



Collaborative Approach to Life Science  
Financing

## Shareholder Presentation

November 14, 2022



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# SWK Holdings - Overview

## Custom financing solutions for commercial-stage healthcare companies and royalty owners

### Underserved, High-Need Market

- SWK targets \$5mm to \$25mm financings, a market niche that is largely ignored by larger market participants and generates attractive full-cycle returns
- Business focus is secured financings and royalty monetizations but will selectively consider equity-like opportunities
- Experienced and aligned management and Board with extensive life science network
- As of November 14, 2022, completed financings with 48 parties deploying \$692mm of capital

### Demonstrated Success, Attractive Returns

- Targets unlevered, mid-teens gross return on capital with a portfolio effective yield of 14.3% for 3Q22
- 30 exits from inception through November 14, 2022 generating a 20% IRR and 1.4x MOIC
- Specialty finance segment generated a 11.1% LTM adjusted return on finance segment tangible book value\*\*
- Compounded book value per share at a 10% CAGR from 4Q12 to 3Q22's \$21.15

### Focus on Shareholder Returns

- Demonstrated shareholder value creation: Share repurchases, NASDAQ uplisting, and Board reconstitution
- Shareholder value creation strategy:
  - Increase book value per share at a 10% CAGR
  - Serve as partner of choice for small and mid-sized life sciences companies and inventors
  - Generate current income to utilize SWK's substantial NOL asset, \$154mm as of December 31, 2021

\* Effective yield is the rate at which income is expected to be recognized pursuant to the Company's revenue recognition policies, if all payments are received pursuant to the terms of the finance receivable; excludes warrants

\*\* Numerator is specialty finance division's adjusted non-GAAP net income; Denominator is shareholders equity less the deferred tax asset and Enteris PP&E and net intangibles and goodwill, which adds-back the contingent consideration payable

# SWK Holdings - Segments

SWK operates through two segments: Life Science Specialty Finance and Enteris BioPharma  
*Centered on SWK's core focus on monetizing revenue streams and intellectual property*

## LIFE SCIENCE SPECIALTY FINANCE

- Senior secured term loans
- Royalties
- Synthetic royalties
- Product acquisitions



## ENTERIS BIOPHARMA

- Peptelligence® and ProPerma™ dosing technologies
- CDMO and CMO services
- 505b2 drug development

# Life Science Finance Opportunity

Achieve high current yield from investment in non-correlated assets

Access to capital is challenging for small/mid-sized life science companies  
- Few participants exist for sub-\$25mm life science financings

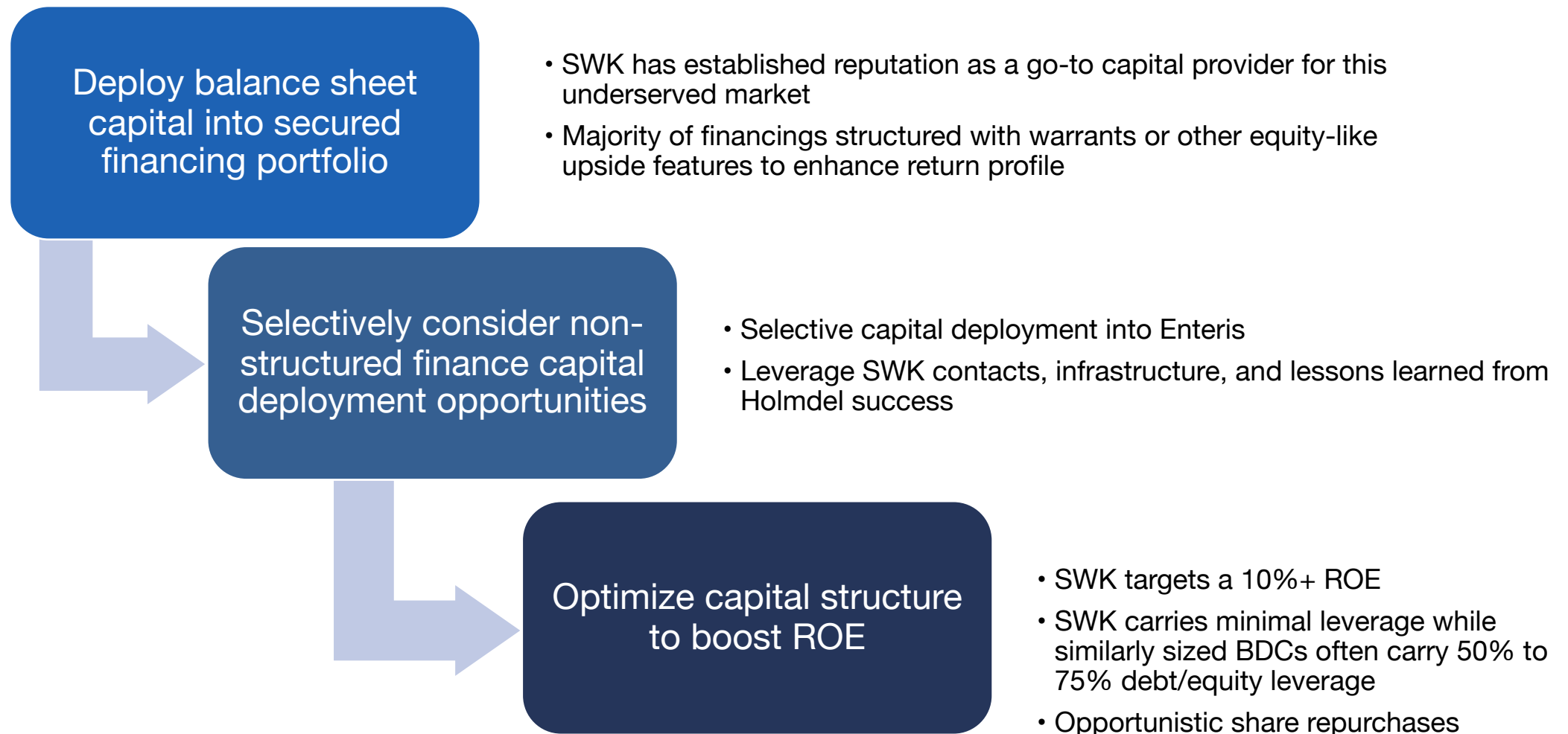
Life science products are highly portable  
- Approved & marketed products and/or royalty streams are valuable collateral

Revenues are predictable and have low correlation to economic growth and macro factors

Mitigate FDA & clinical trial risk by focusing on commercial opportunities



# Value Creation Strategy



SWK believes this strategy will continue to achieve a 10% book value per share CAGR

# Book Value Components

Tangible Finance Book Value / Share = \$19.14

- Excludes value of deferred tax asset, net Enteris intangibles and goodwill\*, and Enteris PP&E
- SWK's targets 10%+ CAGR of tangible finance book value / share

Plus: Enteris Biopharma Net Book Value / Share = \$1.12

- In 2019, SWK paid \$21.5mm upfront to acquire Enteris
- The seller will also receive a portion of future proceeds from the Cara Therapeutics licensing agreement and if out-licensed, proceeds from certain 505 (b)(2) assets
- At September 30, 2022 Enteris book value, net of contingent liabilities totaled \$14.4 mm (\$1.12 / share)

