instead compensation specifically reflecting the Purchasers' agreement to forego receiving additional compensation, fees and pricing on the Closing Date in return for the Note Parties agreeing to the Base Return Principal and to pay the Exit Fee and Prepayment Premium and that the payment of such amount reflects each Purchaser's capital anticipated to be returned for the specific investment of the Purchaser's capital after taking into account all of the circumstances, including the costs of funds, the opportunity cost of capital, the relative risk of the investment, and the operational benefits for the Note Parties from continued use of funds as a result of the Purchasers' agreement to receive cash payment of that portion of their compensation at a date later than the Closing Date in lieu of additional up-front fees. Each Note Party expressly acknowledges and agrees that, prior to executing this Agreement, it has had the opportunity to review, evaluate, and negotiate the Exit Fee and Prepayment Premium and the calculations thereof with its advisors, and that (i) the Exit Fee and Prepayment Premium are reasonable and are the product of an arm's-length transaction between sophisticated business people, ably represented by counsel, (ii) the Exit Fee and Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made, (iii) there has been a course of conduct between the Purchasers and the Note Parties giving specific consideration in this transaction for the Base Return Principal and such agreement to pay the Exit Fee and Prepayment Premium, (iv) the Note Parties shall be estopped hereafter from claiming differently than as agreed to in this Section 10.01(5), (v) the Note Parties' agreement to pay the Exit Fee and Prepayment Premium is a material inducement to the Purchaser's agreement to purchase the Notes, and (vi) the Exit Fee and Prepayment Premium represent a good faith, reasonable estimate and calculation of the lost profits, losses or other damages of the Purchasers and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Purchasers or profits lost by the Purchasers as a result of such any applicable triggering event. Notwithstanding anything herein to the contrary, only one Exit Fee and one Prepayment Premium shall be payable under this Agreement, regardless of whether multiple Prepayment Events or other events that would otherwise trigger an Exit Fee or Prepayment Premium occur after such Exit Fee or Prepayment Premium is paid.

Section 10.02 Right of Set-off; Sharing of Set-off.

- (a) Solely to the extent that both (x) a Recourse Event has occurred and is continuing and (y) any amount payable hereunder is not paid as and when due, each Note Party irrevocably authorizes Agent and each Purchaser (i) to proceed, to the fullest extent permitted by Applicable Law, without prior notice, by right of set-off, bankers' lien, counterclaim or otherwise, against any assets of any Note Party in any currency that may at any time be in the possession of Agent, any Purchaser or any of their respective Affiliates, to the full extent of all amounts payable to Agent or any Purchaser hereunder or (ii) to charge to such Note Party's account with Agent, any Purchaser or any of their respective Affiliates the full extent of all amounts payable by any Note Party to Agent or Purchasers hereunder; provided, however, that Agent or such Purchaser shall notify such Note Party of the exercise of such right promptly following such exercise.

- (b) If any Purchaser shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on the Notes or other obligations owed to such Purchaser resulting in such Purchaser's receiving payment of a proportion of the aggregate amount of the principal on the Notes and accrued interest thereon or other obligations owed to such Purchaser greater than its pro rata share thereof as provided herein, then the Purchaser receiving such greater proportion shall (i) notify the Agent and the other Purchasers of such fact, and (ii) purchase (for cash at face value) participations in the Notes and such other obligations of the other Purchasers, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by Purchasers ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Notes and other amounts owing them; provided that the provisions of this Section 10.02(b) shall (x) not be construed to apply to (A) any payment made by Note Parties pursuant to and in accordance with the express terms of this Agreement or (B) any payment obtained by a Purchaser as consideration for the assignment of or sale of a participation in the Notes to any assignee and (y) only be applicable if there is more than one (1) Purchaser.

Section 10.03 Suspension Rights upon Breach of Sanctions. Upon the occurrence of a breach of Section 8.06(c), each Purchaser may, without prejudice to any other rights it has under any Note Document, and upon providing notice to both Issuer and Agent, immediately suspend the performance of its obligations under the Note Documents.

Section 10.04 Control by Majority. The Requisite Purchasers may direct the time, method and place of conducting any proceeding for any remedy available to the Agent or exercising any power conferred on the Agent. However, the Agent may refuse to follow any direction that conflicts with Law, this Agreement or the other Note Documents, that may involve Agent in personal liability, or that the Agent determines in good faith may be unduly prejudicial to the rights of Purchasers not joining in the giving of such direction (it being understood that the Agent shall have no duty to determine whether any direction is prejudicial to any Purchaser). In addition, the Agent may take any other action they deem necessary or proper that is not inconsistent with any such direction received from the Purchasers. The Agent shall not be obligated to take any action at the direction of Purchasers of Notes unless such Purchasers have offered and, if requested, provided to the Agent, indemnity or security satisfactory to the Agent.

Section 10.05 Limitation on Suits. A Purchaser that holds a Note may not institute any proceeding, judicial or otherwise, with respect to this Agreement, the Notes or the other Note Documents, or for the appointment of a receiver or trustee, or for any other remedy under this Agreement, the Notes or the other Note Documents, unless: (a) the Purchaser of a Note has previously given to the Agent written notice of a continuing Event of Default; (b) the Purchasers of the Notes have offered and, if requested, provided to the Agent an indemnity reasonably satisfactory to the Agent against any costs, liabilities or expenses to be incurred in compliance with such request; and (c) the Agent, for sixty (60) days after their receipt of such notice, request and offer of indemnity has failed to institute any such proceeding. A Purchaser that holds a Note may not use this Agreement to prejudice the rights of another Purchaser that holds a Note or to obtain a preference or priority over another Purchaser that holds a Note.

Section 10.06 Rights Not Exclusive. The rights provided for herein to the Agent and the Secured Parties are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided to the Agent and the Secured Parties by Applicable Law.

ARTICLE XI. INDEMNIFICATION; EXPENSES

Section 11.01 Losses.

