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**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, 2023**

or

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 1-5620**

**Safeguard Scientifics, Inc.**

*(Exact name of registrant as specified in its charter)*

**Pennsylvania**

*(State or other jurisdiction of  
incorporation or organization)*

**23-1609753**

*(I.R.S. Employer Identification No.)*

**150 N. Radnor Chester Road**

**Suite F-200**

**Radnor, PA**

*(Address of principal executive offices)*

**19087**

*(Zip Code)*

**(610) 293-0600**

*(Registrant's telephone number, including area code)*

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

**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 ☐ (See Explanatory Note)

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," "small reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☒

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 (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2023, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$21,248,137 based on the closing sale price as reported on the NASDAQ Stock Market.

The number of shares outstanding of the registrant's common stock as of March 21, 2024 was 16,722,994.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

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**SAFEGUARD SCIENTIFICS, INC.**  
**FORM 10-K**  
**December 31, 2023**

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### **Explanatory Note**

On February 2, 2024, Safeguard Scientifics, Inc. (“Safeguard,” the “Company,” “we,” “us,” or “our”) filed Form 25 with the Securities and Exchange Commission (the “SEC”) to delist Safeguard’s common stock (“common stock”) from trading on The Nasdaq Stock Market LLC (“Nasdaq”). On February 12, 2024, shares of common stock ceased trading on Nasdaq and started trading on OTCQX under the symbol “SFES.” On February 20, 2024, Safeguard filed Form 15 with the SEC, a certification and notification of termination of registration under Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and suspension of duty to file reports under Section 15(d) of the Exchange Act. However, because Safeguard had effective registration statements under the Securities Act of 1933, as amended, that were updated in 2023 by virtue of the filing and incorporation by reference of its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 into such registration statements, Safeguard is filing this Annual Report on Form 10-K for the fiscal year ended December 31, 2023 to satisfy its remaining reporting obligation for the fiscal year ended December 31, 2023. Safeguard does not expect that it will be required to file current or periodic reports with the SEC following the filing of this Form 10-K.

### **Cautionary Note Concerning Forward-Looking Statements**

This Annual Report on Form 10-K contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Safeguard Scientifics, Inc. (“Safeguard” or “we”), the industries in which we operate and other matters, as well as management’s beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as “projects,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “should,” “would,” “could,” “will,” “opportunity,” “potential” or “may,” variations of such words or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Our forward-looking statements are subject to risks and uncertainties. Factors that could cause actual results to differ materially include, among others, our ability to make good decisions about the deployment of capital, the fact that our ownership interests may vary from period to period, our substantial capital requirements and absence of liquidity from our ownership interests, fluctuations in the market prices of our publicly traded ownership interests, if any, competition, our inability to obtain maximum value for our ownership interests, our ability to attract and retain qualified employees or external managers, our ability to execute our strategy, market valuations in sectors in which our companies operate, our inability to control our ownership interests, our need to manage our assets to avoid registration under the Investment Company Act of 1940, and risks associated with our ownership interests and their performance, including the fact that most of the companies in which we have an ownership interest have a limited history and a history of operating losses, face intense competition and may never be profitable, the effect of economic conditions in the business sectors in which they operate, compliance with government regulation and legal liabilities, all of which are discussed in Item 1A. “Risk Factors.” Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report might not occur.

## **PART I**

### **Item 1. *Business***

#### **Business Overview**

Historically, Safeguard has provided capital and relevant expertise to fuel the growth of technology-driven businesses. In many, but not all cases, we are actively involved influencing development through board representation and management support in addition to the influence we exert through our equity ownership. We also continue to hold relatively small equity interests in other enterprises where we do not exert significant influence and do not participate in management activities. In some cases, those ownership interests relate to residual interests from prior larger interests or from companies that acquired companies in which we had ownership interests.

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting the existing ownership interests and maximizing monetization opportunities to enable returning value to shareholders. We have considered and taken action on various initiatives including the sale of individual ownership interests, the sale of certain or all ownership interests in secondary market transactions as well as other opportunities to maximize shareholder value. In December 2019, we declared and paid a \$1.00 per share special dividend. In 2021, we repurchased 4.5 million shares through a combination of open market purchases and a tender offer for an aggregate of \$40.7 million resulting in an average price of \$8.95 per share. In 2022, we repurchased 711,481 shares for \$2.9 million at an average price of \$4.13 per share through subsequent open market repurchase plans. In December 2023, we declared and paid a \$0.35 per share special dividend.

On December 15, 2023, Safeguard held a Special Meeting of Shareholders (the "Special Meeting") at which shareholders adopted amendments (the "Amendments") to the Company's Second Amended and Restated Article of Incorporation, as amended ("Articles of Incorporation"), to effect a reverse stock split, followed immediately by a forward stock split, of the Company's common stock at a ratio (i) not less than 1-for-50 and not greater than 1-for-100, in the case of the reverse stock split, and (ii) not less than 50-for-1 and not greater than 100-for-1, in the case of the forward stock split. Upon the adoption of the Amendments to the Articles of Incorporation at the Special Meeting, on December 15, 2023, the Company's Board of Directors (the "Board") determined to effectuate the reverse stock split at the reverse stock split ratio of 1-for-100 and the forward stock split at the forward stock split ratio of 100-for-1 (collectively, "Stock Split Ratios"), which were within the ranges approved by the Company's shareholders at the Special Meeting. The Company subsequently filed the Amendments to the Articles of Incorporation with the Pennsylvania Department of State to effectuate the stock splits with such Stock Split Ratios.

The stock splits had the effect of reducing the number of record holders of the Company's common stock to a number below 300 (i.e., the level at or above which the Company is required to file reports with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The actions the Company has taken to suspend, and events that occur as a result of such actions that have the effect of suspending, the Company's reporting obligations under the Exchange Act, including effectuating the stock splits, delisting the Company's common stock from trading on The Nasdaq Stock Market LLC ("Nasdaq"), as described below, terminating the registration of the Company's common stock under Sections 12(b) and 12(g) of the Exchange Act and suspending the Company's reporting obligations under Section 15(d) of the Exchange Act, are collectively referred to as the "Transaction." The stock splits were undertaken as part of the Company's plan to give effect to the Transaction.

As a result of the Transaction, the Company will no longer be subject to the reporting requirements under the Exchange Act or other requirements applicable to a public company, including requirements under the Sarbanes-Oxley Act of 2002 and the listing standards of any national securities exchange.

Safeguard will continue to actively work with our ownership interests to seek monetization opportunities.

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We incorporated in the Commonwealth of Pennsylvania in 1953. Our corporate headquarters are located at 150 N. Radnor Chester Road, Suite F-200, Radnor, Pennsylvania 19087.

## **Our Strategy**

Founded in 1953, Safeguard has a distinguished track record of building market leading companies through providing capital and operational support to entrepreneurs across an evolving and innovative spectrum of industries. Over the recent past, Safeguard has provided capital and relevant expertise to fuel the growth of technology-driven businesses in healthcare, financial services and digital media. Since January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting the existing ownership interests with the goal of pursuing monetization opportunities and maximizing the value returned to shareholders.

### ***Helping Our Companies Build Value***

We offer strategic, operational and management support to certain of our ownership interests.

*Strategic Support.* We play an active role in developing the strategic direction to certain of our ownership interests, which include:

- defining short and long-term strategic goals;
- identifying and planning for the critical success factors to reach these goals;
- identifying and addressing the challenges and operational improvements required to achieve the critical success factors and, ultimately, the strategic goals;
- identifying and implementing the business measurements that we and others will apply to measure a company's success; and
- identifying sources of and providing capital to drive growth.

*Management and Operational Support.* Representatives of Safeguard serve on the boards of directors of certain of our companies, working with them to develop and implement strategic and operating plans. We measure and monitor achievement of these plans through regular review of operational and financial performance measurements.

### ***Realizing Value***

The primary way we realize value from our ownership interests is when the underlying company enters into a sale or merger transaction and we receive cash consideration for our ownership stake. From time to time, we engage in discussions with other companies interested in acquiring our ownership interests, either in response to inquiries or as part of a process we initiate. To the extent we believe that a company's further growth and development can best be supported by a different ownership structure or if we otherwise believe it is in our shareholders' best interests, we will seek to sell some or all of our position in the company. These sales may take the form of privately negotiated sales of stock or assets, mergers and acquisitions, public offerings of the company's securities and, in the case of publicly traded companies, sales of their securities in the open market. In the past, we have taken companies public through rights offerings and directed share subscription programs. We will continue to consider these (or similar) programs and the sale of certain company interests in secondary market transactions to maximize value for our shareholders.

Given our strategy, the value of Safeguard is primarily dependent upon the value of our existing ownership interests. We have returned capital to our shareholders in the form of stock repurchases and special dividends to shareholders.

## **Our Ownership Interests**

An understanding of our ownership interests is important to understanding Safeguard. We categorize our ownership interests into stages based upon revenue generation. This includes those positions which are accounted for under the equity method as well as certain companies where we do not have significant influence but whose value is a substantial portion of our portfolio. The Company reflects revenue categories based on a one quarter lag, i.e. the categories below reflect the trailing year ended September 30, 2023.

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The ownership percentages indicated below are presented as of December 31, 2023 for certain companies in which we held ownership interests and reflect the percentage of the vote we were entitled to cast at that date based on issued and outstanding voting securities (on a common stock equivalent basis), excluding the effect of options, warrants and convertible debt (primary ownership).

**Revenue of \$10 million to \$20 million**

***Clutch Holdings, Inc.***

***(Safeguard Ownership: 41.7%)***

Headquartered in Ambler, Pennsylvania, Clutch has revolutionized how marketing teams for premier brands develop and foster relationships with their customers. Clutch's advanced marketing platform serves as a customer hub, delivering deep intelligence derived from real-time behaviors and transactions across in-store, online, mobile and social channels. **www.clutch.com**

***Moxe Health Corporation***

***(Safeguard Ownership: 19.3%)***

Headquartered in Madison, Wisconsin, Moxe Health provides a clinical data clearinghouse that connects health systems with their network of health plans. Moxe's key products, Substrate and Convergence, allow for bi-directional data flow between payors and providers to complete various risk adjustment, quality, and prior authorization use cases. **www.moxehealth.com**

***Prognos Health Inc.***

***(Safeguard Ownership: 19.0%)***

Headquartered in New York, New York, Prognos is a healthcare platform company transforming the ability to access, manage and analyze healthcare data in partnership with life sciences brands, payers, and clinical diagnostics organizations. Prognos' innovations enhance the value of laboratory results and clinical diagnostic data through advanced analytics and artificial intelligence techniques. **www.prognos.ai**

**Revenue of \$20 million to \$50 million**

***meQuilibrium***

***(Safeguard Ownership: 30.2%)***

Headquartered in Boston, Massachusetts, meQuilibrium is an engagement and performance platform that leverages behavioral psychology and data science to improve workforce resilience, agility, and adaptive capacity. The Company offers solutions for managers, teams, and individual employees. **www.mequilibrium.com**

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### **Other ownership interests**

In addition to the above companies, we also have smaller ownership interests in other companies where we do not exert significant influence and do not participate in any management activities. In some cases, these ownership interests generally are the result of previous positions that have been diluted or residual interests resulting from the acquisition of companies where we had an ownership interest.

**InfoBionic:** Headquartered in Waltham, Massachusetts, InfoBionic is an emerging digital health company focused on creating patient monitoring solutions for cardiac arrhythmias. InfoBionic's MoMe® Kardia cloud-based, remote patient monitoring platform delivers on-demand, actionable monitoring data and analytics directly to the physicians themselves. [www.infobionic.com](http://www.infobionic.com)

**MedCrypt:** Developer of a data security platform designed to protect medical devices. The company's platform enables functions such as authenticating users, encrypting data and cryptographically sign settings and patient prescriptions, as well as has the ability to monitor transactions between clinicians and devices for malicious behavior, enabling hospitals and health systems to prevent unauthorized access and misuse of their medical devices. [www.medcrypt.com](http://www.medcrypt.com)

**WellTrackONE:** Provider of wellness program services. The company's services include scheduling, screening and documentation that provide data for outcomes and clinical measurements, enabling healthcare professionals to offer wellness visits to their patients. [www.welltrackone.com](http://www.welltrackone.com)

We also have residual interests in a variety of private funds that are in the process of winding down and other companies.

### **FINANCIAL INFORMATION ABOUT OPERATING SEGMENTS**

We operate as one operating segment based upon the similar nature of our technology-driven companies, the functional alignment of the organizational structure and the reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources.

### **OTHER INFORMATION**

The operations of Safeguard and the companies in which it has ownership interests are subject to environmental laws and regulations. Safeguard does not believe that expenditures relating to those laws and regulations will have a material adverse effect on the business, financial condition or results of operations of Safeguard.

### **AVAILABLE INFORMATION**

You can read and copy our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements and other information filed with or furnish to the SEC at the SEC's public reference facilities in Washington, D.C., New York, New York and Chicago, Illinois. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. Such material may also be accessed electronically by means of the SEC's home page on the Internet at [www.sec.gov](http://www.sec.gov) or through Safeguard's website at [www.safeguard.com](http://www.safeguard.com). Such documents are available as soon as reasonably practicable after electronic filing of the material with the SEC. Copies of these reports (excluding exhibits) also may be obtained free of charge, upon written request to: Investor Relations, Safeguard Scientifics, Inc., 150 N. Radnor Chester Road, Suite F-200, Radnor, Pennsylvania 19087.

The Internet website addresses for Safeguard and its ownership interests are included in this report for identification purposes. The information contained therein or connected thereto is not intended to be incorporated into this Annual Report on Form 10-K.

The following corporate governance documents are available free of charge on Safeguard's website: the charters of our Audit, Compensation and Nominating & Corporate Governance Committees, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. We also will post on our website any amendments to or waivers of our Code of Business Conduct and Ethics that relate to our directors and executive officers.



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### **Item 1A. Risk Factors**

You should carefully consider the information set forth below. The following risk factors describe situations in which our business, financial condition and/or results of operations could be materially harmed, and the value of our securities may be adversely affected. You should also refer to other information included or incorporated by reference in this report.

***Our ability to obtain value from our companies and the return of such value to our shareholders are subject to factors beyond our control.***

In January 2018, we announced that we will not deploy any capital into new companies. We will instead focus on supporting, and maximizing monetization opportunities for, our existing company interests to return value to shareholders. In that context, we have considered and continue to consider monetization initiatives including, among others: the sale of our ownership interests, the sale of certain or all ownership interests in secondary market transactions, or a combination thereof, the sale of all of our ownership interests in a single transaction or a series of transactions, business combinations and other strategic transactions as well as other opportunities to maximize shareholder value. However, this strategic plan may require providing additional capital and operational support to such existing companies and we may not be able to complete any such transaction during any specific time frame or otherwise on desirable terms, if at all, and there can be no assurance as to how long this process will take or the results that this process will yield.

In addition, the formal strategic process that we undertook through 2023 is no longer in effect and there can be no assurance that any future exploration of a strategic transaction will result in any strategic change or outcome and disclosure of any developments related to such exploration may not be disclosed until required. Further, if one or more strategic or other transactions are identified and completed, we may be required to retain or reinvest additional amounts of our capital as part of such transaction.

There can also be no assurance as to whether we will realize the value of escrowed proceeds, holdbacks or other contingent consideration, if any, associated with any transaction. Additionally, there can be no assurance that we will be able to satisfy our liabilities during this process of supporting, and maximizing monetization opportunities for, our existing company interests to return value to shareholders. The method, timing and amount of any return of value to our shareholders will also be at the discretion of our Board of Directors and may depend on market and business conditions and our overall liabilities, capital structure and liquidity position.

***A disposition of one or more of our company interests may occur at a time that will yield less value than if we held such interests for a longer period of time.***

Our companies are at various stages in their lifecycles. The value of our interests in our companies at any point in time is highly dependent on the progress and success such companies have made at such time with respect to the development and marketing of their products and services and that value may fluctuate significantly. This could result in lower exit valuations and/or extended exit timelines for such companies. This, in turn, could negatively affect the amount and timing of the monetization opportunities for such companies and our ability to return value to shareholders.

***Our principal business strategy depends upon our ability to make good decisions regarding the deployment of capital into, and subsequent disposition of, our existing company interests and, ultimately, the performance of such companies, which is uncertain.***

If we make poor decisions regarding the deployment of capital into, and subsequent disposition of, our existing companies, our business strategy will not succeed. If such companies do not succeed, the value of our assets could be significantly reduced and require substantial impairments or write-offs and our results of operations and the price of our common stock would be adversely affected. The risks relating to our companies include:

- most of our companies have a history of operating losses and/or limited operating history;
- the intense competition affecting the products and services our companies offer could adversely affect their businesses, financial condition, results of operations and prospects for growth;
- the inability to adapt to changing marketplaces;
- the inability to manage growth;

- the need for additional capital to fund their operations, which we may not be able to fund or which may not be available from third parties on acceptable terms, if at all;
- the inability to protect their proprietary rights and/or infringing on the proprietary rights of others;
- that our companies could face legal liabilities from claims made against them based upon their operations, products or work;
- the impact of economic downturns on their operations, results and growth prospects;
- the inability to attract and retain qualified personnel;
- the existence of government regulations and legal uncertainties may place financial burdens on the businesses of our companies; and
- the inability to plan for and manage catastrophic events.

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These and other risks are discussed in detail under the caption “Risks Related to Our Companies” below.

***As we execute against our strategy, a significant amount of our deployed capital may be concentrated in fewer companies. These remaining companies may also operate in the same or similar industries. This will limit our diversification and make us more susceptible to a single negative event.***

As we execute against our strategy, our capital deployments will be deployed in a decreasing number of companies. Further, our remaining companies could be concentrated in the same or similar industries. Fewer companies, as well as potential industry concentration, may cause us to be more susceptible to any single economic, regulatory or other occurrence affecting a single company or a particular industry than we would have otherwise been if we had a larger number of companies and our companies operated in more diversified industries.

***Our business model does not rely upon, or plan for, the receipt of operating cash flows from our companies. Our companies do not provide us with cash flow from their operations. We rely on cash on hand, liquidity events and our ability to generate cash from capital raising activities to finance our operations.***

We need capital to fund the capital needs of our existing companies. We also need cash to finance our corporate overhead and meet our existing funding commitments. As a result, we have substantial cash requirements. Our companies do not provide us with cash flow from their operations. To the extent our companies generate any cash from operations, they generally retain the funds to develop their own businesses. As a result, we must rely on cash on hand, company liquidity events and new capital raising activities to meet our cash needs. If we are unable to find ways of monetizing our holdings of company interests or raising additional capital on attractive terms, we may face liquidity issues that will require us to constrain our ability to execute our business strategy and limit our ability to provide financial support to our existing companies.

***We may be unable to obtain maximum value for our holdings or to sell our holdings on a timely basis.***

We hold significant positions in most of our companies. If we were to divest all or part of our holdings in a company, we may have to sell our interests at a relative discount to intrinsic value. For companies with publicly traded stock, we may be unable to sell our holdings at then-quoted market prices. The trading volume and public float in the common stock of a publicly traded company in which we have an interest may be small relative to our holdings. As a result, any significant open-market divestiture by us of our holdings in such a 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. Additionally, we may not be able to take our companies public as a means of monetizing our position or creating shareholder value. Registration and other requirements under applicable securities laws and contractual restrictions also may adversely affect our ability to dispose of our company holdings on a timely basis.

***We are managed by a third-party service provider and our success in executing our strategy is dependent on such service provider.***

As of December 31, 2023, our then serving Chief Executive Officer and Chief Financial Officer ceased serving us in such capacities, and we engaged Rock Creek Advisors, LLC (“Rock Creek”) to perform certain consulting and advisory services related to our financial and operational functions effective January 1, 2024. An employee of Rock Creek has been serving as our Chief Executive Officer, Chief Financial Officer and Secretary since January 1, 2024. Our success is dependent on Rock Creek’s ability to execute our strategy. If Rock Creek is unable to execute the strategy or elects to terminate the services agreement it entered into with us, which it may do with a 30-day notice to us, our business could experience a material adverse effect.

***Our business strategy may not be successful if valuations in the market sectors in which our companies participate decline.***

Our strategy involves creating value for our shareholders by helping our companies build value and, if appropriate, access the public and private capital markets. Therefore, our success is dependent on the value of our companies as determined by the public and private capital markets. Many factors, including reduced market interest, may cause the market value of our companies to decline. If valuations in the market sectors in which our companies participate decline, their access to the public and private capital markets on terms acceptable to them may be limited.

***Our companies could make business decisions that are not in our best interests or with which we do not agree, which could impair the value of our holdings.***

Although we currently own a significant, influential interest in some of our companies, we do not maintain a controlling interest in any of our companies. Acquisitions of interests in companies in which we share or have no control, and the dilution of our interests in or a further reduction of our control of companies, will involve additional risks that could cause the performance of our interests and our operating results to suffer, including:

- the management teams or other equity or debt holders of our companies having economic or business interests or objectives that are different from ours; and
- the companies not taking our advice with respect to the financial or operating issues they may encounter.

Our inability to control our companies also could prevent us from assisting them, financially or otherwise, or could prevent us from liquidating our interests in them at a time or at a price that is favorable to us. Additionally, our companies may not act in ways that are consistent with our business strategy. These factors could hamper our ability to maximize returns on our interests and cause us to incur losses on our interests in these companies.

***We may have to buy, sell or retain assets when we would otherwise not wish to do so in order to avoid registration under the Investment Company Act.***

The Investment Company Act of 1940 regulates companies which are engaged primarily in the business of investing, reinvesting, owning, holding or trading in securities. Under the Investment Company Act, a company may be deemed to be an investment company if it owns investment securities with a value exceeding 40% of the value of its total assets (excluding government securities and cash items) on an unconsolidated basis, unless an exemption or safe harbor applies. We refer to this test as the “40% Test.” Securities issued by companies other than consolidated companies are generally considered “investment securities” for purposes of the Investment Company Act, unless other circumstances exist which actively involve the company holding such interests in the management of the underlying company. We are a company that partners with growth-stage companies to build value; we are not engaged primarily in the business of investing, reinvesting or trading in securities. We are in compliance with the 40% Test. Consequently, we do not believe that we are an investment company under the Investment Company Act.

We monitor our compliance with the 40% 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 Investment Company Act rules are inconsistent with our strategy of actively helping our companies in their efforts to build value. In order to continue to comply with the 40% Test, we may need to take various actions which we would otherwise not pursue. For example, we may be limited in the manner or timing in which we sell our interests in a company. Our ownership levels also may be affected if our companies are acquired by third parties or if our companies issue stock which dilutes our ownership interest. The actions we may need to take to address these issues while maintaining compliance with the 40% Test could adversely affect our ability to create and realize value at our companies.

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### ***Non-performance by the subtenant of our previous office space could adversely affect us.***

In March 2019, we entered into a sublease of our prior corporate headquarters office space beginning in June 2019. The term of the sublease is through April 2026, the same as our underlying lease. Fixed sublease payments to us are escalating over the term of the sublease. We remain obligated under the original lease for such office space and, in the event the subtenant of such office space fails to satisfy its obligations under the sublease, we would be required to satisfy our obligations directly to the landlord under such original lease.

### **Risks Related to Our Companies**

#### ***Most of our companies have a history of operating losses and/or limited operating history and may never be profitable.***

Most of our companies have a history of operating losses and/or limited operating history, have significant historical losses and may never be profitable. Many have incurred substantial costs to develop and market their products, have incurred net losses and cannot fund their cash needs from operations. We expect that the operating expenses of certain of our companies will increase substantially in the foreseeable future as they continue to develop products and services, increase sales and marketing efforts, and expand operations.

#### ***Our companies face intense competition, which could adversely affect their business, financial condition, results of operations and prospects for growth.***

There is intense competition in the technology marketplaces, and we expect competition to intensify in the future. Our business, financial condition, and results of operations will be materially adversely affected if our companies are not able to compete successfully. Many of the present and potential competitors may have greater financial, technical, marketing and other resources than those of our companies. This may place our companies at a disadvantage in responding to the offerings of their competitors, technological changes or changes in client requirements. Also, our companies may be at a competitive disadvantage because many of their competitors have greater name recognition, more extensive client bases and a broader range of product offerings. In addition, our companies may compete against one another.

