



Collaborative Approach to Life Science  
Financing

## Shareholder Presentation

September 13, 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 and M&A
- Experienced and aligned management and Board with extensive life science network
- As of September 12, 2022, completed financings with 47 parties deploying \$671mm of capital

### Demonstrated Success, Attractive Returns

- Targets unlevered, mid-teens gross return on capital with a portfolio effective yield of 14.2% for 2Q22
- 30 exits from inception through September 12, 2022 generating a 20% IRR and 1.4x MOIC
- Specialty finance segment generated a 12.1% LTM adjusted return on finance segment tangible book value\*\*
- Compounded book value per share at a 10% CAGR from 4Q12 to 2Q22's \$21.15

### Focus on Shareholder Returns

- Demonstrated shareholder value creation: Enteris acquisition, 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
  - Selective organic and inorganic investment in Enteris or other equity-like opportunities
  - 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

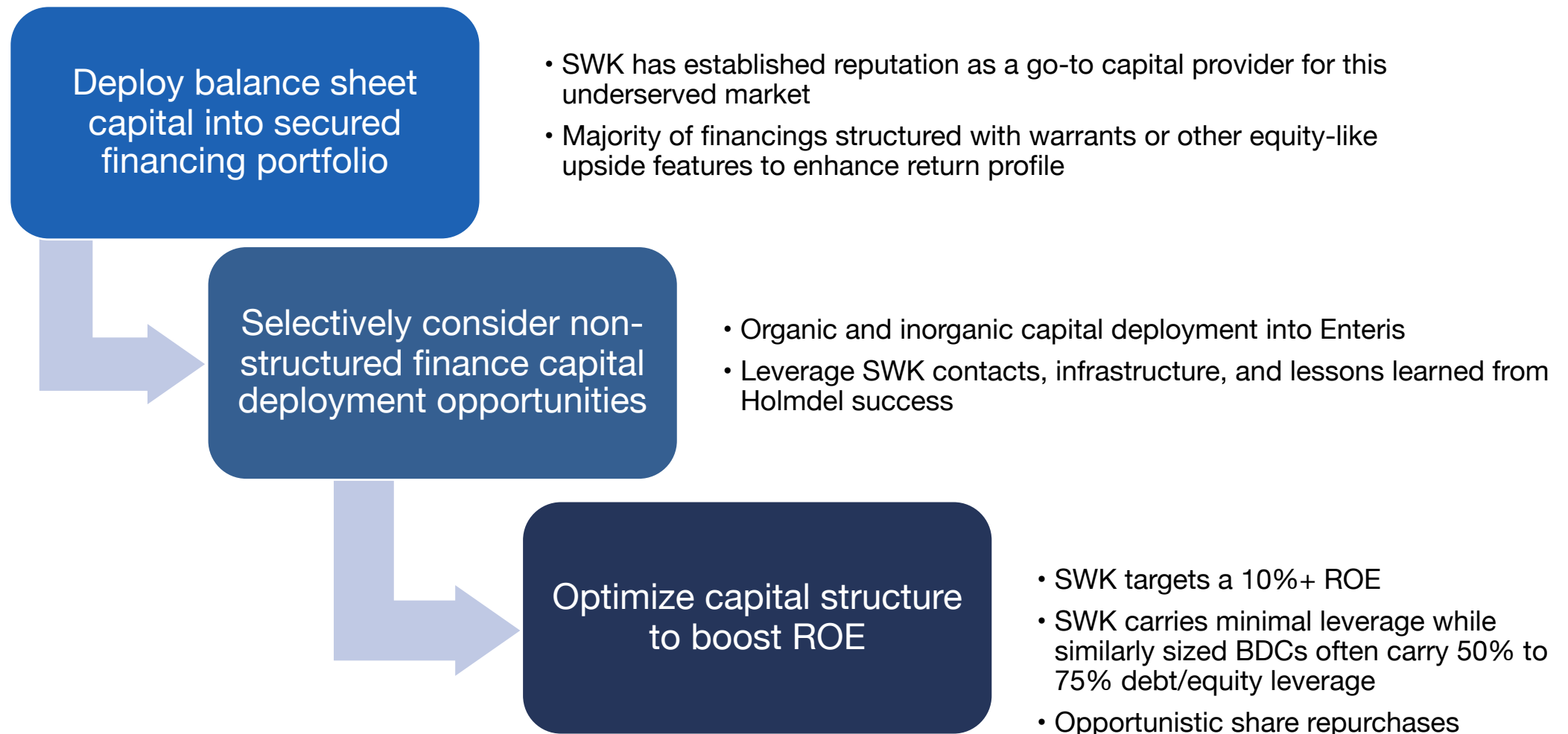
Life science products are highly portable  
- Approved & marketed products and/or royalty streams are valuable collateral

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 = \$18.48

- 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 = \$1.17

- 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 (*refer to slide 23*)
- At June 30, 2022 Enteris book value, net of contingent liabilities totaled \$15.0 mm (\$1.17 / share)