- (a) Note Parties agree to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless each Indemnitee from and against any and all Indemnified Liabilities, in all cases, arising, in whole or in part, out of or relating to any claim, notice, suit or proceeding commenced or threatened in writing (including, without limitation, by electronic means) by any Person (including any Governmental Authority) other than any Note Party or any of Agent's or any Purchaser's Affiliates; provided that Note Parties shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities (x) arise from the gross negligence or willful misconduct of such Indemnitee or the breach by any Purchaser of any of its obligations to purchase Notes under the Note Documents, or (y) arise from any claim, action, suit, inquiry, litigation, investigation or proceeding that does not involve an act or omission of a Note Party and that is brought by an Indemnitee against any other Indemnitee (excluding, in any event, claims against any such Person in its capacity or in fulfilling its role as Agent). To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 11.01 may be unenforceable in whole or in part because they violate any law or public policy, Note Parties shall contribute the maximum portion that they are permitted to pay and satisfy under Applicable Law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them. This Section 11.01 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.
- (b) To the extent permitted by Applicable Law, no Party shall assert, and each Party hereby waives, any claim against each other Party and such Party's Affiliates, directors, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Note Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, the Notes or the use of the proceeds from the issuance thereof or any act or omission or event occurring in connection therewith, and each Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 11.02 Assumption of Defense; Settlements. If any Indemnitee is entitled to indemnification under this Article XI with respect to any action or proceeding brought by a third party that is also brought against a Note Party, such Note Party shall be entitled to assume the defense of any such action or proceeding with counsel reasonably satisfactory to such Indemnitee. Upon assumption by any Note Party of the defense of any such action or proceeding, such Indemnitee shall have the right to participate in such action or proceeding and to retain its own counsel but such Note Party shall not be liable for any legal expenses of other counsel subsequently incurred by such Indemnitee in connection with the defense thereof unless (i) such Note Party has otherwise agreed to pay such fees and expenses, (ii) such Note Party shall have failed to employ counsel reasonably satisfactory to such Indemnitee in a timely manner or (iii) such Indemnitee shall have been advised by counsel that there are actual or potential conflicting interests between such Note Party and such Indemnitee, including situations in which there are one or more legal defenses available to such Indemnitee that are different from or additional to those available to such Note Party; provided, however, that such Note Party shall not, in connection with any one such action or proceeding or separate but substantially similar actions or proceedings arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for such Indemnitee, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively defend against such action or proceeding. No Note Party shall consent to the terms of any compromise or settlement of any action defended by any Note Party in accordance with the foregoing without the prior written consent of the affected Indemnitee unless such compromise or settlement (x) includes an unconditional release of such Indemnitee from all liability arising out of such action and (y) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of such Indemnitee. Note Parties shall not be required to indemnify Indemnitees for any amount paid or payable by any Indemnitee in the settlement of any action, proceeding or investigation without the written consent of the Note Parties, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 11.03 Expenses.

Whether or not the transactions contemplated hereby shall be consummated, , Note Parties agree to pay promptly (a) all of the Agent's and the Purchasers' actual and reasonable costs and expenses of preparation of the Note Documents (including the reasonable fees, charges and disbursements of counsel for the Agent and the Purchasers) and any consents, amendments, waivers or other modifications thereto; (b) all the reasonable fees, expenses and disbursements of counsel to Agent and the Purchasers in connection with the negotiation, preparation, execution and administration of the Note Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by Issuer; (c) all the reasonable costs and reasonable expenses of creating and perfecting Liens in favor of Agent, for the benefit of Secured Parties, including filing and

recording fees, expenses and taxes, stamp or documentary taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to Secured Parties and of counsel providing any opinions that Agent or Purchasers may request in respect of the Collateral or the Liens created pursuant to the Collateral Documents; (d) all of the Secured Parties' costs and fees, expenses for, and disbursements of any of auditors, accountants, consultants or appraisers whether internal or external, and all Attorneys' Fees (including allocated costs of internal counsel and expenses and disbursements of outside counsel) incurred by Agent or any other Secured Party; (e) all the costs and reasonable expenses (including the fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by Agent, the Secured Parties and their counsel) in connection with the custody or preservation of any of the Collateral; (f) all other costs and expenses incurred by Agent in connection with the negotiation, preparation and execution of any consents, amendments, waivers or other modifications to the Note Documents and the transactions contemplated thereby; and (g) after the occurrence of a Default or an Event of Default, all costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel) and costs of settlement, incurred by the Agent or any other Secured Party in enforcing any Obligations of or in collecting any payments due from any Note Party hereunder or under the other Note Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings.

ARTICLE XII. MISCELLANEOUS

Section 12.01 Assignments.

- (a) No Note Party shall be permitted to assign this Agreement without the prior written consent of Agent and each Purchaser and any purported assignment in violation of this Section 12.01 shall be null and void.
- (b) Any Purchaser may at any time assign its rights and obligations hereunder, in whole or in part, to an Assignee and any Purchaser may at any time pledge its rights and obligations hereunder to an Assignee.
- (c) Upon surrender of any Note to the Agent (who shall forward such Note to the Issuer) at the address and to the attention of the designated officer, for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), promptly, but in any event not later than five (5) Business Days thereafter, the Issuer shall execute and deliver, at the Issuer's expense (except as provided below), one or more new Notes (as requested by the holder thereof) of the same series (and of the same tranche if such series has separate tranches) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be the Note of such series originally issued hereunder. Each such new Note dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date surrendered Note if no interest shall have been paid thereon. The Issuer may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made each representation set forth in Section 7.03 and Section 12.18.
- (d) In the event there are multiple Purchasers, all payments of principal, interest, fees and any other amounts payable pursuant to the Note Documents shall be allocated on a *pro rata* basis among Purchasers according to their proportionate interests in the Notes.
- (e) Each Note Party, the Agent and each Purchaser shall, from time to time at the request of the other party hereto, execute and deliver any documents that are necessary to give full force and effect to an assignment permitted hereunder, including a new Note in exchange for the Note held by a Purchaser.
- (f) The Agent, solely, for this purpose acting as a non-fiduciary agent of the Issuer, shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and neither the Issuer nor the Agent shall be affected by any notice or knowledge to the contrary. The Agent shall give to the Issuer and any holder of a Note that is an institutional investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 12.02 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 12.03 Notices. All Notices authorized or required to be given pursuant to this Agreement shall be given in writing and either personally delivered to the Party or Process Agent to whom it is given or delivered by an established delivery service by which receipts are given or mailed by registered or certified mail, postage prepaid, or sent by electronic mail with a copy sent on the following Business Day by one of the other methods of giving notice described herein, addressed to the Party or Process Agent at its address listed in Schedule 12.03 attached hereto. Any Party or Process Agent may change its address for the receipt of Notices at any time by giving Notice thereof to the other Party. Except as otherwise provided herein, any Notice authorized or required to be given by this Agreement shall be effective when received.

Section 12.04 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto (which are incorporated herein by reference), and the other Note Documents constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements (including the Confidentiality Agreement), understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of this Agreement.

Section 12.05 Amendments and Waivers.

- (a) Requisite Purchasers' Consent. Subject to Sections 12.05(b) and 12.05(c), no amendment, modification, termination or waiver of any provision of the Note Documents, or consent to any departure by any Note Party therefrom, shall in any event be effective without the written concurrence of Agent and the Requisite Purchasers and the Issuer (with a copy of all amendments provided to the Agent); provided, the Agent may, with the consent of the Issuer only, amend, modify or supplement this Agreement or any other Note Document (and such amendment, modification or supplement shall become effective without any further action or consent of any other party to such Note Document) to (i) cure any ambiguity, omission, defect or inconsistency, in each case, of a technical or immaterial nature, (ii) provide for the issuance of additional Notes in accordance with the terms and limitations set forth in this Agreement and in the Notes as of the date hereof and (iii) make any other change; provided that such change individually, or in the aggregate with all other such changes, does not, and will not, adversely affect the legal rights of any Purchaser in any material respect.
- (b) Affected Purchasers' Consent. Without the written consent of each Purchaser that would be affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:
 - (i) extend the scheduled final maturity of any Note;
 - (ii) waive, reduce or postpone any scheduled repayment (but not prepayment);

