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ABOUT SIAN CAPITAL

We remain one of OPKO’s largest independent stockholders, with a clear vision for unlocking the value trapped within the Company’s underperforming stock

• Sian is very well-positioned to help OPKO Health, Inc. (NASDAQ: OPK) unlock value based on our focused, event-driven approach to investing across highly-regulated and misunderstood sectors.

• Our team’s unique mix of cross-sector experience and activism expertise enables us to identify, invest in, and catalyze what are often overlooked or under-covered investment opportunities.

• Sian’s principal, Anish Monga, brings value perspectives from his tenure as Partner and Global Head of Event-Driven Equities at Scoggin Capital Management.

  o Mr. Monga spent a decade at the firm, where he managed event-driven positions and served as the impetus for several well-known and respected activist firms’ ideas in which Scoggin participated.

  o He began his career as an M&A and corporate lawyer at Cravath, Swaine & Moore, which provides him with vast legal expertise in complex transactions and multi-strategy investments.

SIAN CAPITAL
The public market does not fully appreciate OPKO’s prized assets because it has lost confidence in the Company’s leadership team, which appears either unable or unwilling to address an array of governance, financial, and strategic issues

- **Sustained Underperformance** – OPKO’s negative returns over three-year and five-year horizons are among the worst in the industry. Since August 2015, the Company’s incumbent leadership presided over the erosion of approximately $3 billion in stockholder value.

- **Persistent Trading Discount** – OPKO’s stock has consistently traded at a 70-80% discount to its intrinsic value for years. It is clear to us that the Company’s performance woes from the 2016-2018 period have now obfuscated the value of (i) Rayaldee, (ii) revenue linked to Somatrogon’s milestone and royalty payments, and (iii) BioReference Laboratories, Inc. (“BioReference”).

- **Under-Communicated Value Proposition and Strategy** – OPKO has failed to articulate a clear investment thesis and credible strategic plan. This is evidenced within the Company’s June 2020 investor presentation, which omits detail regarding management’s overarching strategy. Our diligence also reveals that OPKO did not make it clear that previously elevated R&D expenses associated with Phase 3 testing for Rayaldee and Somatrogon were temporary and a function of a misalignment between 2017 costs driving an inflection in 2020 revenues. In our view, poor communication made it possible for a previously unknown short seller to destroy significant value in late 2017.
The public market does not fully appreciate OPKO’s prized assets because it has lost confidence in the Company’s leadership team, which appears either unable or unwilling to address an array of governance, financial, and strategic issues

• **Ineffective Assessments of Strategic Alternatives** – Based on our diligence, we contend that OPKO has not adequately assessed opportunities for value creation when there have been willing suitors for drug-specific royalty agreements and BioReference. Numerous investment firms and lab industry companies have been rumored to pursue transactions with OPKO that could unlock value for long-suffering stockholders. However, the Company has stood idle.

• **Lack of Independent Stockholder Presence in the Boardroom** – OKPO’s Board of Directors (the “Board”) includes seven directors with service time of more than a decade, meaning 70% of the directors are “stale” based on criteria used by major institutions. It also appears that the independent directors added in recent years have either past or recurring connections to the Company or Chairman and Chief Executive Officer Dr. Phillip Frost. It undermines the Board’s credibility to not have a sizable independent shareholder representative as a director.

• **Limited Institutional Credibility** – Top sell-side firms, including J.P. Morgan, have downgraded OPKO or dropped the Company from coverage. This has coincided with institutional funds fleeing the stock. While some firms continue to issue coverage, their single-digit price targets reflect a limited understanding of the Company’s opportunity.
Sian recognizes that properly valuing OPKO requires a deep understanding of both its pharmaceutical and diagnostic businesses, both of which have undergone a great deal of positive change on both a fundamental and regulatory basis.

- Our modeling leads us to conclude that OPKO’s assets are currently worth up to ~3x the Company’s present market capitalization, implying a strong double-digit stock price. This is based on:
  - **Pharmaceuticals ($2 Billion to $4 Billion Valuation)** – Now that the significant cash burn associated with the development of Rayaldee and Somatrogon is in the past, we firmly believe OPKO’s Pharmaceuticals division can be a far greater source of future value than it is currently getting credit for.
  - **Diagnostics ($3 Billion to $6 Billion Valuation)** – In our view, BioReference (which is far and away the third largest clinical laboratory in the country, following Quest and LabCorp) has the ability to deliver sustained annual EBITDA of $300-400 million by removing excess operating costs, the corresponding operating leverage being driven by 67% incremental margins, and realizing the benefits of a more friendly regulatory environment. The business is part of what is essentially a three-member industry oligopoly that serves approximately 50% of the lab testing market.
DIRECTOR ACCOUNTABILITY

• Given that insiders own over 40% of the Company’s outstanding shares, it is important to note that they are economically incentivized to drive stockholder value, and based on their track record of creating value at other ventures, we are confident that they are capable of doing so.