#### ***The success or failure of many of our companies is dependent upon the ultimate effectiveness of newly-created technologies, medical devices, healthcare diagnostics, etc.***

Our companies' business strategies are often highly dependent upon the successful launch and commercialization of an innovative technology or device, including, without limitation, technologies or devices used in healthcare or digital media. Despite all of our efforts to understand the research and development underlying the innovation or creation of such technologies and devices before we deploy capital into a company, sometimes the performance of the technology or device does not match our expectations or those of such company. In those situations, it is likely that we will incur a partial or total loss of the capital which we deployed in such company.

#### ***Our companies may fail if they do not adapt to changing marketplaces.***

If our companies fail to adapt to changes in technology and customer and supplier demands, they may not become or remain profitable. There is no assurance that the products and services of our companies will achieve or maintain market penetration or commercial success, or that the businesses of our companies will be successful.

The technology marketplaces are characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent introduction of new products and services;
- shifting distribution channels;
- evolving government regulation;
- frequently changing intellectual property landscapes; and
- changing customer demands.

Our future success will depend on our companies' ability to adapt to these evolving marketplaces. They may not be able to adequately or economically adapt their products and services, develop new products and services or establish and maintain effective distribution channels for their products and services. If our companies are unable to offer competitive products and services or maintain effective distribution channels, they will sell fewer products and services and forego potential revenue, possibly causing them to lose money. In addition, we and our companies may not be able to respond to the marketplace changes in an economically efficient manner, and our companies may become or remain unprofitable.

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***Our companies may grow rapidly, including through acquisitions of other businesses, and may be unable to manage their growth.***

We expect some of our companies to grow rapidly, including through acquisitions of other businesses. Such growth often places considerable operational, managerial, integration and financial strain on a business. To successfully manage such growth, our companies must, among other things:

- improve, upgrade and expand their business infrastructures;
- successfully integrate and operate any newly acquired businesses;
- scale up production operations;
- develop appropriate financial reporting controls;
- attract and retain qualified personnel; and
- maintain appropriate levels of liquidity.

If our companies are unable to manage their growth successfully, their ability to respond effectively to competition and to achieve or maintain profitability will be adversely affected. Further, a material weakness in any of our companies' internal controls over their financial reporting could result in material misstatements in our Consolidated Financial Statements. These misstatements could result in a restatement of our Consolidated Financial Statements, cause us to fail to meet our reporting obligations and/or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

***Based on our business model, some or all of our companies will need to raise additional capital to fund their operations at any given time. We may not be able to, or decline to, fund some or all of such amounts and such amounts may not be available from third parties on acceptable terms, if at all. Further, if our companies do raise additional capital from third parties, either debt or equity, such capital may rank senior to, or dilute, our interests in such companies.***

We cannot be certain that our companies will be able to obtain additional financing on favorable terms when needed, if at all. We may not be able to, or decline to, provide our companies with sufficient capital resources to enable them to reach a cash-flow positive position or a sale of the company. General economic disruptions and downturns may also negatively affect the ability of some of our companies to fund their operations from other stockholders and capital sources. We also may fail to accurately project the capital needs of companies. If our companies need capital, but are not able to raise capital from us or other outside sources, or our companies are unable to service their debt obligations, they may need to, or be forced to, cease or scale back operations. In such event, our interest in any such company will become less valuable. If our companies raise additional capital from third parties, either debt or equity, such capital may be dilutive, making our interests less valuable or if such capital ranks senior to the capital we have deployed, such capital may entitle its holders to receive returns of capital before we are entitled to receive any return of our deployed capital. Also, in the event of any insolvency, liquidation, dissolution, reorganization or bankruptcy of one or more our companies, holders of such company's instruments that rank senior to our deployed capital will typically be entitled to receive payment in full before we receive any return of our deployed capital. After returning such senior capital, such company may not have any remaining assets to use for returning capital to us, causing us to lose some or all of our deployed capital in such company.

***Economic disruptions and downturns may negatively affect our companies' plans and their results of operations.***

Many of our companies are largely dependent upon outside sources of capital to fund their operations. Disruptions in the availability of capital from such sources will negatively affect the ability of such companies to pursue their business models and will force such companies to revise their growth and development plans accordingly. Any such changes will, in turn, negatively affect our ability to realize the value of our capital deployments in such companies.

In addition, downturns in the economy as well as possible governmental responses to such downturns and/or to specific situations in the economy could affect the business prospects of certain of our companies, including, but not limited to, in the following ways: reduced business and/or consumer spending; and/or systemic changes in the ways the healthcare system operates in the United States.

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

Our companies assert various forms of intellectual property protection. Intellectual property may constitute an important part of our companies' assets and competitive strengths. Federal law, most typically copyright, patent, trademark and trade secret laws, generally protects intellectual property rights. Although we expect that our companies will take reasonable efforts to protect the rights to their intellectual property, third parties may develop similar intellectual property independently. Moreover, the complexity of international

trade secret, copyright, trademark and patent law, coupled with the limited resources of our companies and the demands of quick delivery of products and services to market, create a risk that our companies' efforts to prevent misappropriation of their technology will prove inadequate.

Some of our 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 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 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 companies incur costly litigation and their personnel are not effectively deployed, the expenses and losses incurred by our companies will increase and their profits, if any, will decrease.

Third parties have and may assert infringement or other intellectual property claims against our companies based on their patents or other intellectual property claims. Even though we believe our 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 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 companies are without merit, defending these types of lawsuits takes significant time, is expensive and may divert management attention from other business concerns.



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### ***Certain of our companies could face legal liabilities from claims made against their operations, products or work.***

Because the manufacture and sale of certain company products entail an inherent risk of product liability, certain of our companies maintain product liability insurance. Although none of our current companies have experienced any material losses in this regard, there can be no assurance that they will be able to maintain or acquire adequate product liability insurance in the future and any product liability claim could have a material adverse effect on a company's financial stability, revenues and results of operations. In addition, many of the engagements of our companies involve projects that are critical to the operation of their clients' businesses. If our companies fail to meet their contractual obligations, they could be subject to legal liability, which could adversely affect their business, operating results and financial condition. Our companies' contracts typically include provisions designed to limit their exposure to legal claims relating to their services and products. However, these provisions may not protect our companies or may not be enforceable. Also, some of our companies depend on their relationships with their clients and their reputation for high-quality services and integrity to retain and attract clients. As a result, claims made against our companies' work may damage their reputation, which in turn could impact their ability to compete for new work and negatively impact their revenue and profitability.

### ***Our companies' success depends on their ability to attract and retain qualified personnel.***

Our companies depend upon their ability to attract and retain senior management and key personnel, including trained technical and marketing personnel. Our companies also will need to continue to hire additional personnel as they expand. Although our current companies have not been the subject of a work stoppage, any future work stoppage could have a material adverse effect on their respective operations. A shortage in the availability of the requisite qualified personnel or work stoppage would limit the ability of our companies to grow, to increase sales of their existing products and services, and to launch new products and services.

### ***Government regulations and legal uncertainties may place financial burdens on the businesses of our companies.***

Manufacturers of medical diagnostic devices and operators of laboratory facilities are subject to strict federal and state regulation regarding validation and the quality of manufacturing and laboratory facilities. Failure to comply with these quality regulation systems requirements could result in civil or criminal penalties or enforcement proceedings, including the recall of a product or a "cease distribution" order. The enactment of any additional laws or regulations that affect healthcare insurance policy and reimbursement (including Medicare reimbursement) could negatively affect some of our companies. If Medicare or private payers change the rates at which our companies or their customers are reimbursed by insurance providers for their products, such changes could adversely impact our companies.

### ***Some of our companies may be subject to significant environmental, health, data security and safety regulation.***

Some of our companies may be subject to licensing and regulation under federal, state and local laws and regulations relating to the protection of the environment and human health and safety, including laws and regulations relating to the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials, as well as to the safety and health of manufacturing and laboratory employees. In addition, some of our companies are subject to federal, state and local financial securities and data security regulations, including, without limitation, the Health Insurance Portability and Accountability Act of 1996, as amended, the California Consumer Privacy Act and the European General Data Protection Regulation, which impose varying degrees of additional obligations, costs and risks upon such companies, including the imposition of significant penalties in the event of any non-compliance. Further, the federal Occupational Safety and Health Administration has established extensive requirements relating to workplace safety. Compliance with such regulations could increase operating costs at certain of our companies, and the failure to comply could negatively affect the operations and results of some of our companies.

### ***Catastrophic events may disrupt our companies' businesses.***

Some of our companies are highly automated businesses and rely on their network infrastructure, various software applications and many internal technology systems and data networks for their customer support, development, sales and marketing and accounting and finance functions. Further, some of our companies provide services to their customers from data center facilities in multiple locations. Some of these data centers are operated by third parties, and the companies have limited control over those facilities. A disruption or failure of these systems or data centers in the event of a natural disaster, telecommunications failure, power outage, cyber-attack, war, terrorist attack or other catastrophic event could cause system interruptions, reputational harm, delays in product development, breaches of data security and loss of critical data. Such an event could also prevent the companies from fulfilling customer orders or maintaining certain service level requirements, particularly in respect of their SaaS offerings. While certain of our companies have developed certain disaster recovery plans and maintain backup systems to reduce the potentially adverse effect of such events, a catastrophic event that resulted in the destruction or disruption of any of their data centers or their critical business or information technology systems could severely affect their ability to conduct normal business operations and, as a result, their business, operating results and financial condition could be adversely affected.

We cannot provide assurance that our companies' disaster recovery plans will address all of the issues they may encounter in the event of a disaster or other unanticipated issue, and their business interruption insurance may not adequately compensate them for losses that may occur from any of the foregoing. In the event that a natural disaster, terrorist attack or other catastrophic event were to destroy any part of their facilities or interrupt their operations for any extended period of time, or if harsh weather or health conditions prevent them from delivering products in a timely manner, their business, financial condition and operating results could be adversely affected.

### **Risks Related to an Investment in our Securities**

#### ***Fluctuations in the price of the common stock of our publicly traded holdings may affect the price of our common stock.***

From time to time, we may hold 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.

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***We have undertaken actions to effect a “going dark” transaction, including delisting our common stock from trading on The Nasdaq Stock Market LLC (“Nasdaq”), terminating the registration of our common stock under Sections 12(b) and 12(g) of the Exchange Act and suspending our reporting obligations under Section 15(d) of the Exchange Act.***

On December 15, 2023, our Board approved the voluntarily delisting of our common stock from trading on Nasdaq and the deregistering of our common stock under Section 12(b) of the Exchange Act by filing Form 25 (Notification of Removal From Listing and/or Registration under Section 12(b) of the Exchange Act) with the SEC. We filed Form 25 on February 2, 2024 and our common stock was delisted from trading on Nasdaq effective as of the end of business on February 9, 2024. On February 20, 2024, we filed Form 15 with the SEC certifying that we had less than 300 shareholders of record, in order to terminate the registration of our common stock under Section 12(g) of the Exchange Act and suspend our reporting obligations under Section 15(d) of the Exchange Act. These actions have the following effects:

- Except for filing this Form 10-K, we have ceased filing annual, quarterly, current, and other reports and documents with the SEC, and our shareholders will have significantly less information about us and our business, operations, and financial performance than they previously had. While we currently intend to make financial information available to our shareholders on a voluntary basis, there is no assurance that we will continue to do so in the future. We will continue to hold shareholder meetings as required under Pennsylvania law, including annual meetings, or to take actions by written consent of our shareholders in lieu of meetings as permitted under and in conformity with applicable Pennsylvania law, but we will no longer have to comply with proxy solicitation rules and related disclosure requirements under the Exchange Act.
- We are no longer listed on Nasdaq, which may have an adverse effect on the liquidity of our common stock. Effective February 12, 2024, our common stock qualified to trade on the OTCQX Best Market (the “OTC”). Any trading in our common stock will only occur in privately negotiated sales and on the OTC, but only if one or more brokers chooses to make a market for our common stock on the OTC and complies with applicable regulatory requirements, which may adversely affect the liquidity of our common stock and result in a significantly increased spread between the bid and asked prices of our common stock, and there is no guarantee that a broker will continue to make a market in our common stock and that trading of our common stock will continue on the OTC or otherwise. Additionally, the overall price of our stock may be significantly reduced due to the potential that investors may view the investment as inherently riskier given the fact that publicly available information about us will be significantly more limited, as well as due to possible limited liquidity of our common stock.
- We will no longer be subject to the reporting requirements under the Exchange Act or other requirements applicable to a public company, including requirements under the Sarbanes-Oxley Act and the listing standards of any national securities exchange.
- Our executive officers, directors and 10% shareholders will no longer be required to file reports relating to their transactions in our common stock with the SEC. In addition, our executive officers, directors and 10% shareholders will no longer be subject to the recovery of profits provision of the Exchange Act, and persons acquiring 5% of our common stock will no longer be required to report their beneficial ownership under the Exchange Act.
- We will have no ability to access the public capital markets or to use public securities in attracting and retaining executives and other employees, and we will have a decreased ability to use stock to acquire other companies.

***Economic disruptions and downturns may have negative repercussions for us.***

Events in the United States and international capital markets, debt markets and economies may negatively impact our stock price and our ability to pursue certain tactical and strategic initiatives, such as accessing additional public or private equity or debt financing for us or for our companies and selling our interests in companies on terms acceptable to us and in time frames consistent with our expectations.

***We cannot provide assurance that material weaknesses in our internal control over financial reporting will not be identified in the future.***

We cannot assure you that material weaknesses in our internal control over financial reporting will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in a material weakness, or could result in material misstatements in our Consolidated Financial Statements. These misstatements

could result in a restatement of our Consolidated Financial Statements, cause us to fail to meet our reporting obligations and/or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

### **Item 1B. *Unresolved Staff Comments***

None.

### **Item 1C. *Cybersecurity***

#### ***Risk Management and Strategy***

As part of our strategy to cease deploying capital into new opportunities in order to focus on supporting our existing ownership interests and maximizing monetization and other strategic opportunities to enable us to return value to our shareholders, we eliminated our internal management of technology and cybersecurity and outsourced this function to a third-party service provider. Our third-party service provider monitors and tests our safeguards, including through the use of automated tools and manual processes, such as vulnerability scanning, penetration tests, and assessments of our technology infrastructure, and offers training to our employees on these safeguards, including through phishing tests and other processes.

#### ***Governance***

One of the key functions of our Board of Directors is informed oversight of our risk management process, including risks from cybersecurity threats. Our Board of Directors is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks we face. The Company's Audit Committee annually reviews with management the Company's operational risk exposure and the steps management has taken to monitor and control these exposures.

### **Item 2. *Properties***

Our current corporate headquarters and administrative offices in Radnor, Pennsylvania is approximately 100 square feet of office space in one building. The lease term is month to month.

Additionally, we have additional administrative offices located in Radnor, Pennsylvania comprising approximately 15,600 square feet, that have been sublet to an unaffiliated party through April, 2026, the remainder of the lease term.

### **Item 3. *Legal Proceedings***

On June 21, 2023, Hilary Musser filed a complaint in the Court of Common Pleas in Delaware County, Pennsylvania. The lawsuit names the Company, Bonfield VII, Ltd. and Robert E. Keith, a former director of the Company, as defendants. The lawsuit alleges, among other things, that in the early 2000s, in the midst of divorce proceedings between the claimant and Warren Musser and other litigation involving the Mussers and the Company, the defendants and Mr. Musser acted together to deprive the claimant of certain assets. The claimant is seeking compensatory damages, including interest, costs and punitive and delay damages. We believe that the claims set forth in the complaint are without merit. The final outcome of this matter, however, cannot be predicted with complete certainty, and our failure to successfully defend against these allegations could have a material adverse effect on our business, financial condition and results of operation.

We, as well as our companies in which we hold ownership interests, are from time to time involved in various claims and legal actions arising in the ordinary course of business. While in the current opinion of management, the ultimate disposition of any of these matters which are currently pending will not have a material adverse effect on our consolidated financial position or results of operations, no assurance can be given as to the outcome of these situations, and one or more adverse dispositions could have a material adverse effect on our consolidated financial position and results of operations, or that of our companies. See Note 11 to the Consolidated Financial Statements for a discussion of ongoing claims and legal actions.

### **Item 4. *Mine Safety Disclosures***

Not applicable.

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**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock was listed on the New York Stock Exchange through the third quarter of 2022 and the Nasdaq Exchange (Symbol: SFE) through February 12, 2024. The high and low sale prices reported within each quarter of 2023 and 2022 were as follows:

	<u>High</u>		<u>Low</u>	
<b>Fiscal year 2023:</b>				
First quarter	\$	3.25	\$	1.52
Second quarter		2.19		1.42
Third quarter		1.68		0.98
Fourth quarter		1.19		0.76
<b>Fiscal year 2022:</b>				
First quarter	\$	7.53	\$	4.81
Second quarter		5.48		3.32
Third quarter		4.54		3.60
Fourth quarter		3.89		2.95

The high and low sale prices reported on Nasdaq in the first quarter of 2024 through February 12, 2024 were \$0.81 and \$0.40 respectively, and the last sale price reported on Nasdaq on February 12, 2024, was \$0.59. Effective February 12, 2024, the Company's common stock qualified to trade on the OTCQX Best Market (the "OTC"). The high and low sale prices reported on the OTC from February 12, 2024 through March 21, 2024 were \$0.86 and \$0.55 respectively, and the last sale price reported on the OTC on March 21, 2024, was \$0.84.

As of March 21, 2024, there were approximately 7,213 beneficial holders of our common stock.

***Special Dividend***

On December 15, 2023, the Board of Directors declared a special cash dividend of \$0.35 per share, payable on December 28, 2023 to shareholders of record as of the close of business on December 19, 2023.

***Issuer Purchases of Equity Securities***

The following table provides information about our purchases of equity securities during the quarter ended December 31, 2023 registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

<u>Period</u>	<u>Total Number of Shares Purchased (a)</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plan (b)</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan (b)</u>
October 1, 2023 - October 31, 2023	5,298	\$ 1.11	—	\$ 14,636,135
November 1, 2023 - November 30, 2023	5,318	\$ 1.00	—	\$ 14,636,135
December 1, 2023 - December 31, 2023	68,858	\$ 1.03	—	\$ 14,636,135
Total	79,474	\$ 1.03	—	

(a) During the fourth quarter of 2023, we repurchased an aggregate of approximately 79 thousand shares of our common stock initially issued as restricted stock awards to employees and subsequently withheld from employees to satisfy the statutory withholding tax liability upon the vesting of such restricted stock awards.

(b) In 2015, the Company's Board of Directors authorized us, from time to time and depending on market conditions, to repurchase up to \$25.0 million of the Company's outstanding common stock. During the years ended December 31, 2023 and 2022, we did not repurchase any shares under this authorization. In May 2021, the Company's Board of Directors authorized a \$6.0 million share

repurchase program (the "2021 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2021, the Company purchased 236,159 shares under the 2021 Plan at an aggregate cost of \$1.6 million, or \$6.94 per share. During October 2021, the Company suspended the 2021 Plan and completed a modified Dutch auction self-tender that resulted in the repurchase of 4.3 million common shares for an aggregate price of \$38.7 million, or \$9.00 per share. In March 2022, the Company's Board of Directors replaced the 2021 Plan and authorized a separate \$3.0 million share repurchase program (the "2022 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2022, the Company purchased 711,481 shares under the 2022 Plan at an aggregate cost of \$2.9 million, or \$4.13 per share. The Company completed the 2022 Plan in January 2023 by purchasing an additional 25,096 shares, resulting in an average price of \$4.09 for the 2022 Plan.

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### **Item 6. Selected Consolidated Financial Data**

Not applicable for a smaller reporting company.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **Cautionary Note Concerning Forward-Looking Statements**

This Annual Report on Form 10-K contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Safeguard Scientifics, Inc. ("Safeguard" or "we"), the industries in which we operate and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as "projects," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "should," "would," "could," "will," "opportunity," "potential" or "may," variations of such words or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Our forward-looking statements are subject to risks and uncertainties. Factors that could cause actual results to differ materially include, among others, our ability to make good decisions about the deployment of capital, the fact that our ownership interests may vary from period to period, our substantial capital requirements and absence of liquidity from our ownership interests, fluctuations in the market prices of our publicly traded ownership interests, competition, our inability to obtain maximum value for our ownership interests, our ability to attract and retain qualified employees or external managers, our ability to execute our strategy, market valuations in sectors in which our ownership interests operate, our inability to control our ownership interests, the uncertainty of the outcomes of corporate strategic transactions, if any, our need to manage our assets to avoid registration under the Investment Company Act of 1940, and risks associated with our ownership interests and their performance, including the fact that most of the companies in which we have an ownership interest have a limited history and a history of operating losses, face intense competition and may never be profitable, the effect of economic conditions in the business sectors in which they operate, compliance with government regulation and legal liabilities, all of which are discussed in Item 1A. "Risk Factors." Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report might not occur.

#### **Overview**

Historically, Safeguard has provided capital and relevant expertise to fuel the growth of technology-driven businesses. Typically, we are actively involved in strategic and operational decisions through our board representation in addition to the influence we exert through our equity ownership. We also continue to hold relatively small equity interests in other enterprises where we do not exert significant influence and do not participate in management activities. In some cases, those ownership interests relate to residual interests from prior larger interests or from companies that acquired companies in which we had ownership interests.

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting the existing ownership interests and maximizing monetization opportunities to enable returning value to shareholders. We have considered and taken action on various initiatives including the sale of our ownership interests, the sale of certain or all of our ownership interests in secondary market transactions as well as other opportunities to maximize shareholder value. In December 2019, we declared and paid a \$1.00 per share special dividend. In 2021, we repurchased 4.5 million shares through a combination of open market purchases and a tender offer for an aggregate of \$40.7 million resulting in an average price of \$8.95 per share. In 2022, we repurchased 711,481 shares for \$2.9 million at an average price of \$4.13 per share through subsequent open market repurchase plans. In December 2023, we declared and paid a \$0.35 per share special dividend.

On December 15, 2023, Safeguard held a Special Meeting of Shareholders (the "Special Meeting") at which shareholders adopted amendments (the "Amendments") to the Company's Second Amended and Restated Article of Incorporation, as amended ("Articles of Incorporation"), to effect a reverse stock split, followed immediately by a forward stock split, of the Company's common stock at a ratio (i) not less than 1-for-50 and not greater than 1-for-100, in the case of the reverse stock split, and (ii) not less than 50-for-1 and not greater than 100-for-1, in the case of the forward stock split. Upon the adoption of the Amendments to the Articles of Incorporation at the Special Meeting, on December 15, 2023, the Company's Board of Directors (the "Board") determined to effectuate the reverse stock split at the reverse stock split ratio of 1-for-100 and the forward stock split at the forward stock split ratio of 100-for-1 (collectively, "Stock Split Ratios"), which were within the ranges approved by the Company's shareholders at the Special Meeting. The Company subsequently filed the Amendments to the Articles of Incorporation with the Pennsylvania Department of State to effectuate the stock splits with such Stock Split Ratios.

The stock splits had the effect of reducing the number of record holders of the Company's common stock to a number below 300 (i.e., the level at or above which the Company is required to file reports with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The actions the Company has taken to suspend, and events that occur as a result of such actions that have the effect of suspending, the Company's reporting obligations under the Exchange Act, including effectuating the stock splits, delisting the Company's common stock from trading on The Nasdaq Stock Market LLC ("Nasdaq"), as described below, terminating the registration of the Company's common stock under Sections 12(b) and 12(g) of the Exchange Act and suspending the Company's reporting obligations under Section 15(d) of the Exchange Act, are collectively referred to as the "Transaction." The stock splits were undertaken as part of the Company's plan to give effect to the Transaction.

As a result of the Transaction, the Company will no longer be subject to the reporting requirements under the Exchange Act or other requirements applicable to a public company, including requirements under the Sarbanes-Oxley Act of 2002 and the listing standards of any national securities exchange.

Safeguard will continue to actively work with our ownership interests to seek monetization opportunities.

### **Principles of Accounting for Ownership Interests**

We account for our ownership interests using one of the following methods: Equity or Other. The accounting method applied is generally determined by the degree of our influence over the entity, primarily determined by our voting interest in the entity.