- (iii) reduce the rate of interest in respect of any Note (other than any waiver of any increase in the interest rate applicable to any Note pursuant to Section 4.05) or any fee payable hereunder;
 - (iv) extend the time for payment of any such interest or fees;
 - (v) reduce the principal amount in respect of any Note;
 - (vi) result in Notes Issuances in an amount in excess of Three Hundred Million Dollars (\$300,000,000);
 - (vii) amend, modify, terminate or waive any provision of (i) this Section 12.05(b) or Section 12.05(c) or (ii) Section 3.01, Section 3.04, Section 3.06, Section 4.01 or Section 4.04;
 - (viii) amend the definition of "Requisite Purchasers"; provided, with the consent of Agent and the Requisite Purchasers, Additional Notes issued pursuant to the terms hereof as set forth in this Agreement on the Closing Date may be included in the determination of "Requisite Purchasers" on substantially the same basis as the Notes are included on the Closing Date;
 - (ix) release or subordinate all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty except as expressly provided in the Note Documents; provided, in connection with a "credit bid" undertaken by the Agent at the direction of the Requisite Purchasers pursuant to section 363(k) or section 1129(b)(2)(a)(ii) of the U.S. Bankruptcy Code or otherwise (including pursuant to any analogous Bankruptcy Code provision), or other sale or disposition of assets in connection with an enforcement action with respect to the Collateral permitted pursuant to the Note Documents, only the consent of the Requisite Purchasers will be needed for such release; or
 - (x) consent to the assignment or transfer by any Note Party of any of its rights and obligations under any Note Document.
- (c) Other Consents. No amendment, modification, termination or waiver of any provision of the Note Documents, or consent to any departure by any Note Party therefrom, shall:
- (i) amend, modify, terminate or waive any provision of Article VI with regard to any Notes Issuance without the consent of Requisite Purchasers; or
 - (ii) amend, modify, terminate or waive any provision of Article XIII as the same applies to Agent, or any other provision hereof as the same applies to the rights or obligations of Agent, in each case, without the consent of the Agent.
- (d) [Reserved].
- (e) Execution of Amendments, etc. Agent may, but shall have no obligation to, with the concurrence of any Purchaser, execute amendments, modifications, waivers or consents on behalf of such Purchaser. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Note Party in any case shall entitle any Note Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 12.05 shall be binding upon each Purchaser at the time outstanding, each future Purchaser and, if signed by a Note Party, on such Note Party.
- (f) Remuneration; No Waiver of Rights. The Issuer will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser as consideration for or as an inducement to the entering into by any Purchaser of any waiver or amendment of any of the terms and provisions hereof or any other Note Document unless such remuneration is concurrently paid, or security is concurrently granted or other credit support is concurrently provided, on the same terms, ratably to each Purchaser holding Notes then outstanding even if such Purchaser did not consent to such waiver or amendment. Any amendment or waiver consented to as provided in this Section 12.05 applies equally to all Purchaser and is binding upon them and upon each future Purchaser and upon the Issuer without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Issuer or any Guarantor and any Purchaser nor any delay of any Purchaser or the Agent in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any Purchaser. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented. Upon such amendment or interpretation, the Notes shall be deemed modified in accordance therewith, such amendment or interpretation shall form a part of the Notes for all purposes, and every subsequent Purchaser shall be bound thereby.

Section 12.06 No Delay; Waivers; etc. No delay on the part of Agent or any Purchaser in exercising any power or right hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right. Neither Agent nor any Purchaser shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by Agent or such Purchaser, as applicable.

Section 12.07 Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall nevertheless be given full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid or unenforceable.

Section 12.08 Determinations. Each determination or calculation by Agent and Purchasers hereunder shall, in the absence of manifest error, be conclusive and binding on the Parties.

Section 12.09 Replacement of Note. Upon the loss, theft, destruction, or mutilation of any Note and (a) in the case of loss, theft or destruction, upon receipt by Issuer of indemnity or security reasonably satisfactory to it (except that if the holder of such Note is a Purchaser or any other financial institution of recognized responsibility, the holder's own agreement of indemnity shall be deemed to be satisfactory) or (b) in the case of mutilation, upon surrender to Issuer of any mutilated Note, Issuer shall execute and deliver in lieu thereof a new Note, dated the Closing Date, in the same Principal Amount.

Section 12.10 Governing Law. THIS AGREEMENT AND EACH NOTE SHALL BE EXCLUSIVELY GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING GENERAL OBLIGATIONS LAW SECTIONS 5-1401 AND 5-1402 BUT OTHERWISE WITHOUT GIVING EFFECT TO LAWS CONCERNING CONFLICT OF LAWS OR CHOICE OF FORUM THAT WOULD REQUIRE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

Section 12.11.

- (a) Each of each Note Party, Agent and each Purchaser irrevocably submits to the jurisdiction of any of the State or Federal courts of the State of New York and of the United States sitting in the State of New York, and of the courts of its own corporate domicile with respect to any and all Proceedings arising out of or relating to this Agreement or any other Note Document. Each of each Note Party, Agent and each Purchaser irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any Proceeding and any claim that any Proceeding has been brought in an inconvenient forum. Each Note Party agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Note Parties and may be enforced in the New York courts (or any other courts to the jurisdiction of which a Note Party is subject) by a suit upon such judgment, provided that service of process is effected upon the applicable Note Parties in the manner specified herein or as otherwise permitted by law. It being understood that any process or summons for purposes of any Proceeding may be served on any Note Party by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, addressed to it at its address as provided for Notices hereunder or to in the case of a non-US Note Party to the U.S. Process Agent at the address specified for such person.
- (b) Each Note Party has entered into the Process Agent Appointment Letters including the U.S. Process Agent Appointment Letter in which each Note Party irrevocably designates and appoints Corporation Service Company, as its authorized agent for service of process for purposes of this [Section 12.11](#) and the other Note Documents, it being understood that the designation and irrevocable appointment of each Process Agent as such authorized agent under the Note Documents shall become effective immediately without any further action on the part of any Note Party or any Process Agent. Each Note Party further agrees that service of process upon the U.S. Process Agent and written notice of said service to a Note Party mailed by prepaid registered first-class mail or delivered to U.S. Process Agent at the address specified in [Section 12.03](#), shall be deemed in every respect effective service of process upon the applicable Note Parties in any such suit or proceeding. Each Note Party further agrees to take any and all action, including the execution and filing of any and all such documents and instruments as may be necessary, to continue such designation and appointment of each Process Agent in full force and effect so long as there are any outstanding Obligations under the Note Documents.

Section 12.12 Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY NOTE DOCUMENT OR THE TRANSACTIONS CONTEMPLATED UNDER ANY NOTE DOCUMENT (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO ANY NOTE DOCUMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS [SECTION 12.12](#).

Section 12.13 Waiver of Immunity. To the extent that any Note Party has or hereafter may be entitled to claim or may acquire, for itself or any of its assets, any immunity from suit, jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, or otherwise) with respect to itself or any of its property, each Note Party hereby irrevocably waives such immunity in respect of its obligations hereunder and under the Notes to the fullest extent permitted by law.

