UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-39184

SWK HOLDINGS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	77-0435679
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
14755 Preston Road, Suite 105 Dallas, TX	75254
(Address of Principal Executive Offices)	**(Zip Code)**

(972) 687-7250
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	SWKH	The Nasdaq Stock Market LLC
Preferred Stock Purchase Rights	SWKH	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the Registrant's Common Stock held by non-affiliates is $43,301,195 based on the June 30, 2020, closing price of the Registrant's Common Stock on such date as reported on The Nasdaq Stock Market of $11.98.

On March 25, 2021, the Registrant had outstanding approximately 12,792,533 shares of Common Stock, $0.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT	PART OF FORM 10-K
Portions of Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders	PART III

SWK Holdings Corporation
Form 10-K

For the Fiscal Year Ended December 31, 2020

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PART I

Special Note Regarding Forward-Looking Statements.

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our business and industry, and our beliefs and assumptions, and include, but are not limited to, statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Words such as "anticipate," "believe," "estimate," "expects," "intend," "plan," "will" and variations of these words and similar expressions identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control, are difficult to predict and could cause actual results to differ materially (both favorable and unfavorably) from those expressed or forecasted in the forward-looking statements.

These risks and uncertainties include, but are not limited to, those described in Item 1A, "Risk Factors," and elsewhere in this report. Forward-looking statements that were believed to be true at the time made may ultimately prove to be incorrect or false. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

ITEM 1. BUSINESS

Overview

SWK Holdings Corporation (the "Company") was incorporated in July 1996 in California and reincorporated in Delaware in September 1999. In July 2012, we commenced a strategy of building a specialty finance and asset management business. In August 2019, we commenced a complementary strategy of building a pharmaceutical development, manufacturing and intellectual property licensing business. Our operations comprise two reportable segments: "Finance Receivables" and "Pharmaceutical Development." We allocate capital to each segment in order to generate income through the sales of life science products by third parties. We are headquartered in Dallas, Texas.

Finance Receivables Segment

Our Finance Receivables segment strategy is to be a leading healthcare capital provider by offering sophisticated, customized financing solutions to a broad range of life science companies, institutions and inventors. This segment is primarily focused on monetizing cash flow streams derived from commercial-stage products and related intellectual property through royalty purchases and financings, as well as through the creation of synthetic revenue interests in commercialized products. We have been deploying our assets to earn interest, fees, and other income pursuant to this strategy, and we continue to identify and review financing and similar opportunities on an ongoing basis. In addition, through our wholly-owned subsidiary, SWK Advisors LLC, we provide non-discretionary investment advisory services to institutional clients in separately managed accounts to similarly invest in life science finance. SWK Advisors LLC is registered as an investment advisor with the Texas State Securities Board. We intend to fund transactions through our own working capital and our revolving credit facility, as well as by building our asset management business by raising additional third-party capital to be invested alongside our capital.

We fill a niche that we believe is underserved in the sub-$50 million transaction size. Since many of our competitors that provide longer term, non-traditional debt and/or royalty-related financing options have much greater financial resources than us, they tend not to focus on transaction sizes below $50 million, as it is generally inefficient for them to do so. In addition, we do not believe that a sufficient number of other companies offer similar types of long-term financing options to fill the demand of the sub-$50 million market. As such, we believe we face less competition from such investors in transactions that are less than $50 million.

As of December 31, 2020, and since inception of the strategy, we and our partners have executed transactions with 41 different parties under our specialty finance strategy, funding an aggregate of approximately $584.0 million in various financial products across the life science sector. Our portfolio includes senior and subordinated debt backed by royalties and synthetic royalties paid by companies in the life science sector, and purchased royalties generated by sales of life science products and related intellectual property.

We evaluate and invest in a broad range of healthcare related companies and products with innovative intellectual property, including the biotechnology, medical device, medical diagnostics and related tools, animal health and pharmaceutical industries (together "life science"), and we tailor our financial solutions to the needs of our business partners. Our business partners are primarily engaged in selling products that directly or indirectly cure diseases and/or improve the wellness of people or animals, or they receive royalties paid on the sales of such products. For example, our biotechnology and pharmaceutical business partners manufacture medication that directly treat disease states, whereas our life science tools partners sell a wide variety of research instrumentation to help other companies conduct research into disease states.

The objective of our Finance Receivables segment is to maximize our portfolio total return, and thus, increase our net income and book value by generating income from three sources:

1. primarily owning or financing through debt investments, royalties or revenue interests generated by the sales of life science products and related intellectual property;

2. receiving interest and other income by advancing capital in the form of secured debt to companies in the life science sector; and

3. to a lesser extent, realizing capital appreciation from equity-related investments in the life sciences sector.

In our portfolio we seek to achieve attractive risk-adjusted current yields and opportunities with the potential for equity-like returns with protection that credit provides.

The majority of our finance receivables transactions are structured similarly to factoring transactions whereby we provide capital in exchange for an interest in an existing revenue stream. We do not anticipate providing capital in situations prior to the commercialization of a product. The existing revenue stream can take several forms, but is most commonly either a royalty derived from the sales of a life science product (1) from the marketing efforts of a third party, such as a royalty paid to an inventor on the sales of a medicine, or (2) from the marketing efforts of a partner company, such as a medical device company that directly sells its own products. Our structured debt investments may include warrants or other features, giving us the potential to realize enhanced returns on a portion of our portfolio. Capital that we provide directly to our partners is generally used for growth and general working capital purposes, as well as for acquisitions or recapitalizations in select cases. We generally fund the full amount of transactions up to $20 million through our working capital.

In circumstances where a transaction is greater than $20 million, we seek to syndicate amounts in excess of $20 million to both other investors and our investment advisory clients. We do not expect to earn investment advisory income in transactions where we partner with investors other than our investment advisory clients.

Our investment advisory agreements are currently non-discretionary, and each client determines individually if it wants to participate in a transaction. Though we have partnered with investment advisory clients in the past, we currently do not have any transactions in which we have partnered with investment advisory clients. We expect to continue to offer transaction opportunities to our investment advisory clients, as appropriate for each client's investment strategy. When a client opts into a transaction, each client receives its pro rata allocation of income produced by a transaction in which it participates, and the client pays us management and incentive fees according to a written investment advisory agreement. Fees paid by clients may differ depending upon the terms negotiated with each client and are paid directly by the client upon receipt of an invoice from us. We may seek to raise discretionary capital from similar investors in the future.

We source our investment opportunities through a combination of our senior management's proprietary relationships within the industry, outbound business development efforts and inbound inquiry from companies, institutions and inventors interested in learning about our capital financing alternatives. Our investment advisory clients generally do not originate investment opportunities for us.

Pharmaceutical Development Segment

On August 26, 2019, we commenced our Pharmaceutical Development segment with the acquisition of Enteris BioPharma, Inc. ("Enteris"). Enteris is a clinical stage biopharmaceutical company offering innovative formulation solutions built around its proprietary oral drug delivery technologies, the Peptelligence® platform. Since its founding in 2013, Enteris has advanced multiple internal and external programs leveraging Peptelligence®, which enables the oral delivery of molecules that are typically injected, including peptides and BCS Class II, III, and IV small molecules, in an enteric-coated tablet formulation. Peptelligence® utilizes a unique multifaceted approach to increase the solubility and absorption of peptides and small molecules, addressing the complex challenges regarding solubility and permeability of therapeutics with low oral bioavailability. Peptelligence® is protected by an extensive patent estate, some of which extends until 2036.

Our Pharmaceutical Development segment strategy is to utilize the Peptelligence® platform to create a wholly-owned portfolio of milestone and royalty income by out-licensing our technology in two ways. First, we intend to out-license our technology to pharmaceutical companies to create novel and important oral therapeutic treatments for a wide variety of indications. Second, we intend to out-license to pharmaceutical companies our internally developed reformulations of approved, off-patent injectable therapeutic treatments where Peptelligence® enables oral delivery, resulting in meaningful improvements for patients and caregivers. We also generate income by providing customers pharmaceutical development services, formulation and manufacturing with the ultimate goal of generating new out-license agreements of the technology.

Peptelligence® is the subject of several active external development programs, including an oral formulation of Cara Therapeutics, Inc.'s ("Cara") KORSUVA™, a potent peripheral kappa opioid receptor agonist for pruritus, currently in Phase II clinical development.

Our internal product pipeline consists of Ovarest®, an oral leuprolide tablet being evaluated for its potential to treat endometriosis, and Tobrate™, an oral tobramycin tablet being evaluated for the treatment of uncomplicated urinary tract infections (uUTI).

Tax Attributes

We view our ability to carry forward our net operating losses, or NOLs, as an important and substantial asset. In order to preserve stockholder value by protecting our ability to carry forward our NOLs, we entered into a rights agreement that provided for a dividend distribution of one preferred share purchase right for each outstanding share of our common

stock. The purchase rights may become exercisable after the acquisition or attempted acquisition of 4.9 percent or more of our outstanding common stock without the prior approval of our board of directors. Our current rights agreement (the "Rights Agreement") was entered into as of April 8, 2016 and has been extended to expire on April 8, 2022. Under the Rights Agreement, Carlson Capital, L.P. and its affiliates (collectively, "Carlson"), are designated as Exempt Persons (as defined in the Rights Agreement) unless they own more than 76 percent of the outstanding shares of our common stock in the aggregate. We have also designated other shareholders as Exempt Persons because the Board determined that such ownership would not jeopardize or endanger the availability to us of the NOLs, although potential stockholders should not assume a similar determination would be made with respect to future acquisitions of beneficial ownership of our common stock.

At this time, under current law, we do not anticipate that our current business strategies will generate sufficient income to permit us to utilize all of our NOLs prior to their respective expiration dates. As such, it is possible that we might pursue additional strategies that we believe might result in our ability to utilize more of our NOLs.

Competition

In our Finance Receivables segment, we face competition in the pursuit of outside investors, investment management clients and opportunities to deploy our capital in attractive healthcare related companies. Our primary competitors provide financing to prospective companies and include non-bank financial institutions, federal or state chartered banks, venture debt funds, venture capital funds, private equity funds, pharmaceutical royalty and other investment funds, business development companies and investment banks. Many of these entities have greater financial and managerial resources than we have. Some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create a competitive disadvantage for us. As a result, we tend not to compete on price, but instead focus on our industry experience, flexible financing options and speed to evaluate and complete a transaction. In addition, since many of our competitors that provide non-traditional debt and/or longer term, royalty-related financing options have much greater financial resources than us, they tend not to focus on transaction sizes below $50 million as it is generally inefficient for them to do so. As such, we believe we face less competition from such investors in transactions that are less than $50 million.

In our Pharmaceutical Development segment, we face competition in introducing products that improve efficacy, safety, patients' and clinicians' ease of use and cost-effectiveness. The success of new product offerings will depend on many factors, including our ability to properly anticipate and satisfy customer needs, obtain regulatory approvals on a timely basis, develop and manufacture products in an economic and timely manner, obtain or maintain advantageous positions with respect to intellectual property, and differentiate products from competitors. A failure by us to successfully commercialize existing or planned products could have a material adverse effect on our business, financial condition and results of operations.

For additional information concerning the competitive risks we face, see Item 1A., Risk Factors.

Employees

As of December 31, 2020, we had 34 full-time employees. None of our employees are represented by a labor union, and we consider our employee relations to be good.

Additional Information

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act''), with the Securities and Exchange Commission ("SEC"). Our SEC filings are available to the public from the SEC's internet site at http://www.sec.gov.

Our internet site is http://www.swkhold.com. We will make available free of charge through our website in the "Investor Relations - SEC Filings" section our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also, posted on our website in the "Investor Relations - Corporate Governance" section are charters for our Audit Committee, Compensation Committee and Governance Committee as well as our Code of Ethics and Insider Trading Policy governing our directors, officers and employees. Information on or accessible through our website is not a part of, and is not incorporated into, this report.

ITEM 1A. RISK FACTORS

An investment in our common stock involves significant risks. You should carefully consider the risks and uncertainties and the risk factors set forth in the documents and reports filed with the SEC and the risks described below before you make an investment decision regarding our common stock. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations.

Risks Related to Pharmaceutical Development Segment

Enteris' product candidates are in early stages of development and Enteris and any licensees may not be successful in efforts to develop products for many years, if ever.

Enteris' success depends on its and any of its licensees' ability to commercialize their products that will generate revenues sufficient to sustain and grow Enteris' operations. Most of our product candidates are in early stages of development and have not been out-licensed. The development of these products is expected to take several more years. Similarly, neither Enteris nor any potential licensee may ever develop and commercialize any other peptide or small molecule product that helps us achieve profitability and growth. Even if Enteris and/or a licensee is successful in developing such a product, it is likely that development of any product will take several years. Enteris' ability to achieve growth is dependent on a number of factors, including Enteris' and its licensees' ability to complete development efforts and obtain regulatory approval for additional product candidates.

Enteris' partners may not be successful in their efforts to gain regulatory approval for any of their product candidates and, if approved, the approval may not be on a timely basis.

Even if any of Enteris' licensees are successful in their development efforts, they may not be able to obtain the necessary regulatory approval for their product candidates. The Food and Drug Administration ("FDA") must approve the commercial manufacture and sale of pharmaceutical products in the United States. Similar regulatory approvals are required for the sale of pharmaceutical products outside of the United States. None of Enteris' partners' products have been approved for sale in the United States, and they may never receive the approvals necessary for commercialization. Additional human testing must be conducted on our partners' product candidates before they can be approved for commercial sale and such testing requires the investment of significant resources. Any delay in receiving, or failure to receive, these approvals would adversely affect Enteris' ability to generate product revenues.

Current and future legislation may increase the difficulty and cost for Enteris' partners to obtain marketing approval of and the commercialization of their product candidates. This could affect the timing as well as the amount of royalty income Enteris may earn as a result.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for Enteris' partners' product candidates, restrict or regulate post-approval activities and affect our partners' ability to profitably sell their product candidates. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our partners' product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject our partners to more stringent product labeling and post-marketing testing and other requirements.

Enteris' technology or products could give rise to product liability claims.

While Enteris does not have a commercial product, Enteris' business exposes us to the risk of product liability claims from human testing and the manufacturing of pharmaceutical tablets currently used in clinical trials. The administration of drugs to humans, whether in clinical trials or commercially, can result in product liability claims, even if Enteris' or Enteris' partners' products are not actually at fault for causing an injury. Furthermore, Enteris' products may cause, or may appear to cause, adverse side effects or potentially dangerous drug interactions that we may not learn about or understand fully until the drug is actually manufactured and sold. Product liability claims can be expensive to defend and may result in large judgments against us. Even if a product liability claim is not successful, the adverse publicity, time and expense involved in defending such a claim may interfere with our business. We may not have sufficient resources to defend against or satisfy these claims. While we currently maintain product liability insurance coverage, the amount of coverage may not be sufficient to protect us against losses or may be unavailable in the future on acceptable terms, if at all.

Because Enteris is a biopharmaceutical company, its operations are subject to extensive government regulation.

Our research, development and production activities, as well as those of our collaborators and licensees, are subject to significant regulation by federal, state, local and foreign governmental authorities. The regulatory approval process for a pharmaceutical product requires substantial resources and may take many years. Our partners' inability to obtain approvals or delays in obtaining approvals would adversely affect our ability to manufacture products, and to receive revenue from milestone payments, product sales or royalties. Enteris' present and future business is, and will continue to be, subject to various other laws, rules and/or regulations applicable to us as a result of our domestic and international business.

The FDA and other regulatory agencies may inspect the Enteris production facility at any time to ensure compliance with current good manufacturing practice guidelines. These guidelines require that Enteris conduct its production operations in strict compliance with established rules for manufacturing and quality controls. Any of these agencies can suspend production operations and product sales if they find significant or repeated deviations from these guidelines. A suspension would likely cause Enteris to incur additional costs or delays in product development and manufacturing.

Enteris' success depends upon its ability to protect its intellectual property rights.

Enteris has filed applications for U.S. patents relating to proprietary peptide manufacturing technology and oral formulations that Enteris has invented in the course of its research. Enteris' most important U.S. manufacturing and delivery patents expire from 2021 to 2036 and Enteris has applications pending that could extend that protection. To date, twenty-five U.S. patents have issued and other applications are pending. Enteris has also made patent application filings in selected foreign countries and ninety-two foreign patents have issued with other applications pending. Enteris faces the risk that any of its pending applications will not be issued as patents. In addition, Enteris' patents may be found to be invalid or unenforceable. Enteris' business also is subject to the risk that its issued patents will not provide Enteris with significant competitive advantages if, for example, a competitor were to independently develop or obtain similar or superior technologies. To the extent Enteris is unable to protect its patents and patent applications, our investment in those technologies may not yield the benefits that we expect.

If Enteris encounters issues with its suppliers or if licensees of its technology encounter issues with their contract manufacturers, Enteris may need to qualify alternative manufacturers or suppliers, which could impair Enteris' and its licensees' ability to sufficiently and timely manufacture and supply pharmaceutical products.

Enteris relies on third parties to supply the raw materials needed to manufacture its existing products, and expects to rely on third parties to supply raw materials for potential future products, including suppliers that are located in Asia. Enteris is undertaking efforts to validate alternate suppliers, but may be unsuccessful in these efforts. Current licensees of Enteris' technology generally rely, and future licensees are expected to rely, on third party suppliers and contract manufacturers to manufacture drug products that utilize Enteris' technology as well.

Any business interruptions resulting from geopolitical actions, including war and terrorism, adverse public health developments such as COVID-19, or natural disasters including earthquakes, typhoons, floods and fires, and Enteris' or its licensees' inability to identify and validate alternate suppliers and contract manufacturers, could affect supply chains. Any reliance on suppliers may involve several risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality.

Any unanticipated disruption caused by problems at suppliers could delay shipment of any of Enteris' or its licensees' drug candidates or drug products, which could increase Enteris' or its licensees' cost of goods sold or result in lost or decreased sales, royalties or milestone payments to Enteris.

Enteris' production facilities have been impacted by COVID-19, and any future impacts might adversely affect its operations and financial condition.

Enteris experienced a reduction in its productivity as well as delays in receiving some of its needed supplies as a direct result of COVID-19 and the impact it had on key vendors. Enteris could experience similar delays in the future due to the impact of governmental restrictions and other impacts of COVID-19 on its vendors. Any such events may result in business disruption and reduced revenues, any of which could materially affect our business, financial condition and results of operations.

We are continuously monitoring our own operations and intend to take appropriate actions to mitigate the risks arising from the COVID-19 pandemic, but there can be no assurances that we will be successful in doing so. To the extent we are able to obtain information about and maintain communications with our customers, suppliers, vendors and other business partners, we will seek to minimize disruptions to our Pharmaceutical Development segment's supply chain.

Risks Related to Finance Receivables Segment

We may suffer losses on our principal invested in credit and royalty transactions.

Most of the assets of our Finance Receivables segment are, and are expected to continue to be, royalty streams or debt backed by royalty streams or revenue interests paid by small- and middle-market businesses, which are highly speculative and involve a high degree of risk of credit loss. In addition, we may own royalties or invest in debt backed by royalties or revenue interests that are derived by products that are early in their commercial launch, face intense competition or are subject to other risks, which similarly involve a high degree of risk of principal loss.

We operate in a highly competitive market for investment opportunities.

A large number of entities compete with us to advance capital to the companies our Finance Receivables segment targets. We compete with non-bank financial institutions, federal or state chartered banks, venture debt funds, venture capital funds, private equity funds, pharmaceutical royalty and other investment funds, business development companies, and investment banks. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, particularly those seeking yield investments, such as hedge funds, those entities have begun to invest in areas they have not traditionally invested in, including investments in royalties and debt backed by royalties, which may overlap with our business strategy. As a result of these new entrants, competition for investment opportunities in our target markets has intensified, which is a trend we expect to continue.

Many of our Finance Receivables segment's existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more or fuller relationships with potential business partners than us. Furthermore, many of our competitors are not subject to the maintenance of an exception or exemption from regulation as an investment company, which may allow them more flexibility in advancing capital to companies we may also target such as advancing debt capital that is not repaid by royalty streams or revenue interests. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of existing and increasing competition and our competitors' ability to provide a total financing package solution, inclusive of both debt and equity capital, we may not be able to take advantage of attractive business opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our business objectives.

We do not seek to compete primarily based on the cost of the capital that we provide, and we believe that some of our competitors provide capital at rates that are comparable to or lower than the rates we offer. We may lose business opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest and royalty income and increased risk of credit loss.

Our investments in debt backed by royalty streams and revenue interests paid by our prospective partner companies and the products underlying the royalty streams and revenue interests in which we invest may be risky, and we could lose all or part of our investment.

Most of our finance receivables assets are expected to be royalty streams or debt backed by royalty streams or revenue interests paid by our partner companies. Some of our partner companies to which we advance debt, whether it be backed by royalties, revenue interests or be general obligations of the issuer, have relatively short or no operating histories. These companies are and will be subject to all of the business risk and uncertainties associated with any new business enterprise, including the risk that these companies may not reach their operating objectives and the value of our investment in them may decline substantially or fall to zero.

In addition, the small and middle-market companies to which we are targeting to advance debt are subject to a number of other significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their financial instruments that we hold, which may be accompanied by a deterioration in the value of their assets or of any collateral with respect to any financial obligations and a reduction in the likelihood of our realizing on any guarantees we may have obtained in connection with our investment;
- they may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our partner company, and in turn, on us;
- they may have less predictable operating results, may from time to time be parties to litigation, may be engaged in changing businesses with products subject to a risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- changes in laws and regulations, as well as their interpretations, may adversely affect their business, financial structure or prospects; and
- they may have difficulty accessing the capital markets to meet future capital needs.

Similarly, the products underlying royalty streams or revenue interests in which we invest may have relatively short or no sales history, may be established products that face intense competition from newer, more innovative or better marketed products, or may be subject to additional risks. If these products do not achieve commercial success or attain lower sales than we estimate, we may lose value on our investments.

In addition, under circumstances where a partner company does not achieve commercial success or achieves lower sales than we anticipate, and the partner company requires additional capital that other stakeholders are not willing or are otherwise unable to provide, we may determine it is in our best interest to advance additional capital to such partner company in order to preserve the partner company's collateral value and protect our investment. Any additional capital that we decided to advance would be subject to additional risk. We could lose all of any additional investment.

We generally do not control our partner companies.

We generally only hold royalties, debt backed by royalties, and revenue interests that are issued by our partner companies. As such, we do not, and do not expect to, control any of our partner companies, even though we may have board representation or board observation rights, and the debt agreements may contain certain restrictive covenants that limit the business and operations of our partner companies. As a result, we are subject to the risk that a partner company may make business decisions with which we disagree, and the management of such company may take risks or otherwise act in ways that do not serve our interests.

Health crises, such as COVID-19, may have a material adverse impact on our partner companies.

COVID-19 has impacted, and may continue to impact the ability of our borrowers or the marketers of products upon which we derive our royalty income to raise capital in order to fund their operations during the pandemic. Disruptions to our partner companies may impair their ability to fulfill their obligations to us and could result in increased risk of delinquencies, defaults, declining collateral values associated with our existing loans, and impairments or losses on our loans. Any such impairment could increase our credit risk and adversely affect the assets and results of operations of our Finance Receivables segment.

Economic recessions or downturns could impair the ability of our partner companies to repay loans, which, in turn, could increase our non-performing assets, decrease the value of our assets, reduce our volume of new loans and have a material adverse effect on our results of operations.

General economic conditions may affect our activities and the operation and value of our portfolio companies. Economic slowdowns or recessions may result in a decrease of institutional equity investment, which would limit our lending opportunities. Furthermore, many of our portfolio companies are susceptible to economic or industry centric slowdowns or recessions and may be unable to repay our debt investments during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may also decrease the value of collateral securing some of our debt investments and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a material decrease in revenues, net income and assets. Unfavorable economic conditions could also increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the loans that we hold. We may incur expenses to the extent necessary to recover our investment upon default or to negotiate new terms with a defaulting portfolio company. These events could harm our financial condition and operating results.

A period of market disruption may have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, unfavorable economic conditions, including rising interest rates, may also increase our funding costs, limit our access to capital markets or negatively impact our ability to obtain financing, particularly from the debt markets.

If we make investments in unsecured debt backed by royalties or revenue interests, those investments might not generate sufficient cash flow to service our debt obligations.

We may make investments in unsecured debt backed by royalties or revenue interests. Unsecured investments may be subordinated to other obligations of the obligor. Unsecured investments often reflect a greater possibility that adverse changes in the financial condition of the obligor or general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. If we make an unsecured investment in a partner company, that partner company may be highly leveraged, and its relatively high debt-to-equity ratio may increase the risk that its operations might not generate sufficient cash to service its debt obligations. In such cases we would not have any collateral to help secure repayment of the obligations owed to us.

We may have limited access to information about privately-held royalty streams and companies in which we invest.

We invest primarily in privately-held royalties and debt backed by royalties or revenue interests issued by private companies. Generally, little public information exists about these royalty streams and private companies, and we are required to rely on the ability of our senior management to obtain adequate information to evaluate the potential returns from investing in these assets. If we are unable to uncover all material information about these assets, we may not make a fully informed investment decision, and we may lose money on our investment.