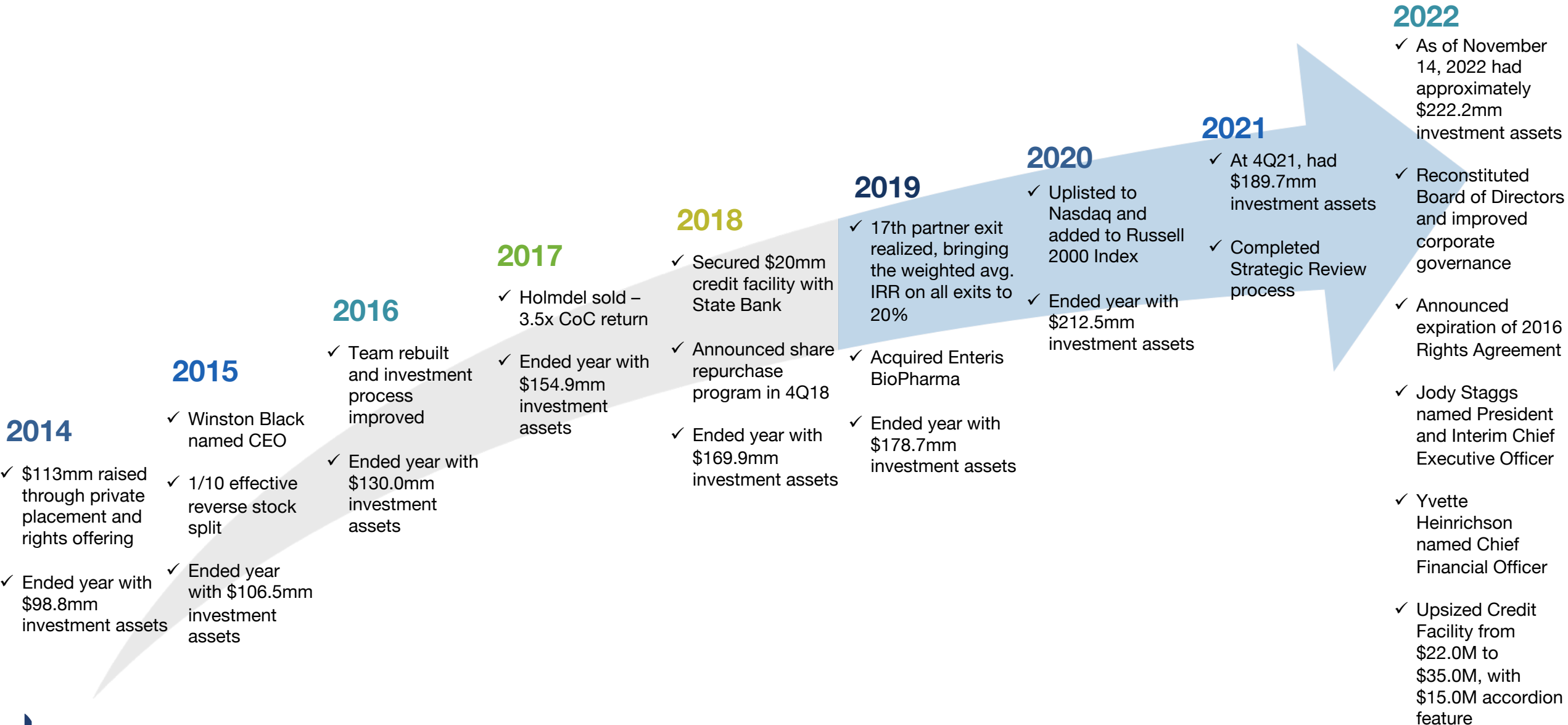
Plus: Deferred Tax Asset / Share = \$1.35

- At 12/31/21 SWK had federal net operating losses (NOL) of \$154.1mm
- NOLs will expire by 2037

09/30/22 Total Book Value per Share of \$21.62

\* Intangible assets, net plus goodwill less contingent consideration payable

# Corporate Milestones





# Third Quarter 2022 Recap

## CORPORATE UPDATES

- Jody Staggs named President and Interim Chief Executive Officer
- Yvette Heinrichson named Chief Financial Officer
- During the third quarter of 2022, closed three financings totaling \$57.5 million with \$46.0 million funded at close
- During the third quarter of 2022, \$0.4 million funded to existing borrowers
- During the third quarter of 2022, repurchased 34,463 shares of common stock for a total cost of \$0.6 million
- During the third quarter of 2022, Enteris achieved \$5.0 million milestone with Cara Therapeutics with SWK retaining \$2.5 million
- Subsequent to quarter end, closed fifth amendment to Loan and Security Agreement with Cadence Bank, increasing borrowing availability to \$35.0 million. \$15.0 million accordion feature provides for expansion of credit facility up to \$50.0 million.

## FINANCE RECEIVABLES UPDATES

- As of September 30, 2022, non-GAAP tangible finance book value per share was \$19.14, a 9.4% increase from September 30, 2021
- Third quarter 2022 finance portfolio effective yield was 14.3%, a 50 bps increase compared with 13.8% for the third quarter 2021
- Third quarter 2022 finance portfolio realized yield was 17.5%, a 130 bps year-over-year decrease
- Third quarter 2022 core finance receivables business adjusted non-GAAP net income was \$6.0million, a 22.3% decrease from the Third quarter of 2021
- As of September 30, 2022, total investment assets were \$222.2 million, a 7.7% increase from September 30, 2021.
- For the trailing twelve months ended September 30, 2022, SWK's core finance receivables segment generated a 11.1% adjusted return on tangible book value

# Finance Segment Portfolio Overview: 3Q22

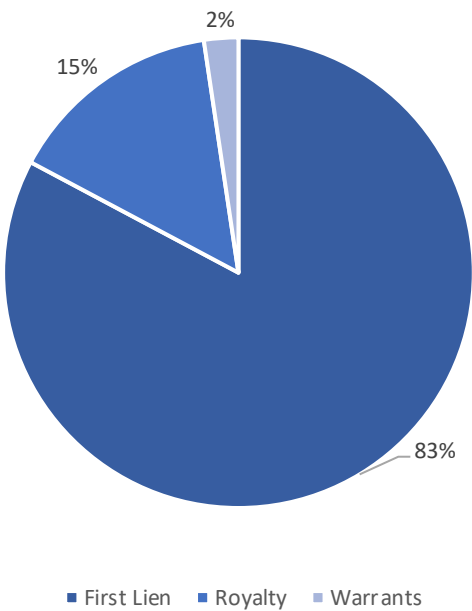
## Financing Segment Portfolio Value

- Yielding Assets:\* \$213.1mm
- Total Investment Assets:\*\* \$222.2mm

## Metrics

- Financed Entities: 23
- Avg. GAAP Balance per Entity: \$9.3mm
- Finance Receivables Non-Accrual Balance: \$12.8mm
- Total Unfunded Commitments: \$12.9mm\*\*\*

Portfolio Composition



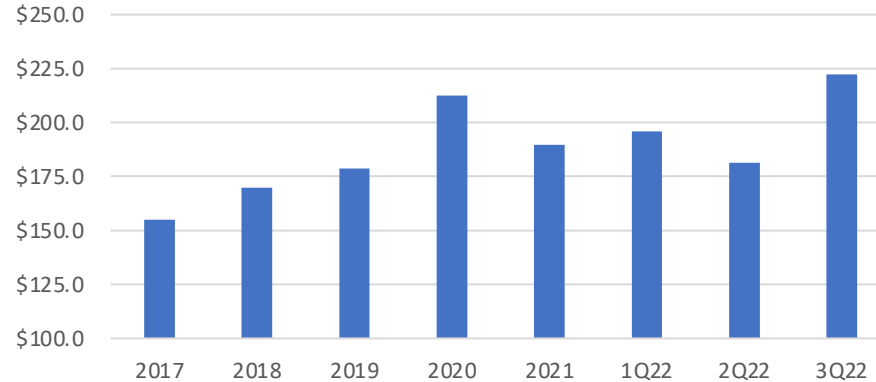
\* Finance receivables and marketable investments; does not include new or repaid finance receivables closed post-quarter.

\*\* Includes public company warrants; private warrants carried at zero value / not valued on balance sheet

# Financial Snapshot

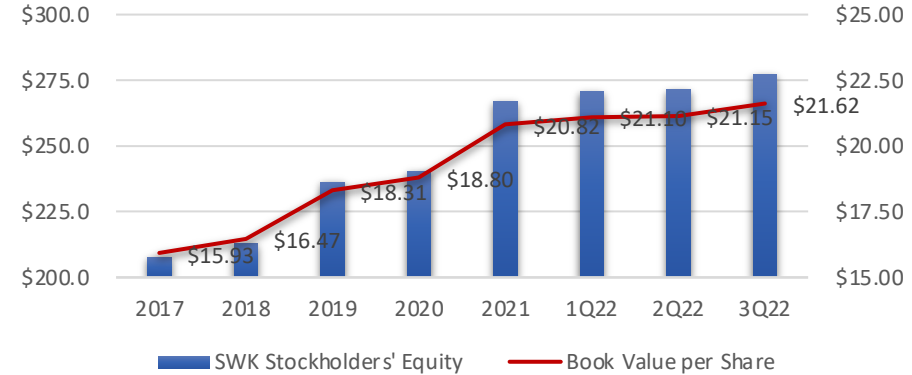
## Total Investments Assets

(\$ in millions; at end of period)