Section 12.14 Counterparts; Electronic Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," and words of like import in this Agreement and the other Note Documents shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 12.15 Limitation on Rights of Others. Except for the Indemnitees referred to in [Section 11.01](#), no Person other than a Party shall have any legal or equitable right, remedy or claim under or in respect of this Agreement.

Section 12.16 Survival. The obligations of the Note Parties contained in [Sections 4.05, 4.06, Article V, Article XI](#) and this [Section 12.16](#) shall survive the repayment of the Obligations and the cancellation of the Note and the termination of the other obligations of Note Parties hereunder.

Section 12.17 Confidentiality.

- (a) Until the payment of all amounts required pursuant to [Section 3.01](#), and for a period of three (3) years thereafter, each Party shall maintain in strict confidence all Confidential Information and materials disclosed or provided to it by the other Party, except as approved in writing in advance by the disclosing Party, and shall not use or reproduce the disclosing Party's Confidential Information for any purpose other than as required to carry out its obligations and exercise its rights pursuant to this Agreement (the "[Purpose](#)"). Notwithstanding the foregoing, the obligations of confidentiality and non-use set forth in [Section 12.17](#) shall not apply to the extent that the receiving Party or its Affiliates: (a) discloses such Confidential Information solely on a "need to know basis" to its employees, consultants and Affiliates as well as any actual or potential acquirers, merger partners, licensees, permitted assignees, collaborators (including licensees), subcontractors, investment bankers, investors, limited partners, partners, lenders, or other financial partners, and its and their respective directors, employees, contractors and agents, on a confidential basis to the extent requested by an authorized representative of a U.S. or foreign tax authority, or (b) discloses Confidential Information in response to a routine audit or examination by, or a blanket document request from, a Governmental Authority. A Party receiving any such Confidential Information hereunder agrees to institute measures to protect the Confidential Information in a manner consistent with the measures it uses to protect its own most sensitive proprietary and confidential information, which in any event must not be less than a reasonable standard of care. Each Party shall be responsible for the breach of this [Section 12.17](#) by its employees, consultants or Third Parties to whom such disclosure is made pursuant to this [Section 12.17](#). Each Party shall immediately notify the other Party upon discovery of any loss or unauthorized disclosure of the other Party's Confidential Information.
- (b) The obligations of confidentiality and non-use set forth in [Section 12.17\(a\)](#) shall not apply to the extent that the receiving Party or its Affiliates is required to disclose Confidential Information pursuant to: (i) an order of a court of competent jurisdiction; (ii) Applicable Laws; (iii) regulations or rules of a securities exchange; or (iv) requirement of a Governmental Authority.
- (c) This Agreement supersedes the Confidentiality Agreement and the Confidentiality Agreement shall cease to be of any force and effect as of the Closing Date; provided, however, that all information falling within the definition of "Confidential Information" set forth in the Confidentiality Agreement shall also be deemed Confidential Information disclosed pursuant to this Agreement and subject to the provisions of [Section 12.17](#).

Section 12.18 Certain ERISA Matters.

- (a) Each Purchaser, by its acceptance of a Note, (x) represents and warrants, as of the date such Person became a Purchaser party hereto, to, and (y) covenants, from the date such Person became a Purchaser party hereto to the date such Person ceases being a Purchaser party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Issuer or any other Note Party, that at least one of the following is and will be true:

- (i) such Purchaser is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Purchaser's entrance into, participation in, administration of and performance of the Notes or this Agreement;
 - (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Purchaser's entrance into, participation in, administration of and performance of the Notes and this Agreement and the conditions for exemptive relief thereunder are and will continue to be satisfied in connection therewith;
 - (iii) (A) such Purchaser is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Purchaser to enter into, participate in, administer and perform the Notes and this Agreement, (C) the entrance into, participation in, administration of and performance of the Notes and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Purchaser, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Purchaser's entrance into, participation in, administration of and performance of the Notes and this Agreement; or
 - (iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Purchaser.
- (b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Purchaser or (2) a Purchaser has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Purchaser further (x) represents and warrants, as of the date such Person became a Purchaser party hereto, to, and (y) covenants, from the date such Person became a Purchaser party hereto to the date such Person ceases being a Purchaser party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Issuer or any other Note Party, that the Agent is not a fiduciary with respect to the assets of such Purchaser involved in such Purchaser's entrance into, participation in, administration of and performance of the Notes and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Note Document or any documents related hereto or thereto).
- (c) Each of the Agent and its Affiliates hereby informs the Purchasers that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Notes and this Agreement, (ii) may recognize a gain if it purchased the Notes for an amount less than the amount being paid for an interest on the principal amount of the Notes held by such Purchaser or (iii) may receive fees or other payments in connection with the transactions contemplated hereby or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

Section 12.19 Patriot Act Notification. Agent and each Purchaser hereby notify Note Parties that, consistent with the Patriot Act, regulations promulgated thereunder and under other Applicable Law, Agent's and such Purchaser's procedures and customer due diligence standards may require it to obtain, verify and record information that identifies any Note Party, including, among other things, name, address, information regarding Persons with authority or control over such Note Party, and other information regarding the Note Parties, their operations and transactions with Agent and Purchasers. Each Note Party agrees to provide such information and take such actions as are reasonably requested by Agent or any Purchaser in order to assist them in maintaining compliance with its procedures, the Patriot Act and any other Applicable Laws.

Section 12.20 Injunction Relief; Waiver of Stay, Extension or Usury Laws.

- (a) Injunctive Relief. Each Note Party recognizes that, in the event a Note Party fails to perform, observe or discharge any of its obligations or liabilities under this Agreement or the other Note Documents, any remedy of law may prove to be inadequate relief to the Purchasers. Therefore, each Note Party agrees that the Agent and Purchasers, at the Agent's or Requisite Purchasers' option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.
- (b) Waiver of Stay, Extension or Usury Laws. Notwithstanding any other provision of this Agreement or the other Note Documents, if at any time the rate of interest payable by any Person under the Note Documents exceeds the Maximum Lawful Rate, then, so long as the Maximum Lawful Rate would be exceeded, such rate of interest shall be equal to the Maximum Lawful Rate. If at any time thereafter the rate of interest so payable is less than the Maximum Lawful Rate, such Person shall continue to pay interest at the Maximum Lawful Rate until such time as the total interest received from such Person is equal to the total interest that would have been received had Applicable Law not limited the interest rate so payable. In no event shall the total interest received by Purchasers under this Agreement and the other Note Documents exceed the amount which such Purchaser could lawfully have received, had the interest due been calculated from the Closing Date at the Maximum Lawful Rate. In determining whether the interest contracted for, charged, or received by Agent or a Purchaser exceeds the Maximum Lawful Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest, throughout the contemplated term of the Obligations. Without limiting the foregoing, no Note Party will at any time, to the extent that it may lawfully not do so, insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or other law that would prohibit or forgive any Note Party from paying all or any portion of the principal of or premium, if any, or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Agreement; and, to the extent that it may lawfully do so, each Note Party hereby expressly waives all benefit or advantage of any such law and expressly agrees that it will not hinder, delay or impede the execution of any power herein granted to Agent or any Purchaser, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 12.21 Third Parties. Nothing in this Agreement or any other Note Document, whether express or implied, is intended to (a) confer any benefits, rights or remedies under or by reason of this Agreement on any Persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any Person not an express party to this Agreement; or (c) give any Person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