Prepayments of our debt investments by our partner companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the debt we advance to our partner companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new royalties or debt repaid by royalties or revenue interests issued by partner companies. These temporary investments will typically have substantially lower yields than the debt that was prepaid and we could experience significant delays in reinvesting these amounts. Any future asset may also have lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our partner companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

We may not be able to complete transactions without co-investments from third parties.

We may co-invest with third parties through our registered investment advisory business or otherwise. In certain circumstances, we may not be able to fund transactions without the participation of such third parties. In the event that we are unable to find suitable third parties to co-invest with us or if such third party fails to close, our results of operations may be materially adversely impacted.

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the market price of our common stock may decline.

We could experience fluctuations in our quarterly and annual operating results due to a number of factors, some of which are beyond our control, including, but not limited to, the interest rate payable on the debt assets that we acquire, the default rate on such assets, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, changes in our portfolio composition, the degree to which we encounter competition in our markets, market volatility in our publicly traded securities and the securities of our partner companies, and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. In addition, any of these factors could negatively impact our ability to achieve our business objectives, which may cause the market price of our common stock to decline.

Our investments in royalty-related transactions depend on third parties to market royalty-generating products.

Royalties generally, and the royalty-related income we expect to receive in the future, will directly or indirectly depend upon the marketing efforts of third parties, particularly large pharmaceutical companies that license the right to manufacture and sell products from technology innovators in exchange for royalty payments from the licensees to the licensors, with whom we may transact. These licensees may be motivated to maximize income by allocating resources to

other products, and in the future, may decide to focus less attention on the products that pay royalties in which we have an economic interest. In addition, there can be no assurance that any of the licensees has adequate resources and motivation to continue to produce, market and sell such products in which we have a royalty-related interest. Moreover, the license agreement creating the right to receive royalties may not have specific sales targets, and the licensee typically has exclusive or substantial discretion in determining its marketing plans and efforts. As a result, the licensee may not be restricted from abandoning a licensed product or from developing or selling a competitive product. In addition, in the event that a license expires or is terminated, we would be dependent upon the licensor of the license to find another marketing partner. There can be no assurance that another licensee could be found on favorable terms, or at all, or that the licensor will be able to assume marketing, sales and distribution responsibility for its own account. These factors may materially adversely affect any of our future royalty-related assets.

Aside from any limited audit rights relating to the activities of the licensees that we may have in certain circumstances, we do not have the rights or ability to manage the operations of the licensees. Poor management of operations by the licensees could adversely affect the sales of products in which we have a royalty interest, and the payment of royalty-related income to us. In addition, we have limited information on the licensees' operations. While we may be able to receive certain information relating to sales of the product in which we have a royalty-related interest through the exercise of the audit rights and review of royalty reports, we may not have the right to review or receive certain information relating to the marketed products, including the results of any studies conducted by the licensees or others or complaints from doctors or users of such products, that the licensees may have and that may impact sales levels. The market performance of such products, therefore, may be diminished by any number of factors relating to the licensees that are beyond our control.

Currently, our Finance Receivables segment has a limited number of assets, which subjects our aggregate returns, and the value of our common stock, to a greater risk of significant loss if any of our debt securities declines in value or if any of our royalty investments substantially underperforms our expectations.

Our Finance Receivables segment's total investment in companies may be significant, individually or in the aggregate. A consequence of our currently limited number of assets in our Finance Receivables segment is that the aggregate returns we realize may be significantly adversely affected if one or more of our significant partner company investments perform poorly or if we need to write down the value of any one significant investment, which may be more severe than if we had made smaller investments in more companies. Our financial results could be materially adversely affected if these portfolio companies or any of our other significant portfolio companies encounter financial difficulty and fail to repay their obligations or to perform as expected.

Our allowance for credit losses may prove inadequate.

The quality of our finance receivables depends on the credit-worthiness of our partner companies and their ability to fulfill their obligations to us. We maintain an allowance for credit losses on specific finance receivables to provide for credit defaults and non-performance. The amount of our allowance reflects management's judgment of losses inherent in the portfolio. However, the economic environment is dynamic, and our portfolio credit quality could decline in the future.

Our allowance for credit losses may not keep pace with changes in the credit-worthiness of our partner companies or in collateral values. If the credit quality of our partner companies declines, if the risk profile of a market, industry, or group of partner companies changes significantly, or if the markets for finance receivables or other collateral deteriorates significantly, our allowance for credit losses may prove inadequate, which could have a material adverse effect on our business, results of operations, and financial condition.

We and our subsidiaries are party to various financing arrangements, commercial contracts and other arrangements that under certain circumstances give, or in some cases may give, the counterparty the ability to exercise rights and remedies under such arrangements which, if exercised, may have material adverse consequences.

We and our subsidiaries are party to various financing arrangements, commercial contracts and other arrangements, such as securitization transactions, derivatives transactions, funding facilities, and agreements for the purchase or sale of assets, that give, or in some cases may give, the counterparty the ability to exercise rights and remedies upon the occurrence of certain events. Such events may include a material adverse effect or material adverse change (or similar event), a breach of representations or warranties, a failure to disclose material information, a breach of covenants, certain insolvency events, a default under certain specified other obligations, or a failure to comply with certain financial covenants. The counterparty could have the ability, depending on the arrangement, to, among other things, require early repayment of amounts owed by us or our subsidiaries and in some cases payment of penalty amounts, or require the repurchase of assets previously sold to the counterparty. Additionally, a default under financing arrangements or derivatives transactions that exceed a certain size threshold in the aggregate may also cause a cross-default under instruments governing our other financing arrangements or

derivatives transactions. If the ability of any counterparty to exercise such rights and remedies is triggered and we are unsuccessful in avoiding or minimizing the adverse consequences discussed above, such consequences could have a material adverse effect on our business, results of operations, and financial condition.

The interest rates of many of our term loans to partner companies are priced using a spread over LIBOR.

LIBOR, the London interbank offered rate, is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in term loans we extend to partner companies such that the interest due to us pursuant to a term loan extended to a partner company is calculated using LIBOR. Most of our term loan agreements with partner companies contain a stated minimum value for LIBOR. As of December 31, 2020, 87 percent of the term loans with our partner companies utilized LIBOR, including a stated minimum of LIBOR, as a reference rate.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. Further on March 5, 2021, the FCA issued an announcement confirming that all 35 LIBOR benchmark settings currently published by the Intercontinental Exchange Benchmark Administration, the authorized administrator for LIBOR ("ICE"), will either cease to be provided or will no longer be representative after certain specified dates, with the one-month, three-month and six-month USD LIBOR settings will no longer be representative immediately after June 30, 2023; the majority of other LIBOR benchmark settings will cease immediately after December 31, 2021. The Company generally utilizes the three-month USD LIBOR rate as the reference rate in credit agreements with partner companies. While the FCA may require ICE to publish "synthetic" LIBOR rates after the specified cessation dates for each respective reference rate, it is unclear if after June 30, 2023 whether or not the three-month USD LIBOR rate will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after June 30, 2023. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities, known as the Secured Overnight Funding Rate ("SOFR"). SOFR is observed and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR is therefore likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. In conjunction with the FCA's March 5, 2021 announcement, the International Swaps and Derivatives Association, Inc., a trade organization of participants in the market for over-the-counter derivatives ("ISDA"), announced a fallback protocol whereby LIBOR-priced derivatives contracts utilizing its standard derivatives contracts would replace LIBOR with SOFR plus an applicable margin for the specified LIBOR rate; ISDA's fallback margin for the three month LIBOR is 0.26161 percent. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question. As such, the future of LIBOR at this time is uncertain.

Despite the widely-publicized pending cessation of LIBOR as a global reference rate benchmark, many financial institutions continue to leverage LIBOR in financing contracts, including SWK. If LIBOR ceases to exist, we may need to renegotiate the credit agreements with our partner companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. Our term loans typically contain provisions to facilitate the transition to such new standard. If affected credit agreements with our partner companies are unable to be renegotiated, our investments may bear interest at a lower rate, subject to any contractual minimum LIBOR floors, which would decrease investment income and potentially the value of such investments. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value for or value of any LIBOR-linked loans and other financial obligations or extensions of credit held by or due to us and could have a material adverse effect on our business, financial condition and results of operations. Due to the uncertainty of the replacement for LIBOR, the potential effect of any such event on our cost of capital and investment income cannot yet be determined.

A rise in LIBOR rates could have an adverse impact on the ability of our partner companies to service their debt obligations to us.

Many of our debt transactions contain LIBOR-based floating interest rates with minimum LIBOR floors. The minimum LIBOR floor insulates partner companies from an increase in LIBOR until the reference LIBOR rate reaches the minimum floor threshold, typically one to two percent. If LIBOR increases above the floor rate, the net effect will be an increase in the interest cost to the borrower. Most of our borrower partners do not hedge their LIBOR rate exposure, and as a result of an increase of LIBOR above the minimum floor threshold, they will experience an increase in the effective interest rate of their debt obligations to us. If LIBOR increases materially, the increased cost of debt service will similarly increase materially. If our partner companies are not adequately capitalized or are unable to generate sufficient income from

operations, the increased debt burden caused by increased LIBOR rates could materially and adversely affect the operations of a partner company, which in turn, would impair our ability to timely collect principal and interest payments owed to us.

Fluctuations in the price of the common stock of our publicly traded holdings and the price at which we sell such holdings may affect the price of our common stock.

Our Finance Receivables segment generally holds equity interests in companies that are publicly traded. Fluctuations in the market prices of the common stock of publicly traded holdings may affect the price of our common stock. Historically, the market prices of our publicly traded holdings have been highly volatile and subject to fluctuations unrelated or disproportionate to operating performance.

In addition, we may be unable to sell our holdings of public equities at then-quoted market prices. The trading volume and public float in the common stock of a publicly traded partner company may be small relative to our holdings. As a result, any significant open-market divestiture by us of our holdings in such a partner company, if possible at all, would likely have a material adverse effect on the market price of its common stock and on our proceeds from such a divestiture. Also, registration and other requirements under applicable securities laws and contractual restrictions also may adversely affect our ability to dispose of our partner company holdings on a timely basis.

Our financial condition and results of operations will depend on our ability to manage future growth of our Finance Receivables segment effectively.

Our ability to achieve our business objectives depends on our ability to grow, which depends, in turn, on our Finance Receivables segment's ability to continue to identify, analyze and invest in royalties and/or debt backed by royalties or revenue interests that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our structuring of transactions and our access to financing on acceptable terms. As we continue to grow, we will need to continue to hire, train, supervise and manage new employees. Failure to manage our future growth effectively could have a materially adverse effect on our business, financial condition and results of operations.

Risks Related to Our Business and Structure

Our ability to use NOL carryforwards to offset future taxable income for U.S. federal income tax purposes may be limited, and our future cash tax liability may increase.

As of December 31, 2020, we had NOL carryforwards for U.S. federal income tax purposes of $289.4 million. The U.S. federal NOL carryforwards, if not offset against future income, will expire by 2037, with approximately half of such NOLs expiring by December 31, 2021. We may recognize additional NOLs in the future. In order to utilize the NOLs, the Company must generate taxable income that can offset such carryforwards.

The Internal Revenue Service ("IRS") has not audited our tax returns for any of the years during the carryforward period. We cannot assure you that we would prevail if the IRS were to challenge the availability of the NOLs. If the IRS were successful in challenging our NOLs, all or some portion of the NOLs would not be available to offset any future consolidated income which would negatively impact our results of operations and cash flows.

Under Section 382 of the Internal Revenue Code (the "Code"), a corporation that undergoes an "ownership change" may be subject to limitations on its ability to utilize its pre-change NOL carryforward amounts to offset future taxable income. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders (generally 5 percent stockholders, applying certain look-through and aggregation rules) increases by more than 50 percent over such stockholders' lowest percentage ownership during the testing period (generally three years). New issuances of our common stock, which is within our control, and purchases of our common stock in amounts greater than specified levels, which are beyond our control, could create an additional limitation on our ability to utilize our NOL carryforward amounts for tax purposes in the future. Limitations imposed on our ability to utilize NOL carryforward amounts could cause U.S. federal and state income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such NOL carryforward amounts to expire unused, in each case reducing or eliminating the expected benefit to us. Additionally, various states have similar limitations on the use of state NOLs following an ownership change.

Accordingly, the extent to which we undergo an ownership change limiting the availability of our NOLs depends in part on actions taken by our large shareholders. Furthermore, our largest shareholders are investment funds affiliated with Carlson. Most investors in these funds are third parties, unaffiliated with either us or Carlson. Subscription or redemption activity by such investors is generally outside of our or Carlson's control; however, resulting changes in the ownership of these funds may contribute to, or result in, a determination that an "ownership change" has occurred. As a result, even though we have a stockholder rights plan that is intended to protect the NOLs, whether or not an ownership change occurs is not entirely within our control.

On March 3, 2021, our Board determined J. Carlo Cannell and Cannell Capital LLC (together, "Cannell") to be an "Exempt Person" (and not deemed to be an "Acquiring Person") under the Rights Agreement. This determination was a result of a determination by the our Board that Cannell's current beneficial ownership of our common stock, as disclosed on Schedule 13G filed by Cannell with the SEC on February 16, 2021, would not jeopardize or endanger the availability to us or our NOLs. However, no assurance can be given that the IRS would agree with such determination. Our Board's determination was and is specific to the manner of ownership of our common stock disclosed on the Schedule 13G, and is contingent on Cannell, and any of its Affiliates and Associates (as defined in the Rights Agreement), not changing its manner of ownership or acquiring aggregate beneficial ownership of any shares of our common stock in addition to those disclosed on the Schedule 13G.

If an ownership change occurs, the amount of the taxable income for any post-change year that may be offset by a pre-change loss is subject to an annual limitation that is cumulative to the extent it is not all utilized in a year. This limitation is derived by multiplying the fair market value of the Company stock as of the ownership change by the applicable federal long-term tax-exempt rate, which was 1.10 percent for February 2021. To the extent that a company has a net unrealized built-in gain at the time of an ownership change, which is realized or deemed recognized during the five-year period following the ownership change, there is an increase in the annual limitation for each of the first five-years that is cumulative to the extent it is not all utilized in a year.

If an ownership change should occur in the future, our ability to use NOLs to offset future taxable income will be subject to an annual limitation and will depend on the amount of taxable income we generate in future periods. There is no assurance that we will be able to fully utilize our NOLs and we could be required to record an additional valuation allowance related to the amount of the NOLs that may not be realized, which could impact our results of operations.

We are dependent upon our key management personnel for our future success.

We depend on the diligence, skill and network of business contacts of our senior management and their access to the investment professionals and the information and deal flow generated by these investment professionals in the course of their investment and portfolio management activities. Our senior management team evaluates, negotiates, structures, closes, monitors and services our investments. Our success depends to a significant extent on the continued service of this senior management team, in particular, Winston L. Black, Chief Executive Officer. His departure could have a material adverse effect on our ability to achieve our business objectives. In addition, we have very few employees, so the loss of any employee could be disruptive to our business. We are taking precautions to protect the safety and well-being of our employees, including enhancing our standard operating procedures at Enteris to provide for additional cleaning and hygiene measures, as well as, social distancing. However, no assurance can be given that the steps being taken will be adequate or deemed to be appropriate, nor can we predict the level of disruption which will occur to our employees' ability to service the finance receivables portfolio or Enteris' customers.

If we are unable to obtain additional debt or equity financing on commercially reasonable terms our business could be materially adversely affected.

As of December 31, 2020, we had $3.0 million of cash and cash equivalents on the balance sheet plus $8.2 million available to be borrowed under our credit facility. As of March 25, 2021, the Company drew an additional $9.0 million under the Loan Agreement (as defined in Part II, Item 8, *Financial Statements*, Note 6 of the notes to the consolidated financial statements), and $10.3 million was available for borrowing. Our current credit facility matures on June 30, 2021. We have limited capital to execute our business strategy and have obtained debt financing to fund future growth and obtain funds which may be made available for investments. If we are unable to enter into new debt or equity financing arrangements on commercially reasonable terms, our liquidity may be reduced significantly, and as a result, our ability to implement and grow our business strategy could be materially impacted.

Our use of leverage may limit our operational flexibility and increase our overall risk, which may adversely affect our business and results of operations.

Although the use of leverage may create an opportunity for increased returns for us, it also results in additional risks and can magnify the effect of any losses and thus could negatively impact our business and results of operations and have important adverse consequences to our investments. Our current credit facility contains, and any future credit facility, if raised, would likely contain covenants that could restrict our operating flexibility, including covenants that, among others, could limit our ability to: (i) make distributions in certain circumstances, (ii) incur additional debt, and (iii) engage in certain transactions, which collectively may prevent us from entering into transactions which we may otherwise determine are beneficial to us, and which could negatively impact our business and results of operations. In addition, we expect we would need to secure such a credit facility through the pledging of substantially all of our assets, and if we are unable to generate sufficient cash flow to meet principal and interest payments on such indebtedness, we would be subject to risk that the lender seizes our assets through an acceleration of the credit facility that could require liquidation of pledged collateral at inopportune times or at prices that are not favorable to us and cause significant losses. If the lender seizes and liquidates pledged collateral, such collateral will likely be sold at distressed price levels. We will fail to realize the full value of such assets in a distressed sale.

If we fail to maintain adequate internal control over financial reporting, it could result in a material misstatement of the Company's annual or interim financial statements.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles ("GAAP"). If we identify material weaknesses or other deficiencies in our internal controls, or if material weaknesses or other deficiencies exist that we fail to identify, our risk will be increased that a material misstatement to our annual or interim financial statements will not be prevented or detected on a timely basis. Any such potential material misstatement, if not prevented or detected, could require us to restate previously released financial statements and could otherwise have a material adverse effect on our business, results of operations, and financial condition.

The liquidity, market price and volume of our stock are volatile.

Our common stock is now listed on the Nasdaq Capital Market ("Nasdaq"). The liquidity of our common stock may be adversely affected, and purchasers of our common stock may have difficulty selling our common stock, if our common stock does not continue to trade on Nasdaq or another national securities exchange. Nasdaq maintains certain minimum continued listing standards. If we are not able to continue to satisfy the continued listing standards, or qualify for an exemption to such standards, then we could be subject non-compliance status or de-listing.

The trading price of our common stock could be subject to wide fluctuations in response to quarter-to-quarter variations in our operating results, announcements of our drilling results and other events or factors. In addition, the U.S. stock markets have from time to time experienced extreme price and volume fluctuations that have affected the market price for many companies and which often have been unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our securities.

Funds affiliated with Carlson can control or exert significant influence over our management and policies through their ownership of a large amount of our common stock.

As of December 31, 2020, funds affiliated with Carlson owned in the aggregate 71.1 percent of our combined issued and outstanding common stock and unvested restricted stock. Due to the large percentage of ownership by funds affiliated with Carlson, including Double Black Diamond Offshore Ltd. ("Double Black"), they have the ability to control or exert significant influence over our management and policies, such as the election of our directors, the appointment of new management and the approval of any other action requiring the approval of our stockholders, including any amendments to our certificate of incorporation, a sale of all or substantially all of our assets or a merger or other significant transaction. The investment objectives of Carlson and its affiliates may from time to time be different than or conflict with those of our other stockholders.

In addition, pursuant to the terms of a Stockholders' Agreement entered into on August 18, 2014, funds affiliated with Carlson have the right to approve specific transactions, including the incurrence of indebtedness over specified amounts, the sale of assets over specified amounts, declaration of dividends, loans, capital contributions to or investments in any third party over specified amounts, changes in the size of the board of directors, changes in our chief executive officer and repurchases of common stock.

If there are substantial sales of shares of our common stock, the price of our common stock could decline.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers, employees, and significant stockholders including funds associated with Carlson. Carlson owns an aggregate of 71.1 percent (9,093,766, common shares). Pursuant to a Stockholders' Agreement entered into on August 18, 2014 and a Registration Rights Agreement entered into on September 6, 2013, we filed a Registration Statement on Form S-3 with the SEC on February 3, 2020, which became effective on February 19, 2020, to register all of the common stock owned by funds affiliated with Carlson for sale freely in the public market from time to time.

The market price of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

We have adopted provisions in our certificate of incorporation and bylaws, and a stockholder rights plan that could delay or prevent an acquisition of the Company.

The board of directors has the authority to issue up to 5 million shares of preferred stock. Without any further vote or action on the part of the stockholders, the board of directors has the authority to determine the price, rights, preferences, privileges, and restrictions of the preferred stock. This preferred stock, if issued, might have preference over and harm the rights of the holders of common stock. Although the ability to issue this preferred stock provides us with flexibility in connection with possible acquisitions and other corporate purposes, it can also be used to make it more difficult for a third party to acquire a majority of our outstanding voting stock. We currently have no plans to issue preferred stock.

Additionally, we have a stockholder rights plan, as amended, that is intended to protect our ability to utilize our NOL carryforwards and which would also make it difficult for a third party to acquire a significant number of shares of our common stock.

Our certificate of incorporation and bylaws include provisions that may deter an unsolicited offer to purchase us. These provisions, coupled with the provisions of the Delaware General Corporation Law, may delay or impede a merger, tender offer or proxy contest. In addition, directors are only removable by the affirmative vote of at least two-thirds of all classes of voting stock. These factors may further delay or prevent a change of control of the Company.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

We have not been and do not intend to become registered as an "investment company" under the Investment Company Act of 1940, or the 1940 Act, because we believe the nature of our assets and the sources of our income exclude us from the definition of an investment company pursuant to Section (3)(a)(1)(C) under the 1940 Act. Accordingly, we are not subject to the provisions of the 1940 Act, such as conflict of interest rules, requirements for disinterested directors and other substantive provisions which were enacted to protect investors in "investment companies."

Generally, a company is an "investment company" if it is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities or owns or proposes to own investment securities having a value exceeding 40 percent of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, unless an exception, exemption or safe harbor applies. We refer to this investment company definition test as the "40 percent test."

We monitor our compliance with the 40 percent test and seek to conduct our business activities to comply with this test. It is not feasible for us to be regulated as an investment company because the restrictions imposed by the 1940 Act rules are inconsistent with our strategy. In order to continue to comply with the 40 percent test, we may need to take various actions which we might otherwise not pursue. The actions we may need to take to address these issues while maintaining compliance with the 40 percent test (or another exception or exemption from regulation as an investment company), include restructuring or terminating the Company, could adversely affect our ability to create and realize stockholder value.

Because we operate through our subsidiaries, our ability to comply with the 40 percent test is dependent on the ability of certain of our subsidiaries to rely on an exclusion or exemption from investment company registration. In this regard, one of our subsidiaries currently relies on the exclusion from investment company registration provided by Section 3(c)(5)(A) under the 1940 Act. Section 3(c)(5)(A), as interpreted by the staff of the SEC, requires us to invest at least 55 percent of our assets in "notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services" (or "Qualifying Assets").

In complying with Section 3(c)(5)(A), one of our subsidiaries, SWK Funding LLC ("SWK Funding"), relies on an interpretation that royalty interests that entitle SWK Funding to collect royalty receivables that are directly based on the sales price of specific biopharmaceutical products that use intellectual property covered by specific license agreements are Qualifying Assets under Section 3(c)(5)(A). This interpretation was promulgated by the SEC staff in a no-action letter issued to Royalty Pharma on August 13, 2010. The assets acquired by SWK Funding therefore, are limited by the provisions of the 1940 Act and SEC staff interpretations thereunder. If the SEC or its staff in the future adopts a contrary interpretation or otherwise restricts the conclusions in the staff's no-action letter such that royalty interests are no longer treated as Qualifying Assets for purposes of Section 3(c)(5)(A), SWK Funding could be required to restructure its activities or sell certain of its assets, potentially negatively affecting our performance. As a result, our business will be material and adversely affected if SWK Funding fails to qualify for Section 3(c)(5)(A).

The rules and interpretations of the SEC and the courts, relating to the definition of "investment company" are highly complex in numerous respects. While we intend to conduct our operations so that we will not be deemed an investment company, we can give no assurances that we will not be deemed an "investment company" and be required to register under the 1940 Act. If we were to be deemed an "investment company," restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and would have a material adverse effect on our business and the price of our shares. In addition, we could be subject to legal actions by regulatory authorities and others and could be forced to dissolve. The costs of defending any such actions could constitute a material part of our assets and dissolution could have materially adverse effects on our company and the value of our common stock.

Risks Associated with Investments in the Health Care and Life Sciences Industries

Public health epidemics, pandemics or outbreaks, including COVID-19, could adversely affect our business.

Public health epidemics, pandemics or outbreaks, and the resulting business or economic disruptions resulting therefrom, could adversely impact our business as well as our ability to raise capital. The impact of COVID-19 has been and will likely continue to be extensive in many aspects of society, which has resulted in and will likely continue to result in significant disruptions to the global economy, as well as businesses and capital markets around the world.

The extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the pandemic, new information that may emerge concerning the severity of COVID-19 and public and private actions to contain COVID-19 or treat its impact. COVID-19 has and will likely continue to result in social, economic and labor instability in the countries in which we or our partner companies operate.

Any abrupt and substantial change in economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Any sustained disruption in the capital markets from the COVID-19 pandemic could negatively impact our and our partner companies' ability to raise capital.