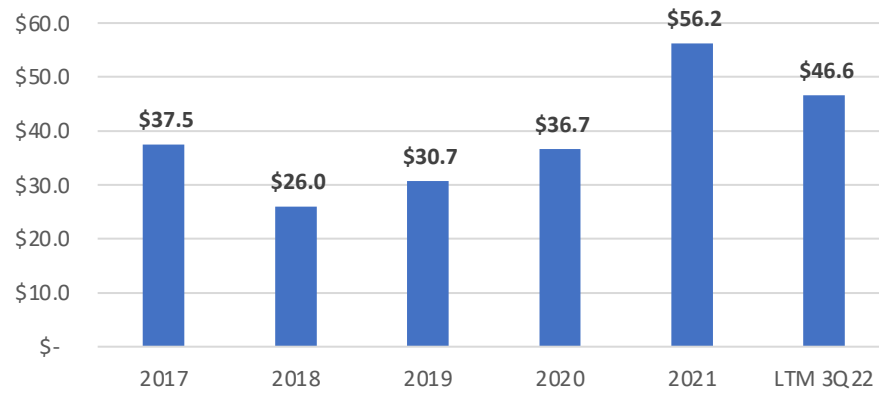
## SWK Stockholder's Equity

(\$ in millions; except per share data)



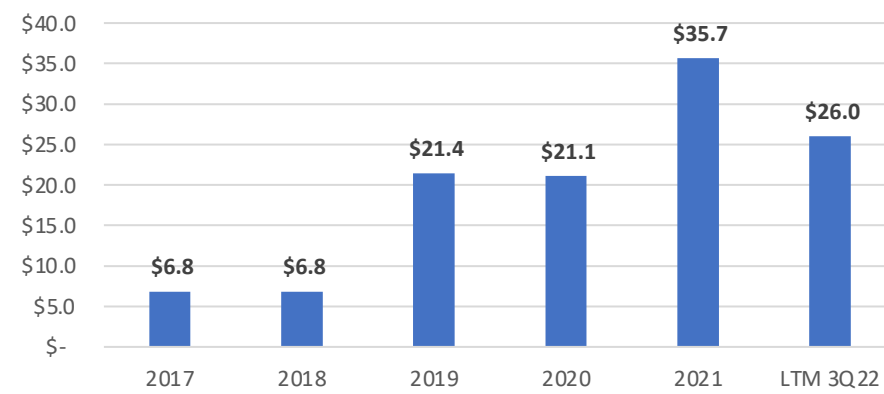
## Total Revenue

(\$ in millions)



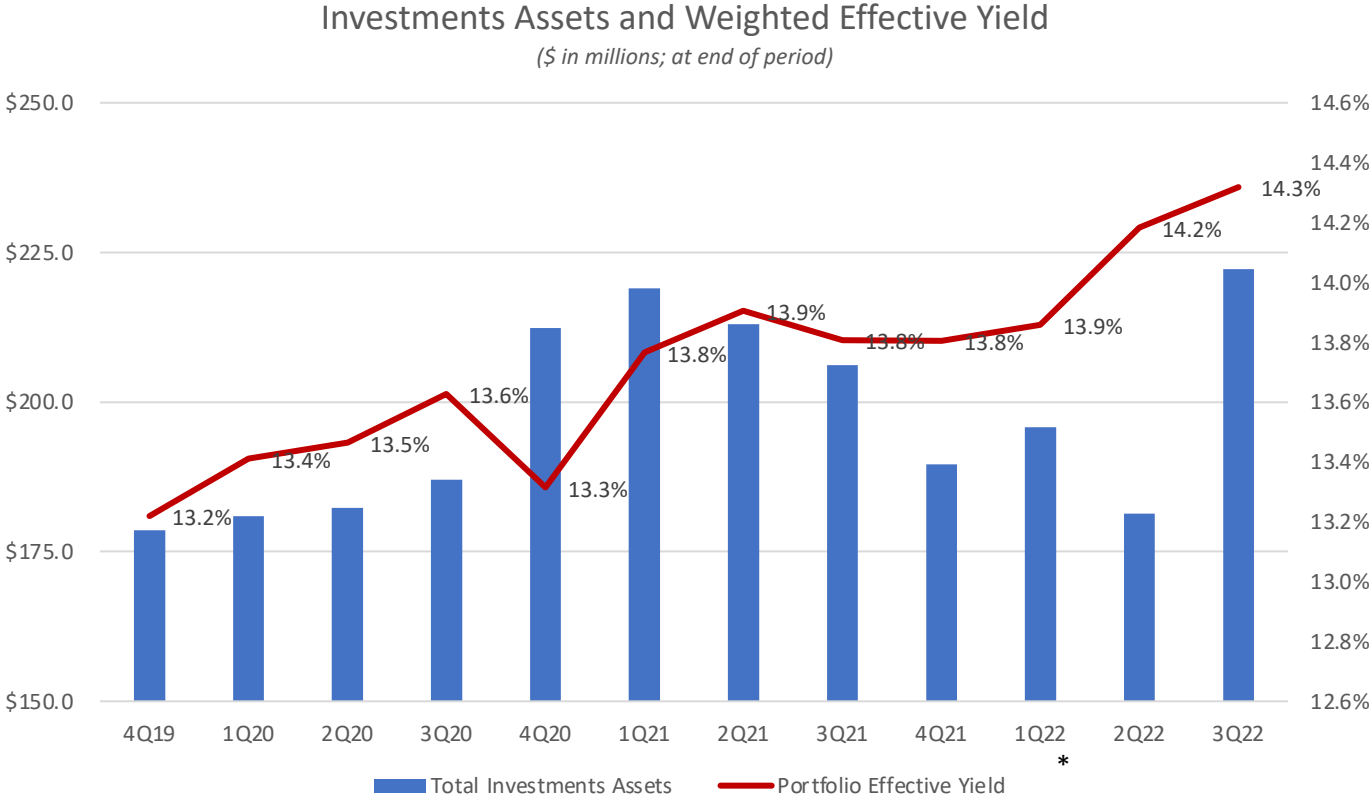
## Non-GAAP Adjusted Net Income\*

(\$ in millions)



\* Eliminates provision for income taxes, Enteris intangibles amortization, and non-cash mark-to-market changes on warrant assets and equity securities; see reconciliation on page 29; 2019 Non-GAAP Adjusted Net Income was reduced by \$1.2mm of Enteris transaction expenses

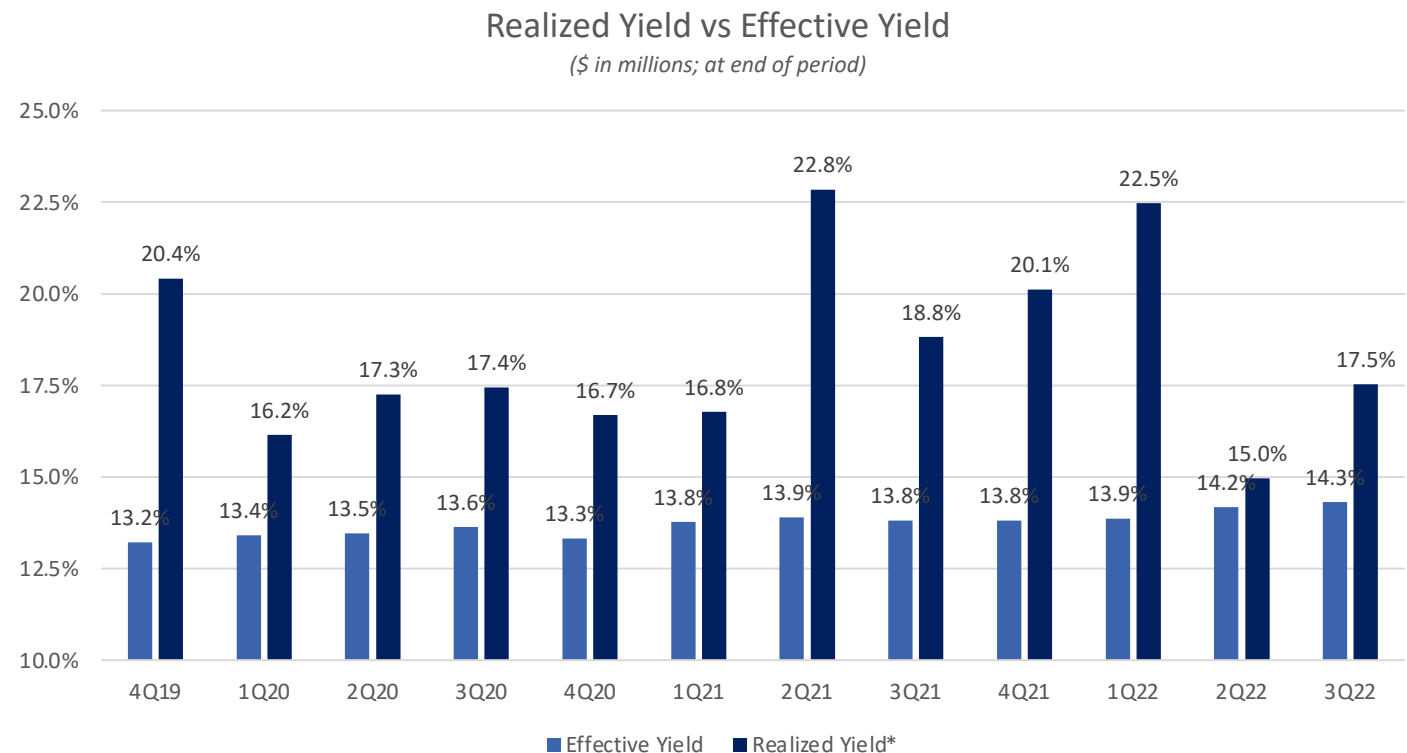
## SWK Targets Low-to-Mid Teens Effective Yields 3Q22 Finance Segment Effective Yield was 14.3%