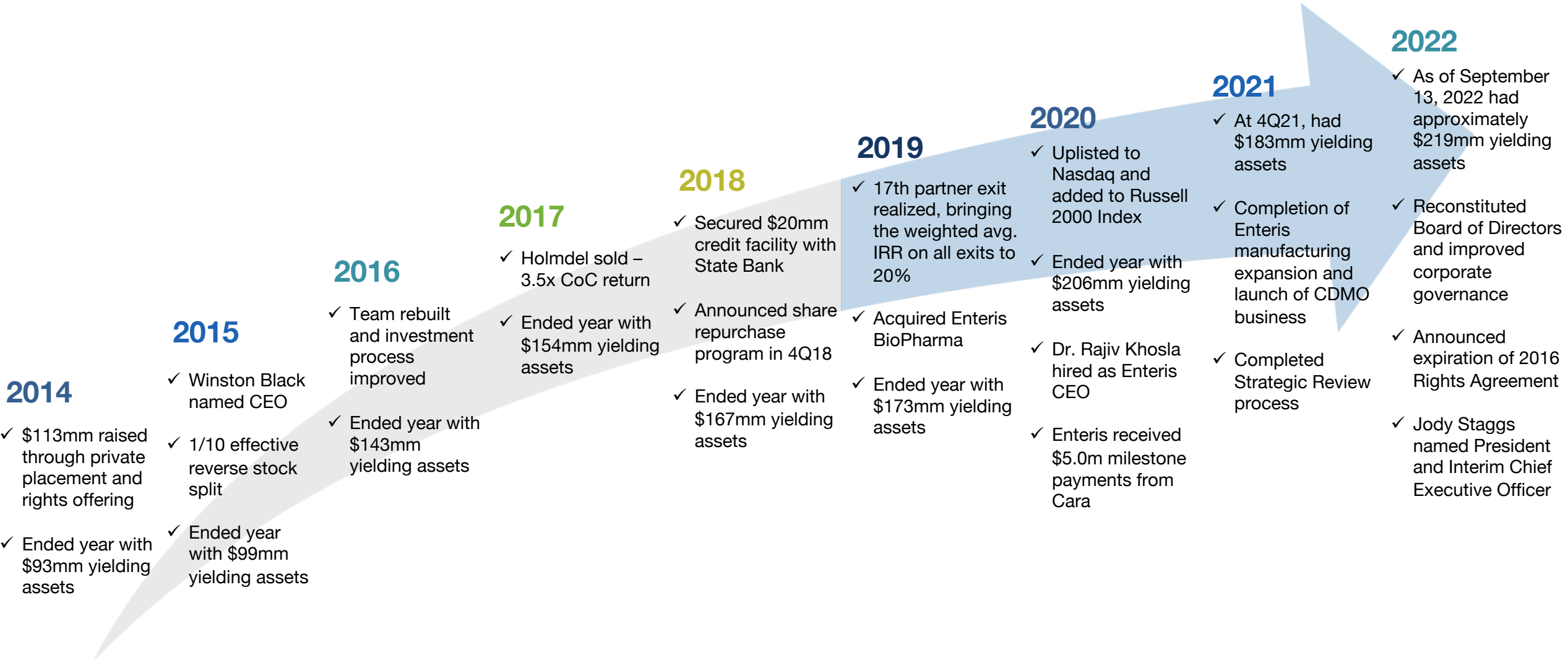
Plus: Deferred Tax Asset / Share = \$1.50

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

06/30/22 Total Book Value per Share of \$21.15

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

# Corporate Milestones





# Second Quarter 2022 Recap

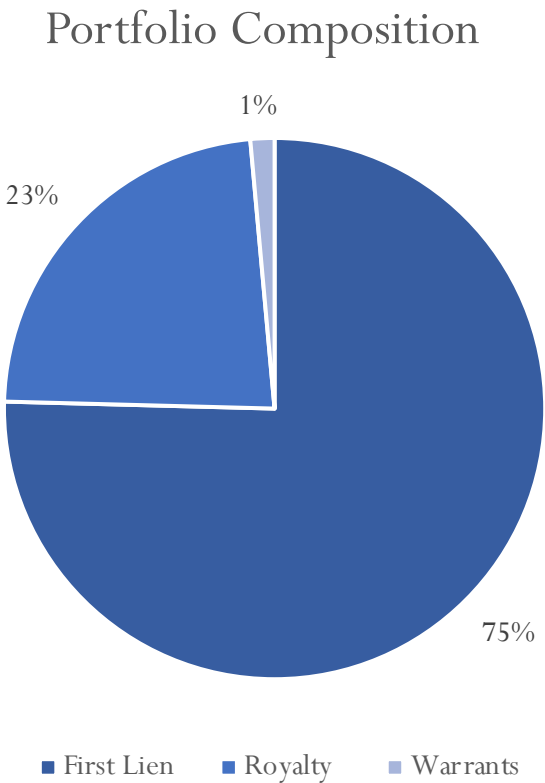
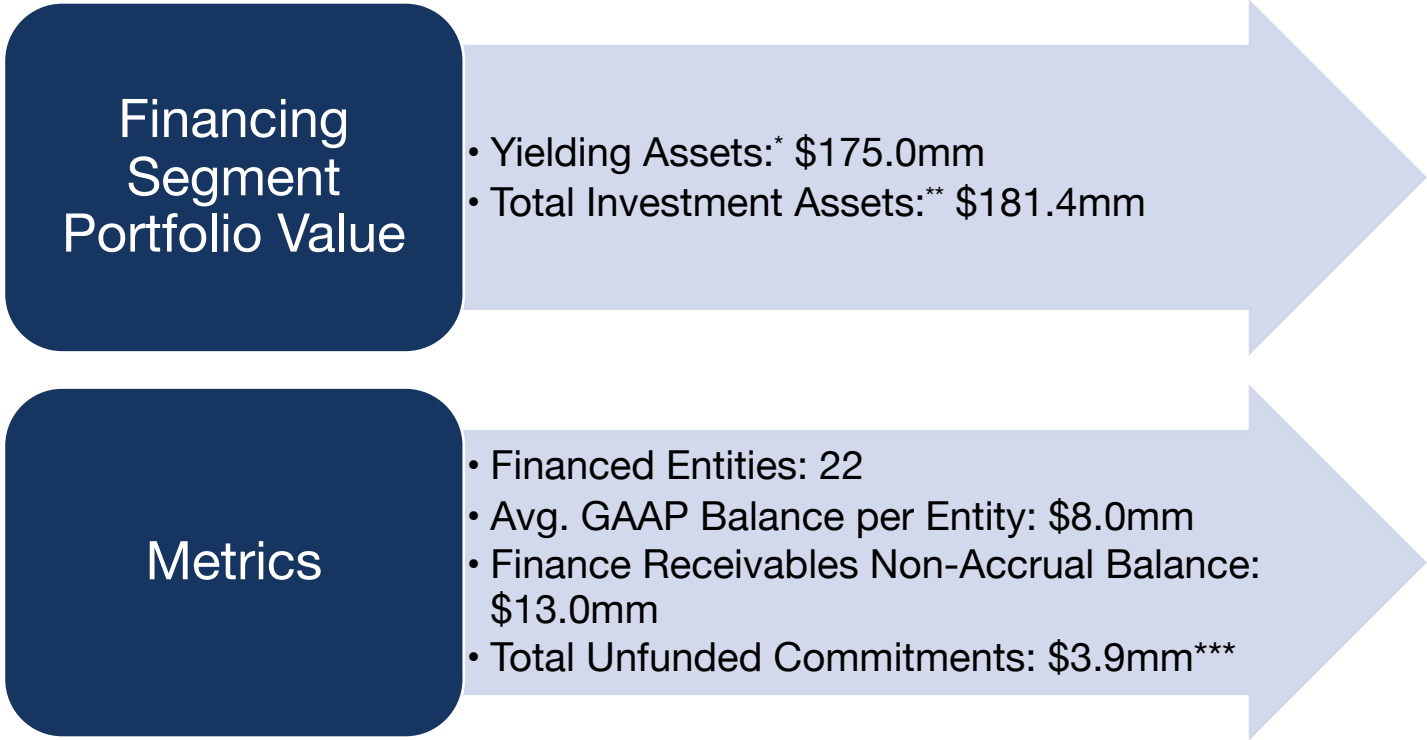
## CORPORATE UPDATES