• It’s important to understand, despite market misconceptions, that Delaware corporate governance law protects stockholders from each controlling stockholders and conflicted Boards (with management owning ~42% of stock), as well as breaches of fiduciary duty (see 220 letter on our website), which are not looked kindly on by the courts. To be clear, the Board has a fiduciary duty to act in the best interests of stockholders, which we believe necessitates a review of strategic alternatives to increase stockholder value at OPKO.

• Should the Board refuse to explore strategic alternatives, we will be left to conclude that the Board is beholden to Dr. Frost and the Company is run for his benefit, and we will take appropriate action in accordance with Delaware law, which offers protections from conflicted Boards and controlling stockholders.
A CLOSER LOOK: OPKO’S PHARMA OPPORTUNITY

OPKO’s two prized pharma assets are not delivering the value they can produce

• **Rayaldee** – We largely concur with analyst estimates that project Rayaldee will deliver average annual EBITDA of $120 million over the next ten years. We are more optimistic, however, when it comes to potential upside associated with approvals beyond the U.S. and for other conditions.
  
  o While we have very little upside toward this end built into our numbers, we find it very encouraging that Rayaldee has been fast-tracked by U.S. regulators as a COVID-19 treatment. A joint study involving Yale Medical School and the British Medical Journal revealed that the active ingredient in Rayaldee has proven effective in clinical studies.

• **Somatrogon** – When it comes to Somatrogon, we feel the market has failed to appreciate the significant value of OPKO’s royalty agreement with Pfizer (NYSE: PFE). We believe this agreement is worth north of $2 billion and can be monetized immediately while generating significant cash flow beginning in 2021.
  
  o OPK’s agreement with PFE requires PFE to assume go-forward costs linked to regulatory approvals and worldwide commercialization while paying OPKO a double-digit royalty rate on global sales of both its current daily human growth hormone (“hGH”) drug that generates $500 million in annual sales and its new weekly hGH drug. In addition to this double-digit royalty stream, which we conservatively estimate to generate $150 million to $250 million in annual payments over the next 10 years, Pfizer is expected to pay $275 million in milestone payments over the next two years.
A CLOSER LOOK: OPKO’S DIAGNOSTIC OPPORTUNITY

There are many unexplored paths to realizing BioReference’s value potential

• BioReference’s high cash burn and excess costs are reversible, leading us to conservatively estimate more than $80 million per year in operating expense reductions.
  o There is no reason for BioReference’s OpEx/employee and OpEx/center to remain ~50% higher than its peers.

• We believe COVID-19 testing will remain a sustained tailwind to profitability, particularly for the top three labs, including BioReference.
  o Our industry research and conversations with the Company, employers, consultants, and ex-government officials leave us confident that sustained testing, and therefore diagnostic labs, are not only necessary for our economy to re-open, but also to remain open.

• BioReference also owns GeneDx, which is a leading national laboratory for testing rare and ultra-rare genetic diseases with international reach, that we believe is worth $1.5 billion on a standalone basis based on OKPO’s disclosures and comparable industry multiples for genetic specialty companies that trade at >20x EBITDA.

• We anticipate the pause on price hikes connected to the Protecting Access to Medicare Act (“PAMA”) will remain in place for the foreseeable future, particularly in light of the important role that labs are playing within society.
HOW OPKO CAN FINALLY DELIVER VALUE FOR LONG-SUFFERING STOCKHOLDERS

Given that OPKO’s stock continues to trade at a significant discount to its intrinsic value, Sian believes the Board should initiate a formal strategic review process to determine how the Company can realize the true potential of its aforementioned assets.

• Explore Options for the Somatrogon and Rayaldee Royalty Streams – There are strategic and financial partners that could help unlock the value of these royalty streams for OPKO stockholders. Several entities that we are familiar with have access to low-cost capital to help fund an acquisition, strategic partnership, or royalty monetization transaction at very attractive prices. Any of these avenues could lead to substantial incremental value in excess of OPKO’s entire current market valuation.