Section 12.22 Intent. Agent and Notes Parties hereby acknowledge and intend and, by accepting a Note, each Purchaser acknowledges and intends, that (a) the Notes are each a "security" as that term is used and defined in Section 101(49) of the U.S. Bankruptcy Code; (b) this Agreement constitutes a "securities contract" as defined in Section 741(7)(A) of the U.S. Bankruptcy Code and a "master netting agreement" as defined in Section 101(38A)(A) of the U.S. Bankruptcy Code; (c) each of the Guaranty, the Note Documents, the Collateral Documents and any pledge or security interest granted therein or herein is related to this Agreement and constitutes a security agreement or arrangement or other credit enhancement related to a "securities contract" as defined in Section 741(7)(A)(xi) of the U.S. Bankruptcy Code, and a security agreement or arrangement or other credit enhancement related to a "master netting agreement" as defined in Section 101(38A)(A) of the U.S. Bankruptcy Code, and as such, each is also a "securities contract" and "master netting agreement"; (d) payments and/or transfers under this Agreement, the Guaranty, the Note Documents, the Collateral Documents and any pledge or security interest granted therein or herein each constitute transfers made by, to or for the benefit of a "financial institution," "financial participant" or "master netting agreement participant" within the meaning of Section 546(e) or 546(j) of the U.S. Bankruptcy Code; and (e) each of the Purchasers, Secured Parties and/or the Agent qualify as a "financial institution," "financial participant," "master netting participant" or other entity listed in

Section 555, 561, 362(b)(6) or 362(b)(27) of the U.S. Bankruptcy Code for the "safe harbor" benefits and protections afforded under the U.S. Bankruptcy Code with respect to a "securities contract" and a "master netting agreement," including the rights under Sections 362(b)(6), 362(b)(27), 362(o), 546, 555 and 561 of the U.S. Bankruptcy Code.

Section 12.23 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due under any Note Document in one (1) currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Note Parties in respect of any such sum due from it to Agent or Purchaser under any Note Document shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Agent or Purchaser, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Agent or Purchaser, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Agent or Purchaser from any Note Party in the Agreement Currency, the Note Parties agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or Purchaser, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Agent or Purchaser in such currency, the Agent or Purchaser, as the case may be, agrees to return the amount of any excess to the applicable Note Party (or to any other Person who may be entitled thereto under Applicable Law).

Section 12.24 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Note Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Note Document may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Note Document; or
- (c) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any applicable Resolution Authority.

Section 12.25 English Language. This Agreement and each other Note Document have been negotiated and executed in English. All certificates, reports, notices and other documents and communications given or delivered by any Person pursuant to this Agreement or any other Note Document shall be in English or, if not in English, accompanied by a certified English translation thereof if requested by the Purchaser or the Agent. The English version of any such document shall control the meaning of the matters set forth herein and therein.

ARTICLE XIII. AGENCY

Section 13.01 Appointment of Agent. HCRI SPV is hereby appointed Agent hereunder and under the other Note Documents and each Purchaser, by its acceptance of a Note, hereby authorizes the Agent, in such capacity, to act as its agent in accordance with the terms hereof and the other Note Documents. Agent hereby agrees to act upon the express conditions contained herein and the other Note Documents, as applicable. The provisions of this Article XIII are solely for the benefit of the Agent and the Purchasers, and no Note Party shall have any rights as a third-party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, the Agent shall act solely as Agent of Purchasers and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Note Party or any of its Subsidiaries. It is understood and agreed that the use of the term "agent" herein or in any other Note Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 13.02 Powers and Duties. Each Purchaser, by its acceptance of a Note, irrevocably authorizes the Agent to take such action on such Purchaser's behalf and to exercise such powers, rights and remedies hereunder and under the other Note Documents as are specifically delegated or granted to the Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Agent shall have only those duties and responsibilities that are expressly specified herein and the other Note Documents. Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. Agent shall not have, by reason hereof or any of the other Note Documents, a fiduciary relationship or other implied (or express) obligations arising under the agency doctrine of any Applicable Law in respect of any Purchaser; and nothing herein or any of the other Note Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect hereof or any of the other Note Documents except as expressly set forth herein or therein.

Section 13.03 General Immunity.

- (a) **No Responsibility for Certain Matters.** Agent shall not be responsible to any Purchaser for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Note Document, or the satisfaction of any condition set forth in Article VI or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent thereunder, or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by Agent to Purchasers or other Secured Party or by or on behalf of any Note Party to the Agent or any Purchaser or other Secured Party in connection with the Note Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Note Party or any other Person liable for the payment of any Obligations, nor shall Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Note Documents or as to the use of the proceeds of the issuance and sale by Issuer of the Notes or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Anything contained herein to the contrary notwithstanding, Agent shall not have any liability arising from confirmations of the amount of outstanding obligations under any Note or the component amounts thereof.

- (b) Exculpatory Provisions. Neither Agent nor any of its officers, partners, directors, managers, members, employees or agents shall be liable to Purchasers for any action taken or omitted by Agent under or in connection with any of the Note Documents except to the extent caused by Agent's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Note Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until Agent shall have received instructions in respect thereof from Requisite Purchasers (or such other Purchasers as may be required to give such instructions under Section 12.05) and, upon receipt of such instructions from Requisite Purchasers (or such other Purchasers, as the case may be), Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions; provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Note Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law. Without prejudice to the generality of the foregoing, (i) Agent shall be entitled to rely, and shall have no liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Note Parties and their and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Purchaser shall have any right of action whatsoever against Agent as a result of Agent acting or (where so instructed) refraining from acting hereunder or any of the other Note Documents in accordance with the instructions of Requisite Purchasers (or such other Purchasers as may be required to give such instructions under Section 12.05). Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the purchase of a Note, that by its terms must be fulfilled to the satisfaction of a Purchaser, Agent may presume that such condition is satisfactory to such Purchaser unless Agent shall have received notice to the contrary from such Purchaser prior to the purchase of such Note. Agent shall not, except as expressly set forth herein and in the other Note Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Issuer or any of its Affiliates that is communicated to or obtained by the Person serving as Agent or any of its Affiliates in any capacity.
- (c) Notice of Default or Event of Default. Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to Agent by the Issuer or another Secured Party. In the event that Agent shall receive such a notice, Agent shall give notice thereof to the Purchasers, provided that failure to give such notice shall not result in any liability on the part of Agent.

Section 13.04 Agent Entitled to Act as Purchaser.

The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, Agent in its individual capacity as a Purchaser hereunder. With respect to its participation in the Notes, any Agent shall have the same rights and powers hereunder as any other Purchaser and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Purchaser" shall, unless the context clearly otherwise indicates, include Agent in its individual capacity. Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with any Note Party or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from any Note Party for services in connection herewith and otherwise without having to account for the same to Purchasers.

Section 13.05 Delegation of Duties.

Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Note Document by or through any one or more sub-agents appointed by the Agent. Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective and their respective Related Parties. The exculpatory provisions of this Article XIII shall apply to any such sub-agent and to the Related Parties of Agent and any such sub-agent. Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 13.06 Purchasers' Representations, Warranties and Acknowledgment.

- (a) Each Purchaser, by its acceptance of a Note, represents and warrants that it has made its own independent investigation of the financial condition and affairs of the Note Parties and its Subsidiaries in connection with each Notes Issuance hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of the Note Parties and their Subsidiaries. Agent shall not have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Purchasers or to provide any Purchaser with any credit or other information with respect thereto, whether coming into its possession before the purchasing of the Notes or at any time or times thereafter, and Agent shall not have any responsibility with respect to the accuracy of or the completeness of any information provided to Purchasers.
- (b) Each Purchaser (other than HCRI SPV and its Affiliates), by delivering its signature page to this Agreement and/or by accepting a Note, as the case may be, shall be deemed to have acknowledged receipt of, and consented to and approved, each Note Document and each other document required to be approved by Agent, Requisite Purchasers or Purchasers, as applicable on the Closing Date or as of the date of funding the purchase price of such Notes.

Section 13.07 Right to Indemnity.

Each Purchaser, by its acceptance of a Note, in proportion to its pro rata share, severally agrees to indemnify Agent and its Related Parties (each, an "Indemnitee Related Party"), to the extent that such Indemnitee Related Party shall not have been reimbursed by any Note Party, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Indemnitee Related Party in exercising its powers, rights and remedies or performing its duties hereunder or under the other Note Documents or otherwise in its capacity as such Indemnitee Related Party in any way relating to or arising out of this Agreement or the other Note Documents, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF SUCH INDEMNITEE RELATED PARTY; provided, (x) no Purchaser shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Indemnitee Related Party's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order and (y) the unreimbursed liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements, as the case may be, were incurred by or asserted against Agent (or any such sub-agent) in its capacity as such, or against any Indemnitee Related Party of any of the foregoing acting for Agent (or any such sub-agent) in connection with such capacity. If any indemnity furnished to any Indemnitee Related Party for any purpose shall, in the opinion of such Indemnitee Related Party, be insufficient or become impaired, such Indemnitee Related Party may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided that in no event shall this sentence require any Purchaser to indemnify any Indemnitee Related Party against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Purchaser's pro rata share thereof; and provided, further, this sentence shall not be deemed to require any Purchaser to indemnify any Indemnitee Related Party against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

Section 13.08 Successor Agent.

- (a) The Agent may resign as Agent upon ten (10) days' prior written notice thereof to the Purchasers and the Issuer. Upon any such notice of resignation, Requisite Purchasers shall have the right, upon five (5) Business Days' notice to Issuer, to appoint a successor Agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall promptly (i) transfer to such successor Agent all sums and items of Collateral held under the Note Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Agent under the Note Documents, and (ii) execute and deliver to such successor Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Agent of the security interests created under the Note Documents, whereupon such retiring Agent shall be discharged from its duties and obligations hereunder. After the retiring Agent's resignation hereunder as Agent, the provisions of this Section 13.08 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent hereunder.
- (b) Notwithstanding anything herein to the contrary, Agent may assign its rights and duties as Agent hereunder to an Affiliate of HCRI SPV without the prior written consent of, or prior written notice to, Issuer or the Purchasers; provided that Issuer and the Purchasers may deem and treat such assigning Agent as Agent for all purposes hereof, unless and until such assigning Agent provides written notice to Issuer and the Purchasers of such assignment. Upon such assignment, such Affiliate shall succeed to and become vested with all rights, powers, privileges and duties as Agent hereunder and under the other Note Documents.

Section 13.09 Collateral Documents and Guaranty.

- (a) Agent under Collateral Documents and Guaranty. Each Purchaser, by the acceptance of a Note, hereby further authorizes Agent, on behalf of and for the benefit of the Secured Parties, to be the agent for such purpose and representative of Secured Parties with respect to the Note Documents. Without limiting the generality of the foregoing, Agent is hereby expressly authorized to (i) execute any and all documents with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Note Documents, (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Purchasers in their capacity as such, at the direction of the Requisite Purchasers, which negotiation, enforcement or settlement will be binding upon each Purchaser and (iii) enter into any intercreditor agreement or other subordination arrangement, and each Purchaser agrees to be bound by the terms of such intercreditor agreement or other subordination arrangement. Subject to Section 12.05, without further written consent or authorization from any other Secured Party, Agent may, at the sole expense of the Note Parties, execute any documents or instruments necessary to (i) release any Lien encumbering any item of Collateral (A) that is the subject of a sale or other disposition of assets permitted hereby or to which Requisite Purchasers (or such other Purchasers as may be required to give such consent under Section 12.05) have otherwise consented or (B) upon payment in full of all Obligations, (ii) release any Guarantor from the Guaranty in accordance with the terms of the Note Documents. Upon request by Agent, the Requisite Purchasers will confirm in writing Agent's authority to release its interest in particular types or items of Collateral, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 13.09. Each Purchaser, by acceptance of a Note, irrevocably agrees to be bound by the provisions of this Agreement and the other Note Documents.
- (b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Note Documents to the contrary notwithstanding, each Note Party, Agent and each Purchaser holding any Notes from time to time hereby agree that (i) no Purchaser shall have any right individually to realize upon all or any of the Collateral or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder and under any of the Note Documents may be exercised solely by Agent, as applicable, on behalf of the Secured Parties in accordance with the terms hereof and thereof and all powers, rights and remedies under the Note Documents may be exercised solely by Agent (acting directly or through Agent or designee) for the benefit of the Secured Parties in accordance with the terms thereof, and (ii) in the event of a foreclosure by Agent on any of the Collateral pursuant to a public or private sale or other disposition (including pursuant to section 363(k) or section 1129(b)(2)(a)(ii) of the U.S. Bankruptcy Code or otherwise of the Bankruptcy Code), the Agent (or any Purchaser, except with respect to a "credit bid" pursuant to section 363(k) or section 1129(b)(2)(a)(ii) of the U.S. Bankruptcy Code or otherwise of the Bankruptcy Code) (or its respective nominees or designees) may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and Agent, as agent for and representative of Secured Parties (but not any Purchaser or Purchasers in its or their respective individual capacities unless Requisite Purchasers shall otherwise agree in writing) shall be entitled, upon instructions from the Requisite Purchasers, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale or other disposition, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by Agent at such sale or other disposition.
- (c) No Duty with Respect to Collateral. Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Agent's Lien thereon, or any certificate prepared by any Note Party in connection therewith, nor shall Agent be responsible or liable to the Purchasers for any failure to monitor or maintain any portion of the Collateral.

Section 13.10 Agent May File Proofs of Claim.

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Note Party, Agent (irrespective of whether the principal of any Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Agent shall have made any demand on Issuer) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

- (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Notes and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Purchasers and Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Purchasers and Agent and their respective agents and counsel and all other amounts due the Purchasers and Agent under this Agreement) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Purchaser to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to the Purchasers, to pay to Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel, and any other amounts due Agent under this Agreement.