- During second quarter of 2022, \$2.6 million funded to existing borrowers
- Thus far in the third quarter of 2022 SWK has closed three financings totaling \$57.5 million with \$46.0 million of this sum funded

## FINANCE RECEIVABLES UPDATES

- As of June 30, 2022, non-GAAP tangible finance book value per share was \$18.48, a 7.2% increase from June 30, 2021
- Second quarter 2022 finance portfolio effective yield was 14.2%, a 2.0% increase compared with 13.9% for the second quarter 2021
- Second quarter 2022 finance portfolio realized yield was 15.0%, a 790 bps year-over-year decrease
- Second quarter 2022 core finance receivables business adjusted non-GAAP net income was \$4.6 million, a 50.3% decrease from the second quarter of 2021
- As of June 30, 2022, total investment assets were \$181.4 million, a 14.8% decrease from June 30, 2022.
- For the trailing twelve months ended June 30, 2022, SWK's core finance receivables segment generated a 12.1% adjusted return on tangible book value

# Finance Segment Portfolio Overview: 2Q22

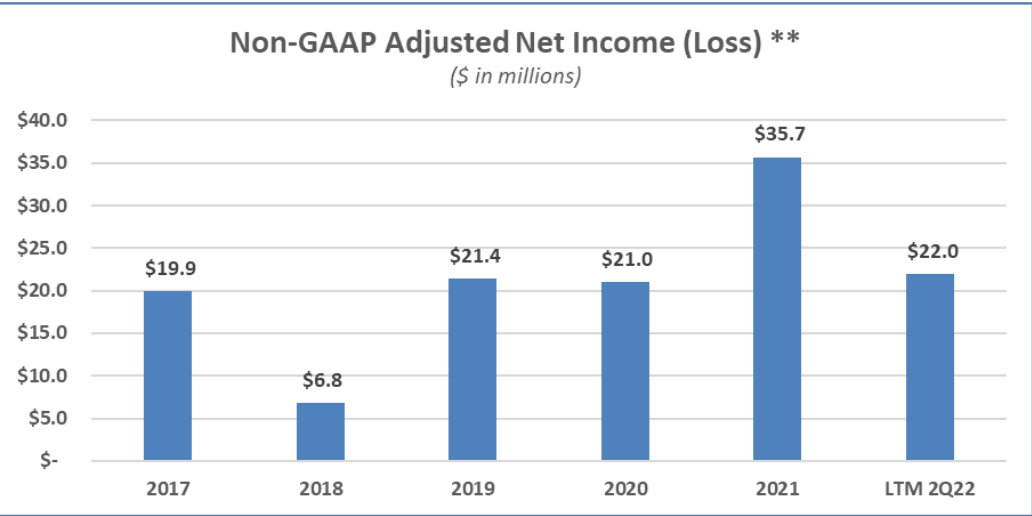
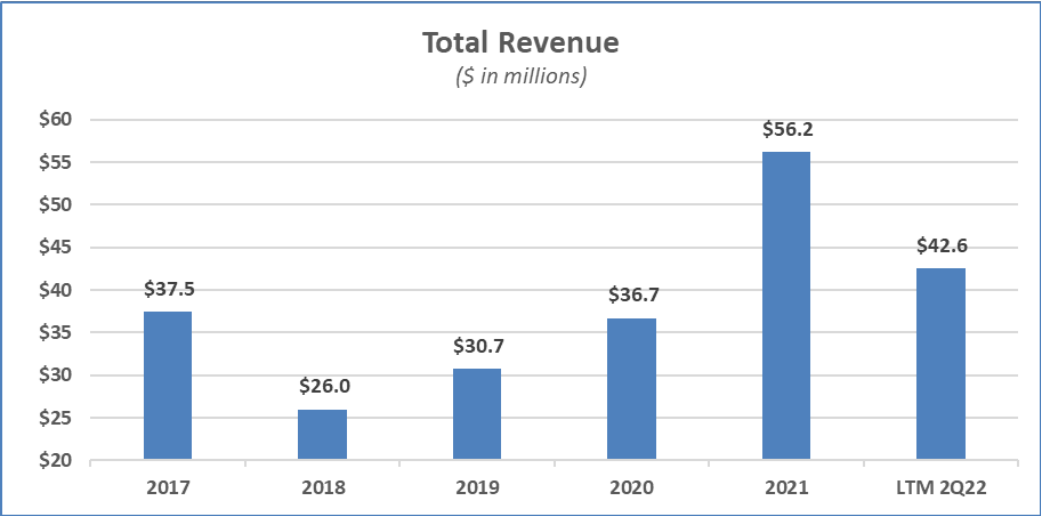
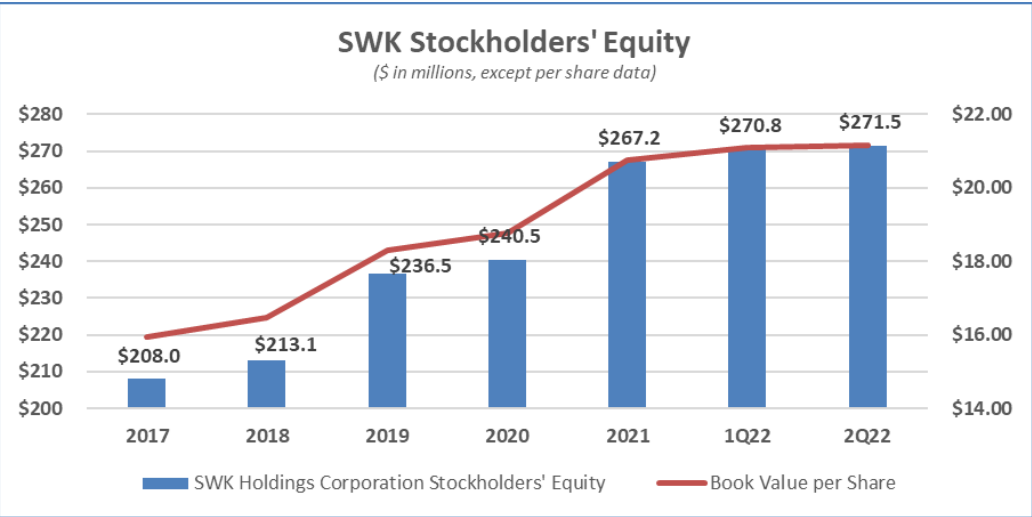
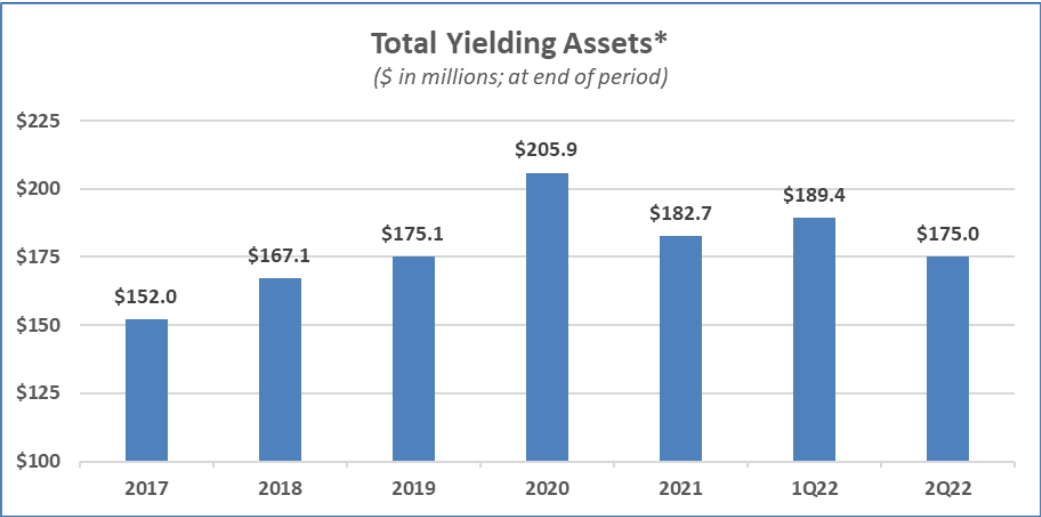