• Run a Credible Sale Process for BioReference – The confluence of recent events leads us to the inescapable conclusion that now is the optimal time to announce the exploration of strategic alternatives for BioReference. We believe the stars have aligned for BioReference as a target, given the high sustained demand for testing, improved regulatory environment, lack of other comparably sized labs, and significant cost and strategic synergies that a buyer such as Quest or LabCorp could realize.

• Consider a Go-Private Deal – A go-private deal could enable backers to take advantage of the public market’s inability to correctly value the Company. If OPKO were to reduce superfluous costs and seize new revenue opportunities outside the glare of the public market, it could create up to $6 billion of profit for the acquirers within four years under various scenarios. Of course, any buyout by management would require support from a majority of non-insider stockholders.
We conservatively estimate ~$4 billion in other upside revenue opportunities

- **Large Organization and Government Testing Opportunities ($2+ billion)** – We conservatively estimate the potential revenue opportunity from government and large organizations regularly testing their employees by taking a representative mix of BioReference’s current customers. For example, in addition to many employers, BioReference conducts weekly tests for all 950 of New York City schools and all 50,000 MTA employees. BioReference is also the exclusive testing provider for the NBA, NFL, and MLS.

- **Rayaldee Alternative Use Case ($1.2+ billion)** – We conservatively estimate the potential revenue opportunity from Rayaldee with its low-risk safety profile as a prophylactic and acute treatment for patients with mild-to-moderate COVID-19.

- **Genetics Data Monetization ($425+ million)** – We conservatively estimate that the potential revenue opportunity for BioReference to monetize its large genetic data sample set by looking at a small sample (<30%) of precedent transactions that have occurred over the past couple years and using the lowest price per sample and applying that to 80% of annual requests. Please note that this would definitionally produce too low a revenue number because the price per sample at BioReference would have to be higher than at a DNA depository without the testing ability that GeneDx has.
THE CASE FOR A NEW DIRECTION AT OPKO
OPKO HAS BEEN PUNISHED BY THE PUBLIC MARKETS IN RECENT YEARS

The Company has dramatically underperformed relevant indices since 2015

- Following OPKO's 2015 acquisition of BioReference for $1.5 billion, shares declined 15%.
- The Company's stock continued to fall another 30% in 2016 due to multiple factors.
- The Company then saw approximately 50% of its value erode at the end of 2019, which culminated in a dilutive stock offering at $1.50 per share, which further caused the stock to drop as low as $1.12.
- Since 2017, OPKO’s stock has decreased more than 60% – representing the loss of more than $3.5 billion in market value in less than 3 years.
OPKO TRADES AT A STEEP DISCOUNT RELATIVE TO ITS INTRINSIC VALUE

The Company is trading at more than an 80% discount to our estimate of its intrinsic value

• We believe there is substantial value to be created at OPKO with opportunities for additional upside given its meaningful pipeline of products in multiple stages of clinical trials and international application program interface and manufacturing revenues.

We believe OPKO is worth several multiples of its current market capitalization of ~$3 billion.
OPKO HAS BEEN PLAGUED BY POOR COMMUNICATIONS

What we view as an unarticulated strategy and contradictory disclosures have left the market unable to understand OPKO’s value

• In our view, OPKO’s disclosures concerning the number of COVID-19 tests performed by BioReference appear to be incomplete, misleading, or inaccurate.

• OPKO touted its 4Kscore test as a breakthrough “near term catalyst” in 2015 but soon after began to walk back its own revenue generating projections.

• OPKO provided three different guidance dates and its results continue to be pushed back on Rayaldee, a potential treatment for COVID-19 that could provide extraordinary economic upside for stockholders.
  
  o Rayaldee had been fast-tracked by the FDA on June 1, 2020, requiring only a 160 patient, four-week trial.

The Wall Street Journal
Labs Struggled With Surge in Covid-Testing Demand; How One Made It Through

Quest and LabCorp were processing more than 200,000 tests a day in early July, about one-third of all tests across the U.S., according to the Covid Tracking Project. BioReference was doing about 40,000 tests. Much of the rest was done at the local level, either with a quicker point-of-care test that can run in urgent-care clinics, doctor’s offices and nursing homes or through a highly complex laboratory in a nearby location.

The Wall Street Journal reported that BioReference was conducting 40,000 COVID-19 tests per day in July... but during during OPKO's July 30th earnings call it reported only 30,000 tests/day (25% less).
There has been an erosion of institutional confidence

Insular corporate governance and poor performance have caused OPKO’s institutional investor base to drop below 30%

- From 2017 to 2019, OPKO’s two most valuable drugs – Rayaldee and Somatrogon – were in phase 3 trials, causing a significant increase in cash burn.