Several measures are currently being proposed by the US and other governments to address the current COVID-19 pandemic and its economic impacts. At this time, it is impossible to predict the success of these measures and whether or not they will have unforeseen negative consequences for our business. For example, some proposals in the US Congress contemplate a debt-servicing holiday for borrowers for an unspecified period of time. If this type of measure becomes law, our partner companies may defer making payments under our term loans, which would decrease our cash flows, revenues, net income, assets and liquidity.

Healthcare and life science industries are subject to extensive government regulation, litigation risk, reimbursement risk and certain other risks particular to those industries.

We have invested and plan to continue investing in cash flow streams produced by life science products that are subject to extensive regulation by the FDA, similar foreign regulatory authorities, and to a lesser extent, other federal and state agencies. If any of these products and the companies which manage such products fails to comply with applicable regulations, they could be subject to significant penalties and claims that could materially and adversely affect their sales levels and operations. Medical devices and drugs are subject to the expense, delay and uncertainty of the regulatory approval process in order to reach the market and, even if approved, these products may not be accepted in the marketplace. In addition, governmental budgetary constraints effecting the regulatory approval process, new laws, regulations or judicial interpretations of existing laws and regulations might adversely affect a partner company or product in this industry.

The products and services provided by pharmaceutical, medical device and diagnostics companies are generally subject to the ability to obtain and maintain adequate reimbursement from governmental and other third-party payors for such products and services. The commercial success of such products and services could be compromised if governmental or third-party payors do not provide coverage and reimbursement, breach, rescind or modify their contracts or reimbursement policies or delay payments for such products and services.

Companies in the life science industry may also have a limited number of suppliers of necessary components or a limited number of manufacturers for their products, and therefore face a risk of disruption to their manufacturing process if they are unable to find alternative suppliers when needed.

Any of these factors could materially and adversely affect the operations of a partner company in this industry or the licensee's operations, which in turn, would impair our ability to timely collect principal and interest payments owed to us or decrease our royalty-related income.

Some of our partner companies may be unable to protect their proprietary rights and may infringe on the proprietary rights of others.

Our partner companies assert various forms of intellectual property protection. Intellectual property may constitute an important part of partner company assets and competitive strengths, particularly for royalty monetization transactions. Federal law, most typically copyright, patent, trademark and trade secret laws, generally protects intellectual property rights. Although we expect that our partner companies will take reasonable efforts to protect the rights to their intellectual property, third parties may develop similar intellectual property independently or attempt to abandon intellectual property licenses if it is determined such intellectual property from a partner company is no longer needed. Moreover, the complexity of international trade secret, copyright, trademark and patent law, coupled with the limited resources of our partner companies and the demands of quick delivery of products and services to market, create a risk that partner company efforts to prevent misappropriation of their technology will prove inadequate.

Some of our partner companies also license intellectual property from third parties and it is possible that they could become subject to infringement actions based upon their use of the intellectual property licensed from those third parties. Our partner companies generally obtain representations as to the origin and ownership of such licensed intellectual property. However, this may not adequately protect them. Any claims against our partner companies' proprietary rights, with or without merit, could subject the companies to costly litigation and divert their technical and management personnel from other business concerns. If our partner companies incur costly litigation and their personnel are not effectively deployed, the expenses and losses incurred by our partner companies will increase and their profits, if any, will decrease.

Third parties have and may assert infringement or other intellectual property claims against our partner companies based on their patents or other intellectual property rights. Even though we believe our partner companies' products do not infringe any third party's patents, they may have to pay substantial damages, possibly including treble damages, if it is ultimately determined that they do. They may have to obtain a license to sell their products if it is determined that their products infringe on another person's intellectual property. Our partner companies might be prohibited from selling their products before they obtain a license, which, if available at all, may require them to pay substantial royalties. Even if infringement claims against our partner companies are without merit, defending these types of lawsuits takes significant time, is expensive and may divert management attention from other business concerns.

Future legislation, and/or regulations and policies adopted by the FDA or other U.S. or foreign regulatory authorities may increase the time and cost required by some of our partner companies to conduct and complete clinical trials for the product candidates that they develop, and there is no assurance that these companies will obtain regulatory approval to market and commercialize their products in the U.S. and in foreign countries.

The FDA and other foreign and U.S. regulatory authorities have established regulations, guidelines and policies to govern the drug development and approval process which affect some of our partner companies. Any change in regulatory requirements due to the adoption by the FDA and/or foreign or other U.S. regulatory authorities of new legislation, regulations, or policies may require some of our partner companies to amend existing clinical trial protocols or add new clinical trials to comply with these changes. Such amendments to existing protocols and/or clinical trial applications or the need for new ones, may significantly impact the cost, timing and completion of the clinical trials.

In addition, increased scrutiny by the U.S. Congress of the FDA's and other authorities approval processes may significantly delay or prevent regulatory approval, as well as impose more stringent product labeling and post-marketing testing and other requirements. Foreign regulatory authorities may also increase their scrutiny of approval processes resulting in similar delays. Increased scrutiny and approval processes may limit the ability of our partner companies to market and commercialize their products in the U.S. and in foreign countries.

The pharmaceutical industry is subject to numerous risks, including competition, extensive government regulation, product liability, patent exclusivity and commercial difficulties.

Our assets include royalties and royalty-linked debt that are paid on sales of pharmaceutical products, which are subject to numerous risks. The successful and timely implementation of the business model of our specialty pharmaceutical and drug discovery partner companies depends on their ability to adapt to changing technologies and introduce new products. As competitors continue to introduce competitive products, the ability of our partner companies to continue effectively marketing their existing product portfolio, and to develop and acquire innovative products and technologies that improve efficacy, safety, patients' and clinicians' ease of use and cost-effectiveness is important to the success of such partner companies. The success of new product offerings will depend on many factors, including the ability to properly anticipate and satisfy customer needs, obtain regulatory approvals on a timely basis, develop and manufacture products in an economic and timely manner, obtain or maintain advantageous positions with respect to intellectual property, and differentiate products from competitors. Failure by our partner companies to successfully commercialize existing or planned products, or acquire other new products, could have a material adverse effect on our business, financial condition and results of operations. In addition, the ability of generic manufactures to invalidate a partner company's patents protecting its products or to invalidate the patents supporting products in which we receive royalty-related income could have a material adverse effect on our business.

The development of products by life science companies requires significant research and development, clinical trials and regulatory approvals.

The development of products by life science companies requires significant research and development, clinical trials and regulatory approvals. In addition, similar activities and costs may be required to support products that have already been commercialized. The results of product development efforts may be affected by a number of factors, including the ability to innovate, develop and manufacture new products, complete clinical trials, obtain regulatory approvals and reimbursement in the U.S. and abroad, or gain and maintain market approval of products. In addition, regulatory review processes by U.S. and foreign agencies may extend longer than anticipated as a result of decreased funding and tighter fiscal budgets. Further, patents attained by others can preclude or delay the commercialization of a product. There can be no assurance that any products now in development will achieve technological feasibility, obtain regulatory approval, or gain market acceptance. Failure can occur at any point in the development process, including after significant funds have been invested. Products may fail to reach the market or may have only limited commercial success because of efficacy or safety concerns, failure to achieve positive clinical outcomes, inability to obtain necessary regulatory approvals, failure to achieve market adoption, limited scope of approved uses, excessive costs to manufacture, the failure to establish or maintain intellectual property rights, or the infringement of intellectual property rights of others. Failure by our partner companies to successfully commercialize pipeline products in which we have an economic interest could have a material adverse effect on our business, financial condition and results of operations.

Changes in healthcare laws and other regulations applicable to some of our partner companies' businesses may constrain their ability to offer their products and services.

Changes in healthcare or other laws and regulations applicable to the businesses of some of our partner companies may occur that could increase their compliance and other costs of doing business, require significant systems enhancements, or render their products or services less profitable or obsolete, any of which could have a material adverse effect on their results of operations. There has also been an increased political and regulatory focus on healthcare laws in recent years, and new legislation could have a material effect on the business and operations of some of our partner companies.

We also anticipate that Congress, state legislatures, and third-party payors may continue to review and assess alternative healthcare delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the healthcare delivery system. We cannot assure you as to the ultimate content, timing, or effect of changes, nor is it possible at this time to estimate the impact of any such potential legislation on certain of our portfolio companies, our business model, prospects, financial condition or results of operations.

The potential inability of our partner companies' and counterparties marketing pharmaceutical products from which we receive royalty payments to charge desired prices with respect to prescription drugs could impact their revenues and in turn their ability to repay us or the magnitude of their payments to us.

Our pharmaceutical portfolio companies and pharmaceutical royalties are subject to risks associated with the pricing for prescription drugs. It is uncertain whether pharmaceutical products customers generally will continue to utilize established prescription drug pricing methods, or whether other pricing benchmarks will be adopted for establishing prices within the industry. Legislation may lead to changes in the pricing for Medicare and Medicaid programs. Regulators have

conducted investigations into the use of prescription drug pricing methods for federal program payment, and whether such methods have inflated drug expenditures by the Medicare and Medicaid programs. Federal and state proposals have sought to change the basis for calculating payment of certain drugs by the Medicare and Medicaid programs. We cannot predict the ultimate content, timing or effect of any such legislation or executive action or the impact of potential legislation or executive action on us. Any changes to the method for calculating prescription drug costs may reduce the revenues of our pharmaceutical portfolio companies, which could in turn impair their ability to timely make any principal and interest payments owed to us. Additionally, any such changes to pharmaceutical product reimbursement similarly could reduce the revenues of the pharmaceutical products from which we receive royalties.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters and the location of our Finance Receivables segment are in Dallas, Texas, where we lease approximately 2,400 square feet of space. The Pharmaceutical Development segment's headquarters is located in Boonton, New Jersey, where Enteris leases approximately 32,000 square feet of space. We believe these facilities are adequate for our business requirements.

ITEM 3. LEGAL PROCEEDINGS

We are involved in, or have been involved in, arbitrations or various other legal proceedings that arise from the normal course of our business. We cannot predict the timing or outcome of these claims and other proceedings. The ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact on our results of operations, balance sheets and cash flows due to defense costs, and divert management resources. Currently, we are not involved in any arbitration and/or other legal proceeding that we expect to have a material effect on our business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

On January 22, 2020, our common stock became listed on the Nasdaq Capital Market, under the symbol "SWKH." Prior to that time, our common stock was quoted on the OTCQB Marketplace, under the symbol "SWKH." Quotations for our common stock while it was quoted on the OTCQB Marketplace represent quotations between dealers without adjustment for retail markup, mark down or commissions, and may not represent actual transactions.

Holders of Record

There were approximately 113 stockholders of record of our common stock as of March 3, 2021. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

To date, we have not paid any cash dividends on our capital stock. We intend to retain our cash and do not anticipate paying any cash dividends in the foreseeable future.

Issuer Purchases of Equity Securities

On December 21, 2018, the Board authorized a share repurchase program under which the Company was authorized to repurchase up to $3.5 million of the Company's outstanding shares of common stock, or approximately 312,497 common shares, in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act. The December 21, 2018 share repurchase program expired on May 31, 2019 and was renewed on September 5, 2019 and March 26, 2020. Under the March 26, 2020 share repurchase program, the Board authorized the repurchase of up to $2.0 million worth of common shares.

As of December 31, 2020, the Company repurchased an aggregate 384,368 shares of its outstanding common stock, including three privately negotiated purchases outside of the share repurchase programs, at a total cost of $4.2 million or $11.06 per share. The program expired on September 30, 2020.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and the related notes. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth in the Risk Factors, Special Note Regarding Forward-Looking Statements and Business sections in this report. We use words such as "anticipate," "believe," "estimate," "expects," "intend," "plan," "will" and variations of these words and similar expressions to identify forward-looking statements.

COVID-19 Considerations

We are subject to risks related to public health crises such as the global pandemic associated with COVID-19. Our Pharmaceutical Development segment has seen a reduction in its productivity as well as delays in receiving some of its needed supplies as a direct result of the pandemic and the impact on key vendors. This slow-down is likely to continue in the near term until such time as certain restrictions that have been imposed on us and our suppliers are lifted. Such events may result in business disruption and reduced revenues, any of which could materially affect our business, financial condition and results of operations.

Please refer to Part I, Item 1A, *Risk Factors*, for additional information on risk factors related to the pandemic or other risks that could impact our business and results of operations.

Overview

We have organized our operations into two segments: Finance Receivables and Pharmaceutical Development. These segments reflect the way we evaluate our business performance and manage our operations. Please refer to Part II, Item 8, *Financial Statements*, Notes 1 and 12 of the Notes to the Consolidated Financial Statements for further information regarding segment information.

Finance Receivables Segment

In our Finance Receivables segment, we evaluate and invest in a broad range of healthcare related companies and products with innovative intellectual property, including the biotechnology, medical device, medical diagnostics and related tools, animal health and pharmaceutical industries (together "life science") by tailoring financial solutions to the needs of our business partners.

Our investment objective is to maximize our portfolio total return and thus increase our net income and book value by generating income from three sources: (1) primarily owning or financing through debt investments, royalties or revenue interests generated by the sales of life science products and related intellectual property, (2) receiving interest and other income by advancing capital in the form of secured debt to companies in the life science sector, and (3) to a lesser extent, realizing capital appreciation from equity-related investments in the life science sector.

We primarily provide capital in exchange for an interest in an existing revenue stream, which can take several forms, but is most commonly either a royalty derived from the sales of a life science product from the marketing efforts of a third party or from the marketing efforts of a partner company. Our structured debt investments may include warrants or other features, giving us the potential to realize enhanced returns on a portion of our portfolio.

Pharmaceutical Development Segment

On August 26, 2019, we commenced our Pharmaceutical Development segment with the acquisition of Enteris, which became our wholly-owned subsidiary. Enteris is a clinical stage biopharmaceutical company offering innovative formulation solutions built around its proprietary oral drug delivery technologies, the Peptelligence® platform. Since its founding in 2013, Enteris has advanced multiple internal and external programs leveraging Peptelligence®, which enables the oral delivery of molecules that are typically injected, including peptides and BCS Class II, III, and IV small molecules, in an enteric-coated tablet formulation.

Our strategy is to utilize the Peptelligence® platform to create a portfolio of milestone and royalty income, and thus increase our net income and book value, by out-licensing our technology in two ways. First, we intend to out-license our technology to pharmaceutical companies to create novel and important oral therapeutic treatments for a wide variety of indications. Second, we intend to out-license to pharmaceutical companies our internally developed reformulations of approved, off-patent injectable therapeutic treatments where Peptelligence® enables oral delivery, resulting in meaningful improvements for patients and caregivers. We also generate income by providing customers pharmaceutical development, formulation and manufacturing with the ultimate goal of generating new out-license agreements of our technology.

Finance Receivables Portfolio Overview

The table below provides an overview of our outstanding transactions as of, and for the year ended, December 31, 2020 *(in thousands, except rate, share and per share data):*

Royalty Purchases and Other Financings	Licensed Technology	Footnote	Funded Amount	GAAP Balance	Rate	Income (Loss) Recognized During 2020	Active Investment as of December 31, 2020
Beleodaq®	Oncology treatment		$ 7,600	$ 5,316	N/A	$ 1,704	Yes
Besivance®	Ophthalmic antibiotic	(1)	6,000	373	N/A	(75)	Yes
Best ABT, Inc.	Oncology diagnosis	(1), (2)	5,784	3,863	N/A	—	Yes
Coflex®/Kybella®/Zalviso®..	Spinal stenosis/Submental fullness		4,350	4,496	N/A	278	Yes
Cambia®	NSAID migraine treatment	(1)	8,500	3,701	N/A	303	Yes
Forfivo XL®	Depressive disorder treatment		6,000	1,577	N/A	2,035	Yes
Iluvien®	Diabetic macular edema		16,501	16,583	N/A	—	Yes
Narcan®	Opioid overdose treatment		17,500	559	N/A	2,835	Yes
Secured Royalty Financing (Marketable Investment)	Women's health	(1), (2)	3,000	241	11.5%	—	Yes
Ostomy products royalty	Ostomy products		3,900	3,991	N/A	—	Yes

Term Loans	Type	Footnote	Maturity Date	Principal	GAAP Balance	Rate	Income Recognized During 2020	Active Investment as of December 31, 2020
4Web, Inc.	First Lien	(3)	06/03/23	$ 21,112	$ 21,925	13.8%	$ 3,165	Yes
Acerus Pharmaceuticals, Inc.	First Lien		10/11/23	8,250	7,947	12.0%	1,422	Yes
Aimmune Therapeutics, Inc.	First Lien	(5)	12/31/24	—	—	8.5%	634	No
B&D Dental Corporation	First Lien	(2), (3), (6)	12/10/18	8,365	8,334	14.0%	—	Yes
B&D Dental Corporation	First Lien Equipment Loan	(7)	03/31/20	—	—	16.3%	—	No
BIOLASE, Inc.	First Lien	(8)	11/09/23	14,300	14,137	12.3%	2,253	Yes
CeloNova BioSciences, Inc.	First Lien		07/31/21	3,811	3,980	12.5%	538	Yes
DxTerity Diagnostics, Inc.	First Lien	(3), (9)	12/31/21	10,974	11,312	16.3%	1,642	Yes
Epica International, Inc.	First Lien		07/23/23	12,000	12,090	10.5%	1,787	Yes
eTon Pharmaceuticals, Inc.	First Lien	(10)	11/13/24	7,000	6,699	12.0%	841	Yes
Flowonix Medical, Inc.	First Lien		12/23/25	10,000	9,903	11.0%	27	Yes
Harrow Health, Inc.	First Lien		07/19/23	9,180	8,961	9.0% - 12.0%	1,148	Yes
Keystone Dental, Inc.	First Lien	(11)	11/14/22	15,000	15,362	11.5%	1,892	Yes
Misonix, Inc.	First Lien		06/30/23	30,096	29,965	10.3% - 12.3%	3,203	Yes
Tenex Health, Inc.	First Lien		06/30/21	6,042	6,354	13.0%	965	Yes
Thermedx, LLC	Sub Note		05/20/29	427	427	12.0%	47	Yes
Veru, Inc.	Synthetic Royalty		03/05/25	6,636	6,636	N/A	4,156	Yes

Common Stock and Investment in TRT	Footnote	Number of Shares	GAAP Balance	Change in Fair Value During 2020	Active Investment as of December 31, 2020
Misonix, Inc. Common Stock		96,810	$ 1,210	$ (591)	Yes
Tissue Regeneration Therapeutics("TRT")	(2), (4)	333,333	3,491	—	Yes

Warrants to Purchase Stock	Footnote	Number of Shares	Exercise Price per Share	GAAP Balance	Change in Fair Value During 2020	Active Investment as of December 31, 2020
4Web, Inc.		TBD	TBD	$ —	$ —	Yes
Acerus Pharmaceuticals, Inc.		7,764,004	0.053 CAD	214	(101)	Yes
B&D Dental Corporation	(2)	225	0.01	—	—	Yes
BIOLASE, Inc.	(8)	550,977	0.39	228	24	Yes
BIOLASE, Inc.	(8)	—	—	—	4	No
CeloNova BioSciences, Inc.		TBD	0.01	—	—	Yes
DxTerity Diagnostics, Inc.		1,201,923	2.08	—	—	Yes
Epica International, Inc.		TBD	TBD	—	—	Yes
eTon Pharmaceuticals, Inc.		51,239	5.86	300	88	Yes
eTon Pharmaceuticals, Inc.		18,141	6.62	—	28	Yes
EyePoint Pharmaceuticals, Inc.		40,910	11.00	126	(301)	Yes
EyePoint Pharmaceuticals, Inc.		7,773	19.30	19	(50)	Yes
Flowonix Medical, Inc.		155,561	3.86	108	—	Yes
Harrow Health, Inc.		373,847	2.08	1,977	(354)	Yes
Tenex Health, Inc.		2,693,878	0.37	—	—	Yes

	Assets	Income Recognized During 2020
Total Finance Receivables	$ 204,491	$ 30,800
Investment in TRT	3,491	N/A
Total Marketable Investments	1,451	N/A
Fair Value of Warrant Assets	2,972	N/A
Total Assets/Revenues	$ 212,405	$ 30,800

(1) Investment considered impaired.

(2) Investment on nonaccrual.

(3) Investment is currently in default.

(4) On August 21, 2020, the royalty purchase agreement was terminated in exchange for TRT common equity and a convertible note. The convertible feature is at the option of TRT. Please see Part II, Item 8, *Financial Statements*, Note 14 of the notes to the consolidated financial statements for further details.

(5) In accordance with credit agreement, $2,500 was funded on February 19, 2020. Loan was repaid in October 2020.

(6) B&D is evaluating strategic alternatives for the business. The loan is currently in default.

(7) B&D retired the facility in April 2020 with its final scheduled payment.

(8) We executed an amendment on May 15, 2020, which consolidated first, second and third warrants, for a total of 550,977 shares at $0.39198 per share.

(9) We amended the facility to allow DxTerity to pay in-kind the interest payments due in October 2019, January 2020 and April 2020, subject to DxTerity raising additional subordinated capital, which DxTerity did not accomplish by the required date. This resulted in a default under the credit agreement. DxTerity paid the interest and principal payments due in July 2020, October 2020 and January 2021, and we are currently working with DxTerity to remedy the default.

(10) We executed an amendment on August 11, 2020 to increase the maximum principal amount of the term loan from $10,000 to $15,000. eTon may draw up to $8,000 upon reaching certain milestones outlined in the amendment; $2,000 was funded at closing.

(11) We executed an amendment on March 27, 2020, which extended the maturity date to November 2022.

Unless otherwise specified, our senior secured debt assets generally are repaid by a revenue interest that is charged on a company's quarterly net sales and royalties.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we

evaluate our estimates, including those related to revenue recognition, stock-based compensation, impairment of finance receivables and long-lived assets, impairment of goodwill and identifiable intangible assets, valuation of warrants and investments, contingent consideration, income taxes and contingencies and litigation, among others. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our consolidated financial statements because they inherently involve significant judgments and uncertainties. For a discussion of our significant accounting policies, refer to Note 1 of the Notes to the Consolidated Financial Statements in Part II, Item 8, *Financial Statements and Supplementary Data*.

Allowance for Loan Losses

The allowance for loan losses is reviewed for adequacy based on portfolio collateral values and credit quality indicators, including non-performing assets, evaluation of portfolio diversification and concentration as well as economic conditions to determine the need for a qualitative adjustment. We review our finance receivables periodically to determine the probability of loss, and record charge-offs after considering such factors as delinquencies, the financial condition of obligors, the value of underlying collateral, as well as third party credit enhancements such as guarantees.

The process of determining the level of the allowance for loan losses requires a high degree of judgment. Others given the same information could reach different reasonable conclusions.

Finance Receivables

Finance receivables are measured based upon the difference between the recorded investment in each receivable and either the present value of the expected future cash flows discounted at each receivable's effective interest rate (the receivable's contractual interest rate adjusted for any deferred fees, costs or discount / premium at the date of origination/acquisition) or if a receivable is collateral dependent, the collateral's fair value. When impairment is determined to be probable, the measurement will be based on the fair value of the collateral. The determination of impairment involves management's judgment and the use of market and third party estimates regarding collateral values. Valuations of impaired receivables and corresponding impairment affect the level of the reserve for credit losses.

Revenue Recognition

Finance Receivables Segment

The Company's Finance Receivables segment records interest income on an accrual basis based on the effective interest rate method to the extent that we expect to collect such amounts. Incentive fees, if any, are recognized when earned at the end of the relevant performance period, pursuant to the underlying contract. Other administrative service revenues are recognized when contractual obligations are fulfilled or as services are provided.

Pharmaceutical Development Segment

The Company's Pharmaceutical Development segment enters into collaboration and licensing agreements with strategic partners, under which it may exclusively license rights to research, develop, manufacture and commercialize its product candidates to third parties. The terms of these arrangements typically include payment to the Company of one or more of the following: non-refundable, upfront license fees; reimbursement of certain costs; customer option exercise fees; development, regulatory and commercial milestone payments; and royalties on net sales of licensed products.

Fair Value of Financial Instruments

The fair value of our financial instruments reflects the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Our financial instruments not required to be adjusted to fair value on a recurring basis consist principally of cash and restricted cash, accounts and finance receivable, accounts payable, and accrued expenses. We believe the carrying amount of cash and cash equivalents, accounts and finance receivable, accounts payable and accrued expenses approximate fair value due to their relatively short maturities.

Cost Method Investment

The Company holds an investment in TRT. The common stock of TRT does not have a readily determinable fair value and is measured at cost minus impairment, if any. Management regularly evaluates the recoverability of its investment in TRT based on TRT's performance and financial position, including the status of its intellectual property and related intellectual property licensing agreements. During the year ended December 31, 2020, the Company evaluated the recoverability of its investment in TRT and determined there were no indicators of impairment.

Income Taxes

The recognition of certain net deferred tax assets of our reporting entities are dependent upon, but not limited to, the future profitability of the reporting entity, when the underlying temporary differences will reverse, and tax planning strategies. Further, management's judgment regarding the use of estimates and projections is required in assessing our ability to realize the deferred tax assets relating to NOL carryforwards, as most of these assets are subject to limited carryforward periods.

The Company will continue to assess the need for a valuation allowance on the deferred tax assets by evaluating both positive and negative evidence that may exist at each reporting date. Any adjustments to the deferred tax asset valuation allowance is recorded in the statement of operations in the period it is determined an adjustment is required.