\* Finance receivables and marketable investments; does not include new or repaid finance receivables closed post-quarter. As of September 13, 2022

Yielding Assets totaled approximately \$219.0mm

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

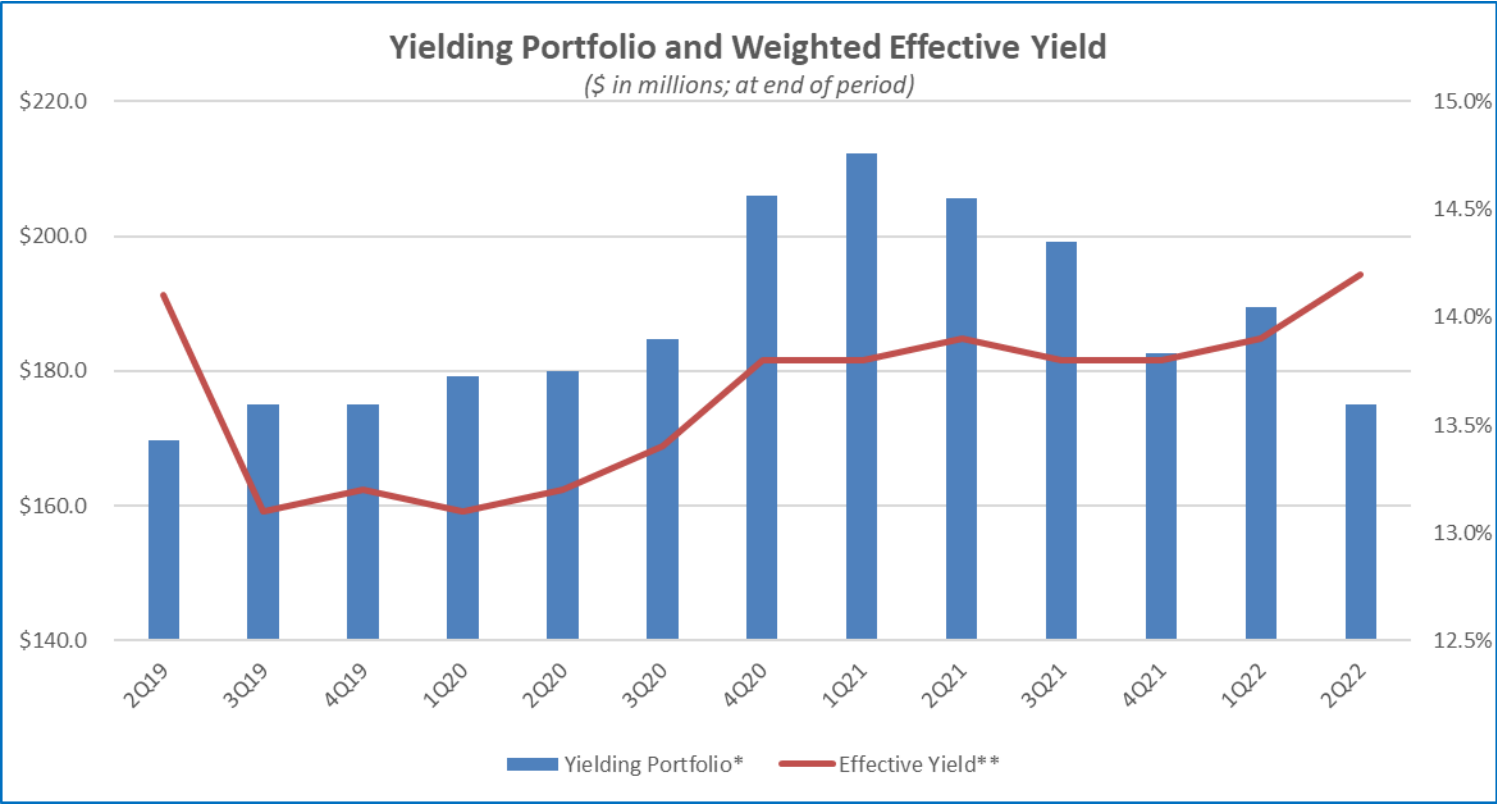
# Financial Snapshot



\* Defined as finance receivables plus marketable investments

\*\* 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 2Q22 Finance Segment Effective Yield was 14.2%