Floating rate debt portfolio benefits from rising interest rates

\* Effective yield is the rate at which income is expected to be recognized pursuant to the Company’s revenue recognition policies, if all payments are received pursuant to the terms of the finance receivable; excludes warrants

## SWK's Portfolio Realized Yield Has Consistently Exceeded the Projected Yield as Actual Receipts Exceeded Internal Forecasts



*\*Portfolio Realized Yield is inclusive of all fees and is calculated based on the simple average of finance receivables at the beginning and end of period*

# Current Structured Credit Portfolio



**Acer Therapeutics**

03.07.22

**\$6.5 million** – Structured Credit



**Advanced Oxygen Therapy**

03.21.22

**\$12.0 million** – Structured Credit



**Aziyo Biologics**

08.10.2022

**\$25.0 million** – Structured Credit



**BIOLASE**

11.09.18

**\$15 million** – Structured Credit



**Biotricity**

12.27.21

**\$12 million** – Structured Credit



**Epica International**

07.25.18

**\$14 million** – Structured Credit



**Eton Pharmaceuticals**

11.14.19

**\$10 million** – Structured Credit



**Exeevo**

07.01.2022

**\$7.5 million** – Structured Credit



**Flowonix Medical**

12.23.20

**\$10 million** - Structured Credit



**4WEB Medical**

06.03.19

**\$20 million** - Structured Credit



**Ideal Implant**

04.27.2021

**\$5 million** – Synthetic Royalty Financing



**Medminder Systems**

08.18.2022

**\$25.0 million** – Structured Credit



**MolecuLight**

1.04.22

**\$10 million** – Structured Credit



**Sincerus Pharmaceuticals**

3.19.21

**\$9 million** - Structured Credit



**Trio Healthcare**

07.01.2021

**\$9.5 million** – Structured Credit



# Current Royalty Portfolio



**Advanced Biomarker Technologies**

**Best ABT**

11.12.18

**\$5.8 million** – Royalty Reorganization



**CAMBIA**

**Cambia**

07.31.14

**\$9.5 million** – Royalty Acquisition



**Forfivo XL**  
bupropion HCl  
EXTENDED-RELEASE TABLETS 450 MG

**ForFivo (IntelGenx)**

08.05.16

**\$6 million** – Royalty Acquisition



**ILUVIEN**  
(fluocinolone acetonide  
intravitreal implant) 0.19mg

**Iluvien**

12.18.20

**\$16.5 million** – Royalty Acquisition



**NARCAN** (naloxone HCl)  
NASAL SPRAY 4mg

**Narcan**

11.07.16

**\$17.5 million** – Royalty Acquisition

**Secured Royalty Financing for Pharmaceutical Product**

**Women's Health**

06.07.13

**\$3.0 million** – Royalty Financing



**coflex**

**Coflex**

08.31.20

**\$4.4 million** – Royalty Portfolio Aquisition



**kybella**  
(deoxycholic acid) injection 10 mg/mL

**Kybella**

08.31.20

**\$4.4 million** – Royalty Portfolio Acquisition



**TRT**

**Tissue Regeneration Therapeutics**

06.12.13

**\$3.3 million** – Royalty Acquisition



**veru**  
HEALTHCARE

**Veru**

03.05.18

**\$12 million** – Synthetic Royalty Financing



# Portfolio Realizations

- As of November 14, 2022, SWK has exited 30 financings for a total 1.4x CoC return and 20% weighted average IRR
  - 27 resulted in positive realizations with a cumulative 1.5x CoC and weighted average 26% IRR
  - SynCardia position was sold to distressed private equity firm with SWK recouping 58% of principal
  - Response Genetics exited via Chapter 11 and sold to a strategic buyer with SWK recouping 47% of principal
  - Hooper and Hooper II loans cumulatively resulted in an aggregate \$0.4mm loss/0.98x CoC return
  - B&D Dental turn-around resulted in 1.4x CoC

| Investments                      | Origination | Payoff   | Cost*             | Proceeds          | CoC         | IRR        | Notes                              |
|----------------------------------|-------------|----------|-------------------|-------------------|-------------|------------|------------------------------------|
| Nautilus                         | 12/05/12    | 12/17/13 | \$ 22,500         | \$ 28,606         | 1.3x        | 28%        |                                    |
| Parnell                          | 01/23/14    | 06/27/14 | 25,000            | 27,110            | 1.1x        | 21%        |                                    |
| PDI                              | 10/31/14    | 12/22/15 | 20,000            | 25,028            | 1.3x        | 23%        |                                    |
| Tribute                          | 08/08/13    | 02/05/16 | 14,000            | 18,349            | 1.3x        | 18%        |                                    |
| Galil                            | 10/31/14    | 06/15/16 | 12,500            | 16,601            | 1.3x        | 21%        |                                    |
| Nanosphere                       | 05/14/15    | 06/30/16 | 10,000            | 14,362            | 1.4x        | 48%        |                                    |
| Syncardia First                  | 12/13/13    | 06/24/16 | 12,688            | 8,524             | 0.7x        | -30%       |                                    |
| Syncardia Second                 | 12/13/13    | 06/24/16 | 5,850             | 3,255             | 0.6x        | -39%       |                                    |
| Syncardia Preferred              | 09/15/14    | 06/24/16 | 1,500             | -                 | 0.0x        | -100%      |                                    |
| Response Genetics                | 07/30/14    | 10/07/15 | 12,257            | 5,780             | 0.5x        | -47%       |                                    |
| Holmdel                          | 12/20/12    | 02/23/17 | 6,000             | 21,084            | 3.5x        | 63%        |                                    |
| Hooper                           | 04/17/15    | 05/12/17 | 5,000             | 6,754             | 1.4x        | 20%        |                                    |
| Narcan                           | 12/12/16    | 02/28/18 | 17,500            | 42,878            | 2.5x        | 84%        |                                    |
| OraMetrix                        | 12/15/16    | 05/01/18 | 8,500             | 10,603            | 1.2x        | 19%        |                                    |
| Parnell                          | 11/22/16    | 07/30/18 | 13,500            | 19,327            | 1.4x        | 26%        |                                    |
| Hooper II                        | 05/12/17    | 10/10/18 | 21,340            | 19,162            | 0.9x        | -16%       |                                    |
| EyePoint                         | 03/28/18    | 02/13/19 | 20,000            | 25,168            | 1.3x        | 34%        | Continue to own warrants           |
| Thermedx                         | 05/05/16    | 05/22/19 | 3,500             | 5,773             | 1.6x        | 21%        |                                    |
| Cheetah Medical                  | 01/15/19    | 09/30/19 | 10,000            | 12,487            | 1.2x        | 32%        |                                    |
| Aimmune Therapeutics             | 02/12/19    | 10/20/20 | 3,686             | 4,430             | 1.2x        | 20%        |                                    |
| Tenex                            | 07/01/16    | 04/01/21 | 8,300             | 13,066            | 1.6x        | 16%        |                                    |
| Harrow Health                    | 07/19/17    | 04/20/21 | 10,328            | 18,747            | 1.8x        | 15%        | Continue to own shares             |
| Misonix                          | 06/02/15    | 10/29/21 | 27,580            | 43,821            | 1.6x        | 14%        |                                    |
| FC2                              | 03/05/18    | 08/13/21 | 10,000            | 19,577            | 2.0x        | 36%        | Continue to own a residual royalty |
| Besivance                        | 04/03/13    | 11/14/21 | 6,000             | 7,532             | 1.3x        | 7%         |                                    |
| DxTerity                         | 04/06/15    | 11/24/21 | 9,500             | 19,914            | 1.9x        | 19%        | Continue to own warrants           |
| Celonova                         | 07/31/17    | 12/31/21 | 7,500             | 10,573            | 1.4x        | 15%        |                                    |
| Acerus                           | 10/11/18    | 02/17/22 | 9,000             | 13,256            | 1.5x        | 16%        |                                    |
| B&D Dental                       | 12/10/13    | 03/18/22 | 7,776             | 11,374            | 1.4x        | 4%         |                                    |
| Keystone Dental                  | 05/20/16    | 06/07/22 | 19,725            | 33,460            | 1.7x        | 14%        |                                    |
| Beleodaq Royalty                 | 06/06/18    | 07/01/22 | 7,500             | 13,582            | 1.8x        | 26%        |                                    |
| Trio Royalty                     | 10/23/20    | 07/25/22 | 4,300             | 6,704             | 1.5x        | 32%        |                                    |
| <b>Total Realized / Wtd. Avg</b> |             |          | <b>\$ 372,828</b> | <b>\$ 526,887</b> | <b>1.4x</b> | <b>20%</b> |                                    |