Please refer to Note 13 of the Notes to the Consolidated Financial Statements in Part II, Item 8, *Financial Statements and Supplementary Data*.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, refer to Note 1 of the Notes to the Consolidated Financial Statements in Part II, Item 8, *Financial Statements and Supplementary Data*.

Outlook

Finance Receivables Segment

We believe the income generated by our Finance Receivables segment's current portfolio will be more than its operational expenses, and we expect to grow our book value going forward. We continue to evaluate multiple attractive opportunities that, if consummated, we believe would similarly generate additional income. We expect that the income generated by such future investments would be earned with minimal additional operational expenses.

Pharmaceutical Development Segment

We expect the Pharmaceutical Development segment's income to offset its operational expenses. The segment's income, however, is dependent up our third party licensee's achieving the clinical and operational milestones pursuant to which we receive milestone payments under the license agreements from our licensees.

Comparison of the Years Ended December 31, 2020 and 2019

(in millions)	For the Year Ended December 31,		
	2020	**2019**	**Change**
Revenues	$ 36.7	$ 30.7	$ 6.0
Provision for credit losses and impairment expenses	0.2	2.2	(2.0)
Interest expense	0.5	0.3	0.2
Pharmaceutical manufacturing, research and development expense	4.3	1.2	3.1
Change in fair value of acquisition-related contingent consideration	4.4	—	4.4
Depreciation and amortization expense	12.1	5.0	7.1
General and administrative expense	10.5	7.4	3.1
Other (expense) income, net	(1.1)	2.2	(3.3)
Income tax benefit	(1.5)	(7.0)	5.5
Consolidated net income	5.2	23.8	(18.6)

Revenues

We generated revenues of $36.7 and $30.7 million for the years ended December 31, 2020 and 2019, respectively. For the year ended December 31, 2020, revenues consisted primarily of $30.8 million of interest, fees and royalties earned on our finance receivables and $5.9 million from our Pharmaceutical Development segment. For the year ended December 31, 2019, revenues consisted primarily of $30.1 million of interest, fees and royalties earned on our finance receivables and $0.6 million received from our Pharmaceutical Development segment, which was acquired in the third quarter of 2019. The net $6.0 million increase in total revenues includes an $0.7 million increase in interest, fees and royalties earned on our finance receivables. The total increase in 2020 revenues also included $5.0 million of milestone revenue related to Enteris' license agreement with Cara.

Provision for Credit Losses and Impairment Expense

We recognized impairment expense of $0.2 million on our debt securities during the year ended December 31, 2020.

During the year ended December 31, 2019, we recognized credit loss provision expense of $0.6 million related to the Besivance® royalty, which was due to increases in sales chargebacks and various rebates (gross sales to net sales deductions) and lower sales volumes. We also recognized credit loss provision expense of $1.6 million on our Best ABT, Inc. ("Best") royalty, which was due to reduced future sales expectations.

Please refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Notes 3 and 5 of the Notes to the Consolidated Financial Statements for further information regarding the allowance for credit losses and impairments taken during the years ended December 31, 2020 and 2019.

Interest Expense

Interest expense consists of unused line of credit and maintenance fees, as well as amortization of debt issuance costs on our revolving line of credit. Interest expense increased to $0.5 million for the year ended December 31, 2020 from $0.3 million for the year ended December 31, 2019. In March and December of 2020, we drew $15.0 million and $12.0 million, respectively, on our revolving credit facility in order to support existing business partners and to finance future investment opportunities; this accounted for the $0.2 million increase in interest expense. The initial $15.0 million drawn in March 2020 was repaid by August 17, 2020. As of December 31, 2020 $11.8 million was outstanding on the line of credit, and $8.2 million was available for borrowing.

Pharmaceutical Manufacturing, Research and Development Expense

Pharmaceutical manufacturing, research and development expense totaling $4.3 million was incurred by our Pharmaceutical Development segment during the year ended December 31, 2020, compared to $1.2 million for the period following our acquisition of Enteris through December 31, 2019.

Change in Fair Value of Contingent Consideration

The change in the fair value of the contingent consideration for the year ended December 31, 2020 was $4.4 million. The contingent consideration is the earnout related to the 2019 acquisition of Enteris and sharing of certain milestone and royalties due to Enteris pursuant to the License Agreement with Cara for oral formulation rights to Enteris' Peptelligence® technology to develop and commercialize Oral KORSUVA™ in any indication worldwide, excluding South Korea and Japan (please refer to Part II, Item 8, *Financial Statements*, Note 2 of the Notes to the Consolidated Financial Statements for further information on contingent consideration and the acquisition of Enteris). The contingent consideration was remeasured to fair value throughout 2020. The carrying amount of the liability may fluctuate significantly, and actual amounts paid may be materially different from the estimated value of the liability.

Depreciation and Amortization

Depreciation and amortization increased by $7.1 million due to the increase in property and equipment and intangible assets that were obtained in the acquisition of Enteris, which was acquired in the third quarter of 2019. Please refer to Part II, Item 8, *Financial Statements*, Note 2 of the Notes to the Consolidated Financial Statements for further information on the acquisition of Enteris.

General and Administrative

General and administrative expenses consist primarily of compensation; stock-based compensation and related costs for management, staff and Board of Directors; legal, accounting and audit expenses; and corporate governance. General and administrative expenses increased to $10.5 million for the year ended December 31, 2020 from $7.4 million for the year ended December 31, 2019. The increase in general and administrative expense was primarily due to a $2.3 million increase in salaries, benefits and stock-based compensation expense, which included a $0.7 million increase in the performance-based bonus accrual; and a $1.0 million increase in general office, insurance and rent expense. The overall increase in general and administrative expense was primarily due to the addition of Enteris, which was acquired in the third quarter of 2019, along with our 2020 uplisting to the Nasdaq Stock Market.

Other Income (Expense), Net

Other income (expense), net for the year ended December 31, 2020 reflected a $0.6 million net fair market value loss on our warrant derivatives, a $0.1 million gain realized related to our warrant in prior borrower Cheetah Medical, Inc. and the release of certain acquisition-related cash proceeds from escrow, and a $0.6 million net fair market value loss on our Misonix common stock.

Other income, net for the year ended December 31, 2019 reflected a net fair market value gain of $0.4 million on our warrant derivatives and a $0.2 million gain realized upon exercising the warrant related to our Cheetah Medical, Inc. investment and a $1.6 million net fair market value gain on our Misonix common stock. The $1.6 million gain on our Misonix common stock resulted from the exchange of our Solsys equity interests, which were obtained upon exercising our Solsys warrants and preemptive right to protect against dilution of our Solsys warrants, into Misonix shares pursuant to the terms of the acquisition agreement.

Income Tax Benefit

At December 31, 2020 and 2019, our cumulative gross deferred tax asset was $67.8 million and $82.3 million, respectively. Based on historical and expected future operating performance, we concluded that it was more likely than not that we will not be able to realize the full benefit of the U.S. federal and state deferred tax assets in the future. The valuation allowance against deferred tax assets was $37.5 million and $51.7 million as of December 31, 2020 and 2019, respectively. We believe it is more likely than not that we will realize approximately $27.5 million of benefit from the U.S. federal and state deferred tax assets in the future.

As of December 31, 2020, we had NOLs for federal income tax purposes of $289.4 million. The federal NOL carryforwards, if not offset against future income, will expire by 2037, with approximately half expiring by December 2021. Approximately $4.0 million of the $289.4 million can be carried forward indefinitely. We also had federal research credit carryforwards of $3.0 million. The federal research credits will expire by 2039, with the majority of such credits expiring by 2029.

Liquidity and Capital Resources

As of December 31, 2020, we had $3.0 million in cash and cash equivalents, compared to $11.2 million in cash and cash equivalents as of December 31, 2019. The primary driver of the net decrease in our cash balance was $42.7 million, net of origination costs and fees, of new and add-on investment funding; $18.1 million of accounts payable, which included $3.9 million of capital expenditures to upgrade the Enteris facility, benefits and payroll expense; and $2.0 million to repurchase shares of our common stock in the open market. The net decrease was offset by $43.6 million of interest, fees, and principal payments generated by our finance receivables, which included $4.4 million received from the payoff of one term loan; a net $4.4 million of payments generated by our Pharmaceutical Development segment; and $11.8 million of net borrowings under our revolving credit facility. As of December 31, 2020, we had $8.2 million of availability on our revolving credit facility. As of March 31, 2021, current capital, combined with expected cash flows from operations, will be sufficient to meet the company's operating requirements for at least the next 12 months.

Primary Driver of Cash Flow

Our ability to generate cash in the future depends primarily upon our success in implementing our Finance Receivable segment business model of generating income by providing capital to a broad range of life science companies, institutions and inventors, as well as the success of our Pharmaceutical Development segment. We generate income primarily from four sources:

1. Primarily owning or financing through debt investments, royalties generated by the sales of life science products and related intellectual property;

2. Receiving interest and other income by advancing capital in the form of secured debt to companies in the life science sector;

3. Pharmaceutical development, manufacturing, and licensing activities utilizing the Peptelligence® platform; and

4. To a lesser extent, realizing capital appreciation from equity-related investments in the life science sector.

As of December 31, 2020, our finance receivables portfolio contains $204.5 million of finance receivables, $1.5 million of marketable investments and $3.5 million of convertible notes receivable. We expect these assets to generate positive cash flows in 2021. However, we continuously monitor the short and long-term financial position of our finance receivables portfolio. In addition, the majority of our finance receivables portfolio are debt instruments that carry floating interest rates with a LIBOR-based interest rate floor. Changes in interest rates, including the levels of LIBOR rates or the replacement of LIBOR with another reference rate, may affect the interest income for debt instruments with floating rates. We believe we are well positioned to benefit should market interest rates rise in the future.

We continue to evaluate multiple attractive opportunities that, if consummated, we believe would similarly generate additional income. Since the timing of any investment is difficult to predict, our Finance Receivables segment may not be able to generate positive cash flow above what our existing assets are expected to produce in 2021. We do not assume any near-term repayments from borrowers, and as a result, no assurances can be given that actual results would not differ materially from the statement above.

As of December 31, 2020, our Pharmaceutical Development segment did not have a significant impact on our cash flow. We expect the Pharmaceutical Development segment to generate positive cash flow above its expenses from proceeds received under its license agreements and customer relationships; however, the timing of the receipt of payments under the license agreements is uncertain and dependent upon the success of our technology licensees' pharmaceutical development candidates. Also, the COVID-19 pandemic has resulted in disruption and delays to pharmaceutical clinical trials in general and may impact the expected timing of our technology licensees' ability to achieve milestones upon which we receive income pursuant to our license agreements.

We entered into a $20.0 million revolving credit facility in June 2018. As of December 31, 2020, $11.8 million was outstanding under the credit facility, and $8.2 million was available for borrowing. As of March 25, 2021, the Company drew an additional $9.0 million under the credit facility, incurred and paid $0.1 million of interest and fees and made principal payments of $11.2 million. As of March 25, 2021, $10.3 million was available for borrowing. Our credit facility matures on June 30, 2021. We are exploring options with respect to a new credit facility.

Off-Balance Sheet Arrangements

In the normal course of operations, we engage in a variety of financial transactions that, in accordance with GAAP, are not recorded in our consolidated financial statements. These transactions involve, to varying degrees, elements of credit, interest rate, and liquidity risk. Such transactions are used primarily to manage partner companies' requests for funding and take the form of loan commitments and lines of credit.

The contractual amounts of commitments to extend credit represent the amounts of potential accounting loss should the contract be fully drawn upon, the partner company defaults, and the value of any existing collateral becomes worthless. We use the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments. Please refer to Part II, Item 8, *Financial Statements,* Note 8 of the Notes to the Consolidated Financial Statements.

As of December 31, 2020, we did not have any unfunded commitments. Please refer to Part II, Item 8, *Financial Statements*, Note 8 of the Notes to the Consolidated Financial Statements for further information regarding the Company's commitments and contingencies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the year ended December 31, 2020, our cash and cash equivalents were deposited in accounts at well capitalized financial institutions. The fair value of our cash and cash equivalents at December 31, 2020, approximated its carrying value.

Investment and Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flow.

As we seek to provide capital to a broad range of life science companies, institutions and investors with the majority of our finance receivables portfolio paying interest based on floating interest rates with a LIBOR floor, our net investment income is dependent, in part, upon the difference between the rate at which we earn on our cash and cash equivalents and the rate at which we lend those funds to third parties. As a result, we are subject to risks relating to changes in market interest rates. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations by providing capital at variable interest rates. We do not currently engage in any interest rate hedging activities. We constantly monitor our portfolio and position our portfolio to respond appropriately to a reduction in credit rating of any of our investments.

During 2018, we entered into a revolving credit facility. As we borrow funds to make additional investments, our income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we are subject to risks relating to changes in market interest rates. In periods of rising interest rates when we have debt outstanding, our cost of funds would increase, which could reduce our income, especially to the extent we continue to hold fixed rate investments. We generally seek to mitigate this risk by pricing our debt investments with floating interest rates to maintain the spread of our portfolio over the cost of leverage. If deemed prudent, we may use interest rate risk management techniques in an effort to minimize our exposure to interest rate fluctuations, which we have not done. Adverse developments resulting from changes in interest rates or hedging transactions could have a materially adverse effect on our business, financial condition and results of operations. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our investment income, net of borrowing expenses.

Inflation

We do not believe that inflation has had a significant impact on our revenues or operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SWK HOLDINGS CORPORATION

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
SWK Holdings Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of SWK Holdings Corporation and its subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Finance Receivables

As described in Notes 1 and 3 to the consolidated financial statements, the Company's consolidated finance receivables balance was $204.5 million as of December 31, 2020, which is net of the allowance for credit losses of $8.4 million. The Company has also generated $30.8 million of finance receivable interest income, including fees during the year ended December 31, 2020. The Company's finance receivables are stated at amortized cost, net of unamortized origination fees, if any. Interest income on the finance receivables is recorded on an accrual basis based on the effective interest rate method to the extent that the Company expects to collect such amounts. The Company evaluates the collectability of both interest and principal for each finance receivable to determine whether it is impaired. A finance receivable is considered to be impaired when, based on current information and events, the Company determines it is probable that it will be unable to collect amounts due according to existing contractual terms. When a loan is considered to be impaired, the amount of loss is calculated by comparing the carrying value of the finance receivable to the value determined by discounting the expected future cash flows. If actual cash flows were to be substantially lower than estimated, there could be a significant adverse impact on the carrying value of the finance receivables and results of operations.

The principal considerations for our determination that performing procedures relating to valuation of the finance receivables is a critical audit matter are its overall impact on the consolidated financial statements, including the realization of the Company's deferred tax asset, and the significant amount of judgement by management in developing the assumptions of the expected future cash flows, which in turn led to significant auditor judgement, subjectivity, and effort in performing audit procedures and evaluating audit evidence relating to the expected future cash flows. Additionally, for certain finance receivables, there may be limited historical data with which to evaluate the expected future cash flows.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, evaluating management's process and valuation method for developing the estimate of expected cash flows of its finance receivables and potential credit losses, testing the completeness and accuracy of the underlying data used in the estimate, and evaluating management's assumptions used to estimate future cash flows. Evaluating management's assumptions used to estimate future cash flows for reasonableness involved considering historical cash flows from the Company's finance receivable portfolio, comparing prior period estimates to actual results of the same period, publicly available information which supports or is to the contrary of the estimated future cash flows and determining whether the estimated cash flows used were consistent with evidence obtained in other areas of the audit.

/s/ BPM LLP

We have served as the Company's auditor since 2006.

San Jose, California
March 31, 2021

SWK HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31,	
	2020	**2019**
Assets		
Current assets:		
Cash and cash equivalents	$ 3,008	$ 11,158
Interest and accounts receivable, net	1,911	2,554
Marketable investments	1,210	1,802
Other current assets	542	783
Total current assets	6,671	16,297
Finance receivables, net	204,491	172,825
Marketable investments	241	466
Investment in TRT	3,491	—
Deferred tax asset, net	27,491	25,780
Warrant assets	2,972	3,555
Intangible assets, net	13,617	25,113
Goodwill	8,404	8,404
Property and equipment, net	5,211	1,292
Other non-current assets	1,312	640
Total assets	$ 273,901	$ 254,372
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,652	$ 3,061
Revolving credit facility	11,758	—
Total current liabilities	15,410	3,061
Contingent consideration payable	16,900	14,500
Warrant liability	—	76
Other non-current liabilities	1,079	203
Total liabilities	33,389	17,840
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred Stock, $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value; 250,000,000 shares authorized; 12,792,586 and 12,917,348 shares issued and outstanding at December 31, 2020 and 2019, respectively	13	13
Additional paid-in capital	4,430,924	4,432,146
Accumulated deficit	(4,190,425)	(4,195,627)
Total SWK Holdings Corporation stockholders' equity	240,512	236,532
Total liabilities and stockholders' equity	$ 273,901	$ 254,372

See accompanying notes to the consolidated financial statements.

SWK HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Year Ended December 31,	
	2020	**2019**
Revenues		
Finance receivable interest income, including fees	$ 30,800	$ 30,117
Pharmaceutical development	5,903	621
Other	9	9
Total revenues	36,712	30,747
Costs and expenses:		
Provision for loan credit losses	—	2,209
Impairment expense	163	—
Pharmaceutical manufacturing, research and development expense	4,268	1,176
General and administrative	10,546	7,430
Depreciation and amortization expense	12,091	4,954
Interest expense	455	338
Change in fair value of acquisition-related contingent consideration	4,400	—
Total costs and expenses	31,923	16,107
Other (expense) income, net:		
Unrealized net (loss) gain on derivatives	(586)	362
Unrealized net (loss) gain on equity securities	(591)	1,643
Gain on sale of investments	53	197
Income before income tax benefit	3,665	16,842
Income tax benefit	(1,537)	(6,986)
Consolidated net income	$ 5,202	$ 23,828
Net income per share		
Basic	$ 0.40	$ 1.85
Diluted	$ 0.40	$ 1.85
Weighted Average Shares:		
Basic	12,852	12,906
Diluted	12,862	12,911

See accompanying notes to the consolidated financial statements.

SWK HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,	
	2020	2019
Consolidated net income	$ 5,202	$ 23,828
Other comprehensive income, net of tax	—	—
Comprehensive income	$ 5,202	$ 23,828

See accompanying notes to the consolidated financial statements.

SWK HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balances at December 31, 2018	12,933,674	$ 13	$ 4,432,499	$ (4,219,455)	$ 213,057
Stock-based compensation	—	—	530	—	530
Issuance of common stock	73,074	—	—	—	—
Repurchases of common stock in open market	(89,400)	—	(883)	—	(883)
Cumulative effect of adoption of ASU 2016-01	—	—	—	—	—
Net income	—	—	—	23,828	23,828
Balances at December 31, 2019	12,917,348	13	4,432,146	(4,195,627)	236,532
Stock-based compensation	—	—	728	—	728
Issuance of common stock	24,940	—	—	—	—
Issuance of common stock in lieu of employee cash bonuses	5,200	—	60	—	60
Repurchases of common stock in open market	(154,902)	—	(2,010)	—	(2,010)
Net income	—	—	—	5,202	5,202
Balances at December 31, 2020	12,792,586	$ 13	$ 4,430,924	$ (4,190,425)	$ 240,512

See accompanying notes to the consolidated financial statements.

SWK HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2020	**2019**
Cash flows from operating activities:		
Consolidated net income	$ 5,202	$ 23,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan credit losses	—	2,209
Amortization of debt issuance costs	188	188
Impairment expense	163	—
Deferred income taxes	(1,711)	(7,100)
Change in fair value of warrants	586	(362)
Change in fair value of equity securities	591	(1,643)
Gain on sale of investments	(53)	(197)
Change in fair value of acquisition-related contingent consideration	4,400	—
Loan discount amortization and fee accretion	(1,983)	(349)
Interest paid-in-kind	(2,145)	(1,287)
Stock-based compensation	728	530
Interest income in excess of cash collected	—	(82)
Depreciation and amortization	12,091	4,954
Changes in operating assets and liabilities:		
Interest and accounts receivable	643	(214)
Other assets	(959)	(205)
Accounts payable and other liabilities	1,527	(1,734)
Net cash provided by operating activities	19,268	18,536
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	—	(19,719)
Cash received from settlement of warrants	53	—
Proceeds from sale of investments	—	197
Investment in equity securities	—	(159)
Investment in finance receivables	(42,859)	(51,039)
Repayment of finance receivables	11,752	43,980
Corporate debt security principal payment	62	66
Purchases of property and equipment	(3,937)	(48)
Other	(237)	—
Net cash used in investing activities	(35,166)	(26,722)
Cash flows from financing activities:		
Repurchases of common stock, including fees and expenses	(2,010)	(883)
Net proceeds and payments under credit facility	11,758	—
Payment of acquisition-related contingent consideration	(2,000)	—
Net cash provided by (used in) financing activities	7,748	(883)
Net decrease in cash and cash equivalents	(8,150)	(9,069)
Cash and cash equivalents at beginning of period	11,158	20,227
Cash and cash equivalents at end of period	$ 3,008	$ 11,158
Supplemental noncash flow activity:		
Warrants received in connection with finance receivables	$ 79	$ 353
Fair value of common stock issued in lieu of employee cash bonuses	$ 60	$ —
Contingent consideration in connection with business combination	$ —	$ 14,500

See accompanying notes to the consolidated financial statements.

SWK HOLDINGS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. SWK Holdings Corporation and Summary of Significant Accounting Policies

Nature of Operations

SWK Holdings Corporation (the "Company") was incorporated in July 1996 in California and reincorporated in Delaware in September 1999. In July 2012, the Company commenced its strategy of building a specialty finance and asset management business. In August 2019, the Company commenced a complementary strategy of building a pharmaceutical development, manufacturing and intellectual property licensing business. The Company's operations comprise two reportable segments: "Finance Receivables" and "Pharmaceutical Development." The Company allocates capital to each segment in order to generate income through the sales of life science products by third parties. The Company is headquartered in Dallas, Texas, and as of December 31, 2020, the Company had 34 employees.

The Company has net operating loss carryforwards ("NOLs") and believes that the ability to utilize these NOLs is an important and substantial asset. However, at this time, under current law, the Company does not anticipate that the Finance Receivables and/or Pharmaceutical Development segments will generate sufficient income to permit the Company to utilize all of its NOLs prior to their respective expiration dates. As such, it is possible that the Company might pursue additional strategies that it believes might result in the ability to utilize more of the NOLs.

As of March 25, 2021, the Company and its partners have executed transactions with 41 different parties under its specialty finance strategy, funding an aggregate $584.0 million in various financial products across the life science sector. The Company's portfolio includes senior and subordinated debt backed by royalties and synthetic royalties paid by companies in the life science sector, and purchased royalties generated by sales of life science products and related intellectual property.

On August 26, 2019, the Company commenced its Pharmaceutical Development segment with the acquisition of Enteris BioPharma, Inc. ("Enteris"). SWK Products Holdings LLC ("SWK Products"), a wholly-owned subsidiary of the Company, entered into a merger agreement pursuant to which Enteris became a wholly-owned subsidiary of SWK Products.

Enteris is a clinical stage biopharmaceutical company offering innovative formulation solutions built around its proprietary oral drug delivery technologies, the Peptelligence® platform. Since its founding in 2013, Enteris has advanced multiple internal and external programs leveraging Peptelligence®, which enables the oral delivery of molecules that are typically injected, including peptides and BCS Class II, III, and IV small molecules, in an enteric-coated tablet formulation. Peptelligence® utilizes a unique multifaceted approach to increase the solubility and absorption of peptides and small molecules, addressing the complex challenges regarding solubility and permeability of therapeutics with low oral bioavailability. Peptelligence® is protected by an extensive patent estate that extends until 2036.

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The consolidated financial statements include the accounts of all subsidiaries and affiliates in which the Company holds a controlling financial interest as of the financial statement date. Normally a controlling financial interest reflects ownership of a majority of the voting interests. The Company consolidates a variable interest entity ("VIE") when it possesses both the power to direct the activities of the VIE that most significantly impact its economic performance and the Company is either obligated to absorb the losses that could potentially be significant to the VIE or the Company holds the right to receive benefits from the VIE that could potentially be significant to the VIE, after elimination of intercompany accounts and transactions.

The Company owns interests in various partnerships and limited liability companies, or LLCs. The Company consolidates its investments in these partnerships or LLCs, where the Company, as the general partner or managing member, exercises effective control, even though the Company's ownership may be less than 50 percent, the related governing agreements provide the Company with broad powers, and the other parties do not participate in the management of the entities and do not effectively have the ability to remove the Company. The Company has reviewed each of the underlying agreements to determine if it has effective control. If circumstances change and it is determined this control does not exist, any such investment would be recorded using the equity method of accounting. Although this would change individual line items within the Company's consolidated financial statements, it would have no effect on its operations and/or total stockholders' equity attributable to the Company.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. The amounts for prior periods have been reclassified to be consistent with current year presentation and have no impact on previously reported total assets, total stockholders' equity or net income.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are required in the determination of revenue recognition; stock-based compensation; valuation of accounts receivable; impairment of finance receivables; long-lived assets; property and equipment; intangible assets; goodwill; valuation of warrants and other investments; contingent consideration; income taxes; and contingencies and litigation, among others. Some of these judgments can be subjective and complex, and consequently, actual results may differ from these estimates. The Company's estimates often are based on complex judgments, probabilities and assumptions that it believes to be reasonable but that are inherently uncertain and unpredictable. For any given individual estimate or assumption made by the Company, there may also be other estimates or assumptions that are reasonable.