- Due to poor communication, investors were superficially focused on the Company’s declining bottom line, and not on:
  - The temporary and reversible nature of these extra operating costs, or
  - The rapidly increasing strategic value of BioReference as the country’s third largest Clinical Laboratory with some of the most advanced genetic testing lab divisions and Clinical Laboratory Improvement Amendments certification.

- In 2017, a previously unknown short-seller took advantage of OPKO’s declining price and released a short report that has been largely invalidated.

- In July 2019, OPKO’s 84-year old Chief Executive Officer Dr. Phillip Frost suffered from serious health issues, yet the Company has not updated stockholders on Dr. Frost’s health condition since then.

The culmination of these events caused further technical selling as institutional investors could not hold stocks without sufficient coverage and investment firms stop-loss and risk limits were breached, leading to a downward spiral of forced selling that was amplified as the stock price began to trip mutual fund single digit dollar price alerts.
INVESTOR CONCERNS HAVE BEEN EXACERBATED BY A BOARD THAT LACKS FRESH AND INDEPENDENT PERSPECTIVES

Over the past several years, OPKO’s Board has overseen incredible destruction in value

• We believe OPKO’s share price is indicative of the market’s lack of confidence in the current Board and its ability to succeed in a much-needed, and long overdue, turnaround.

• Directors Jane Hsiao, Steven Rubin, and “lead independent director” Richard Pfenniger, Jr. are former employees and longtime business partners of OPKO’s Chief Executive Officer and Chairman Dr. Phillip Frost.
  o Each served in executive capacities at Dr. Frost’s prior company, IVAX Pharmaceuticals, for several years.

• We believe the entire leadership structure is beholden to Dr. Frost.
  o While we admire his tremendous accomplishments over a long career, he now presides over a potentially conflicted Board and management team and an array of questionable investments and priorities.

Dr. Frost has also been required to devote significant attention to his personal legal problems in recent years – most notably including an SEC charge for securities fraud in 2018.
AN ABSENCE OF CHECKS AND BALANCES IN THE BOARDROOM APPEARS TO BE FUELING CONFLICTS

OPKO’s business operations and direct investments are also tainted by what appear to be numerous conflicts and related-party transactions involving Dr. Frost

• OPKO currently leases ~30,000 square feet of office space in Miami, Florida, from Frost Real Estate Holdings, LLC, an affiliate of Dr. Frost, for which OPKO pays more than $1 million in annual rent.

• Earlier this year, OPKO entered a five-year, $100 million credit facility with another affiliate of Dr. Frost, for which the Company pays 11% interest on borrowed funds, and a commitment fee of up to $250,000 per year regardless if the facility is even drawn down.

• OPKO’s investment portfolio also consists primarily of direct investments in micro-cap companies owned, managed, and/or controlled by Dr. Frost or those beholden to him.

Source: https://www.sec.gov/Archives/edgar/data/944809/000094480920000013/a2020defproxystatement.htm
OUR CONCLUSION: OPKO IS AT A CROSSROADS

Regardless of how OPKO performs in the near-term due to the COVID-19 environment, the Company stands at a dangerous crossroads

× No widely-embraced succession plans: OPKO is still tying its turnaround to an all-in bet on Dr. Frost, who we believe has been distracted by time-consuming investments and outside interests to the detriment of OPKO stockholders.

× Conflicts and related-party transactions: As they currently stand, OPKO’s business operations and direct investments are tainted by various conflicts and related-party transactions involving Dr. Frost and members of the Board.

× OPKO is unlikely to get credit for its prized assets in the current form: Although the public market has refused to recognize OPKO’s intrinsic value for years, a credibly run alternatives process will crystalize the scarcity value of the Company’s various assets.

× The window for selling OPKO’s diagnostic businesses is not eternal: Interest rates at all time lows, an easing regulatory environment, and improved potential strategic acquirers’ balance sheets due to recent cash inflows from 2020’s near-term testing tailwinds, make it an ideal environment for a sale.
PATHS TO REALIZING OPKO’S TRUE VALUE
OVERVIEW: THE OPKO 2020 OPPORTUNITY

We believe OPKO’s true value is conservatively, and under multiple scenarios, greater than 3x its current equity market capitalization

• **We believe OPKO is worth several multiples of its current market capitalization based on the following:**
  
  o **Pharmaceuticals (including intellectual property):** We contend OPKO’s pharmaceutical business is worth at least $2 billion to $4 billion.
  o **Diagnostics:** We believe that BioReference is worth at least $3 billion to $6 billion alone with a significant premium if the Company runs a properly-managed sales process.