\*Cost measured as principal advanced at deal close and additional add-ons, including time-weighted restructuring fundings

# Portfolio Realizations to Strategic Buyers

- 13 realizations to strategic buyers demonstrated a median 28% LTV of SWK's original loan value
- 9 of the 13 businesses were not profitable at time of sale, validating SWK's revenue and IP-based underwriting methodology

\$ in mm

| Target                  | Buyer           | Closing Date | Transaction EV | SWK Loan at Cost* | SWK Loan / Transaction | LTM Sales | EV / LTM Sales | Target Profitable Sale? | Notes  |
|-------------------------|-----------------|--------------|----------------|-------------------|------------------------|-----------|----------------|-------------------------|--|
| Nautilus                | Depomed         | 12/17/13     | \$ 48.7        | \$ 22.5           | 46%                    | \$ 15.4   | 3.2x           | N                       |  |
| Response Genetics       | Cancer Genetics | 10/07/15     | 5.8            | 12.3              | 213%                   | 16.7      | 0.3x           | N                       |  |
| PDI                     | Publicis        | 12/22/15     | 33.0           | 20.0              | 61%                    | 129.3     | 0.3x           | Y                       | CSO Division Only; Transaction EV assumes 50% near-term earn-outs achieved |
| Tribute                 | Aralez          | 2/1/16       | 147.6          | 14.0              | 9%                     | 26.5      | 5.6x           | N                       |  |
| Galil                   | BTG plc         | 5/16/16      | 84.4           | 12.5              | 15%                    | 22.7      | 3.7x           | N                       | Transaction EV excludes \$26mm of milestones                               |
| Nanosphere              | Luminex         | 6/30/16      | 77.0           | 25.0              | 32%                    | 23.1      | 3.3x           | N                       |  |
| InnoPran XL**           | ANI Pharma      | 2/23/17      | 30.5           | 6.0               | 28%                    | 11.1      | 2.7x           | Y                       |  |
| Orametrix               | Dentsply Sirona | 5/1/18       | 90.0           | 8.5               | 9%                     | 20.0      | 4.5x           | Y                       | Transaction EV excludes up to \$60mm in earn-outs                          |
| Hooper II               | Quest           | 10/10/18     | 27.8           | 26.6              | 96%                    | 61.3      | 0.5x           | N                       | Loan value includes non-SWK revolver (\$8mm); Workout fees totaled \$4mm   |
| Cheetah Medical         | Baxter          | 10/24/19     | 190.0          | 20.0              | 11%                    | 22.2      | 8.6x           | N                       | Transaction EV excludes up to \$40mm in earn-outs                          |
| Aimmune Therapeutics*** | Nestle          | 10/14/20     | 2,139.0        | 131.5             | 6%                     | -         | NA             | N                       | SWK partnered with KKR on the transaction                                  |
| Tenex                   | Trice           | 4/1/21       | 25.0           | 8.3               | 33%                    | 12.3      | 2.0x           | Y                       | Excludes earn-outs   |
| Misonix                 | Bioventus       | 10/29/21     | 518.0          | 30.1              | 6%                     | 74.0      | 7.0x           | N                       |  |
| <b>Median</b>           |                 |              |                |                   | <b>28%</b>             |           | <b>3.3x</b>    |                         |  |

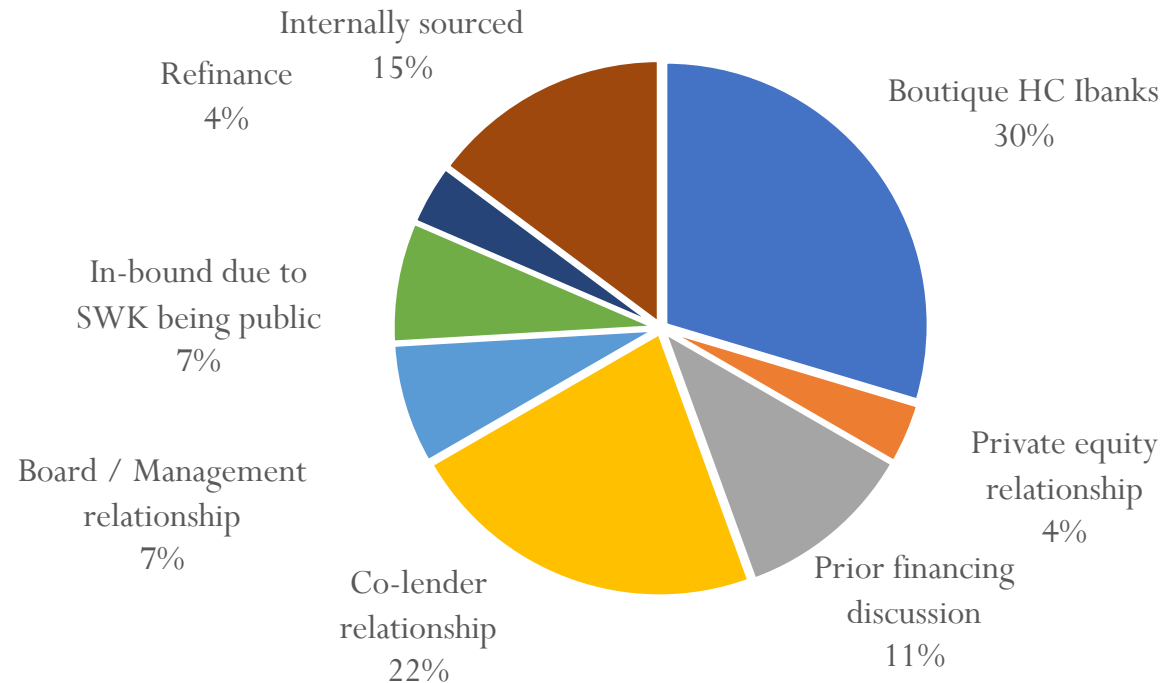
\* Cost measured as greatest of principal advanced at deal close and additional add-ons, including restructuring fundings

\*\* InnoPran XL was the primary asset of Holmdel Pharmaceuticals, LP

\*\*\* SWK owned 4.5% of the Aimmune loan.