The Company regularly evaluates its estimates and assumptions using historical experience and other factors, including the economic environment. As future events and their effects cannot be determined with precision, the Company's estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause changes to those estimates and assumptions. Market conditions, such as illiquid credit markets, health crises such as the COVID-19 global pandemic, volatile equity markets, and economic downturns, can increase the uncertainty already inherent in the Company's estimates and assumptions. The Company adjusts its estimates and assumptions when facts and circumstances indicate the need for change. Those changes generally will be reflected in our consolidated financial statements on a prospective basis unless they are required to be treated retrospectively under the relevant accounting standard. It is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

The most significant estimates and assumptions are used to determine amounts and values of, but are not limited to: revenue recognition related to product and collaboration revenue; acquisition date fair value and subsequent fair value estimates used to assess impairment of long-lived assets, including goodwill; licensing agreements; in-process research and development; other intangible assets; contingent consideration; and income taxes, inclusive of a valuation allowance.

Business Combination

We account for business combinations under the acquisition method of accounting. This method requires the recording of acquired assets and assumed liabilities at their acquisition date fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Results of operations related to business combinations are included prospectively beginning with the date of acquisition and transaction costs related to business combinations are recorded within selling, general and administrative expenses. Refer to Note 2, *Business Combinations*, for further information regarding our acquisition of Enteris.

Segment Information

The Company earns revenues from its two U.S.-based business segments: its specialty finance and asset management business offering customized financing solutions to a broad range of life-sciences companies, and as of August 26, 2019, the Company's business offering oral therapeutic formulation solutions built around Enteris' pharmaceutical Peptelligence® platform, which enables the oral delivery of molecules that are typically injected, including peptides and BCS Class II, III, and IV small molecules in an enteric-coated tablet formulation.

The financial results of Enteris are included in the Pharmaceutical Development segment as of the acquisition date.

Goodwill and Intangible Assets

The Company's methodology for allocating the purchase price of an acquisition is based on established valuation techniques that reflect the consideration of a number of factors, including a valuation performed by a third-party appraiser. Goodwill is measured as the excess of the cost of an acquired business over the fair value assigned to identifiable assets acquired and liabilities assumed. Goodwill is considered impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying

value, goodwill impairment is recognized based on that difference, not to exceed the carrying amount of goodwill. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. Goodwill arising from the Enteris acquisition has been allocated to the Pharmaceutical Development segment.

Finite-lived intangible assets are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Company. Intangible assets should be tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

Inventory

Inventories are stated at the lower of cost or net realizable value, valued at specifically identified cost which approximates the first-in, first-out ("FIFO") method. The components of inventory include raw materials of $0.1 million and $0.2 million as of December 31, 2020 and 2019 and are reflected in current assets in the consolidated balance sheets.

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation and amortization. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred. In addition, we capitalize interest on borrowings during the active construction period of capital projects. Capitalized interest is added to the cost of the assets and depreciated over the estimated useful lives of the assets. Leased property meeting certain criteria is capitalized and the present value of the related lease payments is recorded as a liability and included in current liabilities.

Depreciation is recorded over the estimated useful lives of the assets involved using the straight-line method. Leasehold improvements and capitalized lease assets are amortized to depreciation expense over the estimated useful life of the asset or the respective lease term used in determining lease classification, whichever is shorter. The range of estimated useful lives is as follows:

Asset	Estimated Useful Life
Leasehold improvements	Lesser of lease term or useful life
Furniture, fixtures and equipment	3 to 10 years

Deferred Revenue and Deferred Costs

Deferred revenue includes amounts that have been billed per the contractual terms but have not been recognized as revenue. The Company classifies as current the portion of deferred revenue that is expected to be recognized within one year from the balance sheet date. Deferred revenue was $0.4 million and $0.1 million as of December 31, 2020 and 2019, respectively, and is included in accounts payable and accrued liabilities in the consolidated balance sheets.

Research and Development

Research and development expenses include the costs associated with internal research and development and research and development conducted for the Company by third parties. These costs primarily consist of salaries, pre-clinical and clinical trials, outside consultants, and supplies. All research and development costs discussed above are expensed as incurred. Third-party expenses reimbursed under research and development contracts, which are not refundable, are recorded as a reduction to pharmaceutical manufacturing research and development expense in the consolidated statements of income.

Cost Method Investment

The Company holds an investment in TRT. The common stock of TRT does not have a readily determinable fair value and is measured at cost minus impairment, if any. Management regularly evaluates the recoverability of its investment in TRT based on TRT's performance and financial position, including the status of its intellectual property and related intellectual property licensing agreements. During the year ended December 31, 2020, the Company evaluated the recoverability of its investment in TRT and determined there were no indicators of impairment.

Finance Receivables

The Company extends credit to customers through a variety of financing arrangements, including revenue interest term loans. The amounts outstanding on loans are referred to as finance receivables and are included in finance receivables on the consolidated balance sheets. It is the Company's expectation that the loans originated will be held for the foreseeable

future or until maturity. In certain situations, for example to manage concentrations and/or credit risk, some or all of certain exposures may be sold. Loans for which the Company has the intent and ability to hold for the foreseeable future or until maturity are classified as held for investment ("HFI"). If the Company no longer has the intent or ability to hold loans for the foreseeable future, then the loans are transferred to held for sale ("HFS"). Loans entered into with the intent to resell are classified as HFS.

If it is determined that a loan should be transferred from HFI to HFS, then the balance is transferred at the lower of cost or fair value. At the time of transfer, a write-down of the loan is recorded as an impairment when the carrying amount exceeds fair value and the difference relates to credit quality. Otherwise the write-down is recorded as a reduction in finance receivable interest income, and any loan loss reserve is reversed. Once classified as HFS, the amount by which the carrying value exceeds fair value is recorded as a valuation allowance and is reflected as a reduction to finance receivable interest income.

If it is determined that a loan should be transferred from HFS to HFI, the loan is transferred at the lower of cost or fair value on the transfer date, which coincides with the date of change in management's intent. The difference between the carrying value of the loan and the fair value, if lower, is reflected as a loan discount at the transfer date, which reduces its carrying value. Subsequent to the transfer, the discount is accreted into earnings as an increase to finance revenue interest income over the life of the loan using the effective interest method.

The Company accounts for its finance receivables at amortized cost, net of unamortized origination fees, if any. Related fees and costs are recorded net of any amounts reimbursed, and interest is accreted or accrued to interest revenue using the effective interest method. When and if supplemental payments are received from these long-term receivables, an adjustment to the estimated effective interest rate is affected prospectively.

The Company evaluates the collectability of both interest and principal for each loan to determine whether it is impaired. A loan is considered to be impaired when, based on current information and events, the Company determines it is probable that it will be unable to collect amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of loss is calculated by comparing the carrying value of the financial asset to the value determined by discounting the expected future cash flows at the loan's effective interest rate or to the estimated fair value of the underlying collateral, less costs to sell, if the loan is collateralized and the Company expects repayment to be provided solely by the collateral. Impairment assessments require significant judgments and are based on significant assumptions related to the borrower's credit risk, financial performance, expected sales, and estimated fair value of the collateral.

Allowance for Credit Losses on Finance Receivables

The allowance for credit losses is intended to provide for credit losses inherent in the finance receivables portfolio and is periodically reviewed for adequacy considering credit quality indicators, including expected and historical losses and levels of and trends in past due loans, non-performing assets and impaired loans, collateral values and economic conditions. The allowance for credit losses is determined based on specific allowances for loans that are impaired, based upon the value of underlying collateral or projected cash flows. Changes to the allowance for credit losses are recorded in the provision for loan credit losses in the consolidated statement of income.

Marketable Investments

The Company's marketable investment portfolio includes debt and equity securities as of December 31, 2020. Equity securities that have readily determinable fair values are reported at fair value with gains and losses recognized in earnings. The debt security is classified as an available-for-sale security, which is reported at fair value with unrealized gains or losses recorded in statements of other comprehensive income, net of applicable income taxes. In any case where fair value might fall below amortized cost, the Company would consider whether that security is other-than temporarily impaired using all available information about the collectability of the security. The Company would not consider that an other-than temporary impairment for a debt security has occurred if (1) the Company does not intend to sell the debt security, (2) it is not more likely than not that the Company will be required to sell the debt security before recovery of its amortized cost basis and (3) the present value of estimated cash flows will fully cover the amortized cost of the security. The Company would consider that an other-than-temporary impairment has occurred if any of the above mentioned three conditions are not met.

For a debt security for which an other-than-temporary impairment is considered to have occurred, the Company would recognize the entire difference between the amortized cost and the fair value in earnings if the Company intends to sell the debt security or it is more likely than not that the Company will be able to sell the debt security before recovery of its amortized cost basis. If the Company does not intend to sell the debt security and it is not more likely than not that the Company will be required to sell the debt security before recovery of its amortized cost basis, the Company would separate the difference between the amortized cost and the fair value of the debt security into the credit loss component and the non-credit loss component. The credit loss component would be recognized in earnings and the non-credit loss component would be recognized in other comprehensive income, net of applicable income taxes.

Derivatives

All derivatives held by the Company are recognized in the consolidated balance sheets at fair value. The accounting treatment for subsequent changes in the fair value depends on their use, and whether they qualify as effective "hedges" for accounting purposes. Derivatives that are not hedges must be adjusted to fair value through the consolidated statements of income. If a derivative is a hedge, then depending on its nature, changes in its fair value will be either offset against change in the fair value of hedged assets or liabilities through the consolidated statements of income or recorded in other comprehensive income. The Company had no derivatives designated as hedges as of December 31, 2020 and 2019. The Company holds warrants issued to the Company in conjunction with term loan investments discussed in Note 3. These warrants meet the definition of a derivative and are included in warrant assets in the consolidated balance sheets. The Company issued a warrant on its own common stock as discussed in Note 7. The warrant expired on September 6, 2020.

Revenue Recognition

Finance Receivables Segment

The Company's Finance Receivables segment records interest income on an accrual basis based on the effective interest rate method to the extent that it expects to collect such amounts. The Company recognizes investment management fees when clients invest in our recommended transactions as earned over the period the services are rendered. In general, the majority of investment management fees earned are charged either monthly or quarterly. Incentive fees, if any, are recognized when earned at the end of the relevant performance period, pursuant to the underlying contract. The Company has not recognized any management or incentive fees in 2019 or 2020. Other service revenues are recognized when contractual obligations are fulfilled or as services are provided.

Pharmaceutical Development Segment

The Company's Pharmaceutical Development segment enters into collaboration and licensing agreements with strategic partners, under which it may exclusively license rights to research, develop, manufacture and commercialize its product candidates to third parties. The terms of these arrangements typically include payment to the Company of one or more of the following: non-refundable, upfront license fees; reimbursement of certain costs; customer option exercise fees; development, regulatory and commercial milestone payments; and royalties on net sales of licensed products.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. As part of the accounting for these arrangements, the Company must use its judgment to determine: a) the number of performance obligations based on the determination under step (ii) above; b) the transaction price under step (iii) above; c) the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price in step (iv) above; and d) the contract term and pattern of satisfaction of the performance obligations under step (v) above. The Company uses judgment to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price as described further below. The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue in the Company's consolidated balance sheets. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as current deferred revenue. Amounts not expected to be recognized as revenue within the 12 months following the balance sheet date are classified as deferred revenue, net of current portion. Deferred revenue as of December 31, 2020 and 2019 was $0.4 million and $0.1 million and is classified as current deferred revenue in the consolidated balance sheets.

The Company evaluates collaboration agreements with respect to FASB ASC Topic 808, *Collaborative Arrangements*, considering the nature and contractual terms of the arrangement and the nature of its business operations to determine the classification of the transactions. When the Company is an active participant in the activity and exposed to significant risks and rewards dependent on the commercial success of the collaboration, it will record its transactions on a gross basis in the consolidated financial statements and describe the rights and obligations under the collaborative arrangement in the notes to the consolidated financial statements.

Exclusive Licenses

If the license to the Company's intellectual property is determined to be distinct from the other promises or performance obligations identified in the arrangement, the Company recognizes revenue from non-refundable, upfront fees allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. In assessing whether a promise or performance obligation is distinct from the other promises, the Company considers factors such as the research, manufacturing and commercialization capabilities of the collaboration partner; the retention of any key rights by the Company; and the availability of the associated expertise in the general marketplace. In addition, the Company considers whether the collaboration partner can benefit from a promise for its intended purpose without the receipt of the remaining promises, whether the value of the promise is dependent on the unsatisfied promise, whether there are other vendors that could provide the remaining promise, and whether it is separately identifiable from the remaining promise. For licenses that are combined with other promises, the Company exercises judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. The measure of progress, and thereby periods over which revenue should be recognized, are subject to estimates by management and may change over the course of the research and development and licensing agreement. Such a change could have a material impact on the amount of revenue the Company records in future periods.

Customer Options

If an arrangement is determined to contain customer options that allow the customer to acquire additional goods or services, the goods and services underlying the customer options are not considered to be performance obligations at the outset of the arrangement, as they are contingent upon option exercise. The Company evaluates the customer options for material rights, or options to acquire additional goods or services for free or at a discount. If the customer options are determined to represent a material right, the material right is recognized as a separate performance obligation at the outset of the arrangement. The Company allocates the transaction price to material rights based on the relative standalone selling price, which is determined based on the identified discount and the probability that the customer will exercise the option. Amounts allocated to a material right are not recognized as revenue until, at the earliest, the option is exercised.

Research and Development Services

The promises under the Company's collaboration agreements may include research and development services to be performed by the Company on behalf of the partner. Payments or reimbursements resulting from the Company's research and development efforts are recognized as the services are performed and presented on a gross basis because the Company is the principal for such efforts. Reimbursements from and payments to the partner that are the result of a collaborative relationship with the partner, instead of a customer relationship, such as co-development activities, are recorded as a reduction to research and development expense.

Milestone Payments

At the inception of each arrangement that includes development milestone payments, the Company evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone in making this assessment. There is considerable judgment involved in determining whether it is probable that a significant revenue reversal would not occur. At the end of each subsequent reporting period, the Company reevaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on a level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any royalty revenue resulting from any of its licensing arrangements.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less at the date of purchase to be cash equivalents. There were no such investments at December 31, 2020 or 2019, as all of our cash was held in checking, savings and brokerage accounts. As of December 31, 2020, cash equivalents were deposited in financial institutions and consisted of immediately available fund balances. The Company maintains its cash deposits and cash equivalents with well-known and stable financial institutions.

Interest and Accounts Receivable

The Company records interest receivable on an accrual basis and recognizes it as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. When management does not expect that principal, interest, and other obligations due will be collected in full, the Company will generally place the loan on nonaccrual status and cease recognizing interest income on that loan until all principal and interest due has been paid or the Company believes the portfolio company has demonstrated the ability to repay the Company's current and future contractual obligations. Any uncollected interest related to prior periods is reversed from income in the period that collection of the interest receivable is determined to be doubtful. However, the Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection. The Company recognized $2.2 million in provision for loan credit losses during 2019. The Company did not recognize any provision for loan credit losses in 2020.

Accounts receivable for management fees are recorded at the aggregate unpaid amount less any allowance for doubtful accounts. The Company determines an account receivable's delinquency status based on its contractual terms. Interest is not charged on outstanding balances. Accounts are written-off only when all methods of recovery have been exhausted. As of December 31, 2020 and 2019, the allowance for doubtful accounts was zero.

Certain Risks and Concentrations

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, finance receivables and marketable investments. The Company invests its excess cash with major U.S. banks and financial institutions. The Company has not experienced any losses on its cash and cash equivalents.

The Company performs ongoing credit evaluations of its partner companies and generally requires collateral. For the year ended December 31, 2020, three of our business partners accounted for 34 percent of total finance receivable interest income, including fees. The Company's Narcan® royalty accounted for 10 percent of total finance receivable interest income, including fees as of December 31, 2019.

The Company does not expect its current or future credit risk exposures to have a significant impact on its operations. However, there can be no assurance that its business will not experience any adverse impact from credit risk in the future.

Stock-based Compensation

All employee and director stock-based compensation is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense over the requisite service period. Stock-based compensation expense is reduced for estimated future forfeitures. These estimates are revised in future periods if actual forfeitures differ from the estimates. Changes in forfeiture estimates impact compensation expense in the period in which the change in estimate occurs.

For restricted stock, the Company recognizes compensation expense in accordance with the fair value of the Company's stock as determined on the grant date, amortized over the applicable service period. When vesting of awards is based wholly or in part upon the future performance of the stock price, such terms result in adjustments to the grant date fair value of the award and the derivation of a service period. If service is provided over the derived service period, the adjusted fair value of the awards will be recognized as compensation expense, regardless of whether or not the awards vest.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is recorded to reduce deferred tax assets to an amount where realization is more likely than not.

If the Company ultimately determines that the payment of such a liability is not necessary, then the Company reverses the liability and recognizes a tax benefit during the period in which the determination is made that the liability is no longer necessary. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax benefit in the statements of income.

Comprehensive Income

Comprehensive income and its components attributable to the Company and non-controlling interests have been reported, net of tax, in the consolidated statements of stockholders' equity and the consolidated statements of comprehensive income. Comprehensive income equals net income for the years ended December 31, 2020 and 2019.

Net Income per Share

Basic net income per share is computed using the weighted average number of outstanding shares of common stock. Diluted net income per share is computed using the weighted average number of outstanding shares of common stock, and when dilutive, shares of common stock issuable upon exercise of options and warrants deemed outstanding using the treasury stock method.

The following table shows the computation of basic and diluted earnings per share for the following (in thousands, except per share amounts):

	Year Ended December 31,	
	2020	**2019**
Numerator:		
Net income attributable to SWK Holdings Corporation stockholders	$ 5,202	$ 23,828
Denominator:		
Weighted-average shares outstanding	12,852	12,906
Effect of dilutive securities	10	5
Weighted-average diluted shares	12,862	12,911
Basic net income per share	$ 0.40	$ 1.85
Diluted net income per share	$ 0.40	$ 1.85

As of December 31, 2020 and 2019, outstanding stock options and warrants to purchase shares of common stock in an aggregate of approximately 443,000 and 436,000 shares, respectively, have been excluded from the calculation of diluted net income per share as these securities were anti-dilutive.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848)," which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to transactions affected by reference rate reform if certain criteria are met. These transactions include: (i) contract modifications, (ii) hedging relationships, and (iii) sales or transfers of debt securities classified as held-to-maturity. ASU 2020-04 is effective from March 12, 2020 through December 31, 2022. An entity may elect to adopt the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. An entity may elect to apply the amendments in ASU 2020-04 to eligible hedging relationships existing as of the beginning of the interim period that includes March 12, 2020 and to new eligible hedging relationships entered into after the beginning of the interim period that includes March 12, 2020. The one-time election to sell, transfer, or both sell and transfer debt securities classified as held-to-maturity may be made at any time after March 12, 2020 but no later than December 31, 2022. The Company expects that it will elect to apply some of the expedients and exceptions provided in ASU 2020-04; however, the Company is still evaluating the guidance, and therefore, the impact of the adoption of ASU 2020-04 on the Company's financial condition and results of operations has not yet been determined.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)." This standard adds an impairment model, known as the current expected credit loss ("CECL") model, that is based on expected losses rather than incurred losses. Under this guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of losses. This ASU describes the impairment allowance as a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be measured in a manner similar to current GAAP; however, the amendments in this update require that credit losses be presented as an allowance rather than as a write-down, which will allow an entity the ability to record reversals of credit losses in current period net income. On November 15, 2019, the FASB issued ASU 2019-10, "Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates," which finalized various effective date delays for private companies, not-for-profit organizations, and certain smaller reporting companies. Under ASU 2019-10, the effective date for implementation of CECL for smaller reporting companies was extended to fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the new guidance but believes it is likely to incur more upfront losses on its portfolio under the new CECL model.

Note 2. Business Combinations

On August 26, 2019, Enteris, a biopharmaceutical company offering innovative formulation solutions utilizing its proprietary oral drug delivery technology, became a wholly-owned subsidiary of the Company. The total merger consideration was $34.6 million, which included contingent consideration of $14.5 million, which was remeasured to $16.9 million as of December 31, 2020. During the year ended December 31, 2020, the Company recognized $5.0 million of revenue related to the completion of a milestone under the License Agreement (as defined below) with Cara Therapeutics, Inc. ("Cara"). During the year ended December 31, 2020, the Company paid $2.0 million of such amount to the seller of Enteris, pursuant to earnout provisions of the merger agreement. The purchase price was subject to certain adjustments with respect to cash, debt, working capital, transaction expenses and the value of the contingent consideration agreement entered into, in connection with the transaction.

Prior to the acquisition, Enteris entered into a non-exclusive commercial license agreement with Cara (the "License Agreement"), for oral formulation rights to Enteris' Peptelligence® technology to develop and commercialize Oral KORSUVA™ in any indication worldwide, excluding South Korea and Japan. Cara is obligated to pay Enteris certain development, regulatory and tiered commercial milestone payments, as well as low single-digit royalties based on net sales in the licensed territory.

The acquisition was accounted for under the acquisition method of accounting. Accordingly, the merger consideration was allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the date of the acquisition. The excess of the merger consideration over the estimated fair value of the net assets of Enteris was recorded as goodwill, which consists largely of synergies and the acquisition of intangible assets. The resulting goodwill is not expected to be deductible for tax purpose.

The following table summarizes the allocation of the purchase consideration (at fair value) to the assets and liabilities of Enteris as of August 26, 2019 (the date of acquisition) (in thousands):

	Fair Value
Cash	$ 334
Accounts receivable	145
Inventory	274
Prepaid expenses and other current assets	121
Property and equipment	1,324
Patents and other intangible assets	29,850
Right of use operating lease asset	348
Other assets	110
Goodwill	8,404
Accounts payable	(255)
Accrued expenses and other current liabilities	(1,365)
Deferred revenue	(385)
Lease liability	(348)
Deferred tax liability	(3,988)
Total purchase price	$ 34,569

Unaudited Supplemental Pro Forma Information

The following unaudited pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2019, the earliest period presented herein (in thousands):

	For the Year Ended December 31, 2019
Revenues	$ 43,706
Net income	22,671

The pro forma financial information includes adjustments that are directly attributable to the business combination and are factually supportable. The pro forma adjustments include incremental amortization and depreciation of intangible assets and property and equipment based on preliminary values of each asset and acquisition-related expenses. The pro forma financial information excludes non-recurring acquisition-related expenses. These pro forma results are illustrative only and not indicative of the actual results of operations that would have been achieved nor are they indicative of future results of operations.

Goodwill

There was no change in the carrying amount of goodwill from December 31, 2019 to December 31, 2020, and net book value remains at $8.4 million. The net book value of goodwill is solely related to the Enteris acquisition in 2019. The Company reviews goodwill for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of the reporting unit is less than the carrying amount as a basis for determining whether it is necessary to perform an impairment test. If the qualitative assessment warrants further analysis, the Company compares the fair value of the reporting unit to its carrying value. The fair value of the reporting unit is determined using the market approach. If the fair value of the reporting unit exceeds the carrying value of net assets of the reporting unit, goodwill is not impaired. If the carrying value of the reporting unit's goodwill exceeds its fair value, then the Company must record an impairment charge equal to the difference. As of December 31, 2020, the Company concluded that it is more likely than not that fair value of the reporting unit is greater than its carrying value, and goodwill is not considered to be impaired.

Intangible Assets

As of December 31, 2020, the gross book value, accumulated amortization, net book value and estimated useful life of acquired intangible assets were follows (in thousands, except estimated useful life data):

	As of December 31, 2020			
	Gross Book Value	Accumulated Amortization	Net Book Value	Estimated Useful Life
Licensing agreement	$ 29,400	$ 16,336	$ 13,064	10
Patents	198	153	45	1-20
Trade names and trademarks	210	29	181	10
Customer relationships	240	32	208	10
	30,048	16,550	13,498	
Deferred patent costs	119	—	119	N/A
Total intangibles	$ 30,167	$ 16,550	$ 13,617	

	As of December 31, 2019			
	Gross Book Value	Accumulated Amortization	Net Book Value	Estimated Useful Life
Licensing agreement	$ 29,400	$ 4,792	$ 24,608	10
Patents	66	8	58	1-20
Trade names and trademarks	210	8	202	10
Customer relationships	240	8	232	10
	29,916	4,816	25,100	
Deferred patent costs	13	—	13	N/A
Total intangibles	$ 29,929	$ 4,816	$ 25,113	

Amortization expense was $11.7 million and $4.8 million for the years ended December 31, 2020 and 2019, respectively, and was recorded in depreciation and amortization expense. Based on amounts recorded at December 31, 2020, the Company will recognize acquired intangible asset amortization as follows (in thousands):

2021	$ 3,603
2022	1,765
2023	1,765
2024	1,421
2025	1,421
Thereafter	3,523
	$ 13,498

Note 3. Finance Receivables

Finance receivables are reported at their determined principal balances net of any unearned income, cumulative charge-offs and unamortized deferred fees and costs. Unearned income and deferred fees and costs are amortized to interest income based on all cash flows expected using the effective interest method.