*Equity Method.* The Company accounts for ownership interests whose results are not consolidated, but over which it exercises significant influence, under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an ownership interest depends on an evaluation of several factors including, among others, representation on the board of directors and our ownership level, which is generally a 20% to 50% interest in the voting securities of a company, including voting rights associated with the Company's holdings in common, preferred and other convertible instruments in the company. The Company records the initial ownership interest at cost. Under the equity method of accounting, the Company does not reflect a company's financial statements within our Consolidated Financial Statements; however, our share of the income or loss of such company is reflected in Equity income (loss), net in the Consolidated Statements of Operations. The Company also adjusts the carrying value to reflect third party investments in the ownership interests, which typically result in a dilution gain. The Company includes the carrying value of equity method companies in Ownership interests and advances on the Consolidated Balance Sheets. Any excess of the Company's cost over its underlying interest in the net assets of equity method companies that is allocated to intangible assets is amortized over the estimated useful lives of the related intangible assets. The Company reflects its share of the income or loss of the equity method companies on a one quarter lag. This reporting lag could result in a delay in recognition of the impact of changes in the business or operations of these companies.

When the Company's carrying value in an equity method company is reduced to zero, the Company records no further losses in its Consolidated Statements of Operations unless the Company has an outstanding guarantee obligation or has committed additional funding to such equity method company. If such equity method company subsequently reports income, the Company will not record its share of such income until it exceeds the amount of the Company's share of losses not previously recognized.



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*Other Method.* We account for ownership interests in companies that are not accounted for under the equity method that do not have a readily determinable fair value under the fair value measurement alternative. Under the fair value measurement alternative, these ownership interests are based on our original cost less impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar interests of the same issuer. Under this method, our share of the income or losses of such companies is not included in our Consolidated Statements of Operations, however, the result of observable price changes, if any, are reflected in Other income (loss), net. We include the carrying value of these interests in Ownership interests and advances on the Consolidated Balance Sheets.

The Company accounts for ownership interests that are not accounted for under the equity method and have a readily determinable fair value at fair value based on the closing stock price on the last trading day of the reporting period. Under this method, the changes in fair value are reflected in Other income (loss), net. As of December 31, 2023 there were no ownership interests remaining following this accounting method.

## **Critical Accounting Policies and Estimates**

Accounting policies, methods and estimates are an integral part of the Consolidated Financial Statements prepared by management and are based upon management's current judgments. These judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly important because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments. While there are a number of accounting policies, methods and estimates affecting our financial statements as described in Note 1 to our Consolidated Financial Statements, the most significant relate to impairment of ownership interests and advances.

## ***Impairment of Ownership Interests and Advances***

On a periodic basis, but no less frequently than quarterly, the Company evaluates the carrying value of its ownership interests and advances for possible impairment based on achievement of business plan objectives and milestones, the estimated fair value of each company relative to its carrying value, the financial condition and prospects of the company, and other relevant factors. The business plan objectives and milestones we consider include, among others, those related to financial performance, such as achievement of planned financial results or completion of capital raising activities, and those that are not primarily financial in nature, such as hiring of key employees or the establishment of strategic relationships. Management then determines whether there has been an other than temporary decline in the company. Impairment is measured as the amount by which the carrying value of an asset exceeds its estimated fair value.

The reduced carrying value a previously impaired company accounted for using the Equity method is not increased even if circumstances suggest the value of the company has subsequently recovered.

The estimated fair value of privately held companies is generally determined based on the value at which independent third parties have invested or have committed to invest in these companies, or based on other valuation methods including discounted cash flows, valuations of comparable public companies and valuations of acquisitions of comparable companies.

Our companies operate in industries which are rapidly evolving and extremely competitive. It is reasonably possible that our accounting estimates with respect to the ultimate recoverability of the carrying value of ownership interests and advances could change in the near term and that the effect of such changes on our Consolidated Financial Statements could be material. While we believe that the current recorded carrying values of our equity and other method companies are not impaired, there can be no assurance that our future results will confirm this assessment or that a significant write-down or write-off will not be required in the future.

Total impairment charges related to our Ownership interests and advances were as follows:

Accounting Method	Year Ended December 31,	
	2023	2022
	(In thousands)	
Equity	\$ 1,000	\$ —
Other	173	—
Total	<u>\$ 1,173</u>	<u>\$ —</u>

Impairment charges related to equity method companies are included in Equity income (loss), net in the Consolidated Statements of Operations. Impairment charges related to other ownership interests are included in Other income (loss), net in the Consolidated Statements of Operations.



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### Results of Operations

We operate as one operating segment based upon the similar nature of our technology-driven companies, the functional alignment of the organizational structure, and the reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources.

There is intense competition in the markets in which our companies operate. Additionally, the markets in which these companies operate are characterized by rapidly changing technology, evolving industry standards, frequent introduction of new products and services, shifting distribution channels, evolving government regulation, frequently changing intellectual property landscapes and changing customer demands. Their future success depends on each company's ability to execute its business plan and to adapt to its respective rapidly changing market.

The following is a listing of certain of our ownership interests as of December 31, 2023 and 2022. The ownership percentages indicated below are presented for certain companies in which we held ownership interests and reflect the percentage of the vote we were entitled to cast at that date based on issued and outstanding voting securities (on a common stock equivalent basis), excluding the effect of options, warrants and convertible debt (primary ownership).

Company Name	Safeguard Primary Ownership as of December 31,		Accounting Method as of December 31,
	2023	2022	2023
Clutch Holdings, Inc.	41.7%	41.7%	Equity
InfoBionic, Inc.	*	25.2%	Other
MedCrypt, Inc.	*	*	Other
meQuilibrium	30.2%	31.3%	Equity
Moxe Health Corporation	19.3%	19.3%	Equity
Prognos Health Inc.	19.0%	28.4%	Equity

\*minimal ownership interest

*Year ended December 31, 2023 versus year ended December 31, 2022*

	Year Ended December 31,		
	2023	2022	Variance
	(In thousands)		
General and administrative expense	\$ (5,683)	\$ (4,775)	\$ (908)
Other income (loss), net	2,037	(3,297)	5,334
Interest income	903	794	109
Equity income (loss), net	(7,085)	(6,985)	(100)
Net (loss)	<u>\$ (9,828)</u>	<u>\$ (14,263)</u>	<u>\$ 4,435</u>

*General and Administrative Expense.* Our general and administrative expenses consist primarily of employee compensation, stock based compensation, insurance, office costs and professional services. General and administrative expense increased \$0.9 million, or 19%, for the year ended December 31, 2023 compared to the prior year due to severance expenses of \$0.7 million and higher legal and other professional fees of \$0.6 million. These increases were partially offset by lower stock based compensation costs of \$0.3 million and various other lower costs. General and administrative expense includes stock based compensation expense of \$1.1 million and \$1.4 million for the years ended December 31, 2023 and 2022, respectively. Stock based compensation continues to include a significant proportion of management's overall compensation, including the settlement of amounts due pursuant to the annual management incentive plan, and Director compensation, which aggregated to \$0.3 million and \$0.7 million for the years ended December 31, 2023 and 2022, respectively.

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*Other income (loss), net.* Other income (loss), net increased by \$5.3 million for the year ended December 31, 2023, compared to the prior year. During the year ended December 31, 2023, the primary component was an observable price change of \$1.7 million at InfoBionic upon their recapitalization event. The Company also recorded \$0.6 million of gains from the collection of uncertain escrow amounts and \$0.2 million of impairment related to an Other ownership interest. During the year ended December 31, 2022, the primary component was unrealized losses resulting from the decline in the fair value of BHG common stock of \$3.7 million.

*Interest Income.* Interest income increased \$0.1 million for the year ended December 31, 2023 compared to the prior year due primarily to higher market interest rates on marketable securities during 2023.

*Equity Income (Loss), net.* Equity income (loss), net fluctuates with the number of companies accounted for under the equity method, our voting ownership percentage in those companies and the net results of operations of those companies. We recognize our share of losses to the extent we have cost basis in the equity of the company or we have outstanding commitments or guarantees. Certain amounts recorded to reflect our share of the income or losses of our companies accounted for under the equity method are based on estimates and on unaudited results of operations of those companies and may require adjustments in the future when audits of these entities are made final. We report our share of the results of our equity method companies on a one quarter lag basis.

Equity income (loss), net decreased \$0.1 million for the year ended December 31, 2023 compared to the prior year. The components of equity income (loss), net for the years ended December 31, 2023 and 2022 were as follows:

	Year Ended December 31,		
	2023	2022	Variance
	(In thousands)		
Gains on sales of ownership interests	\$ 610	\$ 5,627	\$ (5,017)
Unrealized dilution gains	584	5,285	(4,701)
Loss on impairments	(1,000)	—	(1,000)
Share of losses of our equity method companies, net	(7,279)	(17,897)	10,618
	<u>\$ (7,085)</u>	<u>\$ (6,985)</u>	<u>\$ (100)</u>

During the year ended December 31, 2023, the gains on sales of ownership interests related entirely to miscellaneous escrow collections. During the year ended December 31, 2022, the gains on sales of ownership interests are primarily related to Lumesis of \$4.9 million.

The unrealized dilution gains for the year ended December 31, 2023 were a result of Prognos Health, who raised additional equity capital that diluted the Company's interest. The unrealized dilution gains for the year ended December 31, 2022 were related to Moxe, who raised additional equity capital that diluted the Company's interest in those entities.

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During the year ended December 31, 2023, the Company recorded an impairment of \$1.0 million related to the Moxe ownership interest, which is accounted for under the equity method. The impairment was determined based on the decline in the fair value of our ownership interest resulting from lower forward looking revenue expectations. There were no impairments during the year ended December 31, 2022.

The decrease in our share of losses of our equity method companies for the 2023 year compared to the prior year period was primarily due to three ownership interests (Trice Medical, Syapse and meQuilibrium) whose equity method loss for the year ended December 31, 2023 decreased \$8.0 million due to their carrying value being reduced to zero during 2022 or 2023, which results in the cessation of recording of our share of their operating losses.

### ***Income Tax Benefit (Expense)***

There was no income tax benefit (expense) for the years ended December 31, 2023 and 2022. We have recorded a valuation allowance to reduce our net deferred tax asset to an amount that is more likely than not to be realized in future years. Accordingly, the benefit of the net operating loss that would have been recognized in each year was offset by changes in the valuation allowance.

### **Liquidity And Capital Resources**

As of December 31, 2023, the Company had \$9.5 million of cash and cash equivalents.

In 2015, the Company's Board of Directors authorized us, from time to time and depending on market conditions, to repurchase up to \$25.0 million of the Company's outstanding common stock. During the years ended December 31, 2023 and 2022, we did not repurchase any shares under this authorization.

In May 2021, the Company's Board of Directors authorized a \$6.0 million share repurchase program (the "2021 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2021, the Company purchased 236,159 shares under the 2021 Plan at an aggregate cost of \$1.6 million, or \$6.94 per share. During October 2021, the Company suspended the 2021 Plan and completed a modified Dutch auction self-tender that resulted in the repurchase of 4.3 million common shares for an aggregate price of \$38.7 million, or \$9.00 per share.

In March 2022, the Company's Board of Directors replaced the 2021 Plan and authorized a separate \$3.0 million share repurchase program (the "2022 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2022, the Company purchased 711,481 shares under the 2022 Plan at an aggregate cost of \$2.9 million, or \$4.13 per share. The Company completed the 2022 Plan in January 2023 by purchasing an additional 25,096 shares, resulting in an average price of \$4.09 for the 2022 Plan.

We may consider additional stock repurchases or dividends in the future based on prevailing market conditions and other factors when and if additional liquidity becomes available.

Our ability to generate liquidity from transactions involving our ownership interests has been adversely affected from time to time by adverse circumstances in the U.S. capital markets and other factors. We may be requested to provide additional capital to our companies, which may cause us to face liquidity issues that will constrain our ability to execute our business strategy and limit our ability to provide financial support to all of our existing companies in the amounts that we desire. The transactions we enter into in pursuit of our strategy could increase or decrease our liquidity at any point in time. As we seek to provide additional funding to existing companies where we have an ownership interest or commit capital to other initiatives, we may be required to expend our cash or incur debt, which will decrease our liquidity. Conversely, as we dispose of our interests in our ownership interests, we may receive proceeds from such sales, which could increase our liquidity. From time to time, we are engaged in discussions concerning acquisitions and dispositions which, if consummated, could impact our liquidity, perhaps significantly. Accordingly, the Company could also pursue other sources of capital in order to maintain its liquidity. The Company believes that its cash and cash equivalents at December 31, 2023 will be sufficient to fund operations past one year from the issuance of these financial statements.

### ***Analysis of Consolidated Cash Flows***

Cash flow activity was as follows:

Year Ended December 31,		
2023	2022	Variance
(In thousands)		

Net cash used in operating activities	\$	(3,308)	\$	(3,258)	\$	(50)
Net cash provided by (used in) investing activities		5,721		(4,662)		10,383
Net cash used in financing activities		(6,252)		(3,488)		(2,764)
	\$	<u>(3,839)</u>	\$	<u>(11,408)</u>	\$	<u>7,569</u>

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### *Net Cash Used In Operating Activities*

*Year ended December 31, 2023 versus year ended December 31, 2022.* Net cash used in operating activities increased for the year ended December 31, 2023 compared to the prior year. The activity during the year ended December 31, 2023 was primarily the result of various non-cash adjustments to net loss, including \$6.1 million of equity loss and \$1.2 million of impairment losses. The activity during the year ended December 31, 2022 was primarily the result of various non-cash adjustments to net loss, including \$7.0 million of equity loss and a \$3.7 million unrealized loss on the decrease in fair value of Bright Health common stock.

### *Net Cash (Used in) provided by Investing Activities*

*Year ended December 31, 2023 versus year ended December 31, 2022.* Net cash (used in) provided by investing activities increased by \$10.4 million for the year ended December 31, 2023 compared to the prior year. During the year ended December 31, 2023, the Company deployed an aggregate of \$3.3 million to Prognos Health and Trice Medical, Inc. as compared to aggregate of \$5.7 million to Syapse, Inc, Prognos Health, Clutch Holdings, meQuilibrium and Trice Medical, Inc. During the year ended December 31, 2023, the Company received \$0.9 million from the collection of escrowed amounts related to the 2022 Lumesis transaction, \$0.8 million from the sale of its ownership interest in BHG, \$0.5 million from the resolution of escrow contingencies resulting from the 2021 Flashtalking transaction, \$0.4 million from the secondary sale of a subordinated promissory note issued by Aktana and additional amounts from other earn-outs or contingencies.

### *Net Cash Used In Financing Activities*

*Year ended December 31, 2023 versus year ended December 31, 2022.* Net cash used in financing activities increased by \$2.8 million for the year ended December 31, 2023 compared to the prior year. The increase was primarily the \$5.8 million special dividend offset by lower share repurchases in 2023 as the Company completed the 2022 Plan.

## **Contractual Cash Obligations and Other Commercial Commitments**

	Payments Due by Period				
	Total	2024	2025 and 2026 (In millions)	2027 and 2028	After 2028
Contractual Cash Obligations:					
Operating leases (a)	\$ 1.4	\$ 0.6	\$ 0.8	\$ —	\$ —
Total Contractual Cash Obligations (b)	\$ 1.4	\$ 0.6	\$ 0.8	\$ —	\$ —

(a) In 2015, we entered into an agreement for the lease of our former principal executive offices which expires in April 2026. Payments pursuant to this lease are approximately \$1.4 million through expiration, however, in March 2019 we entered into a sublease for this office space which is expected to result in future aggregate sublease receipts of \$1.4 million through April 2026.

(b) We are involved from time to time in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of any of these matters which are currently pending will not have a material adverse effect on our consolidated financial position or results of operation.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

*Not applicable for a smaller reporting company.*

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**Item 8. Financial Statements and Supplementary Data**

The following Consolidated Financial Statements, and the related Notes thereto, of Safeguard Scientifics, Inc. and the Reports of Independent Registered Public Accounting Firm are filed as a part of this Form 10-K.

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID Number 248)</a>	<a href="#">21</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2023 and 2022</a>	<a href="#">22</a>
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2023 and 2022</a>	<a href="#">23</a>
<a href="#">Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2023 and 2022</a>	<a href="#">24</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022</a>	<a href="#">25</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">26</a>



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## Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders  
Safeguard Scientifics, Inc

### Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Safeguard Scientifics, Inc. (a Pennsylvania corporation) and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in shareholders’ equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

### Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s 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 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 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 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 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 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 financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Impairment of ownership interests and advances*

The Company evaluates the carrying value of its ownership interests and advances for possible impairment. This evaluation requires management to apply significant judgment particularly related to the achievement of business plan objectives and milestones, the financial condition and prospects of the portfolio company, market conditions and other relevant factors. Based on the above, management then determines whether there has been an other-than-temporary decline in the value of its ownership interest in or advance to the portfolio company. If the Company identifies an other-than-temporary decline in value, management may use valuation methods such as discounted cash flows and the market approach including valuation of comparable public companies and evaluation of recent acquisitions of similar companies. During the year ended December 31, 2023, the Company recorded \$1.0M of other than temporary impairment charges. The identification and valuation of other than temporary impairment of ownership interests and advances was determined to be a critical audit matter.

The principal consideration for our determination that the identification and valuation of other-than-temporary impairment of ownership interests and advances is a critical audit matter is due to it being an area of the financial statements requiring significant auditor judgment and subjectivity in assessing the results of management’s impairment analysis. Ownership interests and advances

held by the Company are primarily comprised of early-stage privately-held companies in industries that are rapidly evolving, where evaluation of other than temporary declines in value requires significant judgment by management.

Our audit procedures related to identification and valuation of other than temporary impairment of ownership interests and advances included the following, among others:

- We evaluated the design of certain internal controls related to the Company's impairment assessment. This included controls over the identification and valuation of other than temporary declines in value and the impairment analysis.
- We held discussions with those outside of accounting with intimate knowledge of the portfolio companies, including those with board positions and those employed by the portfolio companies, to gain an understanding of operational performance, milestones achieved, and potential indicators of other than temporary declines in value.
- For a selection of portfolio companies, we reviewed the financial performance, relevant third-party information with indications of company values, board materials, press releases and other public information for potential indicators of other than temporary declines in value.
- For one ownership interest where an other than temporary impairment was recorded, we tested the completeness and accuracy of the source information used to value the ownership interest.
- For one ownership interest where an other than temporary impairment was recorded, we utilized personnel with specialized knowledge and skill in valuation techniques to assist in (i) evaluating the appropriateness of management's valuation methodologies, and (ii) evaluating the reasonableness of the fair value of the ownership interest.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Philadelphia, Pennsylvania

March 26, 2024

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**SAFEGUARD SCIENTIFICS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share data)

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 9,498	\$ 13,331
Restricted cash	19	25
Marketable securities	—	5,956
Ownership interests	—	860
Prepaid expenses and other current assets	394	1,251
Total current assets	9,911	21,423
Right-of-use asset, net	971	1,290
Ownership interests and advances	11,691	14,545
Other assets	263	434
Total Assets	<u>\$ 22,836</u>	<u>\$ 37,692</u>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 107	\$ 16
Accrued compensation and benefits	854	507
Accrued expenses and other current liabilities	596	865
Lease liability - current	489	429
Total current liabilities	2,046	1,817
Lease liability - non-current	760	1,249
Other long-term liabilities	50	50
Total Liabilities	2,856	3,116
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock, \$0.10 par value; 1,000 shares authorized	—	—
Common stock, \$0.10 par value; 83,333 shares authorized; 21,573 issued at December 31, 2023 and 2022, respectively	2,157	2,157
Additional paid-in capital	793,992	804,752
Treasury stock, at cost; 4,947 and 5,478 shares at December 31, 2023 and 2022, respectively	(42,418)	(48,410)
Accumulated deficit	(733,726)	(723,898)
Accumulated other comprehensive loss	(25)	(25)
Total Equity	19,980	34,576
Total Liabilities and Equity	<u>\$ 22,836</u>	<u>\$ 37,692</u>

See Notes to Consolidated Financial Statements.

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**SAFEGUARD SCIENTIFICS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In thousands, except per share data)**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
General and administrative expense	\$ 5,683	\$ 4,775
Operating loss	(5,683)	(4,775)
Other income (loss), net	2,037	(3,297)
Interest income	903	794
Equity (loss), net	(7,085)	(6,985)
Net (loss) before income taxes	(9,828)	(14,263)
Income tax benefit (expense)	—	—
Net (loss)	<u>\$ (9,828)</u>	<u>\$ (14,263)</u>
Net (loss) per share:		
Basic	<u>\$ (0.61)</u>	<u>\$ (0.87)</u>
Diluted	<u>\$ (0.61)</u>	<u>\$ (0.87)</u>
Weighted average shares used in computing net (loss) per share:		
Basic	<u>16,221</u>	<u>16,337</u>
Diluted	<u>16,221</u>	<u>16,337</u>

See Notes to Consolidated Financial Statements.

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**SAFEGUARD SCIENTIFICS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousands)

			Accumulated Other Comprehensive	Common Stock		Additional Paid-In	Treasury Stock	
	Total	Accumulated Deficit	Loss	Shares	Amount	Capital	Shares	Amount
<b>Balance — December 31, 2021</b>	\$ 50,566	\$ (709,635)	\$ (25)	21,573	\$ 2,157	\$ 806,638	5,068	\$ (48,569)
Net loss	(14,263)	(14,263)	—	—	—	—	—	—
Restricted stock awards, forfeitures and shares repurchased for tax withholdings, net	477	—	—	—	—	(2,622)	(302)	3,099
Stock-based compensation	736	—	—	—	—	736	—	—
Repurchases of common stock	(2,940)	—	—	—	—	—	712	(2,940)
<b>Balance — December 31, 2022</b>	\$ 34,576	\$ (723,898)	\$ (25)	21,573	\$ 2,157	\$ 804,752	5,478	\$ (48,410)
Net loss	(9,828)	(9,828)	—	—	—	—	—	—
Restricted stock awards, forfeitures and shares repurchased for tax withholdings, net	446	—	—	—	—	(5,621)	(556)	6,067
Stock-based compensation	680	—	—	—	—	680	—	—
Repurchases of common stock	(75)	—	—	—	—	—	25	(75)
Dividends paid	(5,819)	—	—	—	—	(5,819)	—	—
<b>Balance — December 31, 2023</b>	\$ 19,980	\$ (733,726)	\$ (25)	21,573	\$ 2,157	\$ 793,992	4,947	\$ (42,418)

See Notes to Consolidated Financial Statements.

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**SAFEGUARD SCIENTIFICS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Net (loss)	\$ (9,828)	\$ (14,263)
Adjustments to reconcile to net cash used in operating activities:		
Amortization of right of use asset	319	271
Equity (income) loss, net	6,085	6,985
Impairments of ownership interests and advances	1,173	—
Gain from observable price changes	(1,661)	(553)
Gain from sales of ownership interests	(542)	—
Change in fair value of ownership interests	—	3,689
Other, net	(7)	76
Stock-based compensation, including liability classified awards	1,121	1,445
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(146)	(534)
Accounts payable, accrued expenses, and other current liabilities	178	(374)
Net cash used in operating activities	<u>(3,308)</u>	<u>(3,258)</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of ownership interests	(3,000)	—
Proceeds from sales and distributions from ownership interests	2,851	6,879
Advances and loans to ownership interests	(250)	(5,670)
Purchase of marketable securities	(8,530)	(11,871)
Proceeds from sales and maturities in marketable securities	14,650	6,000
Net cash provided by (used in) investing activities	<u>5,721</u>	<u>(4,662)</u>
<b>Cash Flows from Financing Activities:</b>		
Payment of dividend	(5,819)	—
Repurchases of common stock	(75)	(2,939)
Tax withholdings related to equity-based awards	(358)	(549)
Net cash used in financing activities	<u>(6,252)</u>	<u>(3,488)</u>
Net change in cash, cash equivalents and restricted cash	(3,839)	(11,408)
Cash, cash equivalents and restricted cash equivalents at beginning of year	13,356	24,764
Cash, cash equivalents and restricted cash at end of year	<u>\$ 9,517</u>	<u>\$ 13,356</u>

See Notes to Consolidated Financial Statements.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. General**

**Liquidity And Capital Resources**

As of December 31, 2023, Safeguard Scientifics, Inc. ("the Company" or "Safeguard") had \$9.5 million of cash and cash equivalents.

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting the existing ownership interests and maximizing monetization opportunities to enable returning value to shareholders. We have considered and taken action on various initiatives including the sale of our ownership interests, the sale of certain or all of our ownership interests in secondary market transactions as well as other opportunities to maximize shareholder value. As we seek to provide additional funding to existing companies where we have an ownership interest, we may be required to expend our cash or incur debt, which will decrease our liquidity. From time to time, we are engaged in discussions concerning acquisitions and dispositions which, if consummated, could impact our liquidity, perhaps significantly. Accordingly, the Company could also pursue other sources of capital in order to maintain its liquidity.