Section 13.11 All Powers Coupled with Interest.

All powers of attorney and other authorizations granted to the Purchasers, Agent and any Persons designated by Agent or any Purchaser pursuant to any provisions of this Agreement or any of the other Note Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied (other than contingent indemnification obligations not then due).

ARTICLE XIV. GUARANTY

Section 14.01 Guaranty of Obligations. Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to Agent for the ratable benefit of the Beneficiaries the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the U.S. Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").

Section 14.02 Payment by Guarantors.

Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at Law or in equity against any Guarantor by virtue hereof, that solely upon the occurrence of both (a) the failure of Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the U.S. Bankruptcy Code, 11 U.S.C. § 362(a)), and (b) a Recourse Event having occurred and be continuing, Guarantors will upon demand pay, or cause to be paid, in cash, to the Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for Issuer's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against Issuer for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

Section 14.03 Liability of Guarantors Absolute.

Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

- (a) this Guaranty is a guaranty of payment when due and not of collectability; this Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;
- (b) Agent may enforce this Guaranty upon the occurrence and during the continuance of an Event of Default notwithstanding the existence of any dispute between Issuer and any Beneficiary with respect to whether such Event of Default has occurred and is continuing;
- (c) the obligations of each Guarantor hereunder are independent of the obligations of Issuer and the obligations of any other guarantor (including any other Guarantor) of the obligations of Issuer, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against Issuer or any of such other guarantors and whether or not Issuer is joined in any such action or actions;
- (d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid; provided that, without limiting the generality of the foregoing, if Agent is awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;
- (e) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case, as such Beneficiary in its discretion may determine consistent herewith and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against Issuer or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Note Documents or Applicable Law;
- (f) this Guaranty and the obligations of Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of Law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Note Documents, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Note Documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case, whether or not in accordance with the terms hereof or such Note Document or any agreement relating to such other guaranty or security; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Note Documents or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of the Issuer or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set-offs or counterclaims that Issuer may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction, and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations; and

it is expressly agreed that the Israeli Guarantee Law shall not apply to this Agreement or to any Note Document and that should the Israeli Guarantee Law for any reason be deemed to apply to this Agreement or to any Note Document, or to it in connection thereof, each Guarantor hereby irrevocably and unconditionally waives all rights and defenses that may have been available to it under the Israeli Guarantee Law (including, without limitation, pursuant to Sections 1 to (and including) 3, 4(b) to (and including) 6, 7(b) to (and including) 13, and 15 to (and including) 17 of the Israeli Guarantee Law), provided that the foregoing shall not in any way affect or constitute a waiver of any rights or defenses available to such Guarantor under the terms of this Agreement or the laws of the State of New York after giving effect to the other provisions of this Article XIV.

Section 14.04 Waivers by Guarantors.

Each Guarantor hereby waives, to the fullest extent permitted by Applicable Law, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against Issuer, any other guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, (ii) proceed against or exhaust any security held from Issuer, any such other guarantor or any other

Person, (iii) proceed against or have resort to any balance of any deposit account (including, without limitation, the Collection Account) or credit on the books of any Beneficiary in favor of Issuer or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Issuer or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Issuer or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of Law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith or gross negligence; (e)(i) any principles or provisions of Law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to Issuer or issuances of Notes and notices of any of the matters referred to in Section 14.03 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by Law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

Section 14.05 Guarantors' Rights of Subrogation, Contribution, etc.

Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives, to the fullest extent permitted by Applicable Law, any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against Issuer or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case, whether such claim, right or remedy arises in equity, under contract, by statute, under common Law or otherwise and including (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against Issuer with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against Issuer, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against Issuer or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against Issuer, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally paid in full, such amount shall be held in trust for Agent on behalf of Beneficiaries and shall forthwith be paid over to Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

Section 14.06 Subordination of Other Obligations.

Any Indebtedness of Issuer or any Guarantor now or hereafter held by any Guarantor (the "Obligee Guarantor") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such Indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for Agent on behalf of Beneficiaries and shall forthwith be paid over to Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof. Notwithstanding anything in this Agreement, unless an Event of Default shall then exist, such Obligee Guarantor may receive payments on such Indebtedness.

Section 14.07 Continuing Guaranty.

This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Guarantor hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

Section 14.08 Authority of Guarantors or Issuer.

It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or Issuer or the officers, directors or Agent acting or purporting to act on behalf of any of them.

Section 14.09 Financial Condition of Issuer.

The Issuer may sell additional Notes and the Indebtedness and other Obligations under the Notes and other Note Documents may be continued from time to time, in each case, without notice to or authorization from any Guarantor regardless of the financial or other condition of Issuer at the time of any such grant or continuation. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of Issuer. Each Guarantor has adequate means to obtain information from Issuer on a continuing basis concerning the financial condition of Issuer and its ability to perform its obligations under the Note Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of Issuer and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Guarantor hereby waives, to the fullest extent permitted by Applicable Law, and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of Issuer now known or hereafter known by any Beneficiary.

Section 14.10 Bankruptcy, etc.

- (a) So long as any Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of Agent acting pursuant to the instructions of Requisite Purchasers, commence or join with any other Person in commencing any bankruptcy, examinership, reorganization or insolvency case or proceeding of or against Issuer or any other Guarantor. The obligations of Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, examinership, insolvency, receivership, reorganization, liquidation or arrangement of Issuer or any other Guarantor or by any defense which Issuer or any other Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.
- (b) Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of Law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantors and Beneficiaries that the Guaranteed Obligations which are guaranteed by Guarantors pursuant hereto should be determined without regard to any rule of Law or order which may relieve Issuer of any portion of such Guaranteed Obligations. Guarantors will permit any trustee in bankruptcy, receiver, examiner, debtor in possession, assignee for the benefit of creditors or similar person to pay Agent, or allow the claim of Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

- (c) In the event that all or any portion of the Guaranteed Obligations are paid by Issuer, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

Section 14.11 Keepwell.

Each Qualified ECP Guarantor hereby, jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Note Party to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 14.11 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 14.11, or otherwise under this Agreement, voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 14.11 shall remain in full force and effect until all of the Guaranteed Obligations (other than contingent indemnity Obligations for which no claim has been asserted) shall have been paid in full and the Note Documents have been terminated. Each Qualified ECP Guarantor intends that this Section 14.11 constitute, and this Section 14.11 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Note Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 14.12 Limitation.

Notwithstanding anything to the contrary set forth herein or in any other Note Document, no Guarantor shall have any obligations under this Article XIV or with respect to the Guaranty of such Guarantor, and none of the Agent, the Purchasers or any other Secured Party shall have the right to enforce any obligations (including the Guaranteed Obligations) of, or any remedy against, any Guarantor hereunder or under any other Note Document, unless, in any such case, a Recourse Event shall have occurred and is then continuing.