As of December 31, 2020, the Company had a credit loss allowance of $8.4 million. Of the total $8.4 million, $1.2 million is associated with the Company's Cambia® royalty, and $0.6 million is associated with the Company's Besivance® royalty. The Cambia® and Besivance® provision for credit losses were recognized in 2018 and 2019, respectively. The remaining $6.6 million is related to the ABT Molecular Imaging, Inc. ("ABT"), now known as Best ABT, Inc. ("Best"), second lien term loan that was recognized in 2018 and 2019 in order to reflect the Best royalty at its then estimated fair value of $4.1 million. The carrying values of finance receivables are as follows (in thousands):

	As of December 31,	
Portfolio	**2020**	**2019**
Term Loans	$ 164,032	$ 150,453
Royalty Purchases	48,847	30,760
Total before allowance for credit losses	212,879	181,213
Allowance for credit losses	(8,388)	(8,388)
Total carrying value	$ 204,491	$ 172,825

Credit Quality of Finance Receivables

The Company originates finance receivables to companies primarily in the life sciences sector. This concentration of credit exposes the Company to a higher degree of risk associated with this sector.

On a quarterly basis, the Company evaluates the carrying value of each finance receivable for impairment. A term loan is considered to be impaired when, based on current information and events, it is determined that the Company will not be able to collect the amounts due according to the loan contract, including scheduled interest payments. This evaluation is generally based on delinquency information, an assessment of the borrower's financial condition and the adequacy of collateral, if any. The Company would generally place term loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain and they are 90 days past due for interest or principal, unless the term loan is both well-secured and in the process of collection. When placed on nonaccrual, the Company would reverse any accrued unpaid interest receivable against interest income and amortization of any net deferred fees is suspended. Generally, the Company would return a term loan to accrual status when all delinquent interest and principal become current under the terms of the credit agreement and collectability of remaining principal and interest is no longer doubtful. In certain circumstances, the Company may place a finance receivable on nonaccrual status but conclude it is not impaired. The Company may retain independent third-party valuations on such nonaccrual positions to support impairment decisions.

Receivables associated with royalty stream purchases would be considered to be impaired when it is probable that the Company will be unable to collect the book value of the remaining investment based upon adverse changes in the estimated underlying royalty stream.

When the Company identifies a finance receivable as impaired, it measures the impairment based on the present value of expected future cash flows, discounted at the receivable's effective interest rate, or the estimated fair value of the collateral, less estimated costs to sell. If it is determined that the value of an impaired receivable is less than the recorded investment, the Company would recognize impairment with a charge to the allowance for credit losses. When the value of the impaired receivable is calculated by discounting expected cash flows, interest income would be recognized using the receivable's effective interest rate over the remaining life of the receivable.

The Company individually develops the allowance for credit losses for any identified impaired loans. In developing the allowance for credit losses, the Company considers, among other things, the following credit quality indicators:

- business characteristics and financial conditions of obligors;
- current economic conditions and trends;
- actual charge-off experience;
- current delinquency levels;
- value of underlying collateral and guarantees;
- regulatory environment; and
- any other relevant factors predicting investment recovery.

The following table presents nonaccrual and performing loans by portfolio segment (in thousands):

	December 31, 2020			December 31, 2019		
	Nonaccrual	Performing	Total	Nonaccrual	Performing	Total
Term Loans	$ 8,334	$ 155,698	$ 164,032	$ 8,337	$ 142,116	$ 150,453
Royalty Purchases	3,863	36,596	40,459	7,614	14,758	22,372
Total carrying value	$ 12,197	$ 192,294	$ 204,491	$ 15,951	$ 156,874	$ 172,825

As of December 31, 2020 the Company had two finance receivables in nonaccrual status: (1) the term loan to B&D Dental Corporation ("B&D"), with a net carrying value of $8.3 million and (2) the Best royalty, with a net carrying value of $3.9 million. Although in nonaccrual status, the B&D term loan was not considered impaired as of December 31, 2020 and 2019. The Company collected $0.3 million on two of its nonaccrual royalties during the year ended December 31, 2020. (Please see *B&D, Best and Besivance* below for further details regarding nonaccrual and impaired finance receivables).

B&D

On December 10, 2013, the Company entered into a five-year credit agreement to provide B&D a senior secured term loan with a principal amount of $6.0 million funded upon close, net of an arrangement fee of $60,000. The loan was scheduled to mature on December 10, 2018. Subsequently, the terms of the loan have been amended, and the Company has funded additional amounts to B&D. As of December 31, 2020 and 2019, the total amount funded was $8.3 million. B&D is currently evaluating strategic options, including a potential sale of the business.

B&D is currently in default under the terms of the credit agreement, and as a result, the Company classified the loan to nonaccrual status as of September 30, 2015. During 2016 and 2018, the Company executed three additional amendments to the loan to advance an additional $0.7 million in order to directly pay critical vendors and protect the value of the collateral. The Company periodically obtains third-party valuations of B&D. As a result of the third-party valuations and facts and circumstances regarding B&D's operations, including its intellectual property position, improved profitability and working capital position, the Company believes its collateral position is greater than the unpaid balance; thus, accrued interest has not been reversed nor has an allowance been recorded as of December 31, 2020.

Best

On October 31, 2018, ABT announced that it entered into an asset purchase agreement with Best ABT, Inc., a wholly-owned subsidiary of Best Medical International, Inc. ("Best"), for aggregate consideration of (i) $500,000, paid over ten years in equal quarterly installments, plus (ii) a ten percent royalty on ABT's net sales, including any commercialized improvements made to ABT's technology, paid quarterly for the ten year period from closing pursuant to a royalty security agreement by and between Best and SWK Funding LLC, a wholly-owned subsidiary of the Company ("SWK Funding"). SWK Funding will receive 100 percent of the consideration. On November 8, 2018, the Bankruptcy Court approved the asset sale transaction, and the Company has no further funding liabilities.

During the year ended December 31, 2018, the Company re-evaluated its collateral position, considering the expected outcome of the Chapter 11 process, and as a result, the Company recognized an impairment expense of $5.3 million to write off the second lien term loan, as well as provision for credit losses of $5.0 million to reflect the Best royalty at its estimated fair value of $5.7 million.

During the year ended December 31, 2019, the Company re-evaluated the value of the Best royalty based on 2019 business trends, and as a result, the Company recognized a provision for credit losses of $1.6 million. The estimated fair value as of December 31, 2020 is $3.9 million.

Besivance

On April 2, 2013, the Company purchased an effective 2.4 percent royalty on sales of Besivance® from InSite Vision for $6.0 million. Besivance is marketed by Bausch & Lomb, formerly known as Valeant Pharmaceuticals. Sales performance of Besivance® has weakened primarily due to substantial declines in prescription volumes, which in conjunction with elevated sales chargebacks and various rebates (gross sales to net sales deductions), has resulted in material reductions in the product's net sales and associated royalties payable to the Company. During 2019, the Company reduced its expectations for future royalty receipts and recognized an allowance for credit loss on the royalty purchase of $0.6 million.

During the year ended December 31, 2020, the Company re-evaluated the value of the Besivance® royalty based on 2020 business trends, and as a result, the Company determined a further provision of credit losses was not warranted based on improving royalty trends over prior periods. The estimated fair value as of December 31, 2020 is $0.4 million.

Note 4. Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31, 2020 and 2019 (in thousands):

	December 31, 2020	December 31, 2019
Production equipment and other	$ 2,658	$ 1,188
Furniture and fixtures	86	87
Leasehold improvements	143	143
Construction-in progress	2,785	6
Capitalized software	77	49
Total	5,749	1,473
Less accumulated depreciation	(538)	(181)
Property and equipment, net	$ 5,211	$ 1,292

Depreciation and amortization expense on property and equipment was $0.4 million and $0.1 million for the years ended December 31, 2020 and 2019, respectively.

Note 5. Marketable Investments

Investment in corporate debt securities and equity securities as of December 31, 2020 and 2019 consist of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Corporate debt securities	$ 241	$ 466
Equity securities	1,210	1,802
Total marketable investments	$ 1,451	$ 2,268

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale debt securities as of December 31, 2020 and 2019, are as follows (in thousands):

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
Corporate debt securities	$ 241	$ —	$ —	$ 241

December 31, 2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
Corporate debt securities	$ 466	$ —	$ —	$ 466

The following table presents unrealized gains and losses on equity securities as prescribed by ASC 321, *Investment - Equity Securities* during the year ended December 31, 2020 and 2019.

	December 31,	
	2020	2019
Unrealized net income (loss) on equity securities reflected in the Consolidated Statements of Income	$ (591)	$ 1,643

Equity Securities

As of December 31, 2020, the Company's equity securities include 96,810 shares of Misonix, Inc. ("Misonix") common stock received pursuant to Misonix's purchase of Solsys Medical, Inc. ("Solsys") on September 27, 2019. During the three months ended September 30, 2019 and prior to the acquisition, the Company exercised its Solsys warrants in a cashless transaction to purchase Solsys preferred stock and exercised its preemptive right to protect against dilution of its Solsys equity position. Of the total 109,353 shares of Misonix common stock received for its Solsys equity interests, 12,543 shares were held in escrow by Misonix and were subject to reduction based on terms of the acquisition agreement. The remaining 12,543 shares were released at the end of the escrow period on January 4, 2021, which was subsequent to December 31, 2020. The initial 96,810 shares were subject to a one year lock-up that expired on September 27, 2020; the 12,543 escrow shares are not subject to a lock-up. As of December 31, 2020, the 96,810 shares of Misonix common stock are reflected at their estimated fair value of $1.2 million.

Debt Securities

On July 9, 2013, the Company entered into a note purchase agreement to purchase, at par, $3.0 million of a total of $100.0 million aggregate principal amount of senior secured notes due in November 2026. The agreement allows the first interest payment date to include paid-in-kind notes for any cash shortfall, of which the Company received $0.1 million on November 15, 2013. The notes are secured only by certain royalty and milestone payments associated with the sales of pharmaceutical products. The senior secured notes have been placed on non-accrual status as of June 30, 2016. Total cash collected during the year ended December 31, 2020 and 2019 was $62,000 and $65,000, respectively, which was credited to the notes' carrying value. During the year ended December 31, 2020, impairment expense of $0.2 million was recognized in order to reflect the notes at their estimated fair value of $0.2 million. The notes are included in long-term marketable investments in the consolidated balance sheets.

Note 6. Revolving Credit Facility

On June 29, 2018, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with State Bank and Trust Company as a lender and the administrative agent ("State Bank") pursuant to which State Bank provides the Company with up to a $20 million revolving senior secured credit facility, which the Company can draw down and repay until maturity, subject to borrowing base eligibility. The Loan Agreement matures on June 30, 2021.

The Loan Agreement accrues interest at the Daily LIBOR Rate, with a floor of 1.00 percent, plus a 3.25 percent margin and principal is repayable in full at maturity. Interest is generally required to be paid monthly in arrears. The Loan Agreement requires the payment of an unused line fee of 0.50 percent, which will be recorded as interest expense. The Company paid $0.5 million in fees at closing, which have been capitalized as deferred financing costs and are being amortized on a straight-line basis over the term of the Loan Agreement.

The Loan Agreement has an advance rate against the Company's finance receivables portfolio, including 85 percent against senior first lien loans, 70 percent against second lien loans and 50 percent against royalty receivables, subject to certain eligibility requirements as defined in the Loan Agreement. The Loan Agreement contains certain affirmative and negative covenants including minimum asset coverage and minimum interest coverage ratios.

We entered into a $20.0 million revolving credit facility in June 2018. As of December 31, 2020, $11.8 million was outstanding under the credit facility, and $8.2 million was available for borrowing. As of March 25, 2021, the Company drew an additional $9.0 million under the credit facility, incurred and paid $0.1 million of interest and fees and made principal payments of $11.2 million. As of March 25, 2021, $10.3 million was available for borrowing. Our credit facility matures on June 30, 2021. We are exploring options with respect to a new credit facility.

Note 7. Related Party Transactions

On September 6, 2013, in connection with entering into a credit facility, the Company issued warrants to an affiliate of a stockholder, Carlson Capital, L.P. (the "Stockholder"), for 100,000 shares of the Company's common stock at a strike price of $13.88 per share. The warrants had a price anti-dilution mechanism that was triggered by the price that shares were sold by the Company in a rights offering in 2014, and as a result, the strike price of the warrants was reduced to $13.48 per share. The warrants expired unexercised on September 6, 2020.

The Company determined the fair value of the warrants as of December 31, 2019 using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2019
Dividend rate	—%
Risk-free rate	1.6%
Expected life (years)	0.7
Expected volatility	31.8%

The changes on the value of the warrant liability during the years ended December 31, 2020 and 2019 were as follows (in thousands):

Fair value – December 31, 2018	$	13
Issuances		—
Change in fair value		63
Fair value – December 31, 2019		76
Issuances		—
Expirations		(22)
Changes in fair value		(54)
Fair value – December 31, 2020	$	—

Note 8. Commitments and Contingencies

Lease Obligations

ASC 842 establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than twelve months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Company's leases consist of operating leases for office space. The Company determines if an arrangement is a lease at inception. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company's corporate headquarters is in Dallas, Texas, where it leases approximately 2,400 square feet. Total rent expense recognized under the lease was $58,000 and $57,000 for the years ended December 31, 2020 and 2019, respectively. The office lease expires in May 2025.

The Enteris headquarters is located in Boonton, New Jersey, where Enteris leases approximately 32,000 square feet of space. Total rent expense recognized under the lease was $240,000 and $73,000 for the years ended December 31, 2020 and 2019. The office lease expires in December 2024.

Consolidated future minimum rent is as follows (in thousands):

2021	$	315
2022		333
2023		335
2024		331
2025		48
Thereafter		—
Total lease payments	$	1,362

Unfunded Commitments

As of December 31, 2020, the Company did not have any unfunded commitments.

Litigation

The Company is involved in, or has been involved in, arbitrations or various other legal proceedings that arise from the normal course of its business. The ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material impact on the Company's results of operations, balance sheets and cash flows due to defense costs, and divert management resources. The Company cannot predict the timing or outcome of these claims and other proceedings. As of December 31, 2020, the Company is not involved in any arbitration and/or other legal proceeding that it expects to have a material effect on its business, financial condition, results of operations and cash flows.

Indemnification

As permitted by Delaware law, the Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving in such capacity, or in other capacities at the Company's request. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits its exposure and enables the Company to recover a portion of any such amounts. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is insignificant. Accordingly, the Company had no liabilities recorded for these agreements as of December 31, 2020 and 2019.

Note 9. Stockholders' Equity

Common Stock

The total number of shares of common stock, $0.001 par value, that the Company is authorized to issue is 250,000,000.

Issuer Purchases of Equity Securities

On December 21, 2018, the Board authorized a share repurchase program under which the Company was authorized to repurchase up to $3.5 million of the Company's outstanding shares of common stock, or approximately 312,497 common shares, in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act. The December 21, 2018 share repurchase program expired on May 31, 2019 and was renewed on September 5, 2019 and March 26, 2020. Under the March 26, 2020 share repurchase program, the Board authorized the repurchase of up to $2.0 million worth of common shares.

As of December 31, 2020, the Company repurchased an aggregate 384,368 shares of its outstanding common stock, including three privately negotiated purchases outside of the share repurchase programs, at a total cost of $4.2 million or $11.06 per share. The program expired on September 30, 2020.

Preferred Stock

The Company's board of directors (the "Board") may, without further action by the stockholders, issue one or more series of preferred stock and fix the rights and preferences of those shares, including the dividend rights, dividend rates, conversion rights, exchange rights, voting rights, terms of redemption, redemption price or prices, liquidation preferences, the number of shares constituting any series and the designation of such series. As of December 31, 2020, no shares of preferred stock have been issued.

Stock Compensation Plans

The Company's 2010 Stock Incentive Plan (the "2010 Stock Incentive Plan") provides for options, restricted stock, and other customary forms of equity to be granted to the Company's directors, officers, employees, and independent contractors. All forms of equity incentive compensation are granted at the discretion of the Board and have a term not greater than 10 years from the date of grant.

The calculation of the fair values of our stock-based compensation plans requires estimates that require management's judgments. Under ASC 718, the fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model. The valuation models require assumptions and estimates to determine expected volatility, expected life and expected risk-free interest rates. The expected volatility was determined using historical volatility of our stock based on the contractual life of the award. The risk-free interest rate assumption was based on the yield on zero-coupon U.S. Treasury strips at the award grant date. In valuing options granted in the fiscal years ended December 31, 2020 and 2019, we used the following weighted average assumptions:

	For the Year Ended December 31,	
	2020	**2019**
Risk-free interest rate	0.40 - 0.47%	2.2%
Expected stock-price volatility	47.9 - 48.3%	31.8%
Expected life	6.2 years	5.8 years

The following table summarizes activities under the 2010 Stock Incentive Plan for the indicated periods:

	Options Outstanding			
	Number of Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value (in thousands)**
Balances, December 31, 2018	190,000	$ 11.25	4.9	$ 90.0
Options canceled and retired	—	—		
Options exercised	—	—		
Options granted	112,500	12.50		
Balances, December 31, 2019	302,500	11.71	5.9	313.4
Options canceled and retired	—	—		
Options exercised	—	—		
Options granted	60,000	16.29		
Balances, December 31, 2020	362,500	12.47	5.6	810.1
Options vested and exercisable and expected to be vested and exercisable at December 31, 2020	362,500	$ 12.47	5.6	$ 810.1
Options vested and exercisable at December 31, 2020	158,750	$ 12.11	5.6	$ 362.1

At December 31, 2020, there were 1.2 million shares reserved for issuance under the 2010 Stock Incentive Plan, and the Company had $0.4 million of total unrecognized stock option expense, net of estimated forfeitures, which will be recognized over the weighted average remaining period of 1.3 years.

The following table summarizes significant ranges of outstanding and exercisable options as of December 31, 2020:

Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Contractual Life (in Years)**	**Weighted Average Exercise Price Per Share**	**Number Exercisable**	**Weighted Average Exercise Price Per Share**
8.30	75,000	1.4	$ 8.30	18,750	$ 8.30
9.61	15,000	5.5	9.61	15,000	9.61
12.50	75,000	8.1	12.50	50,000	12.50
12.50	37,500	8.4	12.50	25,000	12.50
13.70	100,000	3.6	13.70	50,000	13.70
16.29	15,000	9.4	16.29	—	16.29
16.29	15,000	9.5	16.29	—	16.29
16.29	30,000	9.3	16.29	—	16.29
Total	362,500	5.6	$ 12.47	158,750	$ 12.11

Employee stock-based compensation expense recognized for time-vesting options for the years ended December 31, 2020 and 2019, uses the Black-Scholes option pricing model for estimating the fair value of options granted under the Company's equity incentive plans. Risk-free interest rates for the options were taken from the Daily Federal Yield Curve Rates on the grant dates for the expected life of the options as published by the Federal Reserve. The expected volatility was based upon historical data and other relevant factors such as the Company's changes in historical volatility and its capital structure, in addition to mean reversion. Employee stock-based compensation expense recognized for market performance-vesting options uses a binomial lattice model for estimating the fair value of options granted under the Company's equity incentive plan.

In calculating the expected life of stock options, the Company determines the amount of time from grant date to exercise date for exercised options and adjusts this number for the expected time to exercise for unexercised options. The expected time to exercise for unexercised options is calculated from grant as the midpoint between the expiration date of the option and the later of the measurement date or the vesting date. In developing the expected life assumption, all amounts of time are weighted by the number of underlying options.

During the year ended December 31, 2020, 8,305 restricted shares were granted and 37,989 restricted shares vested. During the year ended December 31, 2019, 57,155 restricted shares were granted and 12,500 restricted shares vested. As of December 31, 2020 and 2019, there were 27,471 and 44,655 shares of restricted stock outstanding.

In October 2019, the Board approved a change in the compensation plan for non-employee directors such that each non-employee director shall receive an annual cash retainer of $45,000 payable quarterly in arrears and an annual equity retainer of $25,000 payable in advance annually on October 1 of restricted shares of the Company's common stock, subject to a one year cliff vesting period. In addition, each member of (i) the Audit Committee shall receive an additional fee of $11,000 payable quarterly in arrears; (ii) the Compensation Committee shall receive an additional fee of $2,000 payable quarterly in arrears and (iii) the Governance Committee shall receive an additional fee of $4,000 payable quarterly in arrears. Each non-employee director has the option to elect to receive up to 100 percent of the annual cash retainer in shares of the Company's common stock.

During the years ended December 31, 2020 and 2019, the Board approved compensation for Board services by granting 24,940 and 25,574 shares, respectively, of common stock as compensation for the non-employee directors. The Company recorded $0.3 million and $0.2 million in Board compensation expense during the years ended December 31, 2020 and 2019, respectively. The Company recorded aggregate stock-based compensation expense, including the quarterly and annual Board grants, of $0.7 million and $0.5 million for the years ended December 31, 2020 and 2019, respectively.

Note 10. Fair Value Measurements

The Company measures and reports certain financial and non-financial assets and liabilities on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.

Level 3 Unobservable inputs are not corroborated by market data. This category is comprised of financial and non-financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies using significant inputs that are generally less readily observable from objective sources.

Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfers occurred. There were no transfers between any levels during the years ended December 31, 2020 and 2019.

The following information is provided to help readers gain an understanding of the relationship between amounts reported in the accompanying consolidated financial statements and the related market or fair value. The disclosures include financial instruments and derivative financial instruments, other than investment in affiliates.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models and significant assumptions utilized.

Cash and cash equivalents

The carrying amounts reported in the balance sheet for cash and cash equivalents approximate those assets' fair values.

Securities available for sale

Certain common equity securities are reported at fair value utilizing Level 1 inputs (exchange quoted prices).

Finance Receivables

The fair values of finance receivables are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the finance receivables. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. These receivables are classified as Level 3. Finance receivables are not measured at fair value on a recurring basis, but estimates of fair value are reflected below.

Contingent Consideration

The Company recorded contingent consideration related to the August 2019 acquisition of Enteris and sharing of certain milestone and royalties due to Enteris pursuant to the License Agreement. Please refer to Note 2, *Business Combinations*, for further details on the Company's acquisition of Enteris and contingent consideration.

The fair value measurements of the contingent consideration obligations and the related intangible assets arising from business combinations are classified as Level 3 estimates under the fair value hierarchy, as these items have been valued using unobservable inputs. These inputs include: (a) the estimated amount and timing of projected cash flows; (b) the probability of the achievement of the factors on which the contingency is based; and (c) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Changes in fair value of this obligation are recorded as income or expense within operating income in our consolidated statements of income. Significant increases or decreases in any of those inputs in isolation could result in a significantly lower or higher fair value measurement.

As of December 31, 2020 and 2019, the acquisition-related contingent consideration was $16.9 million and $14.5 million, respectively. During the year ended December 31, 2020, the Company recorded $4.4 million of expense for the change in fair value of contingent consideration. The Company also made payments of $2.0 million against the contingent consideration liability.

Marketable Investments

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities would be classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets or broker quotes utilizing observable inputs, and accordingly these securities would be classified as Level 2. If market prices are not available and there are no observable inputs, then fair value would be estimated by using valuation models including discounted cash flow methodologies, commonly used option-pricing models and broker quotes. Such securities would be classified as Level 3, if the valuation models and broker quotes are based on inputs that are unobservable in the market. If fair value is based on broker quotes, the Company checks the validity of received prices based on comparison to prices of other similar assets and market data such as relevant bench mark indices. Available-for-sale securities are measured at fair value on a recurring basis, while securities with no readily available fair market value are not, but estimates of fair value are reflected below.

Derivative securities

For exchange-traded derivatives, fair value is based on quoted market prices, and accordingly, would be classified as Level 1. For non-exchange traded derivatives, fair value is based on option pricing models and are classified as Level 3.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 (in thousands):

	Total Carrying Value in Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Warrant assets	$ 2,972	$ —	$ —	$ 2,972
Marketable investments	1,451	1,210	—	241
Financial Liabilities:				
Contingent consideration payable	16,900	—	$ —	$ 16,900

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 (in thousands):

	Total Carrying Value in Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Warrant assets	$ 3,555	$ —	$ —	$ 3,555
Marketable investments	2,268	1,802	—	466
Financial Liabilities:				
Contingent consideration payable	$ 14,500	$ —	$ —	$ 14,500
Warrant liability	76	—	—	76

The changes on the value of the warrant assets during the years ended December 31, 2020 and 2019 were as follows (in thousands):

Fair value – December 31, 2018	$ 2,777
Issuance	550
Canceled	(197)
Change in fair value	425
Fair value – December 31, 2019	3,555
Issuance	79
Canceled	—
Change in fair value	(662)
Fair value – December 31, 2020	$ 2,972

The Company holds warrants issued to the Company in conjunction with certain term loan investments. These warrants meet the definition of a derivative and are included in the consolidated balance sheet. The fair values for warrants outstanding, for companies that have a readily determinable value, are measured using the Black-Scholes option pricing model. The following range of assumptions were used in the models to determine fair value:

	December 31,	
	2020	2019
Dividend rate	—	—
Risk-free rate	0.17% to 0.65%	1.7% to 1.8%
Expected life (years)	3.6 to 7.4	4.6 to 7.4
Expected volatility	74.3% to 174.7%	50.3% to 114.6%

The following table presents financial assets measured at fair value on a nonrecurring basis as of December 31, 2020 and 2019 (in thousands):

	Total Carrying Value in Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Impaired Royalties	$ 7,937	$ —	$ —	$ 7,937
December 31, 2019				
Impaired Royalties	$ 10,004	$ —	$ —	$ 10,004

Please refer to Note 3 for further information on impaired loans.