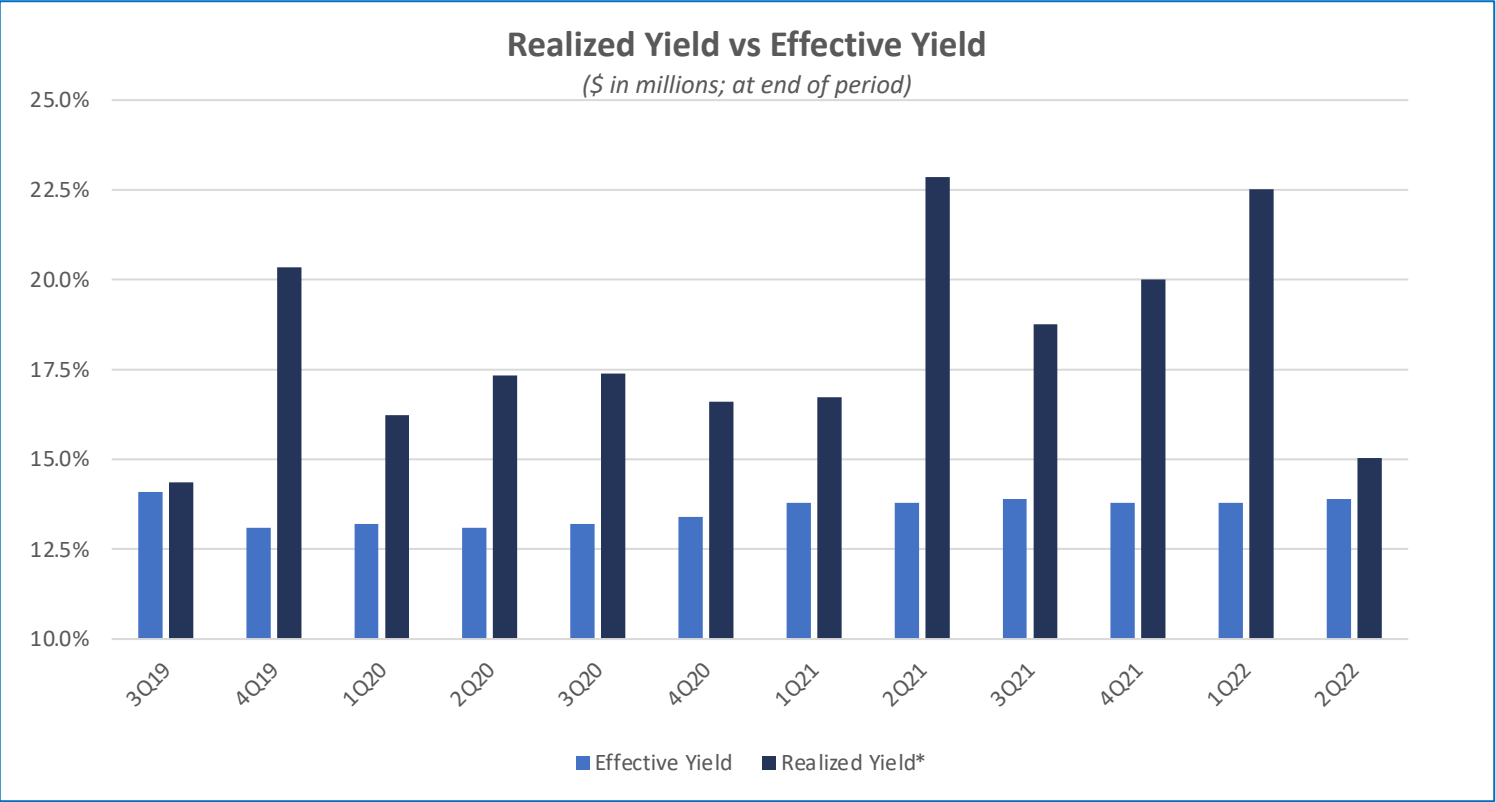


Floating rate debt portfolio benefits from rising interest rates

\* Finance receivables plus marketable investment; includes non-accruals

\*\* 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

 <p><b>Advanced Biomarker Technologies</b></p> <p><b>Best ABT</b></p> <p>11.12.18</p> <p><b>\$5.8 million</b> – Royalty Reorganization</p>	 <p><b>CAMBIA</b></p> <p><b>Cambia</b></p> <p>07.31.14</p> <p><b>\$9.5 million</b> – Royalty Acquisition</p>	 <p><b>Forfivo XL</b> bupropion HCl 450MG EXTENDED-RELEASE TABLETS</p> <p><b>ForFivo (IntelGenx)</b></p> <p>08.05.16</p> <p><b>\$6 million</b> – Royalty Acquisition</p>	 <p><b>ILUVIEN</b> (fluocinolone acetonide intravitreal implant) 0.19mg</p> <p><b>Iluvien</b></p> <p>12.18.20</p> <p><b>\$16.5 million</b> – Royalty Acquisition</p>	 <p><b>NARCAN</b> (naloxone HCl) <b>NASAL SPRAY 4mg</b></p> <p><b>Narcain</b></p> <p>11.07.16</p> <p><b>\$17.5 million</b> – Royalty Acquisition</p>	<p><b>Secured Royalty Financing for Pharmaceutical Product</b></p> <p><b>Women's Health</b></p> <p>06.07.13</p> <p><b>\$3.0 million</b> – Royalty Financing</p>
 <p><b>coflex</b></p> <p><b>Coflex</b></p> <p>08.31.20</p> <p><b>\$4.4 million</b> – Royalty Portfolio Aquisition</p>	 <p><b>kybella</b> (deoxycholic acid) injection 10 mg/mL</p> <p><b>Kybella</b></p> <p>08.31.20</p> <p><b>\$4.4 million</b> – Royalty Portfolio Acquisition</p>	 <p><b>ZALVISO</b></p> <p><b>Zalviso</b></p> <p>08.31.20</p> <p><b>\$4.4 million</b> - Royalty Portfolio Acquisition</p>	 <p><b>TRT</b></p> <p><b>Tissue Regeneration Therapeutics</b></p> <p>06.12.13</p> <p><b>\$3.3 million</b> – Royalty Acquisition</p>	 <p><b>veru</b> HEALTHCARE</p> <p><b>Veru</b></p> <p>03.05.18</p> <p><b>\$12 million</b> – Synthetic Royalty Financing</p>	