The Company believes that its cash and cash equivalents at December 31, 2023 will be sufficient to fund operations past one year from the issuance of these consolidated financial statements.

**Significant Accounting Policies**

***Principles of Consolidation***

The consolidated financial statements include the accounts of Safeguard and all of its wholly-owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation.

***Principles of Accounting for Ownership Interests in Companies***

The Company accounts for its ownership interests using one of the following methods: Equity or Other. The accounting method applied is generally determined by the degree of the Company's influence over the entity, primarily determined by our voting interest in the entity.

In addition to holding voting and non-voting equity and debt securities, the Company also periodically makes advances to its companies in the form of promissory notes which are included in Ownership interests and advances on the Consolidated Balance Sheets.

***Equity Method.*** The Company accounts for ownership interests whose results are not consolidated, but over which it exercises significant influence, under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an ownership interest depends on an evaluation of several factors including, among others, representation on the board of directors and our ownership level, which is generally a 20% to 50% interest in the voting securities of a company, including voting rights associated with the Company's holdings in common, preferred and other convertible instruments in the company. The Company records the initial ownership interest at cost. Under the equity method of accounting, the Company does not reflect a company's financial statements within our Consolidated Financial Statements; however, our share of the income or loss of such company is reflected in Equity income (loss), net in the Consolidated Statements of Operations. The Company also adjust the carrying value to reflect third party investments in the ownership interests, which typically result in a dilution gain. The Company includes the carrying value of equity method companies in Ownership interests and advances on the Consolidated Balance Sheets. Any excess of the Company's cost over its underlying interest in the net assets of equity method companies that is allocated to intangible assets is amortized over the estimated useful lives of the related intangible assets. The Company reflects its share of the income or loss of the equity method companies on a one quarter lag. This reporting lag could result in a delay in recognition of the impact of changes in the business or operations of these companies.

When the Company's carrying value in an equity method company is reduced to zero, the Company records no further losses in its Consolidated Statements of Operations unless the Company has an outstanding guarantee obligation or has committed additional funding to such equity method company. If such equity method company subsequently reports income, the Company will not record its share of such income until it exceeds the amount of the Company's share of losses not previously recognized.

*Other Method.* We account for ownership interests in companies that are not accounted for under the equity method that do not have a readily determinable fair value under the fair value measurement alternative. Under the fair value measurement alternative, these ownership interests are based on our original cost less impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar interests of the same issuer. Under this method, our share of the income or losses of such companies is not included in our Consolidated Statements of Operations, however, the result of observable price changes, if any, are reflected in Other income (loss), net. We include the carrying value of these interests in Ownership interests and advances on the Consolidated Balance Sheets.

The Company accounts for ownership interests that are not accounted for under the equity method and have a readily determinable fair value at fair value based on the closing stock price on the last trading day of the reporting period. Under this method, the changes in fair value are reflected in Other income (loss), net. As of December 31, 2023 there were no remaining ownership interests following this accounting method.

***Comprehensive Income (loss)***

During the years ended December 31, 2023 or 2022, there were no items of comprehensive income (loss).



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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Accounting Estimates***

The preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates. These estimates include the evaluation of the recoverability of the Company's ownership interests and advances, the recoverability of deferred tax assets, stock-based compensation and commitments and contingencies. Management evaluates its estimates on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances.

Certain amounts recorded to reflect the Company's share of income or losses for companies accounted for under the equity method are based on unaudited results of operations of those companies and may require adjustments in the future when audits of these entities' financial statements are completed.

It is reasonably possible that the Company's accounting estimates with respect to the ultimate recoverability of the carrying value of the Company's ownership interests and advances could change in the near term and that the effect of such changes on the consolidated financial statements could be material. At December 31, 2023, the Company believes the carrying value of the Company's ownership interests and advances is not impaired, although there can be no assurance that the Company's future results will confirm this assessment, that a significant write-down or write-off will not be required in the future or that a significant loss will not be recorded in the future upon the sale of a company.

***Cash and Cash Equivalents***

The Company considers all highly liquid instruments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of deposits that are readily convertible into cash. The Company has not experienced any significant losses on cash equivalents and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

***Restricted Cash***

Restricted cash represents cash required to be set aside by a contractual agreement as a shareholder representative. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statements of Cash Flows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>(In thousands)</b>	
Cash and cash equivalents	\$ 9,498	\$ 13,331
Restricted cash	19	25
Total cash, cash equivalents and restricted cash	<u>\$ 9,517</u>	<u>\$ 13,356</u>

***Financial Instruments***

The Company's financial instruments (principally cash and cash equivalents, marketable securities, accounts receivable, notes receivable, accounts payable and accrued expenses) are carried at cost, which approximates fair value due to the short-term maturity of these instruments.

***Right-of-use asset***

Right-of-use assets represent an operating lease for office facilities. The right-of-use assets are reduced over the remaining term of the applicable lease (April 2026) in a manner that results in a straight-line lease expense, when combined with the interest factor on the lease liability.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

***Lease liability***

The initial lease liability represents the present value of the fixed escalating lease payments through April 2026 associated with the Company's prior corporate headquarters operating office lease. The discount rate used to calculate the lease liability was based on the Company's incremental borrowing rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease, which was approximately 12%, at the transition to the guidance of ASU No. 2016-02, *Leases*. Subsequent values of the lease liability reflect the reduction in the lease liability for operating lease payments less an amount representing interest, which is included in the straight-line lease expense. There is no residual value guarantee associated with this operating lease arrangement. The Company has incurred operating lease expenses and operating cash outflows of \$0.5 million for each of the years ended December 31, 2023 and 2022, respectively, and \$0.6 million for each of the years ended December 31, 2023 and 2022.

In March 2019, the Company entered into a sublease of its prior corporate headquarters office space. The term of the sublease is through April 2026, the same as the Company's underlying lease. Fixed sublease payments to the Company are escalating over the term of the sublease and are reported as a component of general and administrative expenses.

A summary of the Company's expected operating lease cash flows at December 31, 2023 follows:

	<b>Operating lease payments</b>	<b>Expected sublease receipts</b>
	<b>(In thousands)</b>	
2024	\$ 613	\$ 573
2025	619	590
2026	207	199
2027	—	—
2028	—	—
Thereafter	—	—
Total future minimum lease payments	1,439	1,362
Less imputed interest	(190)	
Total operating lease liabilities	\$ 1,249	

***Impairment of Ownership Interests and Advances***

On a periodic basis, but no less frequently than quarterly, the Company evaluates the carrying value of its ownership interests and advances for possible impairment based on achievement of business plan objectives and milestones, the estimated value of each company relative to its carrying value, the financial condition and prospects of the company and other relevant factors. The business plan objectives and milestones the Company considers include, among others, those related to financial performance, such as achievement of planned financial results or completion of capital raising activities, and those that are not primarily financial in nature, such as hiring of key employees or the establishment of strategic relationships.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Management then determines whether there has been an other than temporary decline in the value of its ownership interest in the company. Impairment is measured as the amount by which the carrying value of an asset exceeds its estimated fair value.

The estimated fair value of privately held companies is generally determined based on the value at which independent third parties have invested or have committed to invest in these companies or based on other valuation methods, including discounted cash flows, valuation of comparable public companies and the valuation of acquisitions of similar companies.

Impairment charges related to equity method companies are included in Equity income (loss), net in the Consolidated Statements of Operations. Impairment charges related to non-equity method companies and funds are included in Other income (loss), net in the Consolidated Statements of Operations.

The reduced cost basis of a previously impaired company accounted for using the Equity method are not written-up if circumstances suggest the value of the company has subsequently recovered.

***Income Taxes***

The Company accounts for income taxes under the asset and liability method whereby 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. The Company measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. The Company recognizes the effect on deferred tax assets and liabilities of a change in tax rates in income in the period of the enactment date. The Company provides a valuation allowance against the net deferred tax asset for amounts which are not considered more likely than not to be realized.

***Net Income (Loss) Per Share***

The Company computes net income (loss) per share using the weighted average number of common shares outstanding during each year. The Company includes in diluted net income (loss) per share common stock equivalents (unless anti-dilutive) which would arise from the exercise of stock options and conversion of other convertible securities and adjusted, if applicable, for the effect on net income (loss) of such transactions. Diluted net income (loss) per share calculations adjust net income (loss) for the dilutive effect of common stock equivalents and convertible securities issued by the Company's consolidated or equity method companies.

***Segment Information***

The Company operates as one operating segment based upon the similar nature of its technology-driven companies, the functional alignment of the organizational structure, and the reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**2. Ownership Interests and Advances**

The following summarizes the carrying value of the Company's ownership interests and advances.

	December 31, 2023	December 31, 2022
	(In thousands)	
Equity Method:		
Companies	\$ 8,400	\$ 8,749
Private equity funds	97	97
	<u>8,497</u>	<u>8,846</u>
Other Method:		
Companies, fair value	—	860
Companies, fair value measurement alternative	2,555	1,067
Private equity funds, fair value measurement alternative	250	250
	<u>2,805</u>	<u>2,177</u>
Advances to companies	389	4,382
	<u>\$ 11,691</u>	<u>\$ 15,405</u>

During the year ended December 31, 2023, the Company recorded an impairment of \$1.0 million related to the Moxe ownership interest, which is accounted for under the equity method. The impairment was determined based on declines in the fair value of our ownership interest resulting from lower forward looking revenue expectations. There were no impairments during the year ended December 31, 2022. The measurement of fair value for the impairment was estimated based on evaluating several valuation inputs available, primarily including the valuation of comparable public companies, the valuation of acquisitions of similar companies and the present value of our expected outcomes. Assumptions considered within these methods include determining which public companies are comparable, projecting forward revenues for the measured ownership interest, discounts to apply for the lack of marketability or lack of comparability, other factors and the relative weight to apply to each valuation input available. Due to the unobservable nature of some of these inputs, we have determined these fair value estimates to be non-recurring Level 3 fair value measurements.

During 2023, the Company has received \$0.9 million from the collection of escrowed amounts related to the 2022 Lumesis transaction, \$0.8 million from the sale of its ownership interest in BHG, \$0.5 million from the resolution of escrow contingencies resulting from the 2021 Flashtalking transaction, \$0.4 million from the secondary sale of a subordinated promissory note issued by Aktana and additional amounts from other earn-outs or contingencies.

In September 2022, Lumesis, Inc. was acquired by another entity for cash. The Company received \$5.5 million in cash proceeds in connection with this transaction, excluding holdbacks and escrows. This transaction resulted in a gain of \$4.9 million, including \$0.8 million other receivable related to an indemnification escrow during the year ended December 31, 2022.

During the year ended December 31, 2022, the Company recognized \$0.5 million as gain on sale as the result of the 2021 WebLinc transaction from the collection of additional amounts and as contingencies were resolved, those amounts were recorded as gain on the sale and included within Equity income (loss).

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

As of December 31, 2023, the Company held ownership interests accounted for using the equity method in 4 non-consolidated companies.

Certain of the Company's ownership interests as of December 31, 2023 and 2022 included the following:

Company Name	Safeguard Primary Ownership as of December 31,		Accounting Method as of December 31, 2023
	2023	2022	
Clutch Holdings, Inc.	41.7%	41.7%	Equity
InfoBionic, Inc.	*	25.2%	Other
MedCrypt, Inc.	*	*	Other
meQuilibrium	30.2%	31.3%	Equity
Moxe Health Corporation	19.3%	19.3%	Equity
Prognos Health Inc.	19.0%	28.4%	Equity

\*minimal ownership interest

***Summarized Financial Information***

The following table provides summarized financial information for ownership interests accounted for under the equity method for the periods presented and has been compiled from respective company financial statements, reflect certain historical adjustments, and are reported on a one quarter lag. Results of operations are excluded for periods prior to their acquisition and subsequent to their disposition. Historical results are not adjusted when the Company exits or writes-off a company.

	As of December 31,	
	2023	2022
	(In thousands)	
<b>Balance Sheets:</b>		
Current assets	\$ 49,546	\$ 126,042
Non-current assets	9,892	55,073
Total assets	<u>\$ 59,438</u>	<u>\$ 181,115</u>
Current liabilities	\$ 32,461	\$ 92,990
Non-current liabilities	42,370	220,681
Shareholders' deficit	(15,393)	(132,556)
Total liabilities and shareholders' deficit	<u>\$ 59,438</u>	<u>\$ 181,115</u>
Number of equity method ownership interests	4	8

	Year Ended December 31,	
	2023	2022
	(In thousands)	
<b>Results of Operations:</b>		
Revenue	\$ 101,021	\$ 144,771
Gross profit	<u>\$ 71,529</u>	<u>\$ 88,666</u>
Net loss	<u>\$ (73,913)</u>	<u>\$ (152,936)</u>

As of December 31, 2023, the Company's carrying value in equity method companies, in the aggregate, exceeded the Company's share of the net assets of such companies by approximately \$1.1 million. Of this excess, \$1.0 million was allocated to goodwill and \$0.1 million was allocated to intangible assets.

**3. Acquisitions of Ownership Interests**

## *2023 Transactions*

The Company deployed \$3.0 million to Prognos Health during the three months ended June 30, 2023. The Company had previously deployed an aggregate of \$14.6 million. Prognos is a healthcare platform company transforming the ability to access, manage and analyze healthcare data in partnership with life sciences brands, payers, and clinical diagnostics organizations.

The Company funded \$0.3 million of convertible loans to Trice Medical during the three months ended March, 31 2023. During the three months ended September 30, 2023, Trice Medical completed a recapitalization transaction in which Safeguard declined to participate that resulted in Safeguard retaining a small, subordinated debt position and a de minimis ownership interest. The Company had previously deployed an aggregate of \$12.0 million. Trice Medical is focused on orthopedic diagnostics using fully integrated camera-enabled technologies to provide clinical solutions to physicians.

During the three months ended September 30, 2023, InfoBionic completed a recapitalization transaction, in which Safeguard declined to participate, that reduced our ownership position to approximately 5% and resulted in a \$1.7 million observable price change gain to reflect the fair value of the ownership interest. InfoBionic provides a remote patient monitoring platform delivering on-demand, actionable monitoring data and analytics directly to physicians.

## *2022 Transactions*

The Company funded \$1.6 million of convertible loans to Syapse, Inc. The Company had previously deployed an aggregate of \$25.0 million. Syapse drives healthcare transformation through precision medicine, enabling provider systems to improve clinical outcomes, streamline operations, and shift to new payment models.

The Company funded \$2.0 million of convertible loans to Prognos Health Inc. The Company had previously deployed an aggregate of \$12.6 million.

The Company funded \$1.4 million of convertible loans to Clutch Holdings, Inc. The Company had previously deployed an aggregate of \$16.9 million. Clutch provides customer intelligence and personalized engagements that empower consumer-focused businesses to identify, understand and motivate each segment of their customer base.

The Company funded \$0.5 million of convertible loans to meQuilibrium. The Company had previously deployed an aggregate of \$14.0 million. meQuilibrium is a digital coaching platform that delivers clinically validated and highly personalized resilience solutions to employers, health plans, wellness providers, and consumers increasing engagement, productivity and performance, as well as improving outcomes in managing stress, health and well-being.

The Company funded \$0.1 million of convertible loans to Trice Medical. The Company had previously deployed an aggregate of \$11.8 million. The Company also committed to provide another \$0.3 million under certain conditions pursuant to a subordinated line of credit. At December 31, 2022, the Company's obligation under this line of credit is included in accrued expenses. During the year ended December 31, 2023, the Company funded \$0.3 million in accordance with this line of credit.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**4. Fair Value Measurements**

The Company categorizes its financial instruments into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Cash, cash equivalents and restricted cash approximate fair value due to their short term nature. The Company did not have any Level 2 or Level 3 financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2023.

	<b>Carrying Value</b>	<b>Fair Value Measurement at December 31, 2023</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>(in thousands)</b>		
Cash and cash equivalents	\$ 9,498	\$ 9,498	\$ —	\$ —
Restricted cash	\$ 19	\$ 19	\$ —	\$ —

	<b>Carrying Value</b>	<b>Fair Value Measurement at December 31, 2022</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>(In thousands)</b>		
Cash and cash equivalents	\$ 13,331	\$ 13,331	\$ —	\$ —
Restricted cash	\$ 25	\$ 25	\$ —	\$ —
Marketable securities—held-to-maturity: U.S. Government securities	\$ 5,956	\$ 5,956	\$ —	\$ —
Ownership interests	\$ 860	\$ 860	\$ —	\$ —

Ownership interests accounted for at fair value as of December 31, 2022 consist of approximately 1.3 million common shares of Bright Health. The securities are carried at fair value based on the closing stock price on the last trading day of the reporting period.

**5. Equity**

In July 2015, the Company's Board of Directors authorized the Company, from time to time and depending on market conditions, to repurchase up to \$25.0 million of the Company's outstanding common stock. During the years ended December 31, 2023 and 2022, the Company did not repurchase any shares under the existing authorization.

In May 2021, the Company's Board of Directors authorized a \$6.0 million share repurchase program (the "2021 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2021, the Company purchased 236,159 shares under the 2021 Plan at an aggregate cost of \$1.6 million, or \$6.94 per share. During October 2021, the Company suspended the 2021 Plan and completed a modified Dutch auction self-tender that resulted in the repurchase of 4.3 million common shares for an aggregate price of \$38.7 million, or \$9.00 per share.

In March 2022, the Company's Board of Directors replaced the 2021 Plan and authorized a separate \$3.0 million share repurchase program (the "2022 Plan") using existing funds in accordance with the requirements of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the year ended December 31, 2022, the Company purchased 711,481 shares under the 2022 Plan at an aggregate cost of \$2.9 million, or \$4.13 per share. The Company completed the 2022 Plan in January 2023 by purchasing an additional 25,096 shares, resulting in an average price of \$4.09 for the 2022 Plan.



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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**6. Stock-Based Compensation**

***Equity Compensation Plans***

The 2014 Equity Compensation Plan has 4.1 million shares authorized for issuance. During 2023 and 2022, the Company issued no stock-based awards outside of existing plans. To the extent allowable, service-based options are incentive stock options. Options granted under the plans are at prices equal to or greater than the fair market value at the date of grant. Upon exercise of stock options, the Company issues shares first from treasury stock, if available, then from authorized but unissued shares. At December 31, 2023, the Company had reserved 1.5 million shares of common stock for possible future issuance under its 2014 Equity Compensation Plan and other previously expired equity compensation plans.

***Classification of Stock-Based Compensation Expense***

Stock-based compensation consists of time based awards to employees, financial liability based awards to employees and non-employees to be settled in stock, performance based awards to employees, and financial liability based awards to Directors for quarterly and annual services. Stock-based compensation expense was recognized in the Consolidated Statements of Operations as follows:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands)</b>	
General and administrative expense	\$ 1,121	\$ 1,445
	<u>\$ 1,121</u>	<u>\$ 1,445</u>

Stock-based compensation expense of \$1.1 million and \$1.4 million was recognized during the years ended December 31, 2023 and 2022, respectively, related to annual and quarterly Board fees, time based management awards and management bonuses earned during the year that were subsequently settled in stock. For the years ended December 31, 2023 and 2022, the Company issued 377 thousand and 165 thousand, respectively, of restricted shares to Directors for their annual and quarterly services. The annual grants vest over a one year period, or are vested at issuance for directors 65 or older, while quarterly amounts are paid in arrears. The Company vested 275 thousand and 110 thousand shares during the years ended December 31, 2023 and 2022. The Company vested 125 thousand and 22 thousand shares during the years ended December 31, 2023 and 2022, respectively, for time based management compensation. The Company settled in stock other management bonuses resulting in the issuance of 51 thousand and 82 thousand vested shares for the years ended December 31, 2023 and 2022, respectively. The Company issued 0 thousand and 15 thousand vested shares to a non-employee for services during the years ended December 31, 2023 and 2022. The Company had liabilities of \$0.1 million and \$0.4 million as of December 31, 2023 and 2022, respectively, that were settled through the issuance of common stock in the subsequent period.

The Company has previously granted certain performance-based stock units that vest based on the achievement of targeted capital returns based on net cash proceeds received by the Company on the sale, merger or other exit transaction of certain identified companies. The requisite service periods for these performance-based awards were based on the Company's estimate of when the performance conditions will be met. Compensation expense was recognized for performance-based awards for which the performance condition is considered probable of achievement. During the years ended December 31, 2023 and 2022, respectively, zero and 92 thousand performance-based stock units pursuant to these targeted capital return pools were canceled or forfeited. In January 2022, the Company granted the CEO restricted stock units that may vest based on certain performance targets and criteria determined by the Board of Directors. Such performance-based stock units represent the right to receive shares of the Company's common stock, on a one-for-one basis at target for certain specified thresholds. For the year ended December 31, 2022, the Company recognized stock based compensation expense of \$0.2 million and vested 64 thousand shares pursuant to this arrangements.

Unrecognized compensation expense related to performance stock units and restricted stock at December 31, 2023 was immaterial.

While there were no stock options granted during 2023 and 2022, the Company had outstanding options that vest based on two different types of vesting schedules:

- 1) performance-based; and

2) service-based.

Performance-based option awards also entitled participants to vest in a number of awards determined by achievement by the Company of target capital returns based on net cash proceeds received by the Company upon the sale, merger or other exit transaction of certain identified companies. Compensation expense is recognized over the requisite service periods using the straight-line method but is accelerated if capital return targets are achieved earlier than estimated. The Company did not issue any performance-based units during the years ended December 31, 2023 and 2022. During the years ended December 31, 2023 and 2022, respectively, there were no performance-based options vested and no compensation cost was recognized. During the years ended December 31, 2023 and 2022, respectively, 0 thousand and 11 thousand performance-based options were canceled or forfeited. The maximum number of unvested options at December 31, 2023 attainable under these grants was zero shares.

Service-based awards generally vest over four years after the date of grant and expire eight years after the date of grant. Compensation expense is recognized over the requisite service period using the straight-line method. The requisite service period for service-based awards is the period over which the award vests. During the years ended December 31, 2023 and 2022, respectively, the Company issued no service-based options to employees and recorded zero compensation expense from the vesting of previously issued awards. During the years ended December 31, 2023 and 2022, respectively, 10 thousand and 0 thousand service-based options were canceled or forfeited.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Option activity of the Company is summarized below:

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>	<b>Aggregate Intrinsic Value</b>
	<b>(In thousands)</b>		<b>(In years)</b>	<b>(In thousands)</b>
Outstanding at January 1, 2022	29	14.20		
Options granted	—	—		
Options exercised	—	—		
Options canceled/forfeited	(11)	14.48		
Outstanding at December 31, 2022	18	14.05		
Options granted	—	—		
Options exercised	—	—		
Options canceled/forfeited	(10)	17.11		
Outstanding at December 31, 2023	8	10.37	0.39	\$ —
Options exercisable at December 31, 2023	8	10.37	0.39	—
Shares available for future grant	1,482			

At December 31, 2023, total unrecognized compensation cost related to non-vested service-based options was immaterial. At December 31, 2023, total unrecognized compensation cost related to non-vested performance-based options was immaterial.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

Deferred stock unit, performance-based stock unit and restricted stock activity are summarized below:

	<b>Shares</b>	<b>Weighted</b>
	<b>(In thousands)</b>	<b>Average Grant</b>
		<b>Date Fair Value</b>
Unvested at January 1, 2022	202	\$ 9.70
Granted	343	5.60
Vested	(293)	5.77
Forfeited	(92)	13.90
Unvested at December 31, 2022	160	5.70
Granted	678	2.30
Vested	(640)	2.90
Forfeited	(16)	7.10
Unvested at December 31, 2023	182	1.89

**7. Employee Benefit Plan**

The Company maintains a qualified 401(k) retirement plan for eligible employees. The Plan's matching formula is 100% of the first 5% of participants' qualified compensation. Compensation expense related to our matching contributions to the Plan for the years ended December 31, 2023 and 2022, were \$0.1 million and \$0.1 million, respectively.

**8. Income Taxes**

The federal and state provision (benefit) for income taxes was \$0.0 million for the years ended December 31, 2023 and 2022.