There were no liabilities measured at fair value on a nonrecurring basis as of December 31, 2020 or 2019.

The following information is provided to help readers gain an understanding of the relationship between amounts reported in the accompanying consolidated financial statements and the related market or fair value. The disclosures include financial instruments and derivative financial instruments.

For the year ended December 31, 2020 (in thousands):

	Carry Value	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 3,008	$ 3,008	$ 3,008	$ —	$ —
Finance receivables	204,491	204,491	—	—	204,491
Marketable investments	1,451	1,451	1,210	—	241
Warrant assets	2,972	2,972	—	—	2,972
Financial Liabilities					
Contingent consideration payable	$ 16,900	$ 16,900	$ —	$ —	$ 16,900

For the year ended December 31, 2019 (in thousands):

	Carry Value	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 11,158	$ 11,158	$ 11,158	$ —	$ —
Finance receivables	172,825	172,825	—	—	172,825
Marketable investments	2,268	2,268	1,802	—	466
Warrant assets	3,555	3,555	—	—	3,555
Financial Liabilities					
Contingent consideration payable	$ 14,500	$ 14,500	$ —	$ —	$ 14,500
Warrant liability	76	76	—	—	76

Note 11. Revenue Recognition

The Company's Pharmaceutical Development segment recognizes revenues received from contracts with its customers by revenue source, as we believe it best depicts the nature, amount, timing and uncertainty of our revenue and cash flow. The Company's Finance Receivables segment does not have any revenues received from contracts with customers. The following table provides the contract revenue recognized by revenue source for the year ended December 31, 2020 (in thousands):

	December 31,	
	2020	2019
Pharmaceutical Development Segment		
License Agreement	$ 5,000	$ 514
Other	903	107
Total Contract Revenue	**$ 5,903**	**$ 621**

As of December 31, 2020 and 2019, the Company recognized $0.1 million and $0.1 million, respectively, of accounts receivable related to its Pharmaceutical Development segment revenue.

Contract Assets and Liabilities

Our contract liabilities represent advance consideration received from customers and are recognized as revenue when the related performance obligation is satisfied. The Company's contract liabilities are presented as deferred revenues and are included in accounts payable and accrued liabilities in the consolidated balance sheets (in thousands):

	December 31,	
	2020	2019
Pharmaceutical Development Segment		
Deferred revenue	$ 350	$ 103
Total Contract Liabilities	**$ 350**	**$ 103**

During the year ended December 31, 2020, the Company recognized $0.1 million of 2019 deferred revenue from satisfaction of performance obligations. Please refer to Notes 1 and 2 for further details on the Company's deferred revenue and License Agreement, respectively. The Company did not have any contract assets nor did it have any contract liabilities related to the License Agreement as of December 31, 2020 or 2019.

Note 12. Segment Information

Selected financial and descriptive information is required to be provided about reportable operating segments, considering a "management approach" concept as the basis for identifying reportable segments. The management approach is based on the way that management organizes the segments within the Company for making operating decisions, allocating resources, and assessing performance. Consequently, the segments are evident from the structure of the Company's internal organization, focusing on financial information that the Company's chief executive officer uses to make decisions about the Company's operating matters.

As described in Note 1, *SWK Holdings Corporation and Summary of Significant Accounting Policies,* the Company has determined it has two reportable segments: Finance Receivables and Pharmaceutical Development, and each are individually managed and provide separate services. Revenues by segment represent revenues earned on the services offered within each segment.

Segment performance is evaluated based on several factors, including income (loss) from continuing operations before income taxes. Management uses this measure of profit (loss) to evaluate segment performance because the Company believes this measure is indicative of performance trends and the overall earnings potential of each segment.

The following tables present financial information for the Company's reportable segments for the periods indicated (in thousands):

Year Ended December 31, 2020	Finance Receivables	Pharmaceutical Development	Holding Company and Other	Consolidated
Revenues	$ 30,808	$ 5,903	$ 1	$ 36,712
Provision for credit losses and impairment	163	—	—	163
Interest expense	455	—	—	455
Manufacturing, research and development	—	4,268	—	4,268
Depreciation and amortization expense	—	12,081	10	12,091
Change in fair value of acquisition-related contingent consideration	—	4,400	—	4,400
General and administrative	736	3,875	5,935	10,546
Other income (expense), net	(1,201)	—	77	(1,124)
Income tax benefit	—	—	(1,537)	(1,537)
Consolidated net income (loss)	28,253	(18,721)	(4,330)	5,202

Year Ended December 31, 2019	Finance Receivables	Pharmaceutical Development	Holding Company and Other	Consolidated
Revenues	$ 30,117	$ 621	$ 9	$ 30,747
Provision for credit losses and impairment	2,209	—	—	2,209
Interest expense	338	—	—	338
Manufacturing, research and development	—	1,176	—	1,176
Depreciation and amortization expense	—	4,936	18	4,954
Change in fair value of acquisition-related contingent consideration	—	—	—	—
General and administrative	1,453	1,205	4,772	7,430
Other income (expense), net	2,265	—	(63)	2,202
Income tax benefit	—	—	(6,986)	(6,986)
Consolidated net income (loss)	28,382	(6,696)	2,142	23,828

Included in Holdings Company and Other are the expenses of the parent holding company and certain other enterprise-wide overhead costs, which have been included for purposes of reconciling to the consolidated amounts.

Note 13. Income Taxes

The components of income before income tax provision are as follows (in thousands):

	December 31,	
	2020	2019
U.S.	$ 3,665	$ 16,842

During the years ended December 31, 2020 or 2019, the Company's provision for (benefit from) income taxes was as follows (in thousands):

	December 31,	
	2020	2019
Current provision	$ 174	$ 114
Deferred provision (benefit)	(1,711)	(7,100)
Total income tax benefit	$ (1,537)	$ (6,986)

The components of the income tax provision (benefit) are as follows (in thousands):

	December 31,	
	2020	2019
Federal tax provision at statutory rate	$ 771	$ 3,524
Change in valuation allowance	(14,194)	(10,896)
Transaction costs	—	215
Contingent consideration revaluation	924	—
Other	618	(66)
Write off of expired deferred tax assets	10,344	237
Total income tax benefit	$ (1,537)	$ (6,986)

The Company records deferred tax assets if the realization of such assets is more likely than not to occur in accordance with accounting standards that address income taxes. Significant management judgment is required in determining whether a valuation allowance against the Company's deferred tax assets is required. The Company has considered all available evidence, both positive and negative, such as historical levels of income and predictability of future forecasts of taxable income from existing investments, in determining whether a valuation allowance is required. The Company is also required to forecast future taxable income in accordance with accounting standards that address income taxes to assess the appropriateness of a valuation allowance, which further requires the exercise of significant management judgment. The Company focuses on forecasting future taxable income for the investment portfolio that exists as of the balance sheet date. Specifically, the Company evaluated the following criteria when considering a valuation allowance:

- the history of tax net operating losses in recent years;

- predictability of operating results;
- profitability for a sustained period of time; and
- level of profitability on a quarterly basis.

As of December 31, 2020, the Company had cumulative net income before tax for the three years then ended. Based on its historical operating performance, the Company has concluded that it was more likely than not that the Company would not be able to realize the full benefit of the U.S. federal and state deferred tax assets in the future. However, the Company has concluded that it is more likely than not that the Company will be able to realize approximately $27.5 million benefit of the U.S. federal and state deferred tax assets in the future.

The Company will continue to assess the need for a valuation allowance on the deferred tax assets by evaluating both positive and negative evidence that may exist on a quarterly basis. Any adjustment to the deferred tax asset valuation allowance would be recorded in the consolidated statements of income for the period that the adjustment is determined to be required. The valuation allowance against deferred tax assets was $37.5 million and $51.7 million as of December 31, 2020 and 2019, respectively.

Deferred tax assets consist of the following (in thousands):

	December 31,	
	2020	2019
Deferred tax assets:		
Credit carryforward	$ 2,960	$ 2,952
Stock based compensation	398	359
Other	3,647	3,329
Net operating losses	60,774	75,680
Gross deferred tax assets	67,779	82,320
Deferred tax liabilities:		
Intangible assets other than goodwill	(2,299)	(4,627)
Other	(496)	(226)
Valuation allowance	(37,493)	(51,687)
Net deferred tax assets	$ 27,491	$ 25,780

The Tax Reform Act of 1986 limits the use of NOLs and tax credit carryforwards in certain situations where stock ownership changes occur. In the event the Company has had a change in ownership, the future utilization of the Company's net operating loss and tax credit carryforwards could be limited.

As of December 31, 2020, the Company had NOL carryforwards for federal income tax purposes of approximately $289.4 million. The federal NOL carryforwards, if not offset against future income, will expire by 2037, with the majority of such NOLs expiring by 2021. Approximately $4.0 million can be carried forward indefinitely.

The Company also had federal research carryforwards of $3.0 million. The federal credits will expire by 2039, with the majority of such credits expiring by 2029.

The Company records liabilities, where appropriate, for all uncertain income tax positions and recognizes potential accrued interest and penalties related to unrecognized tax benefits within income tax expense. As of both December 31, 2020 and 2019, the Company had approximately $0.1 million of unrecognized tax benefit. The Company does not expect the unrecognized tax benefits to change materially over the next twelve months. There are no tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within twelve months of December 31, 2020.

The Company is subject to taxation in the U.S. and various state jurisdictions. The Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending December 31, 1999 through December 31, 2020 due to carryforward of unutilized net operating losses and research and development credits. The Company does not anticipate significant changes to its uncertain tax positions through December 31, 2020.

Note 14. Investment in TRT

On June 13, 2013, the Company purchased royalties from TRT related to its technology licenses in the family cord banking services sector for $2.0 million, and on October 20, 2014, funded an additional $1.25 million upon the achievement of royalty receipts-based milestones. During the quarter ended March 31, 2016, royalty payments from the primary U.S. licensee ended as a result of the licensee terminating a technology license. SWK and TRT continue to evaluate both options in regard to enforcing TRT's intellectual property rights against this licensee, as well as seeking additional U.S. licensees. TRT's Canadian licensee continues to pay royalties.

On August 21, 2020, the Company and TRT agreed to terminate the royalty purchase agreement in exchange for TRT issuing the Company TRT common equity and a convertible note. The convertible note carries no interest, can be redeemed in cash without penalty at any time by TRT, and converts into common equity of TRT at decreasing valuations over time to induce repayment in cash. The convertible feature is at the option of TRT.

As of December 31, 2020, the Company does not believe there is an impairment of the carrying value of the investment in TRT. The Company evaluated several factors in this determination, including input from intellectual property counsel regarding the strength of the related intellectual property, advancements with TRT's intellectual property estate and technology license agreements generally, continued receipt of Canadian licensee royalty payments and a third party valuation the Company's investment in TRT. As of December 31, 2020, there were no adjustments to the carrying amount of $3.5 million.

Note 15. Subsequent Events

On March 19, 2021, SWK Funding entered into a credit agreement pursuant to which SWK Funding provided to Sincerus Pharmaceuticals, Inc. ("Sincerus") a term loan in the maximum principal amount of $9.0 million. SWK Funding funded $7.1 million at closing. The loan matures on March 19, 2026. The loan bears interest at the greater of (a) three-month LIBOR and (b) 1.0 percent, plus a margin of 12.0 percent, payable in cash, quarterly in arrears.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Our management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures which (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, (iii) provide reasonable assurance that receipts and expenditures are being made only in accordance with appropriate authorization of management and the board of directors, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

In connection with the preparation of this report, our management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the criteria established in *Internal Control—Integrated Framework* issued in 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of that evaluation, management concluded that as of December 31, 2020, our internal control over financial reporting was effective based on the criteria set forth in the COSO framework.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Inherent Limitations over Internal Controls

Our system of controls is designed to provide reasonable, not absolute, assurance regarding the reliability and integrity of accounting and financial reporting. Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes;
- Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override;

- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions;

- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures; and

- The design of a control system must reflect the fact that resources are constrained, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Changes in Internal Control over Financial Reporting

There have been no changes during the Company's fiscal year ended December 31, 2020 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the principal headings "ELECTION OF DIRECTORS," "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE," and "CODE OF ETHICS AND CONDUCT", the information regarding executive officers of the Company under the subheading "Executive Officers", and the information regarding the Audit Committee under the subheading "Board Meetings and Committees" under the principal heading "CORPORATE GOVERNANCE," in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under the principal headings "DIRECTOR COMPENSATION," "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION", "EXECUTIVE COMPENSATION," and "RELATED INFORMATION" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the principal headings "EQUITY COMPENSATION PLAN INFORMATION" and "OWNERSHIP OF EQUITY SECURITIES OF THE COMPANY" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the principal heading "TRANSACTION WITH RELATED PERSONS" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information under the subheadings "Audit Fees and All Other Fees" and "Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" below the principal heading "AUDIT FEES" in the Company's 2021 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. Financial Statements:

2. Exhibits: See attached Exhibit Index.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2021.

SWK Holdings Corporation

By: /s/ Winston L. Black
Winston L. Black
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Winston L. Black and Charles M. Jacobson and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 31, 2021

By: /s/ Winston L. Black
Winston L. Black
Chief Executive Officer and Director
(Principal Executive Officer)

Date: March 31, 2021

By: /s/ Charles M. Jacobson
Charles M. Jacobson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 31, 2021

By: /s/ D. Blair Baker
D. Blair Baker
Director

Date: March 31, 2021

By: /s/ Aaron G.L. Fletcher
Aaron G.L. Fletcher
Director

Date: March 31, 2021

By: /s/ Christopher W. Haga
Christopher W. Haga
Director

Date: March 31, 2021

By: /s/ Edward B. Stead
Edward B. Stead
Director

Date: March 31, 2021

By: /s/ Michael Weinberg
Michael Weinberg
Director

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date	Filed Herewith
3.01	Second Amended and Restated Certificate of Incorporation, as amended by the Certificate of Amendment dated April 18, 2000.	8-K	3.1	05/04/00	
3.02	Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated June 29, 2001.	S-8	4.02	07/03/01	
3.03	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation filed on December 11, 2001.	S-3	4.03	01/18/02	
3.04	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation dated November 21, 2005.	8-A	3.04	01/31/06	
3.05	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Kana Software, Inc.	10-K	3.05	03/31/10	
3.06	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of SWK Holdings Corporation.	10-Q	3.01	08/14/15	
3.07	Amended and Restated Bylaws as of May 20, 2015.	8-K	3.02	05/21/15	
4.01	Form of Specimen Common Stock Certificate.	S-1/A	4.01	09/21/99	
4.02	Form of Rights Certificate (Exhibit B to Rights Agreement filed as Exhibit 4.03 hereto).	8-K	4.01	04/14/16	
4.03	Rights Agreement, dated as of April 8, 2016 by and between SWK Holdings Corporation and Computershare Trust Company, N.A.	8-K	4.02	04/14/16	
4.04	Common Stock Purchase Warrant to Purchase 100,000 (as adjusted to reflect a net 1-for-10 reverse stock split) shares of the Company's common stock dated September 6, 2013 issued to Double Black Diamond, L.P.	8-K	4.1	09/09/13	
4.05	Description of Securities Registered Under Section 12 of the Exchange Act.				X
4.06	Amendment No. 1 to Rights Agreement, dated as of April 8, 2019, by and between SWK Holdings Corporation and Computershare Trust Company, N.A.	8-K	4.01	4/8/19	
4.07	Amendment No. 2 to Rights Agreement, effective as of February 23, 2021 by and between SWK Holdings Corporation and Computershare Trust Company, N.A.	8-K	4.01	2/23/21	
10.01	Kana Software, Inc. 1999 Stock Incentive Plan, as amended.*	10-Q	10.01	11/14/06	
10.02	2010 Equity Incentive Plan.*	10-Q	10.1	11/09/10	
10.03	SWK Holdings Corporation 2010 Equity Incentive Plan Restricted Stock Award Agreement.*	10-Q	10.2	11/09/10	
10.04	Contract purchase agreement between SWK Holdings Corporation and PBS Capital Management, dated May 14, 2012.	10-Q	10.05	05/15/12	

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date	Filed Herewith
10.05	Voting Agreement, dated as of September 6, 2013, among Double Black Diamond, L.P., Double Black Diamond Offshore Ltd., Black Diamond Offshore, Ltd. and the Company.	8-K	10.3	09/09/13	
10.06	Registration Rights Agreement, dated as of September 6, 2013, among Double Black Diamond, L.P., Double Black Diamond Offshore Ltd., Black Diamond Offshore, Ltd. and the Company.	8-K	10.4	09/09/13	
10.07	Employment Agreement, dated January 28, 2019, between the Company and Winston L. Black III.*	8-K	10.1	01/30/19	
10.08	Royalty Agreement, dated April 2, 2013, among SWK Funding LLC, Bess Royalty, L.P. and InSite Vision Incorporated.#	S-1/A	10.13	04/01/14	
10.09	Securities Purchase Agreement, dated August 18, 2014, between SWK Holdings Corporation and Carlson Capital, L.P.	8-K/A	10.1	08/21/14	
10.10	Stockholders' Agreement, dated August 18, 2014, among Double Black Diamond Offshore Ltd., Black Diamond Offshore Ltd. and SWK Holdings Corporation.	8-K	10.2	08/19/14	
10.11	Royalty Agreement dated December 13, 2016, among SWK Funding LLC and Opiant Pharmaceuticals, Inc.	10-K	10.16	03/29/18	
10.12	Loan and Security Agreement between SWK Holdings Corporation and SWK Funding LLC as Borrowers and Certain Financial Institutions as Lenders and State Bank and Trust Company as Agent dated June 29, 2018.	8-K	10.1	06/29/18	
10.14	Credit Agreement dated May 20, 2016 among SBT Holdings, Inc., dba Keystone Dental, and SWK Funding LLC.	8-K	10.1	05/26/16	
21.01	Subsidiaries.				X
23.01	Consent of Independent Registered Public Accounting Firm - BPM LLP.				X
24.01	Power of Attorney (included on signature page of this Annual Report on Form 10-K).				X
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.01	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**				X
32.02	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**				X

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date	Filed Herewith
101.INS+	XBRL Instance				
101.SCH+	XBRL Taxonomy Extension Schema				
101.CAL+	XBRL Taxonomy Extension Calculation				
101.DEF+	XBRL Taxonomy Extension Definition				
101.LAB+	XBRL Taxonomy Extension Labels				
101.PRE+	XBRL Taxonomy Extension Presentation				

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

** These certifications accompany SWK's Annual Report on Form 10-K; they are not deemed "filed" with the Securities and Exchange Commission and are not to be incorporated by reference in any filing of SWK under the Securities Act of 1933, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filings, except to the extent that SWK specifically incorporates it by reference.

Confidential treatment is requested for certain confidential portions of these exhibit pursuant to Rule 24b-2 under the Exchange Act. In accordance with Rule 24b-2, these confidential portions have been omitted from these exhibits and filed separately with the Securities and Exchange Commission

\+ XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

EXHIBIT 31.01

CERTIFICATION

I, Winston L. Black, Chief Executive Officer of the registrant, certify that:

1. I have reviewed this Annual Report on Form 10-K of SWK Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its controlled subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Winston L. Black
Winston L. Black
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, Charles M. Jacobson, Chief Financial Officer of the registrant, certify that:

1. I have reviewed this Annual Report on Form 10-K of SWK Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its controlled subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Charles M. Jacobson
Charles M. Jacobson
Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350

In connection with the Annual Report of SWK Holdings Corporation (the "Registrant") on Form 10-K for the annual period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Winston L. Black, Chief Executive Officer of the Registrant, certify, in accordance with Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that to the best of my knowledge:

1. The Report, to which this certification is attached as Exhibit 32.01, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 31, 2021

/s/ Winston L. Black
Winston L. Black
Chief Executive Officer

EXHIBIT 32.02

CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350

In connection with the Annual Report of SWK Holdings Corporation (the "Registrant") on Form 10-K for the annual period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Jacobson, Chief Financial Officer of the Registrant, certify, in accordance with Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that to the best of my knowledge:

1. The Report, to which this certification is attached as Exhibit 32.02, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 31, 2021

/s/ Charles M. Jacobson
Charles M. Jacobson
Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-39184

SWK HOLDINGS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	77-0435679
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
14755 Preston Road, Suite 105 Dallas, TX	75254
(Address of Principal Executive Offices)	**(Zip Code)**

(972) 687-7250
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	SWKH	The Nasdaq Stock Market LLC
Preferred Stock Purchase Rights	SWKH	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the Registrant's Common Stock held by non-affiliates is $43,301,195 based on the June 30, 2020, closing price of the Registrant's Common Stock on such date as reported on The Nasdaq Stock Market of $11.98.

On April 25, 2021, the Registrant had outstanding approximately 12,795,554 shares of Common Stock, $0.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Explanatory Note

This Amendment No. 1 to Form 10-K/A (this "Amendment") amends the Annual Report on Form 10-K of SWK Holdings Corporation (the "Company" or "SWK") for the year ended December 31, 2020, originally filed with the U.S. Securities and Exchange Commission ("SEC") on March 31, 2021 (the "Original Filing").

This Amendment is being filed for the purpose of providing the information required by Items 10 through 14 of Part III of the Annual Report on Form 10-K. This information was previously omitted from the Original Filing in reliance on General Instruction G(3) to the Annual Report on Form 10-K, which permits the above-referenced Items to be incorporated in the Annual Report on Form 10-K by reference from a definitive proxy statement, if such definitive proxy statement is filed no later than 120 days after December 31, 2020. At this time, the Company is filing this Amendment to include Part III information in its Annual Report on Form 10-K because the Company will not file a definitive proxy statement within 120 days of December 31, 2020. The reference on the cover of the Original Filing to the incorporation by reference to portions of our definitive proxy statement into Part III of the Original Filing is hereby deleted.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Items 10 through 14 of Part III of the Original Filing are hereby amended and restated in their entirety. In addition, pursuant to Rule 12b-15 under the Exchange Act, the Company is amending and refiling Item 15 of Part IV, to reflect the inclusion of the certifications required under Section 302 of the Sarbanes-Oxley Act of 2002. Because no financial statements have been included in this Amendment and this Amendment does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. Additionally, we are not including the certificate under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Amendment.

Except as described above, no other changes have been made to the Original Filing. Except as otherwise indicated herein, this Amendment continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained therein to reflect any events that occurred subsequent to the date of the Original Filing. Accordingly, this Amendment should be read in conjunction with our Original Filing and with our filings with the SEC subsequent to the filing of our Original Filing.

SWK Holdings Corporation

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PART III

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names of our directors and information about each (including their ages as of April 20, 2021):

Name	Age	Committee Memberships	Principal Occupation	Director Since
D. Blair Baker	60	Audit	President, Precept Capital Management	2014
Winston L. Black	45		Chief Executive Officer, SWK Holdings Corporation	2019
Aaron G.L. Fletcher	41	Audit	President, Bios Research and Managing Partner, Bios Partners, L.P.	2019
Christopher W. Haga	53	Compensation	Private Investor	2014
Edward B. Stead	74	Audit, Governance	Private Investor	2014
Michael D. Weinberg	57	Governance, Compensation	Private Investor	2009

D. Blair Baker. Mr. Baker was appointed to the Board in August 2014. Mr. Baker has served as the president of Precept Capital Management ("Precept"), an investment management company based in Dallas, Texas, since he founded Precept in 1998. Precept invests across multiple industries and asset types, focusing primarily on publicly-traded securities. His investments in the healthcare sector have included pharmaceutical, medical device, biotech, medical services and medical technology. He has extensive relationships throughout the industry. Mr. Baker also formed an oil and gas operating company with ongoing operations in the Fort Worth Basin in North Texas. Other relevant prior experience includes Mr. Baker's position as vice president and securities analyst covering telecommunications equipment companies at Rauscher Pierce Refsnes (later acquired by RBC) and as a member of the research team at Friess Associates that managed $7 billion of client assets.

The Board has determined that Mr. Baker is qualified to continue to serve on the Board due to his extensive financial and investment experience.

Winston Black. Mr. Black was appointed CEO in January 2016. Prior to that time, Mr. Black served as Managing Director. Mr. Black joined SWK in May 2012 from PBS Capital Management, LLC, an investment management business investing in pharmaceutical royalties and healthcare equities that Mr. Black co-founded in 2009. Prior to PBS Capital, Mr. Black was a Senior Portfolio Analyst at Highland Capital Management, L.P. from September 2007 to March 2009 where he managed a portfolio of approximately $2 billion in healthcare investments. Prior to joining Highland, Mr. Black served as COO/Analyst and Chief Compliance Officer at Mallette Capital Management, Inc., a $200 million biotech focused hedge fund. Prior to Mallette Capital, Mr. Black was Vice President, Corporate Development for ATX Communications, Inc. Mr. Black began his career as an Analyst in the Healthcare and Telecommunications groups at Salomon Smith Barney. Mr. Black received MBAs with distinction from both Columbia Business School and London Business School and received a BA in Economics from Duke University, where he graduated Cum Laude.