# Portfolio Realizations

- As of August 11, 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

\$ in 000s

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	39,876	2.3x	83%	Continue to own a residual royalty
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	15,413	1.5x	15%	Continue to own warrants
Misonix	06/02/15	10/29/21	27,580	45,525	1.7x	15%	
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	7,521	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>\$ 522,245</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>		

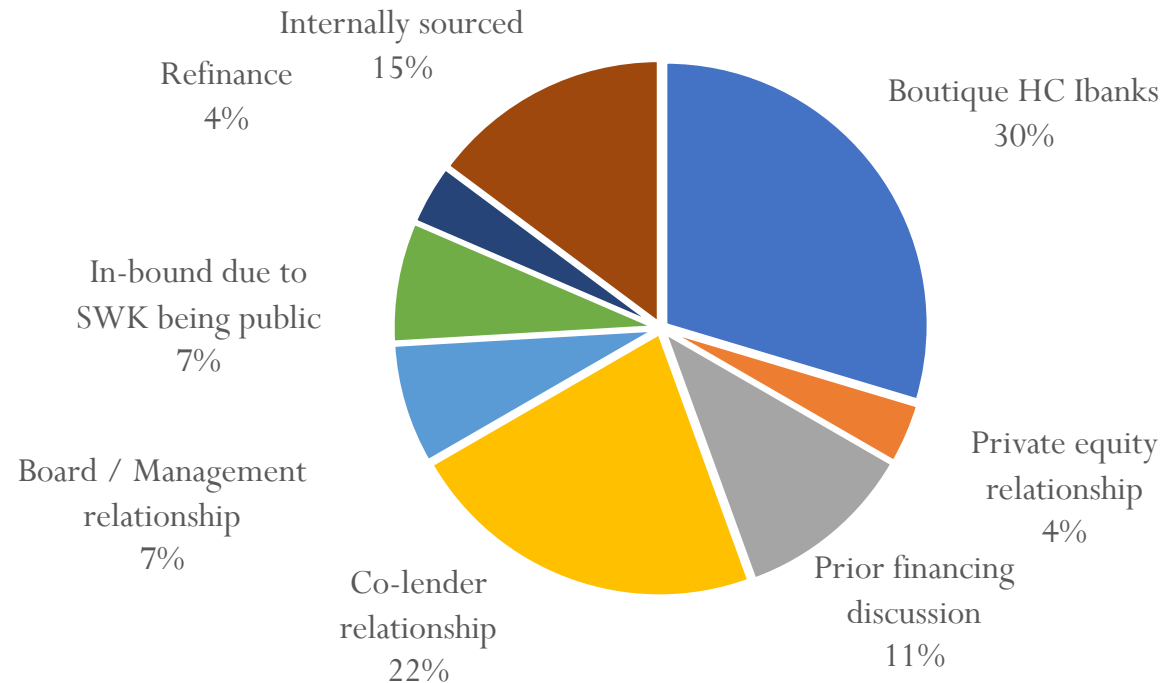
\* Cost measured as greatest of principal advanced at deal close and additional add-ons, including restructuring fundings

\*\* 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
- SWK retains a residual royalty through expiry of Narcan IP

# 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 BioPharma Acquisition – A Transformational Opportunity

## Synergistic & Value Enhancing

- Natural extension to SWK's existing royalty monetization business, which generates income via royalties on life science products in a mix of structures
- Enteris offers opportunity to create wholly-owned portfolio of milestones and royalties on IP-protected biotherapeutics with substantial upside optionality
- Attractive valuation with SWK buying undervalued portfolio of “call options” of current & future licenses, owned drug candidate assets, and CDMO / CMO operations

## Highly Favorable Deal Economics

- Ongoing Cara milestone payments further derisk purchase price:
  - Q4 2020, Enteris received milestone payments of \$5.0mm from Cara with SWK retaining \$3.0mm
  - Q2 2021, Enteris received a \$10.0mm milestone payment from Cara, with SWK retaining \$3.9mm
  - Q4 2021, Enteris received a \$5.0mm milestone payment from Cara, with SWK retaining \$3.0mm

## Platform Technology

- Peptelligence and ProPerma enable oral conversion of peptides and difficult to formulate small molecules
- Targets substantial market and serves as cornerstone for “asset-light” licensing revenue model.
- Franchise-like model (“multiple shots on goal”) leverages partners’ R&D and commercialization spend
- Existing 505(b)(2) pharmaceutical development candidates plus ability to internally expand owned-product portfolio creates engine for additional future licenses

## Strong Company; Positioned for Success

- Enteris possesses proven technology, clinical experience and in-house manufacturing which is unique compared with peers, some of which sport multi-hundred million dollar market values
- In 2021, announced completion of manufacturing facility expansion and launch of CMO business
- Experienced management team buttressed by 2020 hiring of CMO and CEO

# 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 several large pharmaceutical partners with five feasibility studies ongoing or completed during 2022

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

- Oral leuprolide
  - Indications: Pediatric rare disease and female health
- Other candidates currently under evaluation
- Dr. Gary Shangold hired in January 2020 to optimize 505(b)(2) strategy

### 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
- To operate as a wholly-owned subsidiary, run by experienced management
- Rajiv Khosla, Ph.D. appointed as Chief Executive Officer in May 2020
- 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 four late-stage clinical trials for pruritus
- Phase 2 trial targeting pruritus in patients with CKD and Phase 2 trial targeting pruritus in patients with notalgia paresthetica produced positive top-line results
- Two Phase 3 trials are ongoing as of 3Q22

## 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 \$28.0mm in upfront and milestones payments from Cara to date of which \$9.9mm has been retained by SWK
- The latest Cara milestone payment of \$5.0mm was received in Q4 2021, with SWK retaining \$3.0mm
- SWK eligible to receive additional potential milestone payments over the next several quarters (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



**Charles Jacobsen**  
*Chief Financial Officer*

- Appointed CFO in 2012
- Currently serves as Partner of Strategic Growth for CFGI
- Previously served in CEO and CFO roles at multiple financing and investment firms



**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)



**Yvette Heinrichson**  
*Chief Accounting 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



**Dr. Rajiv Khosla**  
*Enteris subsidiary CEO*

- Joined in 2020
- Consulted with variety of biopharma and drug delivery companies on strategy, product development, and licensing transactions
- Held senior roles in large and small biopharma companies including VP of Business Development at Biovail
- Ph.D. in Pharmaceutical Drug Delivery