# Sourcing

- SWK has a well-developed and diversified sourcing network
- SWK balances proprietary opportunities with deal flow from trusted, boutique investment banks and brokers
- SWK typically faces limited competition due to proprietary sourcing network and focus on sub-\$25mm financings
- From 2017-2021, SWK submitted terms on 108 transactions and closed 21% of submitted proposals
- Deals completed from 2017 through 2021 were sourced from a variety of relationships



# Financing Structures

## Structured Debt

- Primarily first lien senior secured loans, though will selectively evaluate second lien opportunities
- Typically include covenants, prepayment penalties, origination and exit fees, and warrant coverage
- Provide working capital to support product commercialization and M&A

## Royalties

- Companies: fund pipeline development & leverage a lower cost of capital for higher ROI projects
- Institutions: capital planning for operating budgets, funding R&D initiatives, & financial asset diversification
- Inventors: financial asset diversification, fund start-up company

## Synthetic Royalty

- Marketer creates a 'royalty' by selling an interest in a future revenue stream earned with a single product or basket of products in exchange for an upfront payment and potential future payments
- Ability to structure tiered revenues, reverse tiers, minimum payments, caps, step-downs and buy-out options, similar to a license agreement between innovator and marketer

## Hybrid Financing

- Combination of royalty and revenue-based financings
- Can take on many forms, including structured debt and equity investments

## Product Acquisition

- Target legacy products with established revenue trends, minimal marketing and infrastructure requirements

# Value Proposition to Partners

Asset base and nimble structure position SWK to serve the sub-\$25mm financing market

- Smaller companies often don't have financial profile to qualify for traditional financing sources
- Companies in this niche often have few options outside of a dilutive equity raise
- The IPO market is largely closed to companies of this size requiring expensive and difficult private equity sourcing
- Many alternative financing sources have grown too large to care about smaller companies
- Some historical financing sources have been acquired by regulated financial institutions that due to regulatory constraints cannot lend to unprofitable companies and prohibit SWK-style transactions
- Venture lenders often require principal payback over a shorter period than SWK's structures, often stressing borrowers by sapping valuable working capital from their businesses during periods of high growth, when they need the capital the most

Structures financings to preserve liquidity and match a growing company's revenue profile

Provides its borrowers with access to its network of capital markets resources and operators

Through RIA arm and industry relationships, SWK can access additional capital to finance larger opportunities



# Historical Financing: Narcan Royalty

*Narcan is the only FDA approved, intranasal Naloxone product for the treatment of opioid overdose*  
*Narcan is appropriately priced with revenue growth from expanded distribution, not price hikes*

## OPPORTUNITY

- Opiant is a publicly-traded drug development company that receives a royalty on Narcan for developing the drug's unique formulation
  - Novel formulation has a faster time to onset and more convenient and safer administration
- Opiant needed capital to pursue development programs
- At time of monetization, Opiant was a thinly traded OTC stock and management believed the share price did not reflect underlying asset value, thus a share offering was not an attractive option

## SOLUTION

- SWK structured a capped royalty that was smaller than competing proposals, and allowed Opiant to retain tail economics
- In December 2016, SWK funded \$13.8mm in exchange for a royalty that was capped at a 1.5x CoC return
  - On August 8, 2017 upon achieving \$25mm in cumulative sales during two consecutive quarters, SWK funded additional \$3.8mm with a 1.5x CoC return cap
- Narcan sales exceeded forecasts; CoC return cap achieved in February 2018

# Historical Financing: Galil Medical

*Galil is a privately-held medical device company that delivers innovative cryotherapy solutions for tumor ablation*

## OPPORTUNITY

- In 2014, Galil was on the cusp of accelerating revenue growth, but was not yet cash-flow positive and could not tap traditional financing channels
- Galil needed additional capital to run clinical trials and expand its sales force

## SOLUTION

- In December 2014, SWK provided a \$12.5mm senior secured term loan structured to delay principal repayment until growth initiatives matured
- In late 2015, SWK committed to provide additional financing to support Galil's proposed acquisition of a competitor
  - The transaction was not consummated, but SWK's support permitted opportunistic bid
- By early 2016, the growth initiatives were bearing fruit, and in June 2016, Galil was acquired by BTG plc for \$84mm plus up to \$26mm in earn-outs
- The SWK facility gave Galil capital to grow the business and garner a higher acquisition price while allowing the equity owners to capture maximum upside
- SWK facility represented 15% LTV of the take-out price
- SWK generated a 1.3x cash-on-cash return and 20% IRR

# Enteris Corporate Overview

## *Proven Technology, Late-Stage Commercial Partnerships, and Internal Pipeline*

### Drug Delivery Technology

- Peptelligence and ProPerma allow for oral delivery of drugs that are typically injected, including peptides and BCS class II, III, and IV small molecules
- Extensive intellectual property estate with protection through 2036
- Peptelligence licenses, including Cara Therapeutics, and development work with other large pharmaceutical partners

### Internal 505(b)(2) Pipeline

- Oral leuprolide
  - Indications: Pediatric rare disease and female health
- Other candidates currently under evaluation

### Commercial Platform

- Generates revenue three ways:
  - Formulation and development work
  - Clinical trial tablet manufacturing
  - Technology licenses consisting of milestones and royalties
- Upgraded high potency manufacturing cGMP operational in 2021

### Company Highlights

- Privately held company based in Boonton, New Jersey
- Over time SWK anticipates Enteris will develop multiple “shots on goal” value proposition

# Enteris: Cara Therapeutics and Oral KORSUVA™

## Oral KORSUVA

- Formulated with Enteris' Peptelligence technology
- Currently the subject of three late-stage clinical trials for pruritus:
  - Phase 3 trial targeting pruritus associated with non-dialysis dependent advanced Chronic Kidney Disease
  - Phase 3 trial as an adjunctive therapy to topical corticosteroids for Atopic Dermatitis patients with moderate-to-severe pruritus
  - Phase 2 trial for treatment of moderate-to-severe pruritus in Notalgia paresthetica

## Licensing Agreement

- Licensing agreement between Enteris and Cara announced in August 2019
- Non-exclusive, royalty-bearing license for Peptelligence to develop, manufacture and commercialize Oral KORSUVA worldwide, excluding Japan and South Korea
- Enteris eligible to receive milestone payments and low single-digit royalties

## Milestone Payment

- Enteris has received a total of \$33.0mm in upfront and milestones payments from Cara to date of which \$12.4mm has been retained by SWK
- The latest Cara milestone payment of \$5.0mm was received in Q3 2022, with SWK retaining \$2.5mm
- SWK eligible to receive additional potential milestone payments subject to the achievement of certain development milestones

*Successful completion of Cara milestones will validate both the Peptelligence platform and the breadth and depth of Enteris' comprehensive pharmaceutical capabilities*

# Leadership Team



**Jody Staggs**  
*President and Interim CEO*

- Joined in 2015
- Co-founded PBS Capital Management, predecessor to SWK
- Prior to PBS, served as Senior Portfolio Analyst at Highland Capital Management
- Investing experience in multiple asset classes



**Yvette Heinrichson**  
*Chief Financial Officer*

- Joined in 2016
- Proficient in technical GAAP accounting, SEC financial reporting, SOX implementation
- Certified Fraud Examiner
- Served as financial statement auditor and tax professional with Deloitte for multiple years



**John David ("JD") Tamas**  
*Director of Underwriting*

- Joined in Feb-22
- 15+ years of providing credit and equity capital to lower- and middle-market companies
- Prior firms include NXT Capital, ORIX, Wachovia
- Healthcare sector coverage began 10+ years ago, passion for healthcare began much earlier (raised by a family of physicians)



**Dr. Paul Shields**  
*Enteris subsidiary interim CEO*

- Joined in 2013 and was previously COO
- Held variety of positions at Unigene, including Director of Plant Operations, and VP Manufacturing Operations.
- Ph.D. in Biochemistry

# Why Invest in SWKH – Attractive Risk Reward Scenario

## “Unearthed Diamond”

- SWK story is not widely known, having uplisted to Nasdaq without benefit of traditional IPO
- Analyst coverage and proactive investor relations effort have helped to increase SWK’s visibility
- With a Book Value per share of \$21.62 and a stock price of \$19.18 as of November 14, 2022, shares are trading at an 21% discount to book value

## Lower Risk Bio-Basket

- Diverse, non correlated range of life science products with limited downside risk
- As of November 14, 2022 portfolio consists of 23 loans and royalties as well as warrant and equity stakes across a range of healthcare sub-sectors
- Debt and royalty investments generated 17.5% realized yield in 3Q22, ahead of the 14.3% portfolio effective yield; amongst highest in peer group

## Stable Earnings Longer-Term Upside Potential

- Potential upside to base-line effective yield from royalties, early-loan payoffs, and warrants
- Longer term, potential upside from Enteris via Peptelligence® licenses and 505(b)(2) developments and partnerships