The total income tax provision (benefit) differed from the amounts computed by applying the U.S. federal income tax rate of 21.0% for the years ended December 31, 2023 and 2022 to net income (loss) before income taxes as a result of the following:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Statutory tax expense (benefit)	(21.0)%	(21.0)%
Increase (decrease) in taxes resulting from:		
Nondeductible expenses	(0.4)	(2.6)
Valuation allowance	21.4	23.6
	0.0%	0.0%

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets were as follows:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands)</b>	
Deferred tax asset:		
Carrying values of ownership interests and other holdings	\$ 24,370	\$ 33,222
Tax loss and credit carryforwards	69,638	68,492
Disallowed interest carryforwards	6,613	6,891
Accrued expenses	13	47
Stock-based compensation	(3)	180
Other	66	(106)
	<u>100,697</u>	<u>108,726</u>
Valuation allowance	<u>(100,697)</u>	<u>(108,726)</u>
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2023, the Company and its subsidiaries had federal net operating and capital loss carryforwards for tax purposes of approximately \$332 million, of which approximately \$59 million have an indefinite life. These carryforwards expire as follows:

	<b>Total</b>
	<b>(In thousands)</b>
2024	\$ 50,140
2025	17,408
2026	7,648
2027	15,100
2028 and thereafter	<u>182,520</u>
	<u>\$ 272,816</u>

In assessing the recoverability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has determined that it is more likely than not that certain future tax benefits may not be realized as a result of current and future income. Accordingly, a valuation allowance has been recorded against substantially all of the Company's deferred tax assets.

The Company recognizes in its Consolidated Financial Statements the impact of a tax position if that position is more likely than not to be sustained upon examination, based on the technical merits of the position. All uncertain tax positions relate to unrecognized tax benefits that would impact the effective tax rate when recognized.

The Company does not expect any material increase or decrease in its income tax expense, in the next twelve months, related to examinations or changes in uncertain tax positions.

There were no changes in the Company's uncertain tax positions for the years ended December 31, 2023 and 2022.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. Tax years 2019 and forward remain open for examination for federal tax purposes and the Company's more significant state tax jurisdictions. To the extent utilized in future years' tax returns, net operating loss carryforwards at December 31, 2023 will remain subject to examination until the respective tax year is closed. The Company recognizes penalties and interest accrued related to income tax liabilities in income tax benefit (expense) in the Consolidated Statements of Operations.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**9. Net Income (Loss) Per Share**

The calculations of net income (loss) per share were:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands, except per share data)</b>	
<b>Basic:</b>		
Net (loss)	\$ (9,828)	\$ (14,263)
Weighted average common shares outstanding	16,221	16,337
Net (loss) per share	<u>\$ (0.61)</u>	<u>\$ (0.87)</u>
<b>Diluted:</b>		
Net (loss)	\$ (9,828)	\$ (14,263)
Weighted average common shares outstanding	16,221	16,337
Net (loss) per share	<u>\$ (0.61)</u>	<u>\$ (0.87)</u>

Basic and diluted average common shares outstanding for purposes of computing net income (loss) per share includes outstanding common shares and vested deferred stock units (DSUs).

If an equity method company has dilutive stock options, unvested restricted stock, DSUs, or warrants, diluted net income (loss) per share is computed by first deducting from net income (loss) the income attributable to the potential exercise of the dilutive securities of the company from net income (loss). Any impact is shown as an adjustment to net income (loss) for purposes of calculating diluted net income (loss) per share.

Diluted income (loss) per share for the years ended December 31, 2023 and 2022 do not reflect the following potential shares of common stock that would have an anti-dilutive effect or have unsatisfied performance or market conditions:

- At December 31, 2023 and 2022, options to purchase 8 thousand and 18 thousand shares of common stock, respectively, at a price of \$10.37 per share for 2023, and \$10.37 to \$17.11 per share per share for 2022 were excluded from the calculation.
- At December 31, 2023 and 2022, unvested restricted stock, performance-based stock units and DSUs convertible into 0.2 million and 0.2 million shares of stock, respectively, were excluded from the calculations.

**10. Related Party Transactions**

In the normal course of business, the Company's officers and employees hold board positions with companies in which the Company has a direct or indirect ownership interest.

**11. Commitments and Contingencies**

The Company and the companies in which it holds ownership interests are involved in various claims and legal actions arising in the ordinary course of business. In the current opinion of the Company, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations, however, no assurance can be given as to the outcome of these actions, and one or more adverse rulings could have a material adverse effect on the Company's consolidated financial position and results of operations or that of its companies. The Company records costs associated with legal fees as such services are rendered.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The Company has provided a guarantee, which is fully funded by escrowed funds held by a third party, of \$3.8 million at December 31, 2023 which related to one of the Company's private equity holdings.

The Company has agreements with certain employees that provide for severance payments to the employee in the event the employee is terminated without cause or an employee terminates his employment for "good reason". The Company has recorded severance expenses of \$0.7 million during the year ended December 31, 2023, which is expected to be paid during 2024.

In 2018, the Board of Directors (the "Board") of the Company adopted a long-term incentive plan, which was amended in February 2019 and June 2020, known as the Amended and Restated Safeguard Scientifics Transaction Bonus Plan (the "LTIP"). The purpose of the LTIP is to promote the interests of the Company and its shareholders by providing an additional incentive to employees to maximize the value of the Company in connection with the execution of the business strategy that the Company adopted and announced in January 2018. The June 2020 amendment lowered the level of the first threshold and the resulting bonus pool percentage as an incentive to employees to accelerate actions consistent with the business strategy. Under the LTIP, participants, which includes certain current and former employees, have received awards that may result in cash payments in connection with sales of the Company's ownership interests ("Sale Transaction(s)"). The LTIP provides for a bonus pool corresponding to: (i) specified vesting thresholds or (ii) specified events. In the first case, the bonus pool will range from an amount equal to 0.2% (previously 1.0%) of received proceeds at the first threshold to 1.3% at higher thresholds. In the second case, a minimum pool will be created and paid under specified circumstances. The bonus pool will be allocated and paid to participants in the LTIP based on the product of (i) the participant's applicable bonus pool percentage and (ii) the bonus pool calculated as of the vesting date, minus any previously paid portion of the bonus pool. Any portion of the bonus pool available as of the applicable vesting date that is reserved will be allocated in connection with each vesting date so that the entire bonus pool available as of such vesting date is allocated and payable to participants. Subject to the terms of the LTIP, payments under the LTIP will be paid in cash within 60 days of the applicable vesting date. All current officers and employees of the Company are eligible to participate in the LTIP. The Board, in its sole discretion, will determine the participants to whom awards are granted under the LTIP. The Company recorded no compensation expense during each of the years ended December 31, 2023 and 2022, respectively. The Company has not paid any amounts during the years ended December 31, 2023 and 2022 and has no amounts accrued under the LTIP as of December 31, 2023.

In June 2011, Advanced BioHealing, Inc. ("ABH") was acquired by Shire plc ("Shire"). Prior to the expiration of the escrow period in March 2012, Shire filed a claim against all amounts held in escrow related to the sale based principally upon a United States Department of Justice ("DOJ") false claims act investigation relating to ABH (the "Investigation"). In connection with the Investigation, in July 2015 the Company received a Civil Investigation Demand-Documentary Material ("CID") from the DOJ regarding ABH and Safeguard's relationship with ABH. Pursuant to the CID, the Company provided the requested materials and information. To the Company's knowledge, the CID was related to multiple qui tam ("whistleblower") actions, one of which was filed in 2014 by an ex-employee of ABH that named the Company and one of the Company's employees along with other entities and individuals as defendants. At this time, the DOJ has declined to pursue the qui tam action as it relates to the Company and such Company employee. In addition, in connection with the above matters, the Company and other former equity holders in ABH entered into a settlement and release with Shire during 2017, which resulted in the release to Shire of all amounts held in escrow related to the sale of ABH.

## **12. Supplemental Cash Flow Information**

During the years ended December 31, 2023 and 2022, the Company converted \$1.5 million and zero, respectively, of advances into ownership interests.

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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**13. Segment Reporting**

The Company operates as one operating segment based upon the similar nature of its technology-driven companies, the functional alignment of the organizational structure, and the reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources.

As of December 31, 2023 and 2022, all of the Company's assets were located in the United States.



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**SAFEGUARD SCIENTIFICS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**14. Selected Quarterly Financial Information (Unaudited)**

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share data)			
<b>2023:</b>				
General and administrative expense	\$ 1,185	\$ 1,186	\$ 1,313	\$ 1,999
Operating loss	(1,185)	(1,186)	(1,313)	(1,999)
Other income (loss), net	(9)	(166)	1,661	551
Interest income	274	249	198	182
Equity income (loss), net	(2,564)	(1,759)	386	(3,148)
Net income (loss) before income taxes	(3,484)	(2,862)	932	(4,414)
Income tax benefit (expense)	—	—	—	—
Net income (loss)	<u>\$ (3,484)</u>	<u>\$ (2,862)</u>	<u>\$ 932</u>	<u>\$ (4,414)</u>
Net income (loss) per share (a)				
Basic	<u>\$ (0.22)</u>	<u>\$ (0.18)</u>	<u>\$ 0.06</u>	<u>\$ (0.27)</u>
Diluted	<u>\$ (0.22)</u>	<u>\$ (0.18)</u>	<u>\$ 0.06</u>	<u>\$ (0.27)</u>
<b>2022:</b>				
General and administrative expense	\$ 1,234	\$ 1,146	\$ 1,360	\$ 1,035
Operating loss	(1,234)	(1,146)	(1,360)	(1,035)
Other income (loss), net	(1,997)	30	(1,012)	(318)
Interest income	101	145	230	318
Equity income (loss), net	(3,579)	1,454	(1,022)	(3,838)
Net income (loss) before income taxes	(6,709)	483	(3,164)	(4,873)
Income tax benefit (expense)	—	—	—	—
Net income (loss)	<u>\$ (6,709)</u>	<u>\$ 483</u>	<u>\$ (3,164)</u>	<u>\$ (4,873)</u>
Net income (loss) per share (a)				
Basic	<u>\$ (0.40)</u>	<u>\$ 0.03</u>	<u>\$ (0.19)</u>	<u>\$ (0.30)</u>
Diluted	<u>\$ (0.40)</u>	<u>\$ 0.03</u>	<u>\$ (0.19)</u>	<u>\$ (0.30)</u>

- (a) Per share amounts for the quarters have each been calculated separately. Accordingly, quarterly amounts may not add to the annual amounts because of differences in the average common shares outstanding during each period. Additionally, in regard to diluted per share amounts only, quarterly amounts may not add to the annual amounts because of the inclusion of the effect of potentially dilutive securities only in the periods in which such effect would have been dilutive, and because of the adjustments to net income (loss) for the dilutive effect of common stock equivalents and convertible securities at our ownership interests.

**15. Subsequent Events**

On January 12, 2024, the Company completed a reverse stock split at a ratio of 1-for-100, followed by a forward stock split at a ratio of 100-for-1 (collectively referred to as "stock splits"). In conjunction with the stock splits, certain fractional shareholders aggregating to approximately 6,000 shares for \$9 thousand were repurchased for cash resulting in a reduction in the Company's shareholders of record.

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**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**(a) Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including the Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures as of December 31, 2023 were effective.

**(b) Management’s Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting 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 generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023. In making this assessment, management used the framework established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of December 31, 2023, the Company’s internal control over financial reporting was effective.

**(c) Change in Internal Control over Financial Reporting**

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None.

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**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

**Names of Directors and other Information**

<b>Ross D. DeMont</b> , age 51	<b>Other public directorships:</b> None.
<b>Director since:</b> 2022	<b>Former public directorships within past five years:</b> Sierra Monitor Corporation
<b>Safeguard Board Committees:</b> Audit, Compensation (Chair), Nominating & Corporate Governance	

**Career Highlights:**

- Chief Investment Officer of Rainin Group, LLC (2020 – present)
- Board Observer of FREDsense Technologies (2017 – present)
- Board Member of Desalitech, Inc. (2017 – 2020)
- Director of Research – Public and Private Investments of Rainin Group, LLC (2016 – 2019)
- Board Member of Sierra Monitor Corp. (2018 – 2019)
- Portfolio Manager, Founder and Managing Member of Midwood Capital Partners, LLC (2002 – 2016)
- Senior Associate – Public/Private Investment Fund at Igoe Capital Partners, LLC (2001 – 2002)
- Associate – Mergers and Acquisitions at Presidio Strategies, LLC (1998 – 1999)
- Financial Analyst – Investment Banking at J.P. Morgan, Inc. (1996 – 1998)
- Received Bachelor of Arts in Economics, Government (both with Honors) from Connecticut College
- Received Master of Business Administration (Tuck Scholar) from the Tuck School of Business at Dartmouth

**Experience and Qualifications:** Mr. DeMont is currently Chief Investment Officer at the Rainin Group, Inc., which manages the assets of both a family office and the investments of the Kenneth Rainin Foundation. Previously, Mr. DeMont was a Managing Member and Portfolio Manager of Midwood Capital Management, a private investment partnership making concentrated investments in public companies. Before this role, Mr. DeMont was an Associate at Igoe Capital Partners, a hybrid public/private equity investment firm with a primary focus on the small- and micro-cap sectors. Mr. DeMont also worked at Presidio strategies in Mergers and Acquisitions and JP Morgan with a focus on Corporate Finance and Mergers and Acquisitions. He previously served on multiple Boards of Directors, including Desalitech, a private, venture backed company selling into the industrial water treatment industry and Sierra Monitor Corp. (Ticker: SRMC), focused on device connectivity and environmental instrumentation. Mr. DeMont graduated from Connecticut College with a BA in both Economics and Government and earned an MBA from the Tuck School of Business at Dartmouth.

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<b>Russell D. Glass</b> , age 61	<b>Other public directorships:</b> None.
<b>Director since:</b> 2018	<b>Former public directorships within past five years:</b> None.
<b>Safeguard Board Committees:</b> Audit, Compensation, Nominating & Corporate Governance (Chair)	

**Career Highlights:**

- Managing Member of RDG Capital LLC, a private investment company (2005 – present)
- Managing Member of RDG Capital Fund Management, a private investment company (2014 – present)
- Vice Chairman of Clarim Acquisition Corp., a special purpose acquisition company (2020 – present)
- Director of A.G. Spanos Corporation, a national real estate development company (1993 – present)
- Managing Member of Princeford Capital Management, an investment advisory firm (2009 – 2014)
- Chief Executive Officer of Cadus Pharmaceutical Corporation (n/k/a Cadus Corporation), a biotechnology holding company (2000 – 2003), and director (1998 – 2011)
- Co-Chairman and Chief Investment Officer of Ranger Partners, an investment fund company (2002 – 2003)
- President and Chief Investment Officer of Icahn Associates Corporation, a diversified investment firm and principal investment vehicle for Carl Icahn (1998 – 2002)
- Partner at Relational Investors LLC, an investment fund management company (1996 – 1998)
- Partner at Premier Partners Inc., an investment banking and research firm (1988 – 1996)
- Analyst with Kidder, Peabody & Co., an investment banking firm (1984 – 1986)
- Former Director of the Council for Economic Education, Automated Travel Systems, Inc., Axiom Biotechnologies, Blue Bite, Global Discount Travel Services/Lowestfare.com, National Energy Group and Next Generation Technology Holdings, Inc.
- Received A.B. in Economics from Princeton University
- Received M.B.A. from Stanford Graduate School of Business

**Experience and Qualifications:** Mr. Glass has experience relating to private equity, investment banking and serving as chief executive officer of a public company. Mr. Glass has experience serving on the boards of several public and private companies in a wide range of industries.

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<p><b>Joseph M. Manko, Jr.</b>, age 58</p> <p>(Chairman of the Board)</p> <p><b>Director since:</b> March 2019</p> <p><b>Safeguard Board Committees:</b> Audit, Compensation, Nominating &amp; Corporate Governance</p>	<p><b>Other public directorships:</b> Koru Medical Systems, Inc.</p> <p><b>Former public directorships within past five years:</b> Creative Realities, Inc. and Wireless Telecom Group, Inc.</p>
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**Career Highlights:**

- Managing Member and Senior Principal of Horton Capital Management, LLC, an investment fund (2013 – present)
- Minority owner and a Managing Director at Mufson Howe Hunter & Co., LLC, a boutique investment bank focusing on middle-market companies (2011 – present)
- Partner and Chief Executive Officer of Switzerland-based BZ Fund Management Limited, where he was responsible for corporate finance, private equity investments, three public equity funds and the firm’s Special Situations and Event-Driven strategies (2005 – 2010)
- Managing Director, Deutsche Bank AG (NYSE:DB), an investment bank in London (1997 – 2004)
- Vice President, Merrill Lynch & Co, Inc. (n/k/a BofA Securities (NYSE: BAC)), an investment bank (1995 – 1997)
- Corporate Finance Attorney at Skadden, Arps, Slate, Meagher & Flom LLP, a law firm (1991 – 1995)

**Experience and Qualifications:** Mr. Manko has experience serving on the boards of several companies and has participated in numerous shareholder value creation strategies and monetizations.

<p><b>Beth S. Michelson</b>, age 54</p> <p><b>Director since:</b> 2022</p> <p><b>Safeguard Board Committees:</b> Audit, Compensation, Nominating &amp; Corporate Governance</p>	<p><b>Other public directorships:</b> Cartesian Growth Corporation II</p> <p><b>Former public directorships within past five years:</b> None.</p>
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**Career Highlights:**

- Chief Financial Officer and Board Member of Cartesian Growth Corporation II (2021 – present)
- Management Team of Cartesian Growth Corporation I (Nasdaq: GLBL) (2021 – January 2023)
- Partner of Cartesian Capital Group (2022 – present)
- Senior Managing Director of Cartesian Capital Group (2006 – 2022)
- Vice President at PH Capital/ AIG Capital Partners (1999 – 2006)
- Associate at Wasserstein Perella Emerging Markets (1996 – 1999)
- Current Board Member of: Global Advisory Board, Columbia Business School Chazen Institute for Global Business; NorthStar Air & Space Inc; Thermal Management Solutions, Ltd.; Brilia, S.A.; Tiendamia (Xipron, Inc); and Replications
- Prior Board Member of: redIT; Network Management Services; Public Mobile; BTS Torres BV; and AdSpace Networks
- Received Bachelor of Arts with distinction from the University of Michigan
- Received Master of Business Administration from Columbia Business School; Master of International Affairs from Columbia School of International and Public Affairs

**Experience and Qualifications:** Ms. Michelson is a private equity investor with more than two decades of building businesses globally. In addition to having served on audit and compensation committees, Ms. Michelson is also a Chartered Financial Analyst and has structured and deployed over \$500 million of investment capital.

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### Skills and Qualifications of Director Nominees

The following table includes the skills and qualifications of each director nominee that led our Board to conclude that the director nominee is qualified to serve on our Board.

	<b>Ross D. DeMont</b>	<b>Russell D. Glass</b>	<b>Joseph M. Manko, Jr.</b>	<b>Beth S. Michelson</b>
Operational / Direct Management Experience	✓	✓	✓	✓
Capital Markets Experience	✓	✓	✓	✓
Private Equity / Venture Capital Experience	✓	✓	✓	✓
Financial Expertise / Literacy	✓	✓	✓	✓
C-level Experience	✓	✓	✓	✓
Other Public / Private Director Experience	✓	✓	✓	✓

**Audit Committee.** The Audit Committee held four meetings during 2023. The Audit Committee's responsibilities, which are described in detail in its charter, include, among other duties, the responsibility to:

- ☐ Assist the Board in fulfilling its responsibilities regarding general oversight of the integrity of Safeguard's financial statements, Safeguard's compliance with legal and regulatory requirements and the performance of Safeguard's internal audit function;
- ☐ Interact with and evaluate the performance, qualifications and independence of Safeguard's independent registered public accounting firm;
- ☐ Review and approve related party transactions; and
- ☐ Prepare the report required by SEC regulations to be included in the proxy statement.

The Audit Committee has the sole authority to retain, set compensation and retention terms for, terminate and oversee the relationship with Safeguard's independent registered public accounting firm (which reports directly to the Audit Committee). The Audit Committee also oversees the activities of the internal auditor, reviews the effectiveness of the internal audit function and approves the appointment of the internal auditor. The Audit Committee has the authority to obtain advice, counsel and assistance from internal and external legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and to receive appropriate funding from Safeguard for such advice and assistance. Although the Audit Committee has the powers and responsibilities set forth in its charter, its role is oversight, and management has primary responsibility for the financial reporting process of Safeguard.

The Board has determined that each member of the Audit Committee meets the independence requirements established by SEC regulations, Nasdaq listing standards and our Corporate Governance Guidelines. The Board has also determined that Mr. DeMont, Mr. Glass, Mr. Manko and Ms. Michelson are "audit committee financial experts" within the meaning of the SEC regulations, and the Board has determined that each member of the Audit Committee has accounting and related financial management expertise within the meaning of the Nasdaq listing standards.

### Code of Business Conduct and other Charters.

Safeguard's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Audit Committee Charter, Compensation Committee Charter and Nominating & Corporate Governance Committee Charter are available at <https://ir.safeguard.com/corporate-governance/documents-charters/>. The Code of Business Conduct and Ethics is applicable to all employees of Safeguard, including each of our executive and financial officers, and the members of our Board. Safeguard has posted any applicable information regarding amendments to or waivers from our Code of Business Conduct and Ethics (to the extent applicable to Safeguard's directors or executive officers) in the Corporate Governance section of our website. Our website is not part of this report. All references to our website address are intended to be inactive textual references only.

### Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and greater than 10% holders of our common stock to file with the SEC reports of ownership of our securities and changes in ownership of our securities. Based solely on our review of the copies of reports we have received and upon written representations from the reporting persons that no Form 5 reports were required to be filed by those persons, Safeguard believes there were no late filings by our directors and executive officers

during 2023. Except as disclosed in SEC reports, there were no known holders of greater than 10% of our common stock during 2023 who failed to file the required reports.



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**Item 11. Executive Compensation**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

Our Compensation Committee (for purposes of this discussion, the “Committee”) is responsible for establishing our company-wide compensation philosophy and practices, for determining the compensation for our “named executive officers” and for approving the compensation for our other senior executives, based on the recommendations of our Chief Executive Officer. This Compensation Discussion and Analysis describes our executive compensation program and the compensation decisions made for 2023 for our named executive officers.

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting its existing ownership interests (such companies are referred to throughout this Compensation Discussion and Analysis (“CD&A”) as our “companies” or Safeguard’s or its “companies”) and maximizing monetization and other strategic opportunities to enable Safeguard to return value to its shareholders. This strategy is sometimes referred to in this CD&A as the “Strategy.”

At December 31, 2023, there were two individuals serving as named executive officers of Safeguard:

Eric Salzman	Chief Executive Officer
Mark A. Herndon	Senior Vice President and Chief Financial Officer

Following such time, Mr. Salzman and Mr. Herndon ceased serving in such positions and, effective January 1, 2024, Mark Dow of Rock Creek (as defined below) was named as Safeguard’s Chief Executive Officer, Chief Financial Officer and Secretary.

***Key 2023 Compensation and Management Changes***

- On December 15, 2023, the Board approved, and the Company entered into, a letter agreement (the “Services Agreement”) with Rock Creek Advisors, LLC (“Rock Creek”) and two letter agreements with each of Mr. Salzman and Mr. Herndon related to Messrs. Salzman’s and Herndon’s: (i) termination as full-time employees of the Company (“Termination Letter Agreements”) and (ii) temporary employment arrangements (“Employment Letter Agreements”). The Termination Letter Agreements were effective as of December 31, 2023. The Services Agreement and Employment Letter Agreements were effective as of January 1, 2024.
- Pursuant to the Services Agreement, Rock Creek will perform certain consulting and advisory services related to the Company’s financial and operational functions and the Company will pay Rock Creek a monthly fee of \$25,000 for the first twelve months of the engagement. The fee will be reduced to \$20,000 per month thereafter. In addition, the Company will reimburse Rock Creek for all reasonable out of pocket expenses and costs incurred in connection with the performance of the Services. Either the Company or Rock Creek may terminate the Services Agreement upon 30 days’ advance written notice. Mr. Dow is not paid any additional amounts by the Company.
- Under the Termination Letter Agreement with Mr. Salzman, 125,000 performance based restricted stock units previously granted to Mr. Salzman vested in full effective as of December 15, 2023, and pursuant to the Termination Letter Agreement with Mr. Herndon, he received a cash payment of: (i) \$142,500, which is equal to six months of his base annual salary and (ii) \$171,000 as his 2023 incentive plan compensation under the Company’s Management Incentive Plan.
- Under the terms of the Employment Letter Agreements, effective January 1, 2024, each of Messrs. Salzman and Herndon is a temporary at-will employee of the Company providing services to the Company from time to time on as-needed basis, at a rate of \$400 per hour. In addition, in 2024, Mr. Salzman will be serving as a director or observer, as applicable, of certain of the Company’s portfolio companies, and the Company will pay Mr. Salzman up to \$200,000 for such board related services, subject to adjustment if the number of boards, for which the Company has the right to nominate a director or observer, is three or less as of June 30, 2024.