The Board has determined that Mr. Black is qualified to serve on the Board due to his position as Chief Executive Officer of the Company and his extensive financial and investment experience.

Aaron G.L. Fletcher. Dr. Fletcher currently serves as President of Bios Research, a financial services firm that he founded to provide public equity research in the healthcare industry tailored to institutional firms and large family offices. In addition to his position at Bios Research, Dr. Fletcher is a Managing Partner at Bios Partners, LP, a venture capital firm focused on investment in early-stage and growth-stage biotech and medical device companies. Dr. Fletcher also serves as a director on the Boards of Lung Therapeutics, Actuate Therapeutics, AbiliTech Medical, Cognition Therapeutics, Cue Biopharma, and TFF Pharma, and works as an independent consultant for the biotech/healthcare equity industry. Dr. Fletcher holds a Ph.D. in Biochemistry from Colorado State University and serves as a visiting professor at Dallas Baptist University.

The Board has determined that Dr. Fletcher is qualified to serve on the Board due to his extensive financial and investment experience in the life sciences industry.

Christopher W. Haga. Mr. Haga was appointed to the Board in August 2014. Mr. Haga is a private investor with current interests in insurance, theater exhibition and renewable energy. Until December 2019, he was Portfolio Manager and Head of Strategic Investments at Carlson Capital, L.P. ("Carlson Capital"), an investment management business which, as of April 20, 2021, beneficially owned 70.1 percent of our outstanding Common Stock. Mr. Haga joined Carlson Capital in 2003 and has 25 years of experience in public and private investing, investment banking and structured finance. Prior to Carlson Capital, Mr. Haga held investment banking and principal investing roles at RBC Capital Markets, Stephens, Inc., Lehman Brothers (London) and Alex. Brown & Sons. Mr. Haga holds a B.S. degree in Business Administration from the University of North Carolina at Chapel Hill and an M.B.A. degree from the University of Virginia. Mr. Haga is also a director of CTO Realty Growth, a NYSE listed REIT.

The Board has determined that Mr. Haga is qualified to continue to serve on the Board due to his extensive financial and investment experience.

Edward B. Stead. Mr. Stead was appointed to the Board in August 2014. Mr. Stead began his career as a lawyer at IBM from 1973 to 1985. He then served at Apple Computer, Inc. from 1987 until 1996, where he held titles up to and including Senior Vice President, General Counsel and Secretary. At Apple, Mr. Stead led the significant advance of Apple in filing of patented inventions. He also served as Executive Vice President, General Counsel and Secretary of Blockbuster, Inc. from 1997 until 2006. Mr. Stead has served on the Legal Advisory Boards of both the NYSE and the NASD. He is currently a member of the American Law Institute. Mr. Stead's current primary occupation is a private investor.

The Board has determined that Mr. Stead is qualified to continue to serve on the Board due to his extensive legal and business experience, as well as his extensive intellectual property experience.

Michael D. Weinberg. Mr. Weinberg has served on the Board since December 2009 and was recommended as a nominee to the Board by Carlson Capital. Mr. Weinberg is currently a private investor. Mr. Weinberg was employed at Carlson Capital from 1999 to 2019 in a variety of investment and operational roles, retiring as Chief Operating Officer and Partner in 2019. From 1996 to 1999, Mr. Weinberg was Director of Investments at Richmont Capital Partners, L.P., the investment affiliate of privately-held Mary Kay Cosmetics. Prior to Mary Kay, Mr. Weinberg also held positions as an analyst for Greenbrier Partners, a value-oriented hedge fund, and as an associate attorney for the law firm of Baker Botts L.L.P. Mr. Weinberg holds a B.A. degree from the Plan II Liberal Arts Honors Program and a J.D. degree, both from the University of Texas at Austin. Mr. Weinberg is a CFA Charterholder. Mr. Weinberg is also a Director of EnPower, Inc., a lithium-ion battery technology company.

The Board has determined that Mr. Weinberg is qualified to continue to serve on the Board due to his extensive financial, investment and legal experience.

Executive Officers

Our executive officers are our Chief Executive Officer, Winston L. Black, and our Chief Financial Officer, Charles Jacobson. Information regarding Mr. Black is set forth above.

Charles Jacobson has been serving as our Chief Financial Officer since September 2012. Since April 2019, Mr. Jacobson serves as a Partner at CFGI, LLC ("CFGI"). CFGI provides management level finance, accounting and transaction advisory services to public and private companies throughout the United States. From 2007 to 2019, Mr. Jacobson served as the CEO and Managing Director of Pine Hill Group, LLC ("Pine Hill"), a consulting firm which he co-founded in 2007. Pine Hill was acquired by CFGI in April 2019. Mr. Jacobson serves as Director, Interim CEO, and Interim CFO of The PMI Group, Inc. ("PMI"), positions he has held since 2017, 2016, and 2015, respectively. From 2015 to 2020, Mr. Jacobson served as CFO and Director of Parkview Capital Credit, Inc., a Business Development Corporation providing mezzanine debt and equity capital to lower middle market companies. From 2012 to 2013, Mr. Jacobson served as CEO and CFO of Pro Capital, LLC ("Pro Cap"), an investment management business specializing in investments of municipal tax liens. Mr. Jacobson also served on Pro Cap's board of managers from 2012 to 2014. From 2008 to 2011, Mr. Jacobson served as CFO of FS Investment Corporation pursuant to an agreement between Pine Hill and FS Investment Corporation. From 2001 to 2007, Mr. Jacobson worked for ATX Communications, Inc. ("ATX"), becoming the organization's senior vice president of finance where he was responsible for managing ATX's finance organization. Prior to working for ATX, Mr. Jacobson held senior managerial audit positions with Ernst & Young LLP from 1999 to 2000 and with BDO Seidman, LLP from 1996 to 1999, where he was responsible for audit engagements of private, pre-IPO and publicly traded companies in a variety of different industries. Mr. Jacobson began his professional career in 1993 at a regional public accounting firm where he performed audits on governmental entities.

Code of Ethics and Conduct

The Board has adopted a Code of Ethics and Conduct applicable to all directors, officers and employees of the Company, as required by applicable securities laws and the rules of the SEC. A copy of the Code of Ethics and Conduct is posted in the Corporate Governance section of our Internet website at www.swkhold.com.

Committees of the Board

The Board has three standing committees: the audit committee, the compensation committee, and the governance and nominating committee.

Audit Committee. We have a standing audit committee of the Board (the "Audit Committee") established in accordance with Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The members of our Audit Committee are Messrs. Baker (Chair), Fletcher and Stead. Each member of the Audit Committee meets the independence and other requirements to serve on our Audit Committee under The Nasdaq Stock Market Rules and the rules of the SEC. In addition, the Board determined that each of Messrs. Baker, Fletcher and Stead is considered an "audit committee financial expert" as defined in the rules of the SEC.

The Audit Committee met four times in 2020. The Board has adopted a written charter for the Audit Committee, a copy of which is posted in the Corporate Governance section of our Internet website (at www.swkhold.com). The principal functions of the Audit Committee are to oversee our accounting and financial reporting processes and the audits of our consolidated financial statements, oversee our relationship with our independent auditors, including selecting, evaluating and setting the compensation of, and approving all audit and non-audit services to be performed by the independent auditors, and facilitate communication among our independent auditors and our financial and senior management.

Compensation Committee. We have a standing compensation committee of the Board (the "Compensation Committee"). The members of our Compensation Committee are Messrs. Weinberg (Chair) and Haga.

The Compensation Committee met one time in 2020. Each current member of the Compensation Committee meets the independence and other requirements to serve on our Compensation Committee under The Nasdaq Stock Market Rules and the rules of the SEC.

The Board has adopted a written charter for the Compensation Committee, a copy of which is posted in the Corporate Governance section of our Internet website (at www.swkhold.com). The Compensation Committee has responsibilities relating to the performance evaluation and the compensation of our Chief Executive Officer, the compensation of our executive officers and directors and our significant compensation arrangements, plans, policies and programs, including our stock compensation plans. Certain of our executive officers, our outside counsel and consultants may occasionally attend the meetings of the Compensation Committee. However, no officer of the Company is present during discussions or deliberations regarding that officer's own compensation.

Governance and Nominating Committee. We have a standing governance and nominating committee of the Board (the "Governance and Nominating Committee"). The members of our Governance and Nominating Committee are Mr. Weinberg (Chair) and Mr. Stead. The Governance and Nominating Committee met one time in 2020. Each of Messrs. Weinberg and Stead meets the independence and other requirements to serve on our Governance and Nominating Committee under The Nasdaq Stock Market Rules and the rules of the SEC.

The Board has adopted a written charter for the Governance and Nominating Committee, a copy of which is posted in the Corporate Governance section of our Internet website (at www.swkhold.com). The Governance and Nominating Committee considers the performance of the members of the Board and nominees for director positions and evaluates and oversees corporate governance and related issues.

The goal of the Governance and Nominating Committee is to ensure that the members of the Board possess a variety of perspectives and skills derived from high-quality business and professional experience. The Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the Board. To this end, the Governance and Nominating Committee seeks nominees with the highest professional and personal ethics and values, an understanding of our business and industry, diversity of business experience and expertise, a high level of education, broad-based business acumen and the ability to think strategically. Although the Governance and Nominating Committee uses these and other criteria to evaluate potential nominees to the Board, it has no stated minimum criteria for such nominees. The Governance and Nominating Committee does not use different standards to evaluate nominees depending on whether they are proposed by our directors and management or by our stockholders. To date, we have not paid any third parties to assist us in this process.

The Governance and Nominating Committee will consider stockholder recommendations for director candidates. The Governance and Nominating Committee has established the following procedure for stockholders to submit such recommendations for which there has been no material change: the stockholder should send the name of the individual and related personal and professional information, including a list of references to our Governance and Nominating Committee, in care of the Corporate Secretary at our principal executive offices, sufficiently in advance of the annual meeting to allow the Governance and Nominating committee appropriate time to consider the recommendation.

Board Leadership Structure and Risk Oversight

Mr. Black serves as Chairman of the Board and Chief Executive Officer of the Company.

The Board, in conjunction with the Company's officers, is responsible for considering, identifying and managing material risks to the Company. The Audit Committee plays a critical role in evaluating and managing internal controls, financial risk exposure and monitoring the activities of the Company's independent registered public accounting firm. The entire Board also receives updates at each Board meeting regarding any material risks from the Company's management.

ITEM 11. EXECUTIVE COMPENSATION

The table below summarizes the total compensation earned by each of the named executive officers for the fiscal years ended December 31, 2020 and 2019.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Option Awards ($)	Total ($)
Winston L. Black, CEO	2020	$ 283,250	$ 1,063,341	$ 209,875	$ 1,556,466
	2019	$ 275,000	$ 787,742	$ 150,000	$ 1,212,742
Charles Jacobson, CFO[1]	2020	$ —	$ —	$ —	$ —
	2019	$ —	$ —	$ —	$ —

(1) Mr. Jacobson was appointed CFO effective September 4, 2012. He is not an employee of the Company and receives no salary or other compensation from the Company. He served as the Company's CFO pursuant to an agreement between the Company and CFGI, LLC. All of Mr. Jacobson's compensation was paid by CFGI, LLC. See "Transactions with Related Persons."

Salary

The amount in the Salary column represents the base salary earned by Mr. Black in the applicable year.

Bonus

The amounts in the bonus column represent bonus awards to Mr. Black calculated in accordance with his employment agreement. The bonus for 2020 was paid in April 2021, and the bonus for 2019 was paid in April 2020.

Material Terms of Employment

On January 28, 2019, the Company entered into a new employment agreement with Mr. Black, effective January 1, 2019, for a term expiring on December 31, 2021, unless earlier terminated (the "Term"). The agreement provides for an annual salary of (i) $275,000 through December 31, 2021 and shall increase three percent effective the first full payroll cycle in each of 2020 and 2021, plus an annual bonus potential based on the Company's annual pre-tax profit. For 2018 and beyond, the total bonus pool equals (i) 11.0 percent of the average pre-tax profit for the year of calculation and the immediately prior year multiplied by (ii) one plus 50 percent of the Return on Equity (as defined in the agreement), subject to certain adjustments.

Mr. Black's employment agreement provides for six months' severance if Mr. Black is terminated by the Company without cause or he resigns for good reason. In addition, the Company can elect to pay Mr. Black his annual salary for up to eighteen months (following the six months' severance period) to enforce a non-compete and non-solicitation agreement for up to two years from the date of his separation from the Company.

The Company is also party to indemnification agreements with its executive officers that may require the Company to indemnify such officers against liabilities that may arise by reason of the officers' status or service.

Since the other employees of the Company are at will, the Company does not believe that there are any material risks arising from the Company's compensation policies and practices for its employees.

2010 Equity Incentive Plan

On November 8, 2010, the Board approved the 2010 Plan, and the Company's stockholders approved the plan on November 19, 2019. The purpose of the 2010 Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, by offering them an opportunity to participate in the Company's future performance through the grant of equity awards. The 2010 Plan is administered by the Compensation Committee of the Board. The 2010 Plan provides that the administrator may grant or issue stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, dividend equivalents, performance awards and stock payments, or any combination thereof. The applicable award agreement will contain the period during which the right to exercise the award in whole or in part vests, as well as any other performance condition(s) required for such award agreement to vest. At any time after the grant of an award, the administrator may accelerate the period during which the award vests.

Outstanding Equity Awards at December 31, 2020

Below are the options outstanding for the Company's named executive officers as of December 31, 2020.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Number of Securities Underlying Unexercised Options (exercisable) (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Winston L. Black	18,750[1]	56,250	$ 8.30	12/31/22
	50,000[2]	50,000	$ 13.70	08/18/24
	50,000[3]	25,000	$ 12.50	01/28/29

(1) The options vest in 25 percent increments based upon the Company's 60-day average stock price performance between $12.40 and $24.90 prior to December 31, 2021.

(2) Fifty percent of the options vested over four years beginning December 31, 2015, and fifty percent vest if the 30-day average closing stock price exceeds $20.60 prior to December 31, 2021.

(3) The options are subject to vesting in equal annual installments over a three-year period based on the CEO's continued employment with the Company.

Compensation of Directors

Beginning January 2015, the Company compensated non-employee directors with an annual retainer of (i) $45,000 and (ii) a grant of 1,000 shares of restricted stock. In addition, each member of (i) the Audit Committee was entitled to an additional annual retainer of $10,000; (ii) the Compensation Committee was entitled to an additional annual retainer of $1,000; and (iii) the Governance and Nominating Committee was entitled to an additional annual retainer of $2,000. The foregoing was paid quarterly in arrears on each of March 31, June 30, September 30, and December 31. Each non-employee director could elect to receive 100 percent of the cash retainer payable, including committee fees, in shares of common stock, based on the closing price of the common stock on the date of payment. Any common stock issued for such compensation vested immediately upon issuance.

The Company commissioned a board compensation study during 2019, and as a result, beginning October 2019, the Company amended the compensation structure for non-employee directors to provide for an annual retainer comprised of (i) $45,000 cash and (ii) a grant of shares of restricted stock with a value of $25,000, subject to a one year vesting period. In

addition, the committee compensation was amended such that each member of (i) the Audit Committee is entitled to an additional annual retainer of $11,000; (ii) the Compensation Committee is entitled to an additional annual retainer of $2,000; and (iii) the Governance and Nominating Committee is entitled to an additional annual retainer of $4,000. The foregoing, other than the restricted stock grant, is paid quarterly in arrears on each of March 31, June 30, September 30, and December 31. Each non-employee director can elect to receive 100 percent of the cash retainer payable, including committee fees, in shares of common stock, based on the closing price of the common stock on the date of payment. Any common stock issued for such cash compensation vests immediately upon issuance. The $25,000 grant of restricted stock is paid annually on October 1 in advance and is subject to a one-year vest period. The Board may approve the payment of additional amounts to directors in connection with special projects authorized by the Board.

We reimburse our directors for reasonable travel and other reasonable expenses incurred in connection with attending the meetings of the Board. The Company is also party to indemnification agreements with each of its directors.

2020 Director Compensation

The table below summarizes the compensation paid by the Company to our directors for the fiscal year ended December 31, 2020.

Name	Fees Earned or Paid in Cash ($)	Stock Award[(1)] ($)	Total ($)
D. Blair Baker	$ 20,000	$ 93,905	$ 113,905
Christopher W. Haga	—	84,903	84,903
Aaron G.L. Fletcher	28,000	65,904	93,904
Edward B. Stead	100,000	37,899	137,899
Michael D. Weinberg	50,645	38,250	88,895

(1) The amounts reported represent the stock-based compensation expense that was calculated in accordance with FASB ASC Topic 718, Compensation-Stock Compensation ("FASB ASC Topic 718"). Information about the assumptions used to value these awards can be found in Note 9 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Compensation Committee Interlocks and Insider Participation

The current members of our Compensation Committee are Messrs. Weinberg and Haga. No members of our Compensation Committee were employees of SWK during 2020 or were formerly officers of SWK. During 2020, none of our executive officers served as a member of the board of directors or compensation committee of any other entity that has or has had one or more executive officers serving as a member of our Board or our Compensation Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The table below sets forth information regarding the beneficial ownership of our common stock as of April 25, 2021 by the following individuals or groups:

- each person or entity who is known by us to own beneficially more than five percent of our outstanding stock;
- each of our named executive officers;
- each of our directors; and
- all current directors and executive officers as a group.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Applicable percentage ownership in the following table is based on 12,795,554 shares of common stock outstanding as of April 25, 2021 as adjusted to include options and warrants exercisable within 60 days of April 25, 2021 held by the indicated stockholder or stockholders.

Unless otherwise indicated, the principal address of each of the stockholders below is c/o the Company. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table below have sole voting and investment power with respect to all shares of common stock held by them. To determine the number of shares beneficially owned by persons other than our directors, executive officers and their affiliates, we have relied on beneficial ownership reports filed by such persons with the SEC.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class
D. Blair Baker	40,856	*
Winston L. Black[(1)]	158,344	1.2
Aaron G.L. Fletcher	9,123	*
Christopher W. Haga	35,147	*
Charles Jacobson	606	*
Edward B. Stead	25,926	*
Michael D. Weinberg	75,833	*
All current executive officers and directors as a group (7 persons)	345,835	2.7%
5% Stockholders		
Entities affiliated with Carlson Capital, L.P.[(2)] 2100 McKinney Avenue, Suite 1800 Dallas, Texas 75201	9,093,766	71.1%
Entities affiliated with Cannell Capital, LLC[(3)] 245 Meriwether Circle Alta, Wyoming 83414	660,780	5.2%
*Less than one percent	9,754,546	76.2%

(1) Includes options to acquire 118,750 shares of common stock that are currently exercisable. Excludes options to acquire 106,250 shares of common stock that vest based upon the 60-day average closing price of the Company's common stock and options to acquire 25,000 shares of common stock that vest on December 31, 2021. Excludes 12,000 restricted shares of common stock that vest on December 31, 2021.

(2) Based solely on the Schedule 13D/A filed on April 5, 2021 with the SEC reporting beneficial ownership of 9,093,766 shares. The shares are directly beneficially owned by Double Black Diamond Offshore Ltd. and Black Diamond Offshore Ltd. (together, the "Funds"). Carlson Capital, L.P. is the investment manager of the Funds and Double Black. Asgard Investment Corp. ("Asgard") is the general partner of Carlson Capital. Clint D. Carlson is the President of Asgard and the Chief Executive Officer of Carlson Capital. Carlson Capital disclaims beneficial ownership of any and all such shares in excess of their pecuniary interest therein.

(3) Based solely on the Schedule 13G filed on February 16, 2021 with the SEC reporting beneficial ownership of 660,780 shares as of December 31, 2020. The shares are directly beneficially owned by J. Carlo Cannell and Cannell Capital LLC.

Equity Compensation Plan Information

The following table provides information as of December 31, 2020, with respect to the shares of common stock issuable under existing equity compensation plans. The category "Equity compensation plans approved by security holders" in the table below consists of the SWK Holdings Corporation 2010 Equity Incentive Plan, which was approved by our stockholders on November 19,2019.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	362,500	$ 12.47	1,153,457

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Review, Approval or Ratification of Transactions with Related Persons

Our Audit Committee Charter requires our Audit Committee to review and approve certain transactions between us and our executive officers and directors and greater than 5 percent beneficial owners of our common stock, and each of their immediate family members. Transactions subject to the review and approval of the Audit Committee (or another independent body of the Board) include transactions between us and the related person in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which such person has or will have a direct or indirect material interest. The Board determines, on an annual basis, which members of the Board meet the definition of independent director as defined in the rules of The Nasdaq Stock Market and reviews and discusses any relationships with a director that would potentially interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director. In approving or rejecting any such transaction, the Audit Committee, considers the relevant facts and circumstances available to it, including but not limited to the risks, costs, benefits to our company, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director's independence. Our Audit Committee approves only those transactions that it determines in good faith, are in, or are not inconsistent with, our best interests.

Certain Transactions with Related Persons

On August 28, 2012, the Company appointed Charles Jacobson as the Company's Chief Financial Officer, effective September 4, 2012. Mr. Jacobson carries out his role as Chief Financial Officer of the Company pursuant to an agreement between the Company and CFGI, LLC. The agreement outlines the scope of responsibilities of CFGI, as well as Mr. Jacobson's role. These include, but are not limited to, matters relating to the preparation and filing of the Company's periodic reports under the Exchange Act, the preparation of the Company's consolidated financial statements included therein and assisting the Company's independent auditors with respect to developing and maintaining a system of internal control over financial reporting and disclosure controls and procedures. CFGI is compensated at a fixed annual fee plus reasonable expenses for performing services pursuant to the agreement. CFGI is responsible for all payments to Mr. Jacobson. As a result, Mr. Jacobson does not receive direct compensation from the Company and the amount of aggregate payments made to CFGI are based on the amount of work performed on our behalf. In 2020, the Company paid CFGI $153,000 in fees for its services. In 2019, the Company paid CFGI $339,000 in fees for its services, of which $174,000 was related to the acquisition of Enteris BioPharma, Inc.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

BPM LLP ("BPM") audited our consolidated financial statements for the years ended December 31, 2020 and 2019. Set forth are the aggregated fees billed for audit and other services provided by BPM for 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Audit fees[1]	$ 240,000	$ 248,000
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total fees	$ 240,000	$ 248,000

(1) Consists of fees billed for professional services rendered for the audit of our annual consolidated financial statements and review of our quarterly condensed consolidated financial statements and services, such as consents and review of SEC comment letters that are normally provided by BPM in connection with statutory and regulatory filing engagements.

Our Audit Committee considers at least annually whether the provision of non-audit services by our independent registered public accounting firm is compatible with maintaining auditor independence. This process includes:

- Obtaining and reviewing, on at least an annual basis, a letter from the independent registered public accounting firm describing all relationships between the independent registered public accounting firm and the Company required to be disclosed by Public Company Accounting Oversight Board standards, reviewing the nature and scope of such relationships, discussing these relationships with the independent registered public accounting firm and discontinuing any relationships that the Audit Committee believes could compromise the independence of the registered public accounting firm.

- Obtaining reports of all non-audit services proposed to be performed by the independent registered public accounting firm before such services are performed, reviewing and approving or prohibiting, as appropriate, any non-audit services not permitted by applicable law. The Audit Committee may delegate authority to review and approve or prohibit non-audit services to one or more members of the Audit Committee, and direct that any approval so granted be reported to the Audit Committee at a following meeting of the Audit Committee.

All services provided by the Company's independent registered public accounting firm in fiscal years 2020 and 2019 were approved in advance by the Audit Committee.

Audit Committee Pre-Approval Policies and Procedures

All audit and permitted non-audit services to be performed for the Company by its independent registered public accounting firm must be pre-approved by the Audit Committee to assure that the provision of such services do not impair the firm's independence. The Audit Committee does not delegate its responsibility to pre-approve services performed by the independent auditors to management.

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope or other matters. All other audit services not otherwise included in the annual audit services engagement must be specifically pre-approved by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibits: See attached Exhibit Index

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on April 30, 2021.

SWK Holdings Corporation

By: /s/ Winston L. Black
Winston L. Black
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 30, 2021

By: /s/ Winston L. Black
Winston L. Black
Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2021

By: *
Charles M. Jacobson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: April 30, 2021

By: *
D. Blair Baker
Director

Date: April 30, 2021

By: *
Aaron G.L. Fletcher
Director

Date: April 30, 2021

By: *
Christopher W. Haga
Director

Date: April 30, 2021

By: *
Edward B. Stead
Director

Date: April 30, 2021

By: *
Michael D. Weinberg
Director

*By: /s/ Winston L. Black
Winston L. Black
As Attorney-in-Fact Pursuant to
Power of Attorney Previously Filed

EXHIBIT INDEX

Exhibit Number	Exhibit Description
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

EXHIBIT 31.01

CERTIFICATION

I, Winston L. Black, Chief Executive Officer of the registrant, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of SWK Holdings Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: April 30, 2021

/s/ Winston L. Black
Winston L. Black
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, Charles M. Jacobson, Chief Financial Officer of the registrant, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K of SWK Holdings Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: April 30, 2021

/s/ Charles M. Jacobson
Charles M. Jacobson
Chief Financial Officer