• We believe OPKO is transforming from a perennially unprofitable company into a large cash flow generator over the coming months as:
  
  o Long-term pharmaceutical investments begin to pay off and present opportunities for monetization, and
  o The fundamental and regulatory environment surrounding OPKO’s diagnostics business dramatically improves.

Sian’s strategy can help OPKO crystalize and accelerate the substantial strategic value of its assets and help reconstitute the investor base with longer-term focused institutional investors.
OUR VALUATION ASSUMPTIONS

We believe OPKO is one of the most mispriced and undervalued companies in the market today.

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**BRL EBITDA Bridge**

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**Assumptions**

- 2018E EBITDA normalized for Cost Saves and 1x Costs
- 25K PCR tests/day (assuming 50% reduction to current numbers)
- 50% probability weighted - Upside from market share gains
- 15% to DGX EV/EBITDA

**Sum of the Parts ($mm)**

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**Rayaldee**

- Average EBITDA | 122.2 |
- Implied Multiple (x) | 6.0 |
- EV | 736.8 |

**Rayaldee COVID Opportunity**

- Risk Weighted Value for 3 Years | 61.6 |

**hGH Royalty Stream**

- Average Royalty Stream 2020-2030 | 191.0 |
- Implied Multiple (x) | 8.6 |
- EV | 1,635.4 |

**Share Price** | $12.13 |

**Upside** | 282% |

**Note:** Debt consists of $213.8 million of 4.5% Convertible Notes and a $39.3 million L/C.
Rayaldee is OPKO’s lead renal product serving a large market of approximately 9 million patients with severe, life-threatening diseases

- Rayaldee is the only FDA approved drug used to treat secondary hyperparathyroidism (“SHPT”) in patients with stage 3-4 chronic kidney disease (“CKD”) and vitamin D insufficiency and is also under trial for SHPT for patients with stage 5 CKD.
- The FDA has fast-tracked Rayaldee as a meaningful treatment for patients with mild-to-moderate COVID-19.
- Total prescriptions of Rayaldee increased 54% in 2Q 2020 compared to 2Q 2019 despite COVID-19 restrictions.
- R&D expenses have declined 38% YoY.

We value Rayaldee at 6x Street estimates of Rayaldee’s 10-year average EBITDA of ~$120 million (~$700 million).*

Note: This EBITDA estimate does not include significant upside from the highly anticipated current COVID-19 treatment trial opportunity.
As a potential treatment for COVID-19 patients, OPKO should focus on publicizing Rayaldee’s success to realize significant upside

- Actively pursuing an endorsement of Rayaldee from a U.S. government body – especially with its safety profile producing very low risk – could bring enormous profitability in the hundreds of millions of dollars.

- Rayaldee has realized impressive success that should be accentuated to investors and the broader market so that the upside opportunities are properly understood.

- OPKO should consider publicizing information on successful trials, such as a recent joint study with Yale Medical School and the British Medical Journal which caused waves because Britain has reduced its COVID-19 mortality rate from 6.5% to under 2%, partly through the active ingredient in Rayaldee.

We believe Rayaldee would be highly valuable to a financial royalty acquirer.
We believe the market fails to appreciate the significant value of OPKO’s royalty agreement with Pfizer for Somatrogon, a hGH replacement therapy

- Somatrogon is OPKO’s hGH crown jewel, having spent over $1 billion on the purchase and development of the drug over the past five years.
- OPKO has failed to communicate the financial upside of its operational agreement with Pfizer, which is commercializing the drug on a global level, to the market.
- Once clinical trials are complete, Pfizer takes over ALL costs including regulatory approval, while paying OPKO a high teens royalty rate on the gross profit of multiple hGH drugs.
- In addition to royalty payments, which we conservatively estimate to be $150-$250 million annually, Pfizer has also agreed to pay OPKO $275 million in milestone payments over the next two years.