# Growth Opportunity

2022 setting stage for sustained period of growth and value creation at SWK

## LIFE SCIENCE SPECIALTY FINANCE

- SWK's has generated portfolio returns amongst the highest in the peer group
- Deal pipeline remains strong with 2022 originations anticipated to return to historical levels
- SWK confident in continued B/V per share growth of >10% per year
- Evaluating larger credit facility as needed



## ENTERIS BIOPHARMA

- Enhanced management team
- Augmented BD function in place with five feasibility studies ongoing or completed during 2022
- Newly completed manufacturing expansion adds outsourced CDMO opportunity
- Licensed Cara program in multiple Phase 3 trials

# 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

## Lower Risk Bio-Basket

- Diverse, non correlated range of life science products with limited downside risk
- As of September 12, 2022 portfolio consists of 24 loans and royalties as well as warrant and equity stakes across a range of healthcare sub-sectors
- Debt and royalty investments generated 15.0% realized yield in 2Q22, ahead of the 14.2% 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

- SWK is run by a core group of experienced financing professionals with decades of knowledge in financing and the healthcare arena
- SKW has a disciplined process to source and diligence potential opportunities with an eye towards minimizing risk and maximizing returns

## Attractive Valuation

- With a Book Value per share of \$21.15 and a stock price of \$16.73 as of September 12, 2022, shares are trading at an 21% discount to book value

# Balance Sheet

<i>\$ in 000s</i>	Jun-22	Mar-22	Dec-21	Dec-20	Dec-19	Dec-18
<b>ASSETS</b>						
Cash and cash equivalents	\$ 55,118	\$ 41,399	\$ 42,863	\$ 3,008	\$ 11,158	\$ 20,227
Interest and accounts receivable, net	1,869	1,979	1,803	1,911	2,554	2,195
Marketable investments	487	1,006	1,034	1,210	1,802	-
Other current assets	1,366	1,576	1,727	542	1,087	138
<b>Total current assets</b>	<b>\$ 58,840</b>	<b>\$ 45,960</b>	<b>\$ 47,427</b>	<b>\$ 6,671</b>	<b>\$ 16,601</b>	<b>\$ 22,560</b>
Finance receivables, net	\$ 174,859	\$ 188,278	\$ 181,553	\$ 204,491	\$ 172,825	\$ 166,610
Marketable investments	98	106	119	241	466	532
Cost method investment	3,491	3,491	3,491	3,491	-	-
Deferred tax assets, net	19,281	19,460	20,539	27,491	25,780	22,684
Warrant assets	2,481	2,878	3,419	2,972	3,555	2,777
Intangible assets, net	9,042	9,467	9,964	13,617	25,113	-
Goodwill	8,404	8,404	8,404	8,404	8,404	-
Property and equipment, net	6,071	5,991	5,779	5,211	1,292	25
Other non-current assets	1,858	1,914	1,970	1,312	336	474
<b>Total assets</b>	<b>\$ 284,425</b>	<b>\$ 285,950</b>	<b>\$ 282,665</b>	<b>\$ 273,901</b>	<b>\$ 254,372</b>	<b>\$ 215,662</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Accounts payable and accrued liabilities	\$ 2,776	\$ 4,863	\$ 5,087	\$ 3,652	\$ 3,061	\$ 2,581
Revolving credit facility	-	-	8	11,758	-	-
<b>Total current liabilities</b>	<b>2,776</b>	<b>4,863</b>	<b>5,095</b>	<b>15,410</b>	<b>3,061</b>	<b>2,581</b>
Contingent consideration payable	8,530	8,530	8,530	16,900	14,500	-
Warrant liability	-	-	-	-	76	13
Other non-current liabilities	1,589	1,758	1,804	1,079	203	11
<b>Total liabilities</b>	<b>\$ 12,895</b>	<b>\$ 15,151</b>	<b>\$ 15,429</b>	<b>\$ 33,389</b>	<b>\$ 17,840</b>	<b>\$ 2,605</b>
<b>Stockholders' equity:</b>						
Common stock	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
Additional paid-in-capital	4,431,970	4,431,804	4,431,719	4,430,924	4,432,146	4,432,499
Accumulated deficit	(4,160,453)	(4,161,018)	(4,164,496)	(4,190,425)	(4,195,627)	(4,219,455)
Accumulated other comprehensive income	-	-	-	-	-	-
<b>Total stockholders' equity</b>	<b>271,530</b>	<b>270,799</b>	<b>267,236</b>	<b>240,512</b>	<b>236,532</b>	<b>213,057</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 284,425</b>	<b>\$ 285,950</b>	<b>\$ 282,665</b>	<b>\$ 273,901</b>	<b>\$ 254,372</b>	<b>\$ 215,662</b>

*In 2019 and 2018 certain asset and liabilities were classified as "current"; thus prior periods may not be directly comparable.*

# Income Statement

*\$ in 000s, except per share amounts*

	LTM 2Q22	Dec-21	Dec-20	Dec-19	Dec-18
Revenues					
Finance receivable interest income, including fees	\$ 36,069	\$ 39,310	\$ 30,800	\$ 30,117	\$ 25,978
Pharmaceutical development	5,813	16,122	5,903	621	-
Other	707	723	9	9	12
Total Revenues	42,589	56,155	36,712	30,747	25,990
Costs and expenses:					
Provision for loan credit losses	-	-	-	2,209	6,179
Impairment expense	-	-	163	-	7,875
General and administrative	13,553	13,620	10,546	7,430	4,866
Change in fair value of acquisition-related contingent consideration	(140)	(287)	4,400	-	-
Depreciation and amortization	2,898	4,061	12,091	4,954	17
Pharmaceutical manufacturing, research and development expense	7,638	7,347	4,268	1,176	-
Interest expense	295	374	455	338	160
Total costs and expenses	24,244	25,115	31,923	16,107	19,097
Other income (expense), net:					
Unrealized net gain (loss) on derivatives	(1,785)	272	(586)	362	484
Unrealized net gain (loss) equity securities	77	1,839	(591)	1,643	(1,035)
Gain (loss) on sale of investments	(140)	(140)	53	197	(105)
Income before income tax expense (benefit)	16,497	33,011	3,665	16,842	6,237
Income tax expense (benefit)	3,884	7,082	(1,537)	(6,986)	42
Net income	\$ 12,613	\$ 25,929	\$ 5,202	\$ 23,828	\$ 6,195
Net income per share					
Basic	\$ 0.98	\$ 2.03	\$ 0.40	\$ 1.85	\$ 0.47
Diluted	\$ 0.98	\$ 2.02	\$ 0.40	\$ 1.85	\$ 0.47
Weighted average shares outstanding					
Basic	12,818	12,796	12,852	12,906	13,051
Diluted	12,875	12,834	12,862	12,911	13,054