***Effective Corporate Governance Principles***

Below is a summary of what we did and what we did not do relating to executive compensation during 2023:

**WHAT WE DID:**



- ✓ Emphasized variable pay for performance by providing significant equity-based compensation or by linking our named executive officers' target incentive compensation to Safeguard's performance
- ✓ Maintained a compensation recovery policy that will permit us to seek reimbursement of cash and incentive compensation and/or equity grants in certain instances of financial statement restatement
- ✓ Maintained meaningful stock ownership guidelines for our senior executives and Board members

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### **WHAT WE DIDN'T DO:**

- ⊗ **Provide golden parachute excise tax or other tax gross-ups upon a change in control**
- ⊗ **Provide any material perquisites**
- ⊗ **Grant stock option awards or stock appreciation rights ("SARs") below 100% of fair market value**
- ⊗ **Permit hedging or short-sales transactions in our stock by our senior executives, or permit the use of Safeguard stock as collateral for indebtedness by our senior executives**
- ⊗ **Provide a pension plan or special retirement program other than our 401(k) plan, which is available to all employees**

The Committee reviews our compensation philosophy each year to ensure that its principles and objectives are aligned with our overall business strategy and aligned with the interests of our shareholders. We seek to apply a consistent philosophy across our executive group, not just among our named executive officers.

### **Compensation Philosophy and Objectives**

Our overall goals in compensating our executives in 2023 were as follows:

- Encourage alignment of executive and shareholder interests as an incentive to increase shareholder value, including by way of continuing to provide equity-based compensation for our Chief Executive Officer;
- Retain and motivate executives whose experience and skills could be leveraged to facilitate (i) Safeguard's companies' growth, success and ultimate monetization and (ii) other strategic opportunities to enable Safeguard to return value to its shareholders, including by way of implementing a "go-dark" transaction;
- Provide a mix of fixed and variable at-risk cash and equity compensation; and
- Link variable compensation to metrics that demonstrate value creation for Safeguard.

### **Role of the Compensation Committee in Compensation Decisions**

The Committee is responsible for the design of our executive compensation program and for making decisions regarding our named executive officers' compensation. The Committee also makes, or has final approval authority regarding, all compensation decisions for our other senior executives. Annually, the Committee reviews executive compensation practices, including the methodology for setting total named executive officers' compensation, the goals of the program and the overall compensation philosophy for Safeguard. The Committee believes that the overall objectives of its compensation philosophy are better achieved through flexibility. The Committee ultimately makes decisions regarding executive compensation based on its assessment of Safeguard's performance and the achievement of its companies' and corporate goals.

The Committee is also responsible for approving and granting equity awards to our directors, executives, employees and, from time to time, other independent advisors and consultants. The Committee's responsibilities are more fully described in its charter, which is available at <https://ir.safeguard.com/corporate-governance/documents-charters/>.

### **Role of Executive Officers in Compensation Decisions**

Within the parameters approved by the Committee each year and any applicable existing employment agreements, our Chief Executive Officer is responsible for evaluating and recommending compensation for our other employees, including annually assessing the performance of each other employee. In determining the compensation of our executives, the Committee considers our Chief Executive Officer's assessment and recommendations. However, other than for compensation that has been established contractually or under quantitative formulas established by the Committee each year under our management incentive program, the Committee exercises its own discretion in determining whether to accept or modify our Chief Executive Officer's recommendations. These individuals are not present when the Committee and our Chief Executive Officer review their performance or when the Committee makes its determinations concerning their compensation.

### **Setting Executive Compensation**

The Committee believes that a significant portion of each executive's total compensation should be variable or "at-risk." The Committee also believes that a significant portion of our Chief Executive Officer's total compensation should be paid in the form of equity. It is the view of the Committee that the greater the ability of an executive (based on role and responsibilities at Safeguard) to impact Safeguard's achievement of its short- and long-term objectives, the greater the percentage of such executive's overall compensation that should be "at-risk" or paid in the form of equity. In 2023, the Committee principally utilized variable/at-risk equity-based compensation to pursue its objectives in this regard. For further discussion of setting executive compensation, see "The Strategy - Changes in Compensation Policies and Practices" below.

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## Outcome of the 2023 Say-on-Pay Vote and Shareholder Outreach

At our 2023 annual meeting of shareholders, our shareholders approved the compensation of our named executive officers, with approximately 82% of shareholder votes being cast in favor of our say-on-pay proposal on executive compensation.

## 2023 Compensation Program

During 2023, the Committee used the following principal elements of executive compensation to meet its overall goals:

Compensation Element	Objective	Key Features	Performance / At Risk?
Base Pay	Rewards an executive's core competencies relative to skills, experience, responsibilities and anticipated contributions to us and our companies.	Unless contractually determined, subject to adjustment annually based on individual performance, experience, leadership and market factors.	No.
Annual Incentives	Rewards an executive's contributions towards the achievement of annual corporate objectives.	The Committee establishes annual performance objectives that align our compensation practices with our shareholders' interests.	Yes; payout occurs only upon achievement of established measurable goals. May not pay out if annual performance goals are not met.
Transaction Bonus Plan	Rewards an executive's contributions towards the achievement of the monetization of ownership interests.	The bonus pool is principally based on cash consideration received by Safeguard.	Yes; payout occurs only upon the achievement of thresholds related to cash received by Safeguard or specified events.
Restricted Stock (subject to time-based vesting)	Encourages executive ownership of our stock and promotes continued employment with us through the use of vesting based on extended tenure with Safeguard.	Value is realized based on future stock price, with a direct correlation to changes in shareholder value.	Yes; value increases or decreases in correlation to share price.
Restricted Stock Units (subject to performance-based vesting)	Correlates realized pay with increases in shareholder value.	Aligns the incentive award with the factors critical to the creation of shareholder value.	Yes; executives may realize little or no value if pre-determined performance metrics are not achieved.
Health and Welfare Benefits	Provides benefits that are part of our broad-based employee benefits programs, including medical, dental, life insurance, disability plans and our 401(k) plan matching contributions.	Ensures competitive market practices and promotes continued employment.	No.
Severance and Change-in-Control Arrangements	Helps us retain certain of our executive officers, providing us with continuity of executive management.	Payments are forfeited if the executive resigns without good reason or is terminated for cause.	No.

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**Base Pay.** Base pay is established initially on the basis of several factors, including market competitiveness; past practice; individual performance and experience; the level of responsibility assumed; the level of skills and experience that can be leveraged across our companies to facilitate their growth and success; and individual employment negotiations with executives. Each of our executive officers in 2023 had an agreement with us that sets a minimum base salary.

Base salaries typically are reviewed annually (at the end of one year and the beginning of the upcoming calendar year) by the Committee, as well as in connection with a promotion or other changes in job responsibilities. ***Neither Mr. Salzman nor Mr. Herndon received increases in their base salaries for the 2023 calendar year.***

The Committee does not typically make adjustments to the base salary levels for our executives based on cost-of-living types of factors.

### ***Incentives.***

#### ***Incentive Opportunity for Chief Executive Officer.***

Effective April 1, 2020, Safeguard appointed Mr. Salzman to the position of Chief Restructuring Officer to succeed Brian Sisko, Safeguard's then President and Chief Executive Officer. Later, on December 21, 2020, Safeguard appointed Mr. Salzman to the position of Chief Executive Officer. Mr. Salzman did not participate in Safeguard's Management Incentive Program ("MIP"). Instead, Mr. Salzman received significant equity-based compensation.

On January 1, 2022, Mr. Salzman received a restricted stock award of 60,000 shares of Safeguard's common stock, which vested and was paid ratably on a monthly basis through December 31, 2022, and a performance stock unit grant representing a right to receive 80,000 shares of Safeguard's common stock, which would vest based on the Committee's discretion and if certain performance criteria were achieved by December 31, 2022, subject to Mr. Salzman's continued employment. After reviewing Safeguard's performance against such criteria, in January 2023 the Committee approved the vesting of 64,000 of such performance stock units.

On January 17, 2023, Mr. Salzman received an restricted stock award of 125,000 shares of Safeguard's common stock, which vested and was paid ratably on a monthly basis through December 31, 2023. Effective March 15, 2023, Mr. Salzman received a performance stock unit grant representing a right to receive 125,000 shares of Safeguard's common stock, which would vest based on the Committee's discretion and if certain performance criteria were achieved by December 31, 2023, subject to Mr. Salzman's continued employment. After reviewing Safeguard's performance against such criteria, in December 2023 the Committee approved the vesting of all 125,000 of such performance stock units.

#### ***Incentive Opportunity for other Officers.***

The Committee annually awards bonuses to our other executives under the MIP. The MIP is designed to provide a variable short-term incentive to our named executive officers and our other executives and employees principally based on Safeguard's annual performance and/or individual achievement. These awards are determined annually following the end of each calendar year based on the Committee's assessment of the achievement of objectives established at the beginning of the year. Payments may be made in cash and/or equity, in the Committee's discretion. The awards for the 2023 calendar year were paid in cash. Neither the actual awards to be made under the MIP nor the minimum long-term value of any equity grants made is guaranteed.

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For 2023, the Committee determined that our named executive officers and other senior executives participating in the MIP would be eligible to receive an award under the MIP based on the achievement by Safeguard of corporate objectives. Other employees also participated in our 2023 MIP based on the achievement by Safeguard of corporate objectives.

### *2023 MIP Performance Measures.*

The Committee established specific performance criteria under the 2023 MIP, which included management's execution of a strategic transaction or development of an actionable plan to implement a "go dark" transaction (i.e., the Company's voluntarily delisting of its common stock from trading on Nasdaq and the deregistering of the Company's common stock under Section 12(b) of the Exchange Act). Within the specific parameters of the 2023 MIP, the Committee also reserved a significant level of discretion generally and in reaching final determinations of achievement levels attained. The determination to reserve such discretion and flexibility arose from the Committee's belief that, given Safeguard's business activities, as circumstances change throughout a given fiscal year, on a macro and/or a micro level, specific/rigid formulas or guidelines for measuring achievement set in the beginning of a year, if strictly applied, may well incent activity that does not result in, or compensation grants that do not match, actual shareholder value creation and that the execution of the Strategy would likely entail the arising of unforeseen circumstances. The award criteria finally adopted was designed to provide management with a meaningful guideline for meeting the Committee's criteria for a target award, but not guarantee achievement or make achievement somewhat inevitable or impossible. This approach is also intended to provide the possibility of some economic recognition, albeit reduced, for near achievement of the target.

Consistent with their respective employment agreements and Safeguard's overall compensation philosophy, and based upon multiple factors reviewed by the Committee, including an assessment of competitive compensation data in the market in which Safeguard competes for executive talent and to better align the interests of Safeguard management and our shareholders, the following target MIP awards for 2023 were set for our named executive officers:

<b>Name</b>	<b>2022 MIP Target Variable Incentive (1)</b>	<b>2023 MIP Target Variable Incentive</b>
Eric Salzman	n/a	n/a
Mark A. Herndon	\$ 171,000	\$ 171,000

(1) The 2022 MIP target variable incentive amount has been included for comparison purposes.

There were no mandatory minimum awards payable under the 2023 MIP, and awards were paid based upon the Committee's determination of the level of achievement of the applicable corporate objectives.

*Determination of 2023 Payouts.* In late 2023, the Committee reviewed Safeguard's corporate performance against the corporate objectives described above. The Committee approved an achievement level of 100% (against targeted amounts) for the senior executives participating in the MIP.

Based on its assessment of the achievement of the 2023 MIP corporate objectives, the Committee authorized the following individual awards to Safeguard's named executive officers. The Committee determined to pay the 2023 MIP payments to our executives in cash.

<b>Name</b>	<b>Payout Level (1)</b>	<b>Total Variable Incentive Payment</b>
Eric Salzman	n/a	n/a
Mark A. Herndon	100%	\$ 171,000
Named Executive Officers, as a group (1 named executive officer)	100%	\$ 171,000

(1) Percentage of 2023 MIP Target. Pursuant to the terms of the Termination Letter Agreement with Mr. Herndon, he received 100% of his incentive plan compensation under the MIP. Mr. Salzman did not participate in the MIP.

The Committee annually reviews the equity awards held by our executives and other employees and also may consider awards periodically during a year in an effort to retain and motivate employees and to ensure continuing alignment of executive and shareholder interests. Grants may be made at regularly scheduled meetings or at special meetings convened to approve compensation arrangements for newly hired executives or for executives who have been promoted or are otherwise subject to changes in responsibilities. Any stock options granted are granted with an exercise price equal to the average of the high and low trading prices of our common stock on the date of grant.

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**Perquisites (fringe benefits).** During 2023, we provided life insurance coverage ranging from \$750,000 to \$1,000,000 to each of our named executive officers at a total cost of \$3,388. Our named executive officers also are eligible to participate in the fringe benefits that Safeguard may offer, from time to time, on a non-discriminatory basis to all of our employees.

## **Severance and Change-in-Control Arrangements**

During 2023, each of our current named executive officers, respectively, was a party to an employment agreement with Safeguard. As of December 31, 2023, Mr. Salzman and Mr. Herndon ceased serving as the Company's Chief Executive Officer and Chief Financial Officer, respectively. See "Executive Compensation—Potential Payments upon Termination or Change in Control" below for a summary of the specific benefits that each named executive officer received in connection with such occurrence.

## **Compensation Recovery Policy**

In November 2023, the Board approved a Compensation Recovery Policy (the "Recovery Policy"), which is filed herewith. As set forth in the Recovery Policy, in the event of an accounting restatement, the Company must recover erroneously awarded compensation reasonably promptly, in amounts determined pursuant to the Recovery Policy. The Recovery Policy applies to all incentive-based compensation received by a person (a) after beginning service as an executive officer; (b) who served as an executive officer at any time during the performance period for such incentive-based compensation; (c) while the Company has a listed class of securities on a national securities exchange; and (d) during the clawback period. See the Recovery Policy for its complete terms and conditions.

## **Deductibility of Executive Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to any of the companies' chief executive officer and certain other named executive officers. Prior to the effectiveness of the Tax Cuts and Jobs Act, performance-based compensation satisfying certain requirements was not subject to this deduction limitation. Effective January 1, 2018, the performance-based compensation exception is not available to public companies, except for certain limited grandfathered arrangements. We periodically reviewed potential consequences of Section 162(m) and, prior to January 1, 2018, the stock options and PSUs awarded under our equity compensation plan were intended to comply with the provisions of Section 162(m).

## **Stock Ownership Guidelines**

Our Board has established stock ownership guidelines that are designed to closely align the long-term interests of our named executive officers and other senior executives with the long-term interests of our shareholders. During 2023 our ownership guidelines were as follows:

<b>Executive</b>	<b>Ownership Requirement</b>
Chief Executive Officer	4X Base Salary
Executive Vice President / Chief Financial Officer	3X Base Salary
Senior Vice President	2X Base Salary

The Nominating & Corporate Governance Committee monitors compliance with the ownership requirements as of the end of each calendar year. Shares counted toward these guidelines include:

- Shares beneficially owned by the executive officer;
- Vested portion of restricted stock units and restricted stock awards; and
- Net value of shares underlying vested, in-the-money options ("Net Option Value").

For purposes of calculating the value to be used in monitoring compliance with the ownership guidelines, we utilize (a) the greater of the current value or the cost basis of purchased shares or vested restricted stock units/restricted stock awards as to which the executive has declared income and paid taxes; and (b) our trailing six-month average share price in determining Net Option Value.

The stock ownership guidelines in effect in 2023 provided that each executive generally must meet the stock ownership requirement by December 31st of the year of the fifth anniversary of the event triggering the stock ownership requirement (or any increase in the stock ownership requirement). Due to the Strategy, in March 2019, the Nominating & Corporate Governance Committee eliminated the specific timeframe by which our named executive officers and other senior executives must satisfy the stock ownership requirements; provided that no sales of Safeguard stock by our named executive officers and other senior executives are permitted until the stock ownership requirement is met (except for (i) limited stock sales to meet tax obligations and (ii) sales of shares awarded under the management incentive program) without the approval of the Board or our Nominating & Corporate Governance

Committee. As of the date of this proxy statement, our named executive officers have not yet achieved the required stock ownership level.



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### **Prohibition on Speculation in Safeguard Stock**

Safeguard's policy on securities trading prohibits our executive officers, directors, and other employees from engaging in activities with regard to our stock that can be considered as speculative, including but not limited to, short selling (profiting if the market price of our securities decreases); buying or selling publicly traded options (e.g., a put option, which is an option or right to sell stock at a specific price prior to a specified date, or a call option, which is an option or right to buy stock at a specific price prior to a specified date); and hedging or any other type of derivative arrangement that has a similar economic effect. Our executive officers and directors also are prohibited from pledging, directly or indirectly, our common stock or the stock of any of our companies, as collateral for indebtedness.

### **The Strategy - Changes in Compensation Policies and Practices**

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting its existing ownership interests and maximizing monetization and other strategic opportunities to enable returning value to shareholders. Initiatives considered to do so include, among others: the sale of our ownership interests, the sale of certain or all of our ownership interests in secondary market transactions, or a combination thereof, as well as other strategic opportunities to maximize shareholder value (the "Strategy").

In connection with the Strategy, on April 6, 2018, the Committee approved, and the Board adopted, the Safeguard Scientifics, Inc. Transaction Bonus Plan, which was amended and restated as the Safeguard Scientifics, Inc. Amended and Restated Transaction Bonus Plan (the "LTIP"), which was approved and adopted on February 18, 2019 and further amended effective May 29, 2020. The purpose of the LTIP is to better promote the interests of Safeguard and its shareholders by providing a definitive incentive to employees to maximize the value of Safeguard in connection with the execution of the Strategy.

Under the LTIP, participants, which include certain current and former employees, may receive a contingent right to receive a payment under the LTIP from a cash bonus pool. The bonus pool becomes available only after cash consideration is received by Safeguard in connection with the sale or other liquidation of its assets, including the sale of interests in its companies. ("Sale Transaction(s)").

Following a Sale Transaction, the bonus pool will be equal to, and participants will receive an aggregate of, 0.2% to 1.3% of the transaction consideration (as defined in the LTIP and set forth below) received by Safeguard in connection with the Sale Transaction, provided that (i) the cash bonus pool shall not be available until Safeguard has received a specified minimum amount of transaction consideration and (ii) each additional payment from the bonus pool will first require that Safeguard has received a further specified minimum amount of transaction consideration. In addition, the cash bonus pool will be equal to, and participants will receive, a specified minimum dollar amount upon the occurrence of a single transaction or a series of related transactions pursuant to which either (i) Safeguard sells, transfers or otherwise disposes of multiple assets representing, in the aggregate, a material portion of Safeguard's assets (as determined in good faith by Safeguard's Board of Directors) or (ii) Safeguard is sold, merged or consolidated with or into another company.

For purposes of the LTIP, "transaction consideration" means, in connection with a Sale Transaction(s), (i) the cash consideration received directly or indirectly by Safeguard, minus (ii) the sum of the commissions, fees and expenses payable to the Safeguard's investment bankers and the amount of fees and expenses payable to Safeguard's professional advisors in connection with the Sale Transaction. For purposes of Transaction Consideration, cash shall not be considered paid to Safeguard unless and until the cash has been received by Safeguard and shall include any cash received by Safeguard upon the sale of securities or other consideration received in connection with any Sale Transaction.

All current officers and employees of Safeguard are eligible to participate in the LTIP. The Board, in its sole discretion, determines the participants to whom awards are granted under the LTIP, and the amounts of the awards relating to the bonus pool, provided that any award made to an officer or employee may not be rescinded unless the officer or employee has been terminated for cause or the employee has resigned without good reason.

At the time of the adoption of the initial Transaction Bonus Plan on April 6, 2018, the Committee also awarded, to all holders of performance unit and stock unit awards previously granted under Safeguard's 2014 Equity Compensation Plan (the "Plan"), dividend equivalents relating to such awards. The Committee awarded such dividend equivalents, meaning amounts determined by multiplying (i) the number of shares of Company stock or stock units subject to an award under the Plan by (ii) the per-share extraordinary dividend or distribution paid by Safeguard on its stock as described in Section 5(c) of the Plan ("Dividend Equivalents"), to grantees to the extent the grantees held any of the following awards under the Plan: (1) stock units that have not yet been vested and distributed, and (2) performance units that have not yet been vested and distributed. The Dividend Equivalents are subject to the same vesting terms and other conditions of the existing awards and will be governed by the terms of the existing award and the Plan.

On February 18, 2019, the Board approved an award under the LTIP to Mark A. Herndon, the Company's Senior Vice President and Chief Financial Officer, with a bonus pool percentage equal to 7%. Mr. Salzman, the Company's current Chief Executive Officer, has not received a fixed award under the LTIP, but he, like all LTIP participants, is eligible to receive any portion of a bonus pool that was not previously awarded to an LTIP participant.

Payments under the LTIP became due and payable for the first time during 2021. The total amount of these payments was \$2,500,000. The LTIP payments made to Mr. Salzman and Mr. Herndon in 2021 were equal to \$135,000 and \$473,333, respectively (which is equal to 5.4% and 18.9%, respectively, of the total LTIP payments).

No LTIP payments were made in 2023.

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## EXECUTIVE COMPENSATION

### Summary Compensation Table — Fiscal Years Ended December 31, 2023 and 2022

The table below is a summary of total compensation paid to or earned by our named executive officers for the fiscal years ended December 31, 2023 and 2022. At December 31, 2023, there were two individuals serving as named executive officers of Safeguard.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Eric C. Salzman <i>Chief Executive Officer</i>	2023	500,000	—	390,625	—	—	—	19,532	910,157
	2022	500,000	—	426,000	—	—	—	19,572	945,572
Mark A. Herndon <i>Senior Vice President and Chief Financial Officer</i>	2023	285,000	—	—	—	171,000	—	18,695	474,695
	2022	285,000	—	—	—	162,450	—	17,951	465,401

- (1) Consistent with SEC rules, stock awards are required to be valued using the aggregate grant date fair value computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). Even though awards may be forfeited, the amounts reported do not reflect this contingency. Amounts reported for these awards do not reflect our accounting expense for these awards during the year and may not represent the amounts that our named executive officers will actually realize from the awards. Whether, and to what extent, Mr. Salzman realizes value will depend on (i) continued employment, (ii) whether certain performance criteria are achieved and (iii) the Committee's discretion. Vesting of awards held by Mr. Salzman may be accelerated in certain circumstances as detailed below under "Potential Payments upon Termination or Change in Control."
- (2) For 2023, the Committee awarded Mr. Salzman a combination of: (i) time-based vesting restricted stock and (ii) and performance-based vesting restricted stock units (the "PSUs"). During 2023, all 125,000 shares of such time-based vesting restricted stock held by Mr. Salzman vested. The fair value of each share of such restricted stock was equal to the average of the high and low trading prices of a share of our common stock on the grant date, which was \$3.13 per share. The PSUs were subject to performance-based vesting based on the delivery of a strategic transaction or a "go-dark" plan that would enable Safeguard to return value to its shareholders and the Committee's discretion. Each PSU entitled Mr. Salzman to receive one share of Safeguard common stock on or about the date upon which the PSU vests. The grant date fair value for the 125,000 PSUs included in this column for 2023, which was \$0, was computed based upon the probable outcome of the performance conditions as of the grant date. Assuming the highest level of performance conditions will be achieved (that is, the full number of shares underlying the PSUs will vest upon 100% achievement of the target), the full grant date fair value for the PSUs granted to Mr. Salzman during 2023 would be \$233,125. Ultimately, all 125,000 of such PSUs vested and the underlying shares were issued in December, 2023, which is equal to the grant date fair value of \$233,125 for the vested PSUs granted to Mr. Salzman in 2023.
- (3) For Mr. Herndon, the amounts reported in this column for 2023 represent payments for awards earned under our 2023 Management Incentive Program paid in January 2024 in the amount of \$171,000. The payments under the 2023 Management Incentive Program are described in more detail under "Compensation Discussion and Analysis—2023 Compensation Program." Payments under the 2023 management incentive program were paid to employees in cash.
- (4) For 2023, All Other Compensation includes the following amounts:

Name	401(k) Matching Contribution (\$)	Life Insurance Premiums (\$)	Group Life Insurance Imputed Income (\$)	Severance Benefits (\$)
Eric C. Salzman	16,500	1,842	1,190	—
Mark A. Herndon	16,500	1,546	649	—

Our named executive officers also were eligible to receive matching charitable contributions under our program, which is available to all employees, subject to a maximum of \$1,500 in matching contributions for each individual for each calendar year.