We value Somatrogon at 8.6x our estimates of Somatrogon’s 10-year average royalty stream of ~$190 million (>$1.6 billion) plus $275 million of milestone payments.
PATH TO UNLOCKING SOMATROGON/hGH OPPORTUNITY

Given Somatrogon’s successful Phase 3 results, we believe hGH could garner a premium multiple to recent transactions

<table>
<thead>
<tr>
<th>Product</th>
<th>Seller</th>
<th>Indications</th>
<th>Status at Acquisition</th>
<th>Date</th>
<th>Transaction Value ($m)</th>
<th>10 Yr - Average Royalty (x)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>inclisiran</td>
<td>Alnylam</td>
<td>Treatment of familial hypercholesterolemia</td>
<td>Pre-Approval</td>
<td>4/2020</td>
<td>$1,000</td>
<td>8.6x</td>
<td>Blackstone is eligible for 50% of royalties paid to Alnylam by Novartis on global sales of inclisiran. Alnylam is eligible for double digit royalties up to 20%. If BX’s royalty proceeds through YE29 are less than $1B, BX’s ownership increase to 55% (from 50%). ALNY will retain all remaining regulatory milestone payments for inclisiran; however, 75% of the $100MM in commercial milestone payments will be due to Blackstone. Regulatory milestones do not contribute toward the $1B revenue threshold. Inclisiran is currently under FDA/MAA review and is expected to be approved by FDA in late-2020.</td>
</tr>
<tr>
<td>Tazemetostat</td>
<td>Eisai</td>
<td>Treatment of epithelioid sarcoma and follicular lymphoma</td>
<td>Pre-Approval</td>
<td>11/2019</td>
<td>$330</td>
<td>17.4x</td>
<td>Royalty Pharma acquired a mid-single-digit royalty for Taz sales in Japan from Eisai for up to $330M (upfront $110M and up to $220M for remainder upon FDA approval of certain indications) Royalty Pharma also invested $100M in EPZM common stock at $15/share (27% premium to prior closing price) with an opportunity to acquire an additional $100M (3-year option to purchase 2.5M shares at $20).</td>
</tr>
<tr>
<td>Promacta</td>
<td>Ligand</td>
<td>Chronic Immune Thrombocytopenia (ITP) Aplastic Anemia</td>
<td>Approved</td>
<td>3/2019</td>
<td>$827</td>
<td>11.4x</td>
<td>Promacta launched in 2008, generated $291 million of royalties in total for Ligand over the past 11 years. Annual sales have increased at a 32% compound annual growth rate over the past five years. Worldwide patents expected to expire between 2021 and 2028.</td>
</tr>
</tbody>
</table>
PATH TO UNLOCKING SOMATROGON/hGH OPPORTUNITY

We contend OPKO should explore strategic alternatives for the hGH royalty stream given oligopolistic market dynamics

• There are strategic and financial partners who could help unlock the value of the hGH royalty stream due to the lower cost of capital either through an acquisition, strategic partnership, or royalty monetization, any of which would create incremental value in excess of OPKO’s entire current market valuation alone.

• Our deep understanding of the value of the Somatrogon royalty stream, as well as numerous conversations with industry participants on its value to a financial royalty acquirer, have reinforced our view.

• Currently only two players have completed Phase 3 Trials in the U.S. and Europe: OPKO/Pfizer and Ascendis Pharma (NASDAQ: ASND) (“Ascendis”).
  o OPKO/Pfizer have a distinct competitive advantage over Ascendis given that Ascendis does not have a commercial partnership with any major player, has never sold or commercialized a drug in the history of the company, and generates almost no revenue. We believe OPKO should be trading materially higher than current levels given that Ascendis trades 3x OPKO with these competitive disadvantages.

Our target stock price conservatively values the OPKO/Pfizer agreement at just >$2bn and can be further monetized immediately via an upfront royalty agreement, while also generating significant cash flow beginning in 2021.
We conservatively believe BioReference could be worth in excess of $5 billion

- BioReference is the third largest clinical lab in the country following Quest (NYSE: DGX) and LabCorp (NYSE: LH) with 9-10% market share in a rapidly consolidating industry.
- BioReference owns GeneDx, the most advanced genetic testing lab in the country, carrying the highest revenue, margin and growth tests in the industry (20% of total sales).
- The COVID-19 pandemic has crystalized for investors and the public the importance of testing and the amount of data the labs possess.
- Regulatory burdens have been forced to ease due to 1) PAMA price cuts being eliminated for the foreseeable future, and 2) the growing importance of lab testing capacity and profitably given the current environment.