# Cash Flow Statement

\$ in 000s, *	LTM 2Q22	Dec-21	Dec-20	Dec-19	Dec-18
Cash flows from operating activities:					
Net income	\$12,048	\$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
Amortization of debt issuance costs	(30)	49	163	188	-
Impairment expense	-	-	188	-	7,875
Deferred income taxes	3,662	6,952	(1,711)	(7,100)	31
Change in fair value of warrants	1,313	(272)	586	(362)	(484)
Change in fair value of equity securities	(596)	(1,839)	591	(1,643)	1,035
Change in fair value of acquisition-related contingent consideration	(140)	(287)	-	-	-
Gain on sale of investments	140	140	(53)	(197)	105
Loan discount amortization and fee accretion	(421)	(1,130)	4,400	(349)	487
Interest paid-in-kind	(1,658)	(950)	(1,983)	(1,287)	(191)
Stock-based compensation	884	1,163	(2,145)	530	267
Interest income in excess of cash collected	-	-	728	(82)	(249)
Depreciation and amortization expense	2,272	4,061	12,091	4,954	28
Changes in operating assets and liabilities:					
Interest and accounts receivable	660	108	643	(214)	(558)
Other assets	(1,536)	(1,788)	(959)	(205)	202
Accounts payable and other liabilities	2,702	2,159	1,527	(1,734)	(1,296)
Net cash provided by operating activities	<b>\$19,300</b>	<b>\$34,295</b>	<b>\$19,268</b>	<b>\$18,536</b>	<b>\$ 19,626</b>
Cash flows from investing activities:					
Acquisition of business, net of cash acquired	-	-	-	(19,719)	-
Proceeds from sale of investments	1,875	1,875	-	197	221
Investment in equity securities	-	-	-	(159)	-
Cash received for settlement of warrants	-	-	53	-	-
Investment in finance receivables	(44,950)	(42,350)	(42,859)	(51,039)	(90,110)
Repayment of finance receivables	61,391	67,192	11,752	43,980	61,706
Corporate debt security principal payments	104	122	62	66	69
Purchases of property and equipment	(465)	(1,078)	(3,937)	-	-
Other	(107)	-	(237)	(48)	(16)
Net cash provided by (used in) investing activities	<b>\$ 17,848</b>	<b>\$ 25,761</b>	<b>\$ (35,166)</b>	<b>\$ (26,722)</b>	<b>\$ (28,130)</b>
Cash flows from financing activities:					
Net settlement for employee taxes on restricted stock and options	(368)	(368)	-	-	-
Net payments on credit facility	-	(11,750)	11,758	-	-
Payment of acquisition-related contingent consideration	(2,000)	(8,083)	(2,000)	-	-
Repurchases of common stock, including fees & expenses	-	-	(2,010)	(883)	(1,357)
Debt issuance costs	-	-	-	-	(469)
Net cash (used in) provided by financing activities	<b>\$ (2,368)</b>	<b>\$ (20,201)</b>	<b>\$ 7,748</b>	<b>\$ (883)</b>	<b>\$ (1,826)</b>
Net increase (decrease) in cash and cash equivalents	34,780	39,855	(8,150)	(9,069)	(10,330)
Cash and cash equivalents at beginning of period	42,863	3,008	11,158	20,227	30,557
Cash and cash equivalents at end of period	<b>\$ 77,643</b>	<b>\$ 42,863</b>	<b>\$ 3,008</b>	<b>\$ 11,158</b>	<b>\$ 20,227</b>

\*Figures may not sum due to rounding

# 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, except per share amounts</i>	LTM 2Q22	Dec-21	Dec-20	Dec-19	Dec-18
Net income	\$ 12,613	\$ 25,929	\$ 5,202	\$ 23,828	\$ 6,195
Add (subtract): income tax expense (benefit)	3,884	7,082	(1,537)	(6,986)	42
Add: Enteris amortization expense	2,084	3,489	11,735	4,816	-
Add (subtract): loss (gain) on remeasurement of contingent consideration	(140)	(287)	4,400	-	-
Add (subtract): loss (gain) on fair market value of equity securities	(77)	(1,839)	591	144	1,035
Add (subtract): loss (gain) on fair market value of warrants	1,785	(272)	586	(362)	(484)
Add: strategic review legal, consulting and board expenses	1,819	1,592	-	-	-
Adjusted income before income tax	\$ 21,968	\$ 35,694	\$ 20,977	\$ 21,440	\$ 6,788
Adjusted income tax expense (benefit)	-	-	-	-	-
Non-GAAP net income	\$ 21,968	\$ 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, except per share amounts*

	LTM 2Q22	Dec-21	Dec-20	Dec-19	Dec-18
Adjusted income before income tax	\$ 21,968	\$ 35,694	\$ 20,977	\$ 21,440	\$ 6,788
Add: Enteris acquisition expense	-	-	-	1,151	-
Add (subtract): Enteris operating loss (gain), excluding amortization	5,763	(4,948)	2,282	1,880	-
Adjusted specialty finance income before income tax	\$ 27,731	\$ 30,746	\$ 23,259	\$ 24,471	\$ 6,788
Adjusted income tax expense (benefit)	-	-	-	-	-
Non-GAAP specialty finance net income	\$ 27,731	\$ 30,746	\$ 23,259	\$ 24,471	\$ 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.

<i>\$ in 000s, except per share amounts</i>	Jun-22
SWK Specialty Finance Book Value, net	
Stockholders' Equity (Book Value)	\$ 271,530
Less: Deferred tax assets, net	19,281
Tangible book value	\$ 252,249
Less Enteris book value, net	14,973
Specialty Finance tangible book value	\$ 237,276
Book value per share	\$ 21.15
Tangible book Value per share	\$ 19.65
Specialty Finance tangible book value per share	\$ 18.48

Shares outstanding	12,839
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	Jun-22
Enteris Book Value, net*	
Intangible assets, net	\$ 9,042
Goodwill	8,404
Property and equipment, net	6,057
Total Enteris-related assets	\$ 23,503
Less: Contingent consideration payable	8,530
Enteris book value, net	\$ 14,973
Enteris book value, net per share	\$ 1.17

# Contact Information

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