[Remainder of Page Intentionally Left Blank; Signature Pages to Follow]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

OPKO HEALTH, INC.,
as Issuer

By: /s/ Steven D. Rubin
Name: Steven D. Rubin
Title: Exec. VP

EIRGEN PHARMA LIMITED,
as a Guarantor

By: /s/ Damien Burke
Name: Damien Burke
Title: Chief Executive Officer

OPKO BIOLOGICS LTD.,
as a Guarantor

By: /s/ Laura Moschovich
Name: Laura Moschovich
Title: General Manager

By: /s/ Sagit Pinto-Finkel
Name: Sagit Pinto-Finkel
Title: VP Finance

HCR INJECTION SPV, LLC,
as Agent

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Authorized Person

HCRX INVESTMENTS HOLDCO, L.P. ,
as Purchaser

By: HCRX Master GP, LLC its
General Partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCR STAFFORD FUND II, L.P. ,
as Purchaser

By: HCR Stafford Fund II GP, LLC,
its General Partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Managing Member

HCR POTOMAC FUND II, L.P. ,
Purchaser

By: HCR Potomac Fund II GP, LLC,
its General Partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Managing Member

NEITHER THIS DEBT INSTRUMENT NOR THE NOTES ISSUED IN CONNECTION HERewith HAVE BEEN REGISTERED UNDER THE SECURITIES ACT, OR ANY APPLICABLE STATE SECURITIES LAWS. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES AND MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FILED BY THE ISSUER (AS DEFINED BELOW) WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION COVERING SUCH SECURITIES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED.

THE FOLLOWING INFORMATION IS PROVIDED PURSUANT TO TREAS. REG. SECTION 1.1275-3: THIS DEBT INSTRUMENT IS ISSUED WITH ORIGINAL ISSUE DISCOUNT. HOLDERS CAN OBTAIN INFORMATION REGARDING ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE, AND YIELD TO MATURITY OF THIS DEBT INSTRUMENT BY CONTACTING THE TREASURER OF ISSUER AT 4400 BISCAYNE BOULEVARD, MIAMI, FL 33137.

NOTE

Initial Principal Amount:
\$[]

July 17, 2024

FOR VALUE RECEIVED, **OPKO HEALTH, INC.**, a Delaware corporation (the "Issuer"), hereby unconditionally promises to pay to [] (or its successors and assigns, the "Purchaser") the principal amount of [] (\$[]) (or such lesser or greater principal amount owed from time to time) (the "Principal Amount"), plus all interest, expenses, fees and other Obligations due and payable to the Purchaser under that certain Note Purchase Agreement, dated as of July 17, 2024 (as the same may be amended, restated, amended and restated, supplemented, modified, replaced, extended or refinanced from time to time, the ("Note Purchase Agreement"), entered into by, among others, the Issuer, each Guarantor from time to time party thereto, the Purchasers from time to time party thereto and **HCR INJECTION SPV, LLC**, a Delaware limited liability company, as administrative agent, collateral agent and security trustee for the Purchasers (in such capacities together with its successors and assigns in such capacities, the "Administrative Agent"). The Issuer further promises to pay any fee that is due on this Note (this "Note") or the other Obligations in accordance with the Note Purchase Agreement. This Note is one of the "Notes" referred to in the Note Purchase Agreement and the other Note Documents. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Note Purchase Agreement. Reference is made to the Note Purchase Agreement for a statement of the terms and conditions under which this Note has been issued, sold and delivered, is secured, and may be prepaid, repaid, redeemed or accelerated.

Until maturity (whether by acceleration or otherwise), interest shall accrue and be payable on the outstanding principal balance hereof at the per annum rates of interest (including the Default Rate, when applicable) set forth in the Note Purchase Agreement. In accordance with the provisions of the Note Purchase Agreement, immediately upon the occurrence and during the continuation of a Default or an Event of Default, the outstanding principal balance of the outstanding Obligations shall bear interest at the Default Rate. The Default Rate shall apply both before and after any judgment or arbitration decision, until the Purchaser receives full payment in cash for its costs and expenses pursuant to Section 11.03 of the Note Purchase Agreement and all other Obligations under the Note Documents. Unless specified otherwise in the Note Purchase Agreement, all amounts payable by the Issuer hereunder shall be paid in accordance with the terms and conditions of the Note Purchase Agreement in cash in immediately available funds.

The Issuer hereby waives the requirements of demand, presentment, protest, notice of protest and dishonor, notice of intent to accelerate, notice of acceleration, and all other demands or notices of any kind in connection with the delivery, acceptance, performance, default, dishonor or enforcement of this Note. No failure on the part of the Purchaser to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

This Note and all provisions hereof shall be binding upon the Issuer and all persons claiming under or through the Issuer, and shall inure to the benefit of the Purchaser, together with its registered successors and assigns, including each owner and holder from time to time of this Note. The Purchaser (and any subsequent holder of this Note), by accepting this Note, agrees to be bound by all of the terms of the Note Purchase Agreement and other Note Documents that are applicable to a "Purchaser" thereunder. By accepting this Note, each Purchaser is deemed to have made each of the representations and warranties applicable to a "Purchaser" under the Note Documents including pursuant to Section 7.03 of the Note Purchase Agreement.

The Issuer promises and agrees to pay, in addition to the principal, interest, fees (including any original issue discount and Exit Fees), expenses and other sums and other Obligations due and payable hereon and on any of the other Note Documents and all costs of collecting or attempting to collect this Note, including all Attorneys' Fees and disbursements, to the extent required by the Note Purchase Agreement.

This Note may be executed in any number of counterparts and by different parties hereto or thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

To the extent of any inconsistency between any of the terms and conditions of this Note and the terms and conditions of the Note Purchase Agreement, the terms and conditions of the Note Purchase Agreement shall control.

This Note is secured by the Collateral described in the Note Purchase Agreement and the other Note Documents, to which reference is hereby made for a more complete statement of the terms and conditions under which this Note has been issued, sold and delivered and is to be prepaid or accelerated, and the Purchaser is hereby entitled to all the benefits and rights of a "Purchaser" under the Note Purchase Agreement and such other Note Documents (including, without limitation, any guarantees and security delivered in connection therewith).

The provisions of Sections 12.01 (*Assignments*), 12.02 (*Successors and Assigns*), 12.11 (*Jurisdiction; Service of Process; Process Agent Appointment and Venue*), 12.12 (*Waiver of Jury Trial*) and 12.13 (*Waiver of Immunity*) of the Note Purchase Agreement are hereby incorporated by reference herein, *mutatis mutandis*, as to apply to this Note.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS RULES OF CONFLICT OF LAW, EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Issuer has caused this Note to be executed by its duly authorized officer as of the day and year first above written.

OPKO HEALTH, INC.,
a Delaware corporation

By: /s/ Steve Rubin
Name: Steve Rubin
Title: Executive Vice President

[Signature Page to Note ([____])]

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: August 7, 2024

/s/ Phillip Frost, M.D.
Phillip Frost, M.D.
Chief Executive Officer

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: August 7, 2024

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial Officer

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 June 30, 2024 (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: August 7, 2024

/s/ Phillip Frost, M.D.

Phillip Frost, M.D.

Chief Executive Officer

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 June 30, 2024 (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: August 7, 2024

/s/ Adam Logal

Adam Logal

Senior Vice President and Chief Financial Officer