We estimate that in this friendly regulatory environment, BioReference should be able to generate over $300 million of EBITDA by increasing testing opportunities driven by COVID-19 and simply removing additional operating costs.
PATH TO UNLOCKING OPKO’S BIOREFERENCE OPPORTUNITY

Significant cost reduction, revenue opportunities, and synergies can be seamlessly integrated at BioReference

- We have identified **multiple attractive opportunities** for value creation through close examination of BioReference’s business and conversations with industry contacts:
  - BioReference’s operating profit can **increase by $81 million** by cost-cutting initiatives without impacting revenues,
  - Alternate untapped revenue streams **worth in excess of $100 million** could grow exponentially, as meaningful revenue synergy opportunities increase due to scale and scarcity, and
  - SG&A savings could conservatively drive **>$45 million** in annual cost savings.

- We contend there is room for additional upside, including: large employer opportunities, genetic data monetization opportunities, and COVID-19 testing.

- Diagnostic labs – like BioReference – are the most valuable, data-centric leaders in the healthcare supply chain.
  - COVID-19 has recently served as the springboard to the realization of the untapped data value the largest labs hold.

Through our industry relationships and proprietary research, we have developed a strategic plan that would lead to OPKO more than doubling its initial $1.5 billion investment in BioReference.
Comparable Unit Economics

- Due to BioReference’s higher mix of estoteric tests, its clinical testing revenue is 15% higher per requisition, indicating no structural issues with the business while its total operating costs/req or center are 50-60% higher than its peers.

- We believe this can be improved with minimal impact to the business.
Since OPKO acquired BioReference, from 2014-2018 BioReference has grown 20% faster than Quest and did so even without the benefit of M&A.

While BioReference’s size and faster growth rate would imply a higher rate of cost savings through operating leverage, in an effort to be as conservative as possible, we continue to assume that BioReference’s Opex/Employee remains >15% higher than Quest’s today just as it did in 2014.

Despite our extreme conservatism, we are still able to remove over $80 million (over 10%), from BioReference’s cost structure. Note this is before implementing any structural or technological improvements.

Further, not only is this conservative, but it would also account for any structural differences between Quest and BioReference’s Test Mix.

We conservatively estimate over $80 million in cost saving opportunities

**Note:** Actual cost savings will be significantly higher than this given the meaningful difference between BioReference’s margins and its larger peers, as well as BioReference’s favorable revenue mix (70% of BioReference’s revenue comes from higher ASP & margin esoteric tests vs LabCorp and Quest, with a mix of ~40%).
We conservatively estimate the potential Revenue opportunity for BioReference to monetize its large genetic data sample set by looking at a small sample (<30%) of precedent transactions that have occurred over the last couple years and use the lowest $/sample and apply that to 80% of their annual reqs. Note that this would definitionally produce too low a revenue number as the $/sample at BioReference would have to be higher than at a DNA-depository without the testing ability that GeneDx has, again staying with our theme of conservatism so the investor is comfortable as our base case has multiple streams of upside potential.

A frequent, oblivious response to capitalizing on the opportunity to help cure diseases using DNA are laws around Health Insurance Portability and Accountability Act (“HIPAA”) and consent. We don’t disagree that patients should always control their information, but if an investor understood how the laws are meant to work, they would find that helping patients this way actually does fall within our consent laws.

First, HIPAA allows “those doctors...laboratory technicians...to disclose protected health information, such as... laboratory and pathology reports...and other medical information for treatment purposes without the patient’s authorization. This includes sharing the information to consult with other providers, including providers who are not covered entities (45 CFR 164.506).

More importantly, and this is where we believe our regulatory investment edge and fundamental analysis combine to create value, the CARES act, in an effort for providers to share information, declared, “For the time in which the ...Public Health Service Act (42 U.S.C. 247d) related to the coronavirus (COVID-19)...is in place...tests intended to diagnose COVID–19 that are described in subsection (b) may be lawfully marketed in accordance with this section.” The section goes on to loosen the restrictions on privacy around genetic data generated by labs, providing further opportunity to take advantage of our GeneDx’s genetic superiority to license and partner with pharmaceutical companies, consumer companies and other interested parties in an effort to improve our ability to understand how these novel diseases affect each individual and discover vaccines and treatments faster.
BioReference can realize its unique position and value through a strategic sale

**BioReference is a valuable strategic asset in an industry that is starved for growth**

- It’s well known among industry participants that BioReference has already received multiple unsolicited inbound bids within the past 12 months worth significantly more than its current trading value.
- We believe BioReference could add significant value as an acquisition target for: Quest or LabCorp, private equity firms with synergies in related industries, technology firms, or a roll-up special purpose vehicle.
  - At least three private equity firms have completed deals for labs in the first half of 2020 alone (EQT, Blackstone and Praesidian), representing each firm’s first foray into the space as they have begun to realize the opportunity.