The components of compensation reported in the Summary Compensation Table, including an explanation of the amount of salary and cash incentive compensation in proportion to total compensation, are described in detail under “Compensation Discussion and Analysis.”

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**Grants of Plan-Based Awards — 2023**

The following table shows awards granted during 2023 to our named executive officers.

Name	Grant Date	Date of Committee Action	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)(3)			All Other Stock Awards: Number of Shares of Stock or Units (2)(3)	All Other Awards: Number of Securities Underlying Option Awards (#)	Exercise Price of Awards (\$/Sh)	Closing Price on Date of Grant (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)					
Eric C. Salzman	1/17/23	12/27/22	—	—	—	—	—	—	125,000	—	—	—	390,625
	3/15/23	3/7/23	—	—	—	—	125,000(4)	—	—	—	—	—	233,125
Mark C. Herndon	3/21/23	3/7/23	—	171,000	—	—	—	—	—	—	—	—	—

- (1) This award was made to Mr. Herndon under our 2023 MIP. There was no mandatory minimum award payable under our 2023 MIP other than in connection with a termination of employment as specified in a named executive officer's employment agreement. The amount in the table payable to Mr. Herndon represents a payout that might have been achieved based on performance at target performance levels. The actual payment under his award, which has already been determined and was paid in January 2024, is included for 2023 in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Payments under the 2023 MIP were paid in cash.
- (2) The vesting of equity awards may be accelerated, as applicable, upon death, permanent disability, termination of employment for good reason or without cause, or termination of employment in connection with a change in control. Further information regarding the equity awards that are subject to acceleration of vesting in each circumstance can be found below under "Potential Payments upon Termination or Change in Control."
- (3) The 125,000 shares of restricted stock vested in 12 equal installments commencing on the grant date and on the 15th day of each month thereafter, ending on December 15, 2023. The equity grants reported in this table were granted under our 2014 Equity Compensation Plan.
- (4) On March 15, 2023, Mr. Salzman received a performance stock unit grant representing a right to receive 125,000 shares of Safeguard's common stock. The vesting terms of such grant were based on the Committee's discretion and if certain performance criteria were achieved by December 31, 2023. After reviewing Safeguard's performance against such criteria, the Committee approved the vesting of all 125,000 of performance stock units and the underlying shares of Safeguard's common stock were issued in December 2023. The grant date fair value for the PSUs was computed assuming the highest level of performance conditions will be achieved.
- (5) The amounts in this column represent the grant date fair value of the awards computed in accordance with FASB ASC Topic 718. The assumptions used by us in calculating these amounts are incorporated by reference to Note 6 to our Consolidated Financial Statements in our Annual Report on Form 10-K.

**Outstanding Equity Awards at Fiscal Year-End — 2023**

There were no equity awards made to our named executive officers that were outstanding at December 31, 2023.

**Option Exercises and Stock Vested — 2023**

The following table shows restricted stock awards that vested during 2023. No stock options were exercised during 2023.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Eric C. Salzman	—	—	125,000	\$ 139,730
	—	—	189,000	\$ 401,577

Mark A. Herndon

- (1) The value realized on exercise is determined by multiplying the number of shares acquired on exercise by the difference between the exercise price and the average of the high and low trading prices of Safeguard's common stock, as reported on Nasdaq on the exercise date, or, for those shares that were sold upon exercise of the options, the difference between the sales price of the shares underlying the options exercised and the applicable exercise price of those options.
- (2) The value realized on vesting is determined by multiplying the number of shares vested by the average of the high and low trading prices of Safeguard's common stock, as reported on Nasdaq on each vesting date.

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## Potential Payments upon Termination or Change in Control

Each of Mr. Salzman and Mr. Herndon entered into a Termination Letter Agreement with us on December 15, 2023. Pursuant to the Termination Letter Agreements, each of Messrs. Salzman and Herndon will receive COBRA coverage under the Company's medical insurance program for up to six months starting from January 1, 2024. The Termination Letter Agreements also provide for customary confidentiality and mutual non-disparagement obligations, as well as a release of claims, subject to certain exclusions, and other customary provisions.

In addition, under the Termination Letter Agreement with Mr. Salzman, 125,000 performance based restricted stock units previously granted to Mr. Salzman will vest in full effective as of December 15, 2023, and pursuant to the Termination Letter Agreement with Mr. Herndon, he received a cash payment of: (i) \$142,500, which is equal to six months of his base annual salary, and (ii) \$171,000 as his incentive plan compensation under the Company's Management Incentive Plan.

No other payments upon termination or change of control are owed to Messrs. Salzman, Herndon or Dow.

## Pay vs. Performance.

The following table and accompanying disclosures set forth information regarding the compensation actually paid to our named executive officers, as calculated in accordance with SEC rules and regulations, and certain financial performance of Safeguard. See "Compensation Discussion and Analysis" for further information on compensation arrangements for our named executive officers.

Year	Summary Compensation Table Total For PEO (\$)(1)(2)	Compensation Actually Paid to PEO (\$)(3)	Average Summary Compensation Table Total for Non-PEO Named Executive Officers (\$)(1)(2)	Average Compensation Actually Paid to Non-PEO Named Executive Officers (\$)(4)	Value of Initial Fixed \$100 Investment Based on: Total Shareholder Return(5)	Net Income (Loss) (\$)
2023	910,157	1,060,899	474,695	474,695	\$ 17.71	(9,828,000)
2022	\$ 945,572	968,210	465,401	465,401	\$ 48.59	(14,263,000)
2021	\$ 965,448	1,724,037	922,242	922,242	\$ 115.20	27,004,000

- (1) Eric Salzman, our Chief Executive Officer served as principal executive officer (PEO) for the fiscal years ended December 31, 2023, 2022 and 2021. Mark Herndon, our Chief Financial Officer, served as our non-PEO named executive officer for the fiscal years ended December 31, 2023, 2022 and 2021.
- (2) Amounts reported in these columns represent the total compensation reported in the Summary Compensation Table for the applicable year for Messrs. Salzman and Herndon, as applicable.
- (3) To calculate compensation actually paid to the PEO, adjustments were made to the amounts reported in the Summary Compensation Table for the applicable year. We did not distribute any dividends on unvested equity awards during the fiscal years ended December 31, 2023, 2022 and 2021. A reconciliation of the adjustments for Mr. Salzman is set forth below:

Year	Summary Compensation Table Total (\$)	(Minus) Grant Date Fair Value of Stock Awards and Option Awards Granted in	Plus Fair Value as of Fiscal Year-End of Outstanding and Unvested Stock Awards and Option Awards Granted in	Plus/(Minus) Change in Fair Value as of Fiscal Year-End of Outstanding and Unvested Stock Awards and Option Awards	Plus Fair Value as of Vesting Date of Stock Awards and Option Awards Granted in	Plus/ (Minus) Change in Fair Value as of Vesting Date of Stock Awards and Option Awards Granted in	(Minus) Fair Value as of Prior Fiscal Year-End of Stock Awards and Option Awards Granted in Prior Fiscal	Equals Compensation Actually Paid (\$)
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		<b>Fiscal Year (\$)</b>	<b>Fiscal Year (\$)</b>	<b>Granted in Prior Fiscal Years (\$)</b>	<b>Fiscal Year that Vested During Fiscal Year (\$)</b>	<b>Prior Fiscal Years for which Applicable Vesting Conditions Were Satisfied During Fiscal Year (\$)</b>	<b>Years that Failed to Meet Applicable Vesting Conditions During Fiscal Year (\$)</b>	
2023	910,157	(390,625)	-	-	341,307	1,600	-	862,439
2022	945,572	(426,000)	198,400	-	264,688	(14,450)	-	968,210
2021	965,448	(312,101)	-	617,950	452,740	-	-	1,724,037

- (4) Mr. Herndon did not receive any equity awards during the fiscal years ended December 31, 2023, 2022 or 2021. Therefore, no adjustments were required to be made to his total compensation reported in the Summary Compensation Table.



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- (5) Assumes an investment of \$100 on December 31, 2020. The closing prices of Safeguard's common stock as reported on the NYSE composite tape or Nasdaq, as applicable, on the following trading days were: (i) \$6.38 on December 31, 2020; (ii) \$7.35 on December 31, 2021; (iii) \$3.10 on December 30, 2022; and \$0.78 on December 29, 2023. In December 2023, we declared and paid a \$0.35 per share special dividend.

In January 2018, Safeguard ceased deploying capital into new opportunities in order to focus on supporting the existing ownership interests and maximizing monetization opportunities to enable returning value to shareholders. We have considered and taken action on various initiatives including the sale of individual ownership interests, the sale of certain or all ownership interests in secondary market transactions as well as other opportunities to maximize shareholder value. In December 2019, we declared and paid a \$1.00 per share special dividend. In 2021, we repurchased 4.5 million shares through a combination of open market purchases and a tender offer for an aggregate of \$40.7 million resulting in an average price of \$8.95 per share. In 2022, we repurchased 711,481 shares for \$2.9 million at an average price of \$4.13 per share through subsequent open market repurchase plans. In December 2023, we declared and paid a \$0.35 per share special dividend. On December 15, 2023, Safeguard held a Special Meeting of Shareholders (the "Special Meeting") at which shareholders adopted amendments to the Company's Article of Incorporation to effect a reverse stock split, followed immediately by a forward stock split of the Company's common stock. Upon the adoption of the Amendments to the Articles of Incorporation at the Special Meeting, on December 15, 2023, the Company's Board of Directors (the "Board") determined the reverse stock split ratio to be 1-for-100 and the forward stock split ratio to be 100-for-1 (collectively, "Stock Split Ratios"), which were within the ranges approved by the Company's shareholders at the Special Meeting. The Company subsequently filed the Amendments to the Articles of Incorporation with the Pennsylvania Department of State to effectuate the Stock Splits with such Stock Split Ratios.

The Stock Splits had the effect of reducing the number of record holders of the Company's common stock to a number below 300 (i.e., the level at or above which the Company is required to file reports with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act")).

The Board also determined to give effect to the Transaction (as defined below). The actions the Company would take to suspend, and events that occur as a result of such actions that would have the effect of suspending, the Company's reporting obligations under the Exchange Act, including effectuating the Stock Splits, delisting the Company's common stock from trading on The Nasdaq Stock Market LLC ("Nasdaq"), as described below, terminating the registration of the Company's common stock under Sections 12(b) and 12(g) of the Exchange Act and suspending the Company's reporting obligations under Section 15(d) of the Exchange Act, are collectively referred to as the "Transaction."

On December 15, 2023, the Board also approved the Company voluntarily delisting its common stock from trading on Nasdaq and deregistering its common stock under Section 12(b) of the Exchange Act by filing Form 25 (Notification of Removal From Listing and/or Registration under Section 12(b) of the Exchange Act) with the SEC. The Company filed Form 25 on February 2, 2024 and the Company's common stock was delisted from trading on Nasdaq effective as of February 9, 2024. On February 20, 2024, the Company filed Form 15 with the SEC certifying that it has less than 300 shareholders of record, which terminated the registration of the Company's common stock under Section 12(g) of the Exchange Act.

Effective February 12, 2024, the Company's common stock qualified to trade on the OTCQX Best Market (the "OTC"). Any trading in the Company's common stock now occurs only in privately negotiated sales and on the OTC. There is no guarantee, however, that a broker will continue to make a market in the common stock and that trading of the common stock will continue on the OTC or otherwise.

With respect to Safeguard's current ownership interests, the majority of such ownership interests, which primarily consist of technology driven businesses, have a history of operating losses and/or limited operating history. In addition, many have incurred substantial costs to develop and market their products, have incurred net losses and cannot fund their cash needs from operations. As provided in this Annual Report on Form 10-K, such circumstances, taken together with the principles of accounting for such ownership interests, can result in Safeguard's net income varying considerably from year to year.

Given the forgoing strategy implemented in 2018 and the nature of Safeguard's net income, Safeguard does not include total shareholder return or net income in its compensation policies. Instead, with respect to the PEO, compensation primarily includes: (i) base salary, (ii) restricted stock awards that vest and are paid subject to the PEO's continued employment and (iii) performance stock unit grants that vest based on the Compensation Committee's discretion and if certain performance criteria related to the furtherance of the foregoing strategy are achieved. With respect to Safeguard's other NEO, compensation primarily includes: (i) base salary and (ii) a bonus under Safeguard's MIP, which is based on the Compensation Committee's discretion and if certain performance criteria related to the furtherance of the foregoing strategy are achieved.

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**Board Compensation.** During 2023, each of our directors was compensated for his or her service as a director through payments as shown in the table below:

<b>Compensation Item</b>	<b>Amount (\$)</b>
<b>Annual Board Retainers</b> (payable relative to a full year of Board service):	
Chairman of the Board	110,000
Other Directors	50,000
<b>Additional Annual Chairperson Retainers</b> (payable relative to a full year of committee service):	
Audit Committee	15,000
Compensation Committee	10,000
Nominating & Corporate Governance Committee	10,000

The foregoing amounts were not paid in cash and were instead paid in the form of our common stock based upon the average closing price of a share of our common stock on Nasdaq for the 20 consecutive trading days immediately preceding the grant date.

Directors' fees are paid quarterly, in arrears, and retainers are prorated based on actual days of service relative to a full year of Board service or the service period during which the fees were in effect. We also reimburse our directors for expenses they incur, if any, to attend our Board and committee meetings and for attendance at one director continuing education program during each calendar year or the reasonable cost of one year's membership in an organization that is focused on director education.

Each director serving on the Board on June 30, 2023 also received 44,947 shares of restricted stock, which had a value of \$75,000 based upon the average closing price of a share of our common stock on Nasdaq for the 20 consecutive trading days immediately preceding June 30, 2023. These annual restricted stock service grants are fully vested at issuance for directors who have reached age 65 and otherwise vest on the first anniversary of the grant date or, if earlier, once a director reaches age 65.

**Director Compensation – 2023.** The following table provides information on compensation earned for services provided during 2023 by each director who served on our Board at any time during 2023:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(2)</b>	<b>All Other Compensation (\$)(1)</b>	<b>Total (\$)(1)(3)</b>
Ross D. DeMont	--	132,863	--	--	132,863
Russell D. Glass	--	132,863	--	--	132,863
Joseph M. Manko, Jr.	--	183,907	--	--	183,907
Beth S. Michelson	--	128,004	--	--	128,004
Maureen F. Morrison	--	34,507	--	--	34,507

- The stock awards represent the annual service grant of shares of common stock and shares of common stock issued as compensation for service on the Board during 2023, each computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). The fair value of the shares of common stock is determined by multiplying the number of shares of common stock by the average of the high and low trading prices of Safeguard's common stock on the grant date, as reported on NASDAQ.
- The directors' aggregate holdings of DSUs, stock options (both vested and unvested), and unvested shares of restricted stock, as of December 31, 2023, were as follows:

<b>Name</b>	<b>DSUs (#)</b>	<b>Restricted Stock (#)</b>	<b>Stock Options (#)</b>
Ross D. DeMont	-	44,947	-
Russell D. Glass	-	44,947	-
Joseph M. Manko, Jr.	-	44,947	-
Beth S. Michelson	-	44,947	-

- Directors also are eligible for reimbursement of expenses incurred in connection with attendance at Board and committee meetings. These amounts are not included in the table above.

Stock Ownership Guidelines. Each non-employee director is expected to own a number of shares of our stock having a value at least equal to a designated multiple of the annual retainer paid to such director for service on our Board. Such ownership is expected to be achieved within the later of five years after an individual's election to our Board or the fifth anniversary following any increase in the required multiple of the annual retainer. Since 2012, the equity position threshold in our stock that is required to be held by non-employee directors is three times the annual Board retainer. No sales of stock are permitted during the period in which the ownership requirement has not been met (except for limited stock sales to meet tax obligations), without the approval of the Board. Shares counted toward these guidelines include:

- Outstanding shares beneficially owned by the director;
- Vested shares of restricted stock;
- Vested DSUs that have been credited to the director; and
- The net value of shares underlying vested, in-the-money options ("Net Option Value").

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For purposes of calculating the value to be used in monitoring compliance with the ownership guidelines, we utilize (a) the greater of the current value or the cost basis of the shares; (b) the greater of the current value or fees deferred in connection with vested DSUs; and (c) our trailing six-month average share price in determining Net Option Value.

Based on information they have provided to us, each non-employee director serving on the Board during 2023 has achieved the required ownership levels.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The material features of our equity compensation plans are described in Note 7 to the Consolidated Financial Statements filed as part of our Annual Report on Form 10-K for the year ended December 31, 2023.

The following table shows the number of shares of Safeguard common stock beneficially owned as of March 21, 2024 (unless otherwise indicated), by each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock, our directors, persons named in the Summary Compensation Table in this proxy statement and our directors and executive officers as a group. For purposes of reporting total beneficial ownership, shares that may be acquired within 60 days of March 21, 2024 through the exercise of Safeguard stock options are included. On March 21, 2024, there were 16,722,994 shares of common stock outstanding and 8,333 shares underlying stock options held by a former director that were exercisable within 60 days of March 21, 2024.

Name	Outstanding Shares Beneficially Owned	Options Exercisable Within 60 Days	Shares Beneficially Owned Assuming Exercise of Options	Percent of Outstanding Shares (1)
Thomas A. Satterfield, Jr. 15 Colley Cove Drive Gulf Breeze, FL 32561	2,089,726	—	2,089,726	12.5%
Contrarian Capital Management, L.L.C. 411 West Putnam Avenue, Suite 425 Greenwich, CT 06830	1,199,204	—	1,199,204	7.2%
First Manhattan Co. 399 Park Avenue New York, NY 10022	1,194,142	—	1,194,142	7.2%
Exploration Capital, LLC 250 East 200 South, Floor 16 Salt Lake City, UT 84111	852,460	---	852,460	5.0%
Halis Family Foundation 150 East 58th Street; 14th Floor New York, NY 10155	843,311	---	843,311	5.0%
Ross D. DeMont	630,978(2)	—	630,978	3.8%
Russell D. Glass	186,400	—	186,400	*
Joseph M. Manko, Jr.	409,709(3)	—	409,709	2.4%
Beth S. Michelson	126,352	—	126,352	*
Eric Salzman	415,584	—	415,584	2.5%
Mark A. Herndon	57,469	—	57,469	*
Executive officers and directors as a group (6 persons)	1,826,492	---	1,826,492	10.9%

(1) Unless otherwise indicated by footnote, each director and named executive officer has the sole power to vote and to dispose of the shares (other than shares held jointly with an individual's spouse). An \* indicates ownership of less than 1% of the outstanding shares. Shareholding information for Contrarian Capital Management, L.L.C., First Manhattan Co., Exploration Capital LLC and Halis Family Foundation is based on information included in the Schedule 13G or Schedule 13G/A filed with the SEC by each such entity. Shareholding information for Thomas A. Satterfield, Jr. is based on information included in the Form 4 filed with the SEC on March 16, 2023.

(2) Mr. DeMont has sole voting and dispositive power over 287,256 shares directly held and may be deemed to be the beneficial owner of 12,000 shares held in a spousal IRA account, 30,000 shares held in a 401(k) account and 301,722 shares owned by

Kenneth Rainin Foundation, which assets are managed by Mr. DeMont's employer, Rainin Group. Mr. DeMont disclaims beneficial ownership of the shares held by Kenneth Rainin Foundation except to the extent of his pecuniary interest therein.

- (3) Mr. Manko has sole voting and dispositive power over 232,323 shares directly held and may be deemed to be the beneficial owner of 177,386 shares of common stock owned by Horton Capital Partners Fund, L.P. Mr. Manko disclaims beneficial ownership of the shares held by Horton Capital Partners Fund, L.P. except to the extent of his pecuniary interest therein

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**Item 13. Certain Relationships and Related Transactions, and Director Independence**

**Review and Approval of Transactions with Related Persons.** The Board has adopted a written policy that charges the Audit Committee with the responsibility of reviewing with management at each regularly scheduled meeting and determining whether to approve any transaction (other than a transaction that is available to all employees generally on a non-discriminatory basis) between us and our directors, director nominees and executive officers or their immediate family members. Between regularly scheduled meetings of the Audit Committee, management may preliminarily approve a related party transaction, subject to ratification of the transaction by the Audit Committee. If the Audit Committee does not ratify the transaction, management will make all reasonable efforts to cancel the transaction.

**Board Independence.** During 2023, Safeguard's common stock was listed on the Nasdaq Stock Market, LLC ("Nasdaq"). To assist the Board in making independence determinations, the Board has adopted categorical standards that are reflected in our Corporate Governance Guidelines. Generally, under these standards, a director does not qualify as an independent director if any of the following relationships exist:

- Currently or within the previous three years, the director has been employed by us; someone in the director's immediate family has been one of our executive officers; or the director or someone in the director's immediate family has been employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee;
- The director is a current partner or employee, or someone in the director's immediate family is a current partner of, a firm that is our internal or external auditor; someone in the director's immediate family is a current employee of the firm and personally works on our audit; or the director or someone in the director's immediate family is a former partner or employee of such a firm and personally worked on our audit within the last three years;
- The director or someone in the director's immediate family received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from us (other than director and committee fees and pension or other forms of deferred compensation for prior service that are not contingent in any way on continued service);
- The director is a current employee or holder of more than 10% of the equity of another company, or someone in the director's immediate family is a current executive officer or holder of more than 10% of the equity of another company, that has made payments to or received payments from us, in any of the last three fiscal years of the other company, that exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; or
- The director is a current executive officer of a charitable organization to which we have made charitable contributions in any of the charitable organization's last three fiscal years that exceed the greater of \$1 million or 2% of that charitable organization's consolidated gross revenues.

The Board has determined that Ross D. DeMont, Russell D. Glass, Joseph M. Manko, Jr. and Beth S. Michelson meet the above independence standards and have no other direct or indirect material relationships with us other than their directorship; therefore, each of such directors is independent within the meaning of Nasdaq listing standards and satisfies the categorical standards contained in our Corporate Governance Guidelines.

**Item 14. Principal Accountant Fees and Services**

**Independent Registered Public Accounting Firm**

The following table presents fees for professional services rendered by Grant Thornton for the audit of Safeguard's consolidated financial statements for fiscal year 2023 and fiscal year 2022 and fees billed for audit-related services, tax services and all other services rendered by Grant Thornton for fiscal year 2023 and fiscal year 2022. This table includes fees billed to Safeguard's consolidated subsidiaries for services rendered by Grant Thornton.

	2023	2022
Audit Fees (1)	\$ 375,000	\$ 357,500
Audit-Related Fees	—	—
Tax Fees (2)	93,340	117,046
All Other Fees	40,979	—
Total	\$ 509,319	\$ 474,546

- (1) Audit fees include fees for professional services rendered in connection with the audit of the consolidated financial statements included in our Annual Report on Form 10-K, the reviews of the condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q and consents.
- (2) Tax fees include the aggregate fees billed by our independent registered public accounting firms for tax consultation and tax compliance services.

The Audit Committee pre-approves each service to be performed by Safeguard's independent public accounting firm at its regularly scheduled meetings. For any service that may require pre-approval between regularly scheduled meetings, the Audit Committee has delegated to the Chairperson of the Audit Committee the authority to pre-approve services not prohibited by law to be performed by Safeguard's independent registered public accounting firm and associated fees up to a maximum of \$100,000, and the Chairperson communicates such pre-approvals to the Audit Committee at its next regularly scheduled meeting.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**(a) Consolidated Financial Statements and Schedules**

Incorporated by reference to Item 8 of this Report on Form 10-K.

**(b) Exhibits**

The exhibits required to be filed as part of this Report are listed in the exhibit index below.

**(c) Financial Statement Schedules**

None.

**Item 16. Form 10-K Summary.**

None.

**Exhibits**

The following is a list of exhibits required by Item 601 of Regulation S-K filed as part of this Report. For exhibits that previously have been filed, the Registrant incorporates those exhibits herein by reference. The exhibit table below includes the Form Type and Filing Date of the previous filing and the location of the exhibit in the previous filing which is being incorporated by reference herein. Documents which are incorporated by reference to filings by parties other than the Registrant are identified in footnotes to this table.