## Strong Management/Proven Processes

- Management has extensive expertise in financing and the healthcare arena
- Disciplined process to source and diligence opportunities with focus on minimizing risk and maximizing returns

## Unleveraged Balance Sheet and Buyback

- Unleveraged balance sheet is latent source of earnings growth
- Through November 14, 2022 SWK has repurchased over 54,000 shares year-to-date



# Balance Sheet

| \$ in 000s                                  | Sep-22      | Jun-22      | Dec-21      | Dec-20      | Dec-19      | Dec-18      |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>ASSETS</b>                               |             |             |             |             |             |             |
| Cash and cash equivalents                   | \$ 19,399   | \$ 55,118   | \$ 42,863   | \$ 3,008    | \$ 11,158   | \$ 20,227   |
| Interest and accounts receivable, net       | 7,384       | 1,869       | 1,803       | 1,911       | 2,554       | 2,195       |
| Marketable investments                      | 500         | 487         | 1,034       | 1,210       | 1,802       | -           |
| Other current assets                        | 1,189       | 1,366       | 1,727       | 635         | 1,434       | 607         |
| Total current assets                        | \$ 28,472   | \$ 58,840   | \$ 47,427   | \$ 6,764    | \$ 16,948   | \$ 23,029   |
| Finance receivables, net                    | \$ 212,959  | \$ 174,859  | \$ 181,553  | \$ 204,491  | \$ 172,825  | \$ 166,610  |
| Marketable investments                      | 88          | 98          | 119         | 241         | 466         | 532         |
| Cost method investment                      | 3,491       | 3,491       | 3,491       | 3,491       | -           | -           |
| Deferred tax assets, net                    | 17,350      | 19,281      | 20,539      | 27,491      | 25,780      | 22,684      |
| Warrant assets                              | 5,140       | 2,481       | 3,419       | 2,972       | 3,555       | 2,777       |
| Intangible assets, net                      | 8,615       | 9,042       | 9,964       | 13,617      | 25,113      | -           |
| Goodwill                                    | 8,404       | 8,404       | 8,404       | 8,404       | 8,404       | -           |
| Property and equipment, net                 | 5,945       | 6,071       | 5,779       | 5,211       | 1,292       | 25          |
| Other non-current assets                    | 1,802       | 1,858       | 1,970       | 1,220       | (11)        | 5           |
| Total assets                                | \$ 292,266  | \$ 284,425  | \$ 282,665  | \$ 273,902  | \$ 254,372  | \$ 215,662  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |             |             |             |             |             |             |
| <b>Current Liabilities:</b>                 |             |             |             |             |             |             |
| Accounts payable and accrued liabilities    | \$ 4,746    | \$ 2,776    | \$ 5,087    | \$ 3,655    | \$ 3,080    | \$ 2,580    |
| Revolving credit facility                   | -           | -           | 8           | 11,758      | -           | -           |
| Total current liabilities                   | \$ 4,746    | \$ 2,776    | \$ 5,095    | \$ 15,413   | \$ 3,080    | \$ 2,580    |
| Contingent consideration payable            | 8,530       | 8,530       | 8,530       | 16,900      | 14,500      | -           |
| Warrant liability                           | -           | -           | -           | -           | 76          | 13          |
| Other non-current liabilities               | 1,544       | 1,589       | 1,804       | 1,076       | 183         | 12          |
| Total Liabilities                           | \$ 14,820   | \$ 12,895   | \$ 15,429   | \$ 33,389   | \$ 17,839   | \$ 2,605    |
| <b>Stockholders' equity:</b>                |             |             |             |             |             |             |
| Common stock                                | \$ 13       | \$ 13       | \$ 13       | \$ 13       | \$ 13       | \$ 13       |
| Additional paid-in capital                  | 4,431,270   | 4,431,970   | 4,431,719   | 4,430,924   | 4,432,146   | 4,432,499   |
| Accumulated deficit                         | (4,153,837) | (4,160,453) | (4,164,496) | (4,190,425) | (4,195,627) | (4,219,455) |
| Total stockholders' equity                  | \$ 277,446  | \$ 271,530  | \$ 267,236  | \$ 240,512  | \$ 236,532  | \$ 213,057  |
| Total liabilities and stockholders' equity  | \$ 292,266  | \$ 284,425  | \$ 282,665  | \$ 273,901  | \$ 254,371  | \$ 215,662  |

Certain asset and liabilities were classified as "current" in prior years; thus, prior periods may not be directly comparable.

# Income Statement

| <i>\$ in 000s, except per share amounts</i>                          | LTM 3Q22  | Dec-21    | Dec-20    | Dec-19    | Dec-18    |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>Revenues</b>  |           |           |           |           |           |
| Finance receivable interest income, including fees                   | \$ 35,198 | \$ 39,310 | \$ 30,800 | \$ 30,117 | \$ 25,978 |
| Pharmaceutical development   | 10,737    | 16,122    | 5,903     | 621       | -         |
| Other  | 708       | 723       | 9         | 9         | 12        |
| Total revenues   | 46,643    | 56,155    | 36,712    | 30,747    | 25,990    |
| <b>Costs and expenses:</b>   |           |           |           |           |           |
| Provision for credit losses  | -         | -         | -         | 2,209     | 6,179     |
| Impairment expense   | -         | -         | 163       | -         | 7,875     |
| Interest expense   | 324       | 374       | 455       | 338       | 160       |
| Pharmaceutical manufacturing, research and development               | 6,943     | 7,347     | 4,268     | 1,176     | -         |
| Change in fair value of acquisition-related contingent consideration | (140)     | (287)     | 4,400     | -         | -         |
| Depreciation and amortization  | 2,720     | 4,061     | 12,091    | 4,954     | 17        |
| General and administrative   | 14,322    | 13,620    | 10,546    | 7,430     | 4,866     |
| Income from operations   | 22,474    | 31,040    | 4,789     | 14,640    | 6,893     |
| <b>Other income (expense), net</b>                                   |           |           |           |           |           |
| Unrealized net (loss) gain on warrant assets                         | 217       | 272       | (586)     | 362       | 484       |
| Equity investment gains (losses)                                     | (252)     | 1,839     | (591)     | 1,643     | (1,035)   |
| Realized gain (loss) on sale of investments                          | (140)     | (140)     | 53        | 197       | (105)     |
| Income before income taxes   | \$ 22,299 | \$ 33,011 | \$ 3,665  | \$ 16,842 | \$ 6,237  |
| Income tax (benefit) expense   | 5,313     | 7,082     | (1,537)   | (6,986)   | 42        |
| Net income   | \$ 16,986 | \$ 25,929 | \$ 5,202  | \$ 23,828 | \$ 6,195  |
| <b>Net income per share</b>  |           |           |           |           |           |
| Basic  | \$ 1.32   | \$ 2.03   | \$ 0.40   | \$ 1.85   | \$ 0.47   |
| Diluted  | \$ 1.32   | \$ 2.02   | \$ 0.40   | \$ 1.85   | \$ 0.47   |
| <b>Weighted Average Shares Outstanding</b>                           |           |           |           |           |           |
| Basic  | 12,827    | 12,796    | 12,852    | 12,906    | 13,051    |
| Diluted  | 12,873    | 12,834    | 12,862    | 12,911    | 13,054    |