**We believe BioReference is uniquely positioned as an ideal acquisition target due to:**

- Unique buyer knowledge of the increased value of the asset,
- Speedy regulatory approval,
- Enormous synergies,
- Scarcity of assets,
- Creation of a duopoly post-merger industry structure,
- Pressure to be transformative, and
- Acquirer all-time low valuation multiples.
OPKO should monetize additional COVID-19 testing tailwinds as the pandemic rages on

• Additional revenue can be solidified by strategic offerings such as the recently announced combined flu and COVID-19 test, which drives multiple tests from a single specimen.
• Even in a post-vaccine society, we project there will be a significant increase in testing as the demand for antibody/serology COVID-19 testing continues to grow.
• BioReference CEO Jon Cohen described the “halo” effect of COVID-19 as BioReference has gained customers that use the lab for tests other than COVID-19.
• Quest CEO Stephen Rusckowski forecasted in April 2020 how the pandemic has brought the importance of testing to the forefront.

Over the last week U.S. counties with the largest 65-and-over populations are now recording on average 18.9 daily cases per 100,000 residents, 67% higher than a month ago.
HOW SIAN CAN HELP OPKO UNLOCK VALUE
SUPPORT ON STRATEGIC REVIEW/ADVISE SPECIAL COMMITTEE

We want OPKO to explore all revenue-generating initiatives via a formal strategic review, which Sian is willing to support through either Board representation or an advisory role.

- We have asked OPKO to form a formal strategic review committee that can step back and think through the potential profits that can be earned through:
  - Partnerships,
  - Strategic acquisitions within Diagnostics,
  - Asset sales,
  - Market share growth, and
  - Cost savings.

- This should also be evaluated against a potential sale of OPKO, as:
  - Lab multiples are at all time highs,
  - Synergies are enormous, and
  - The Company would be paid upfront for sizable synergies by an acquirer.
CONSIDER ALL OPTIONS

We have asked OPKO to evaluate all options to unlock value for stockholders

• **Explore Sales Process for Diagnostic Business** – Assess and field attractive incoming bids for BioReference.

• **Pursue Royalty Agreement and Royalty Stream Monetization** – Given the past decade of low interest rates and the resulting thirst for yield among investment firms, there has been an influx of capital towards an entirely new industry of innovative royalty stream investment vehicles whose sole business is collecting and paying dividends to multiple royalty streams.
  
  o When combined with pharmaceutical companies’ need for cash to develop future drugs, a robust market has developed where investors with lower cost of capital pay large multiples of upfront cash for the rights to some or all of a pharmaceutical company’s royalty streams.

  o As these royalty vehicles grow, their need to replace their existing streams due to upcoming patent expiries or other technological developments and diversify their risk and exposure grow, which creates an opportunity for OPKO.

• **Consider Financial Benefits of a Go-Private Deal** – We are highly confident that multiple buyers would pay more than what the entire company is worth today just for the rights to OPKO’s Somatrogon royalty stream.

  o We contend that OPKO can receive a 9-figure royalty from a top investment grade, >$50 billion company in a growing market with upside optionality.
AGGRESSIVELY PURSUE REVENUE OPPORTUNITIES

Multiple revenue opportunities can enable OPKO to deliver substantial returns

- **Large Organization and Government Testing Opportunities** – As the selected lab provider for professional sports leagues (e.g. NBA, NFL) and New York City’s schools, BioReference should capitalize on the government and large organizations, who desperately need large, national scale COVID-19 testing for employees that can only be supplied by the top three labs.

- **Genetic Data Opportunity** – BioReference’s ownership of GeneDx, the most advanced genetic lab in the country, will provide the potential for an unprecedented set of new and increased revenue and profit opportunities through the untapped data value it boasts.
  - E.g. unfettered access to doctor and patient histories, symptoms, test results, DNA, historical changes and current diagnoses, and interactions with government bodies and insurers who reimburse for tests.

- **Rayaldee Opportunity** – As a potential treatment for COVID-19 patients, OPKO should focus on publicizing Rayaldee’s success to realize significant upside given the estimated $1.2 billion of untapped value in the drug.

- **Market Share and Margin Opportunity** – BioReference has significant strategic value as the third largest player in a three-player oligopoly with 9-10% market share in a rapidly consolidating industry.
  - This makes BioReference ripe for an acquisition by Quest, LabCorp, or a private equity firm with synergies in related industries.
THANK YOU