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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **December 27, 2023**

Journey Medical Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-41063**	**47-1879539**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

9237 E Via de Ventura Blvd, Suite 105
Scottsdale, AZ 85258
(Address of Principal Executive Offices)

(480) 434-6670
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act.
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
☐ Pre-commencement communications pursuant to Rule 14d-2b under the Exchange Act.
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

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	DERM	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). ☒

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. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On December 27, 2023 (the "**Closing Date**"), Journey Medical Corporation (the "**Company**") entered into a Credit Agreement (the "**Credit Agreement**"), by and among the Company and SWK Funding LLC and the other the financial institutions party thereto from time to time, as lenders.

The Credit Agreement provides for a term loan facility (the "**Credit Facility**") in the original principal amount of up to $20 million. On the Closing Date, the Company drew $15 million. The remaining $5 million may be drawn upon request by the Company within 12 months after the Closing Date. Loans under the Credit Facility (the "**Term Loans**") mature on December 27, 2027 (the "**Maturity Date**") unless the Credit Facility is otherwise terminated pursuant to the terms of the Credit Agreement. Beginning in February 2026, the Company is required to repay the outstanding principal of the Term Loans quarterly in an amount equal to 7.5% of the principal amount of funded Term Loans. If the total revenue of the Company, measured on a trailing twelve-month basis, is greater than $70 million as of December 31, 2025, principal repayment is not required until February 2027, at which point the Company is required to repay the outstanding principal of the Term Loans quarterly in an amount equal to 15% of the principal amount of funded Term Loans.

The Term Loans bear interest at a rate per annum equal to the three-month term SOFR (subject to a SOFR floor of 5%) plus 7.75% (the "**Loan Rate**"). Upon an event of default under the Credit Agreement, the outstanding principal amounts of the Term Loans will accrue interest at a rate per annum equal to the Loan Rate plus three percent (3%), but in no event in excess of the maximum rate of interest allowed under applicable law. All accrued but unpaid interest on the outstanding Term Loans is payable quarterly until the Maturity Date when the then-outstanding principal balance of the Term Loans and all accrued but unpaid interest thereon becomes due and payable.

At the Company's option, the Company may at any time prepay the outstanding principal balance of the Term Loans in whole or in part. Prepayment of the Term Loans is subject to payment of a prepayment premium equal to (i) 2% of the Term Loans prepaid plus the amount of interest that would have been due through the first anniversary of the Closing Date if the Term Loans are prepaid prior to the first anniversary of the Closing Date, (ii) 1% of the Term Loans prepaid if the Term Loans are prepaid on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date, or (iii) 0% if prepaid thereafter. Upon repayment in full of the Term Loans, the Company will pay an exit fee equal to 5% of the original principal amount of the Term Loans.

On the Closing Date, the Company paid an origination fee equal to $200,000.

The obligations under the Credit Facility are secured by all or substantially all of the Company's assets and the assets of the Company's subsidiaries.

The Credit Agreement contains customary representations and warranties and includes affirmative and negative covenants applicable to the borrowers thereto and their respective subsidiaries. The affirmative covenants include, among others, covenants requiring the Company to maintain its legal existence and governmental compliance, deliver certain financial reports and maintain insurance coverage. The Company is also required to maintain compliance at all times with a minimum liquidity covenant and minimum total revenue covenant at the levels and subject to cure rights as more fully set forth in the Credit Agreement. The negative covenants include, among others, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions.

The Credit Agreement also includes customary events of default, including, among other things, non-payment defaults, covenant defaults, inaccuracy of representations and warranties, defaults under any of the loan documents, certain cross-defaults to other indebtedness, certain bankruptcy and insolvency events, invalidity of guarantees or grant of security interest, certain ERISA-related transactions and events, certain orders of forfeiture, change of control, certain undischarged attachments, sequestrations, or similar proceedings, and certain undischarged or non-stayed judgments, in certain cases subject to certain thresholds and grace periods. The occurrence of an event of default could result in the acceleration of the obligations under the Credit Agreement of the Company or other borrowers.

The foregoing description of the Credit Agreement is qualified in its entirety by reference to the full text of the Credit Agreement to be filed with a subsequent periodic report of the Company.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosures set forth in Item 1.01 of this Current Report on Form 8-K are incorporated by reference herein.

Item 8.01. Other Events.