# Cash Flow Statement

| \$ in 000s   | LTM 3Q22   | Dec-21    | Dec-20   | Dec-19    | Dec-18    |
|--|------------|-----------|----------|-----------|-----------|
| <b>Cash flows from operating activities</b>                                      |            |           |          |           |           |
| Consolidated net income  | \$ 40,631  | \$ 25,929 | \$ 5,202 | \$ 23,828 | \$ 6,195  |
| Adjustments to reconcile net income to net cash provided by operating activities |            |           |          |           |           |
| Provision for loan credit losses   | -          | -         | -        | 2,209     | 6,179     |
| Impairment expense   | -          | -         | 163      | -         | 7,875     |
| Amortization of debt issuance costs  | 104        | 49        | 188      | 188       | -         |
| Deferred income taxes, net   | 11,398     | 6,952     | (1,711)  | (7,100)   | 31        |
| Net Change in fair value of warrant assets                                       | 270        | (272)     | 586      | (362)     | (484)     |
| Change in fair value of equity securities  | (758)      | (1,839)   | 591      | (1,643)   | 1,035     |
| Gain (loss) on sale of investments   | 140        | 140       | (53)     | (197)     | 105       |
| Change in fair value of acquisition-related contingent consideration             | (287)      | (287)     | 4,400    | -         | -         |
| Loan discount amortization and fee accretion                                     | (3,267)    | (1,130)   | (1,983)  | (349)     | 487       |
| Interest paid-in-kind  | (5,884)    | (950)     | (2,145)  | (1,287)   | (191)     |
| Stock-based compensation   | 1,724      | 1,163     | 728      | 530       | 267       |
| Interest income in excess of cash collected                                      | -          | -         | -        | (82)      | (249)     |
| Depreciation and amortization expense  | 7,355      | 4,061     | 12,091   | 4,954     | 28        |
| Changes in operating assets and liabilities:                                     | -          |           |          |           |           |
| Interest and accounts receivable   | (5,539)    | 108       | 643      | (214)     | (558)     |
| Other assets   | (2,120)    | (1,788)   | (959)    | (205)     | 202       |
| Accounts payable and other liabilities   | (970)      | 2,159     | 1,527    | (1,734)   | (1,296)   |
| Net cash provided by operating activities  | 42,797     | 34,295    | 19,268   | 18,536    | 19,626    |
| <b>Cash flows from investing activities</b>                                      |            |           |          |           |           |
| Acquisition of business, net of cash acquired                                    | -          | -         | -        | (19,719)  | -         |
| Proceeds from sale of investments  | -          | -         | -        | 197       | 221       |
| Cash received from settlement of warrants and equity securities                  | 1,875      | 1,875     | 53       | -         | -         |
| Investment in equity securities  | -          | -         | -        | (159)     | -         |
| Investment in finance receivables  | (139,450)  | (42,350)  | (42,859) | (51,039)  | (90,110)  |
| Repayment of finance receivables   | 145,325    | 67,192    | 11,752   | 43,980    | 61,706    |
| Corporate debt securities principal payment                                      | 174        | 122       | 62       | 66        | 69        |
| Purchases of property and equipment  | (1,383)    | (1,078)   | (3,937)  | -         | -         |
| Other  | 284        | -         | (237)    | (48)      | (16)      |
| Net cash (used in) provided by investing activities                              | 6,825      | 25,761    | (35,166) | (26,722)  | (28,130)  |
| <b>Cash flows from financing activities</b>                                      |            |           |          |           |           |
| Net settlement for employee taxes on restricted stock and options                | (528)      | (368)     | -        | -         | -         |
| Net (payments on) proceeds from credit facility                                  | (11,766)   | (11,750)  | 11,758   | -         | -         |
| Debt issuance costs  | -          | -         | -        | -         | (469)     |
| Payment of acquisition-related contingent consideration                          | (8,083)    | (8,083)   | (2,000)  | -         | -         |
| Repurchases of common stock, including fees and expenses                         | (599)      | -         | (2,010)  | (883)     | (1,357)   |
| Net cash (used in) provided by financing activities                              | (20,976)   | (20,201)  | 7,748    | (883)     | (1,826)   |
| Net (decrease) increase in cash and cash equivalents                             | 28,646     | 39,855    | (8,150)  | (9,069)   | (10,330)  |
| Cash and cash equivalents at beginning of period                                 | 88,734     | 3,008     | 11,158   | 20,227    | 30,557    |
| Cash and cash equivalents at end of period                                       | \$ 117,380 | \$ 42,863 | \$ 3,008 | \$ 11,158 | \$ 20,227 |

# Reconciliation of Non-GAAP Adjusted Net Income

- The following tables provide a reconciliation of SWK's reported (GAAP) consolidated net income to SWK's adjusted consolidated net income (Non-GAAP) for the periods denoted in the table. The table eliminates provisions for income taxes, non-cash mark-to-market changes on warrant assets and SWK's warrant, and Enteris amortization:

| <i>\$ in 000s</i>   | <b>LTM 3Q22</b> | <b>Dec-21</b> | <b>Dec-20</b> | <b>Dec-19</b> | <b>Dec-18</b> |
|---|-----------------|---------------|---------------|---------------|---------------|
| Net income  | \$ 16,986       | \$ 25,929     | \$ 5,202      | \$ 23,828     | \$ 6,195      |
| Add (subtract): income tax expense (benefit)                                    | 5,313           | 7,082         | (1,537)       | (6,986)       | 42            |
| Add: Enteris amortization expense   | 1,891           | 3,489         | 11,735        | 4,816         | -             |
| Add (subtract): unrealized net loss (gain) on warrant assets                    | (217)           | (272)         | 586           | (362)         | (484)         |
| Add (subtract): equity securities   | 252             | (1,839)       | 591           | 144           | 1,035         |
| Add (subtract): loss (gain) on change in fair value of contingent consideration | (140)           | (287)         | 4,400         | -             | -             |
| Add: other expense items  | 1,915           | 1,592         | -             | -             | -             |
| Adjusted income before income tax expense                                       | \$ 26,000       | \$ 35,694     | \$ 20,977     | \$ 21,440     | \$ 6,788      |
| Add (subtract): income tax expense (benefit)                                    | -               | -             | -             | -             | -             |
| Non-GAAP adjusted net income  | \$ 26,000       | \$ 35,694     | \$ 20,977     | \$ 21,440     | \$ 6,788      |

# Reconciliation of Non-GAAP Specialty Finance Net Income

- The following tables provide a reconciliation of SWK's consolidated adjusted income before provision for income taxes, listed in the table above, to the non-GAAP adjusted net income for the specialty finance business for the periods denoted below. The table eliminates expenses associated with the acquisition of Enteris, and Enteris operating losses.

| FINCO   |           |           |           |           |          |
|---|-----------|-----------|-----------|-----------|----------|
| \$ in 000s  |           |           |           |           |          |
|   | LTM 3Q22  | Dec-21    | Dec-20    | Dec-19    | Dec-18   |
| Adjusted income before income tax expense                             | \$ 26,000 | \$ 35,694 | \$ 21,103 | \$ 21,440 | \$ 6,788 |
| Add: Enteris acquisition expense                                      | -         | -         | -         | 1,151     | -        |
| Add (subtract): Enteris operating loss (gain), excluding amortization | 3         | (4,949)   | 2,586     | 3,053     | -        |
| Adjusted Finance Receivables segment income before income tax expense | \$ 26,003 | \$ 30,745 | \$ 23,689 | \$ 25,644 | \$ 6,788 |
| Adjusted income tax expense (benefit)                                 | -         | -         | -         | -         | -        |
| Non-GAAP Finance Receivables segment net income                       | \$ 26,003 | \$ 30,745 | \$ 23,689 | \$ 25,644 | \$ 6,788 |

- The following tables provide a reconciliation of SWK's book value per share to the non-GAAP adjusted book value per share for the specialty finance business. The table eliminates the net deferred tax asset, and Enteris-related net intangibles, goodwill, and net property, plant and equipment. Diluted shares outstanding are as of period end.

| \$ in 000s, except per share amounts                      | Sep-22     |
|---|------------|
| SWK Finance Receivables Segment Book Value, net           |            |
| Stockholders' Equity (Book Value)                         | \$ 277,446 |
| Less: Deferred Tax Assets, net                            | 17,350     |
| Tangible Book Value                                       | \$ 260,096 |
| Less: Enteris Book Value, net                             | 14,423     |
| Finance Receivables Segment Tangible Book Value           | \$ 245,673 |
| Book Value per Share                                      | \$ 21.62   |
| Tangible Book Value per Share                             | \$ 20.26   |
| Finance Receivables Segment Tangible Book Value per Share | \$ 19.14   |
| Shares Outstanding as of September 30, 2022               | 12,835     |

| \$ in 000s, except per share amounts   | Sep-22    |
|--|-----------|
| Enteris Book Value, net                |           |
| Intangible Assets, net                 | \$ 8,615  |
| Goodwill                               | 8,404     |
| Property and Equipment, net            | 5,934     |
| Total Enteris-Related Assets           | \$ 22,953 |
| Less: Contingent Consideration Payable | 8,530     |
| Enteris Book Value, net                | \$ 14,423 |
| Enteris Book Value, net per Share      | \$ 1.12   |

# Contact Information

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Collaborative Approach to Life Science  
Financing