On January 2, 2024, the Company issued a press release announcing the entry into the Credit Agreement. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished herewith:

Exhibit Number	**Description**
99.1	Press release issued by Journey Medical Corporation, dated January 2, 2024.
104	Cover Page Interactive Data File, formatted in Inline Extensible Business Reporting Language (iXBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Journey Medical Corporation
(Registrant)

Date: January 2, 2024

By: /s/ Claude Maraoui
Claude Maraoui
Chief Executive Officer, President and Director

Exhibit 99.1

Journey Medical Corporation Secures Credit Facility with SWK Holdings for up to $20 Million

Provides additional capital for general corporate purposes including funding to support the potential launch of DFD-29

Scottsdale, AZ – January 2, 2024 – Journey Medical Corporation (Nasdaq: DERM) ("Journey Medical" or "the Company"), a commercial-stage pharmaceutical company that primarily focuses on the selling and marketing of U.S. Food and Drug Administration ("FDA")-approved prescription pharmaceutical products for the treatment of dermatological conditions, today announced that the Company has entered into a credit facility with an affiliate of SWK Holdings Corporation ("SWK"), a specialized finance company with a focus on the global healthcare sector, providing for borrowings of up to $20 million ("Credit Facility").

"This financing strengthens Journey Medical's balance sheet and provides us with additional operational flexibility. The funding will support general corporate purposes, as well as anticipated expenses for DFD-29, including an upcoming New Drug Application submission and preparation for its potential commercial launch, pending FDA approval," said Claude Maraoui, Co-Founder, President and Chief Executive Officer of Journey Medical.

The Credit Facility provides for an initial term loan of $15 million that the Company intends to use to fund general corporate operations and commercial and DFD-29 product development initiatives. The Credit Facility is expected to mature four years from funding and has an initial interest-only period for the first two years, which may be extended to three years based on the achievement of a specified revenue threshold. The Company also has the option to draw an additional tranche of $5 million under the Credit Facility, subject to the achievement of specified operational and financial metrics, in the twelve months following the date of the credit facility.

About Journey Medical Corporation

Journey Medical Corporation (Nasdaq: DERM) ("Journey Medical") is a commercial-stage pharmaceutical company that primarily focuses on the selling and marketing of U.S. Food and Drug Administration-approved prescription pharmaceutical products for the treatment of dermatological conditions through its efficient sales and marketing model. The company currently markets eight branded and two generic products that help treat and heal common skin conditions. The Journey Medical team comprises industry experts with extensive experience in developing and commercializing some of dermatology's most successful prescription brands. Journey Medical is located in Scottsdale, Arizona and was founded by Fortress Biotech, Inc. (Nasdaq: FBIO). Journey Medical's common stock is registered under the Securities Exchange Act of 1934, as amended, and it files periodic reports with the U.S. Securities and Exchange Commission ("SEC"). For additional information about Journey Medical, visit www.journeymedicalcorp.com.

Forward-Looking Statements

This press release may contain "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. As used below and throughout this press release, the words "the Company", "we", "us" and "our" may refer to Journey Medical. Such statements include, but are not limited to, any statements relating to our growth strategy and product development programs and any other statements that are not historical facts. The words "anticipate," "believe," "estimate," "may," "expect," "will," "could," "project," "intend," "potential" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. Factors that could cause actual results to differ materially from those currently anticipated include: the fact that our products and product candidates are subject to time and cost intensive regulation and clinical testing and as a result, may never be successfully developed or commercialized; a substantial portion of our sales derive from products that may become subject to third- party generic competition, the introduction of new competitor products, or an increase in market share of existing competitor products, any of which could have a significant adverse impact on our operating income; we operate in a heavily regulated industry, and we cannot predict the impact that any future legislation or administrative or executive action may have on our operations; our revenue is dependent mainly upon sales of our dermatology products and any setback relating to the sale of such products could impair our operating results; competition could limit our products' commercial opportunity and profitability, including competition from manufacturers of generic versions of our products; the risk that our products do not achieve broad market acceptance, including by government and third-party payors; our reliance third parties for several aspects of our operations; our dependence on our ability to identify, develop, and acquire or in-license products and integrate them into our operations, at which we may be unsuccessful; the dependence of the success of our business, including our ability to finance our company and generate additional revenue, on the successful development and regulatory approval of the DFD-29 product candidate and any future product candidates that we may develop, in-license or acquire; clinical drug development is very expensive, time consuming, and uncertain and our clinical trials may fail to adequately demonstrate the safety and efficacy of our current or any future product candidates; our competitors could develop and commercialize products similar or identical to ours; risks related to the protection of our intellectual property and our potential inability to maintain sufficient patent protection for our technology and products; our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or our third parties' cybersecurity; the substantial doubt about our ability to continue as a going concern; the effects of major public health issues, epidemics or pandemics on our product revenues and any future clinical trials; our potential need to raise additional capital; Fortress controls a voting majority of our common stock, which could be detrimental to our other shareholders; as well as other risks described in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2022, subsequent Reports on Form 10-Q, and our other filings we make with the SEC. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward- looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as may be required by law, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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