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated Filing Reference</u>	
		<u>Form Type &amp; Filing Date</u>	<u>Original Exhibit Number</u>
1.a	Description		
3.1.1	<a href="#">Seconded Amended and Restated Articles of Incorporation of Safeguard Scientifics, Inc.</a>	Form 8-K 10/25/07	3.1
3.1.2	<a href="#">Amendment to Seconded Amended and Restated Articles of Incorporation of Safeguard Scientifics, Inc.</a>	Form 8-K 8/27/09	3.1
3.1.3	<a href="#">Statement with Respect to Shares</a>	Form 10-Q 4/25/14	3.1
3.1.4	<a href="#">Statement of Designation of Series B Junior Participating Preferred Stock</a>	Form 8-K 2/20/18	3.1
3.1.5	<a href="#">Articles of Amendment to Second Amended and Restated Articles of Incorporation, as amended</a>	Form 8-K 1/22/24	3.1
3.1.6	<a href="#">Articles of Amendment to Second Amended and Restated Articles of Incorporation, as amended</a>	Form 8-K 1/22/24	3.2
3.2	<a href="#">Third Amended and Restated By-laws of Safeguard Scientifics, Inc.</a>	Form 8-K 2/13/18	3.1
10.1*	<a href="#">Safeguard Scientifics, Inc. 1999 Equity Compensation Plan, as amended and restated on October 21, 2008</a>	Form 10-Q 11/6/08	10.4
10.2	<a href="#">Safeguard Scientifics, Inc. 2001 Associates Equity Compensation Plan, as amended and restated on October 21, 2008</a>	Form 10-Q 11/6/08	10.5
10.3*	<a href="#">Safeguard Scientifics, Inc. 2014 Equity Compensation Plan, as amended and restated on March 5, 2014</a>	Form 10-Q 7/25/14	10.1
10.4*	<a href="#">Safeguard Scientifics, Inc. Executive Deferred Compensation Plan (amended and restated as of January 1, 2009)</a>	Form 10-K 3/19/09	10.4
10.5*	<a href="#">Management Incentive Plan</a>	Form 8-K 4/25/08	10.1
10.6*	<a href="#">Amended and Restated Safeguard Scientifics, Inc. Transaction bonus plan</a>	Form 10-Q 8/12/20	10.6
10.7	<a href="#">Compensation Summary — Non-employee Directors</a>	Form 10-K	10.7



10.8*	<a href="#">Letter Agreement between Safeguard Scientifics, Inc. and Eric Salzman dated January 1, 2023</a>	3/11/22 Form 8-K	
10.9*	<a href="#">Termination Letter Agreement between Safeguard Scientifics, Inc. and Eric Salzman dated December 15, 2023</a>	1/4/23 Form 8-K	10.1
10.10*	<a href="#">Employment Letter Agreement between Safeguard Scientifics, Inc. and Eric Salzman dated December 15, 2023</a>	12/18/23 Form 8-K	10.2
		12/18/23	10.3

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10.11*	<a href="#"><u>Compensation Agreement by and between Safeguard Scientifics, Inc. and Mark Herndon dated September 17, 2018</u></a>	Form 8-K 9/18/18	99.1
10.12*	<a href="#"><u>Termination Letter Agreement between Safeguard Scientifics, Inc. and Mark A. Herndon dated December 15, 2023</u></a>	Form 8-K 12/18/23	10.4
10.13*	<a href="#"><u>Employment Letter Agreement between Safeguard Scientifics, Inc. and Mark A. Herndon dated December 15, 2023</u></a>	Form 8-K 12/18/23	10.5
10.15	<a href="#"><u>Purchase and Sale Agreement dated as of December 9, 2005 by and among HarbourVest VII Venture Ltd., Dover Street VI L.P. and several subsidiaries and affiliated limited partnerships of Safeguard Scientifics, Inc.</u></a>	Form 10-K 3/13/06	10.36
10.16	<a href="#"><u>Consent Agreement, dated as of May 17, 2011, by and among Shire Pharmaceuticals, Inc. and certain stockholders of Advanced BioHealing, Inc.</u></a>	Form 8-K 5/18/11	10.1
10.17	<a href="#"><u>Lease Agreement, effective February 2, 2015, between Safeguard Scientifics, Inc., a Pennsylvania corporation, and Radnor Properties-SDC, L.P., a Delaware limited partnership</u></a>	Form 10-Q 4/24/15	10.1
10.18	<a href="#"><u>Sublease Agreement, effective March 15, 2019, by and between Safeguard Scientifics, Inc., a Pennsylvania corporation and the subtenant named therein</u></a>	Form 8-K 3/20/19	10.1
10.19	<a href="#"><u>Letter Agreement between Safeguard Scientifics, Inc. and Rock Creek Advisors, LLC dated December 15, 2023</u></a>	Form 8-K 12/18/23	10.1
14.1 †	<a href="#"><u>Code of Business Conduct and Ethics</u></a>	—	—
21.1 †	<a href="#"><u>List of Subsidiaries</u></a>	—	—
31.1	<a href="#"><u>Certification of Mark R. Dow pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934</u></a>	—	—
31.2 †	<a href="#"><u>Certification of Mark R. Dow pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934</u></a>	—	—
32.1 ‡	<a href="#"><u>Certification of Mark R. Dow pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>	—	—
32.2 ‡	<a href="#"><u>Certification of Mark R. Dow pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>	—	—
97 †	<a href="#"><u>Compensation Recovery Policy</u></a>	—	—
101	The following materials from Safeguard Scientifics, Inc. Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language); (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Changes in Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.	—	—
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	—	—

† Filed herewith

‡ Furnished herewith

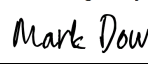
\* These exhibits relate to management contracts or compensatory plans, contracts or arrangements in which directors and/or executive officers of the Registrant may participate.

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**SIGNATURES**



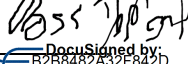
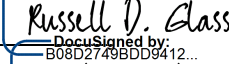
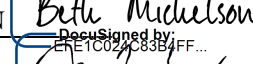
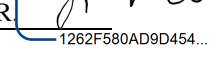
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAFEGUARD SCIENTIFICS, INC.

By: /s/ MARK R. DOW   
Mark R. Dow  
Chief Executive Officer

Dated: March 26, 2024

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
 /s/ MARK R. DOW Mark R. Dow	Chief Executive Officer (Principal Executive Officer)	March 26, 2024
 /s/ MARK R. DOW Mark R. Dow	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 26, 2024
 /s/ ROSS D. DEMONT Ross D. DeMont	Director	March 26, 2024
 /s/ RUSSELL D. GLASS Russell D. Glass	Director	March 26, 2024
 /s/ BETH S. MICHELSON Beth S. Michelson	Director	March 26, 2024
 /s/ JOSEPH M. MANKO, JR. Joseph M. Manko, Jr.	Chairman of the Board of Directors	March 26, 2024



**SAFEGUARD SCIENTIFICS, INC.  
CODE OF BUSINESS CONDUCT AND ETHICS**

**I. Background - Administration**

The reputation and integrity of Safeguard Scientifics, Inc. (“Company” or “Safeguard”) is a valuable asset that is vital to our success.

Each Company employee, including each of the Company’s officers, and each Company director is responsible for conducting the Company’s business in a manner that demonstrates a commitment to the highest standards of integrity. This Code of Business Conduct and Ethics (“Code”), which applies to all directors, officers and employees of the Company (collectively referred to as “Company Personnel”), has been adopted to help Company Personnel meet these standards. Specifically, the purpose of this Code is to:

- encourage among Company Personnel a culture of honesty, accountability and mutual respect;
- provide guidance to help Company Personnel recognize and deal with ethical issues; and
- provide mechanisms for Company Personnel to report unethical conduct.

While this Code is designed to provide helpful guidelines, it is not intended to address every specific situation. Nevertheless, in every instance, we require that Company Personnel act honestly, fairly and with a view towards “doing the right thing.”

The Safeguard Scientifics, Inc. Board of Directors (“Safeguard Board”) is ultimately responsible for oversight of the Code. The Safeguard Board has designated G. Matthew Barnard, or his successor, to be the compliance officer (the “Compliance Officer”) for the implementation and administration of the Code. Company Personnel should feel free to direct questions concerning this Code to the Compliance Officer:

Safeguard Scientifics, Inc.  
Attention: Compliance Officer  
150 N. Radnor Chester Rd., STE F-200  
Radnor, PA 19087  
e-mail address: [complianceofficer@safeguard.com](mailto:complianceofficer@safeguard.com)

**II. Overview**

It is the policy of the Company to: (a) comply with all applicable governmental laws, rules and regulations; (b) expect that all Company Personnel at all times observe honest and ethical conduct in the performance of their responsibilities, including the avoidance of conflicts of interest; (c) expect all Company Personnel to treat others with dignity, including other employees, shareholders, customers and vendors; and (d) encourage and support internal disclosure of any violation of this Code for appropriate action.

The Code governs the business-related conduct of all Company Personnel, including, but not limited to, the chief executive officer, chief financial officer and all other officers of Safeguard. Directors of the Company who are not employees are subject to this Code only as it relates to their capacities as directors.

### III. **Compliance With Law**

A variety of laws apply to the Company and its operations. Company Personnel are expected to comply with all such laws, as well as rules and regulations adopted under such laws. Examples of criminal violations under these laws include:

- stealing, embezzling or misapplying corporate or bank funds;
- using threats, physical force or other unauthorized means to collect money;
- making false entries in the books and records of the Company, or engaging in any conduct that results in the making of such false entries;
- making a payment for an express purpose on the Company's behalf to an individual who intends to use it for a different purpose;
- utilizing the Company's funds or other assets or services to make a political contribution or expenditure; and
- making payments, whether corporate or personal, of cash or other items of value that are intended to influence the judgment or actions of political candidates, government officials or businesses in connection with any of the Company's activities.

The Company must and will report all suspected criminal violations to the appropriate authorities for possible prosecution and will investigate, address and report to governmental or other authorities, as appropriate, non-criminal violations.

### IV. **Conflicts of Interest**

Company Personnel are expected to make or participate in business decisions and actions in the course of their service to the Company based on the best interests of the Company as a whole, and not based on personal relationships or personal benefits. A conflict of interest, which can occur or appear to occur in a wide variety of situations, can compromise the business ethics of Company Personnel. Generally speaking, a conflict of interest occurs when the personal interest of Company Personnel or members of their immediate family interferes with, or has the potential to interfere with, the interests or business of the Company. For example, a conflict of interest may occur where Company Personnel or a family member receives a gift, a unique advantage, or an improper personal benefit as a result of the Company Personnel's position at the Company. A conflict of interest could make it difficult for such person to perform corporate duties objectively and effectively because he or she is involved in a competing interest. The following is a discussion of certain common areas that raise conflict of interest issues. However, a conflict of interest can occur in a variety of situations. Company Personnel must be alert to recognize any situation that may raise conflict of interest issues and must disclose to the Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to actual or apparent conflicts of interest with the Company.

**Outside Activities/Employment** – Any outside activity must not significantly encroach on the time and attention Company Personnel devote to their corporate duties and must not adversely affect the quality or quantity of their work. In addition, Company Personnel may not make use of corporate equipment, facilities or supplies for, or imply (without the Company’s approval) the Company’s sponsorship or endorsement of, any outside activity, and under no circumstances are Company Personnel permitted to take for themselves or their family members business opportunities that are discovered or made available by virtue of their positions at the Company. Moreover, unless the Audit Committee of the Company’s Board of Directors shall have approved or ratified a particular transaction or situation in accordance with the Company’s Statement of Policy with Respect to Related Party Transactions, Company Personnel may not (i) have any financial or economic interest in (a) any entity that is, or to such person’s knowledge may become, a vendor to, or a customer or competitor of, the Company or any of the companies in which the Company has an interest; or (b) any entity that otherwise has or may have a relationship with, or might expect financial or other support from, the Company or any of the companies in which the Company has an interest; or (ii) provide services to or perform services for the benefit of any such entity, other than services performed at the request of or on behalf of the Company. For purposes of clarity and consistency, the preceding sentence shall be interpreted to include the purchase or other acquisition by any Company Personnel of any financial or economic interest in the companies in which the Company has, or is proposed to have, an interest, whether directly or through a public market transaction, or otherwise. Company employees are prohibited from taking part in any outside employment without Safeguard’s prior written approval.

Notwithstanding the foregoing, other than relating to the companies in which the Company has an interest, Company Personnel generally may have (i) a passive investment in up to five percent of the total outstanding shares of an entity that is listed on a national or international exchange, the OTC Bulletin Board or a similar quotation service or (ii) a limited partnership interest in a private equity, venture capital or similar fund constituting less than five percent of such fund’s committed capital, provided that the investment is not so large financially either in absolute dollars or as a percentage of the person’s total net worth that it creates the appearance of a conflict of interest.

Directors of the Company who are not employees of the Company must be sensitive to situations in which they may be associated with, or have business or financial interests in, corporations or other business entities that, from time to time, have business dealings with the Company or which may compete with the Company. While these relationships and interests are not prohibited, they should be avoided where reasonably practicable. Any Company director who becomes engaged in such a relationship or interest must promptly bring it to the attention of the Chairperson of the Safeguard Board. The Chairperson shall promptly refer such matter to the full Safeguard Board or an appropriately authorized committee of the Safeguard Board for consideration and appropriate disposition. If a conflict cannot be avoided, it must be managed in an ethical and responsible manner.

**Civic/Political Activities** – Company Personnel are encouraged to participate in civic, charitable or political activities so long as such participation does not encroach on the time and attention they are expected to devote to their Company-related duties. Such activities are to be conducted in a manner that does not involve the Company or its assets or facilities and does not create an appearance of the Company’s sponsorship or endorsement.

**Inventions, Books and Publications** – Company employees must receive written permission from the Compliance Officer before developing, outside of the Company, any products, software or intellectual property that may be related to the Company’s current or potential business.

**Proper Payments** – Company Personnel shall pay for and receive only that which is proper. Company Personnel must not make or promise payments to influence another’s acts or decisions, and Company employees must not give gifts beyond those extended in normal business.

**Gifts** – Company Personnel and members of their families must not give or receive valuable gifts (including gifts of equipment or money, discounts, or favored personal treatment) to or from any person associated with Safeguard’s vendors or customers. Acceptance of a gift in the nature of a memento, such as a conference gift or other inconsequential gift valued at less than five hundred dollars (\$500), is permitted. Engaging in normal, occasional business-related entertainment, such as meals or the use of sporting, theatrical or other public event tickets, is permissible with the understanding that it is expected that Company Personnel will exercise sound judgment in reliance on this exception so as to avoid any situation that may otherwise be subject to question.

**Loans to Directors and Employees** – The Company will not make loans or extend credit guarantees to or for the personal benefit of directors and executive officers except as permitted by law and the listing standards of any exchange or quotation system on which the Company’s common stock is listed. Loans or guarantees may be extended to other employees only with the Company’s approval.

**Insider Trading** – Company Personnel are prohibited from trading in securities while in possession of material, nonpublic information. Among other things, trading while in possession of material, nonpublic information can subject the person to criminal or civil penalties. The Company has adopted a Statement of Company Policy for Insider Trading and Disclosure and requires all Company Personnel to sign a statement acknowledging that they have read, understand and will comply with the policies set forth therein.

#### V. **Fair Dealing**

Company Personnel shall deal fairly and in good faith with each other and the Company’s customers, suppliers, regulators, business partners and others. Company Personnel may not take unfair advantage of anyone through manipulation, misrepresentation, inappropriate threats, fraud, abuse of confidential information or other related conduct.

#### VI. **Proper Use of Company Assets**

As a general rule, Company assets, including facilities, equipment, materials, supplies, time, information, intellectual property, software, and other assets owned or leased by the Company, or that are otherwise in the Company’s possession, may be used only for legitimate business purposes. However, the Company makes an exception for incidental personal use (e.g., telephone calls to a friend or family member, sending a personal e-mail message, accessing the Web, etc.) provided that such incidental personal use is legal, ethical, appropriate and does not interfere with the conscientious performance of an employee’s duties.

#### VII. **Delegation of Authority**

Company Personnel, and particularly each of the Company’s officers and other managerial employees, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope and includes appropriate and continuous monitoring.

#### VIII. **Handling Confidential Information**

Company Personnel have an obligation to protect and keep confidential all nonpublic information related to the Company (“Confidential Information”) unless and until its disclosure is approved by the Company and one full business day has passed following its disclosure by the Company in publicly filed SEC reports, press releases, external website, other institutionalized methods of electronic communication, or where disclosure is otherwise mandated by law or regulation. Confidential Information includes all nonpublic information entrusted to or obtained by Company Personnel by virtue of their affiliation with or employment by the Company or their service on the Company’s Board of Directors. Confidential Information includes but is not limited to information relating to:

- the Company’s strategy, business, finances, prospects, plans, and operations;

- proposed mergers, acquisitions, divestitures, new business ventures, opportunities, partnerships or agreements;
- news of a pending initial or secondary public offering of securities, other public or private sales of securities, stock splits or tender offers;
- products, orders, contracts, customers, vendors or competitors;
- employee records;
- the proceedings, discussions and deliberations of the Board and its committees;
- discussions relating to the Company by and among employees, officers and directors; and
- third party confidential and proprietary information that has been provided to the Company and which the Company is under an obligation to maintain as confidential.

In addition, Company Personnel must safeguard proprietary information, which includes information that is not generally known to the public and has commercial value in the Company's business. Proprietary information includes, among other things, software programs, source and object codes, trade secrets, ideas, techniques, inventions (whether patentable or not) and other information relating to designs, algorithms and research. It also includes information relating to marketing, pricing, customers, and terms of compensation for Company Personnel. The obligation to safeguard proprietary information continues even after employment or service with the Company ends.

Please keep in mind the following guidelines in order to protect Confidential Information:

- Do not discuss Confidential Information in public places.
- Do not forward Confidential Information or proprietary information to non-Company email accounts.
- Beware of informal telephone or email requests from outsiders requesting information (including but not limited to requests for comments on expected financial performance, information about current or former employees, or requests from the media).

The Company's Statement of Company Policy on Insider Trading and Disclosure contains additional information concerning confidentiality obligations for Company Personnel.

## IX. **Public Disclosures**

As a public company, the Company must ensure that its filings and submissions with the SEC and other public communications provide full, fair, timely, accurate and understandable disclosure. Company Personnel engaged in the preparation of these filings, submissions and communications ("Public Disclosure Personnel") must endeavor to ensure that the Company's filings, submissions, and communications meet these objectives. Depending on their duties and responsibilities, other employees may be called upon to provide information to assure that the Company's reports are complete, fair and understandable. To this end, all transactions affecting assets, liabilities, stockholders' equity, revenues and expenses must be recorded on a timely basis in detailed journals and must be traceable through the general ledger and resulting financial statements. Accounting and financial reporting practices must be fair and proper, in accordance with generally accepted accounting principles.



Company Personnel are expected to take this responsibility very seriously. Company Personnel are prohibited from (i) directly or indirectly taking any action to influence, coerce, manipulate or mislead the Company's independent registered public accounting firm in the performance of an audit of the Company's financial statements for the purpose of rendering the Company's financial statements materially misleading; (ii) altering, mutilating or concealing a record, document or other object, or attempting to do so with intent to impair the object's integrity or availability for use in an official proceeding; and (iii) using Company funds for any purpose other than as described in the documents supporting the disbursement.

If requested by Public Disclosure Personnel to provide information for use in such filings, submissions or communications, Company Personnel will provide, as promptly as practicable, accurate, understandable and complete information on a timely basis.

Complaints or concerns regarding accounting, internal accounting controls or audit matters must be reported to the Compliance Officer, to the Audit Committee of the Safeguard Board or through our external reporting system, MySafeWorkplace, as indicated in Article X of this Code. Company Personnel may choose to submit such complaints or concerns anonymously. However, we encourage Company Personnel to supply contact information with their submission to facilitate follow-up, clarification and assistance with any investigation, if necessary.

### **Special Ethics Guidelines for the Chief Executive Officer and Employees with Financial Reporting Responsibilities**

The Chief Executive Officer and employees with financial reporting responsibilities bear a special responsibility for promoting integrity throughout the organization and have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the Company as a whole that ensures the fair and timely reporting of Company financial results and condition, as well as other information required by SEC regulations. Because of this special role, the Chief Executive Officer and employees with financial reporting responsibilities are bound by the following additional specific policies.

The Chief Executive Officer and employees with financial reporting responsibilities shall:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide to the Company's other employees, consultants and advisors who are engaged in filing reports and documents with the SEC ("SEC Reports") or in disseminating other public communications such as press releases, information that is accurate, complete, relevant, timely and understandable.

- Endeavor to ensure full, fair, timely, accurate and understandable disclosure in SEC Reports.
- Comply with laws, rules and regulations of federal, state and local governments, and appropriate self-regulatory organizations.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose.
- Refrain from using Confidential Information acquired in the course of employment for personal advantage.
- Proactively promote and be an example of ethical behavior as a responsible partner among peers in the work environment.
- Endeavor to ensure responsible use of and control over all assets and resources employed or entrusted.
- Record or participate in the recording of entries in the Company's books and records that are accurate to the best of his or her knowledge.

Promptly report to the Compliance Officer, the Audit Committee of the Safeguard Board, or through our external reporting system, MySafeWorkplace, any conduct that he or she believes to be a violation of law or business ethics or of any provision of this Code, including any transaction or relationship that reasonably could be expected to give rise to such a violation.

Violations of these Special Ethics Guidelines for the Chief Executive Officer and employees with financial reporting responsibilities, including failures to report violations or suspected violations by others, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment.

#### **X. Report of Violations**

**Administration – General Policy Regarding Report of Violations** – Company Personnel who observe, learn of, or, in good faith, suspect a violation of the Code must immediately report the violation or suspected violation either to his or her immediate supervisor (who in turn is responsible for informing the Compliance Officer of such report) or to the Compliance Officer. Complaints or concerns regarding accounting, internal accounting controls or audit matters, must be reported to the Compliance Officer, to the Audit Committee of the Safeguard Board or through our external reporting system, MySafeWorkplace, as indicated in this Article X. You may be subject to disciplinary action, including termination of employment, for failure to do so.

## **Complaint Procedure**

### ● **Notification of Complaint**

- To report a violation, suspected violation, complaint or concern to the Compliance Officer, provide the report to the following address or e-mail address:

Safeguard Scientifics, Inc.  
Attention: Compliance Officer  
150 N. Radnor Chester Rd., STE F-200  
Radnor, PA 19087  
e-mail address: [complianceofficer@safeguard.com](mailto:complianceofficer@safeguard.com)

- To report a violation, suspected violation, complaint or concern to the Audit Committee of the Safeguard Board, provide the report to the following address:

Safeguard Scientifics, Inc.  
Attention: Audit Committee - CONFIDENTIAL  
c/o Corporate Secretary  
150 N. Radnor Chester Rd., STE F-200  
Radnor, PA 19087

- If Company Personnel are not comfortable using the procedures and protocols outlined above, they can report a violation, suspected violation, complaint or concern by providing a report via our external, anonymous and confidential reporting system, MySafeWorkplace. Such report should be provided using the following internet address or telephone number:

Via Internet: [www.MySafeWorkplace.com](http://www.MySafeWorkplace.com)  
Via telephone: 800-461-9330

- Whenever practical, the complaint should be made in writing.
- You may choose to submit violations, suspected violations, complaints or concerns anonymously. However, we encourage Company Personnel to supply contact information with their submission to facilitate follow-up, clarification and assistance with any investigation, if necessary. Confidentiality is respected and an individual's identity will only be shared on a "need-to-know" basis.
- Nothing in this Code prevents Company Personnel from reporting violations or suspected violations of law to relevant government authorities.

- Investigation and Corrective Action

Reports of violations, suspected violations, complaints or concerns will promptly be investigated under the supervision of the Compliance Officer or, where appropriate, the Audit Committee of the Safeguard Board. Company Personnel are required to cooperate fully in such investigations and to provide truthful, complete and accurate information. The investigation will be handled as discreetly as reasonably possible, allowing for a fair investigation and any necessary corrective action. Appropriate corrective action will be taken whenever a violation of this Code is determined to have occurred. Depending on the nature of the violation, the offending individual can be subject to disciplinary action, which may include termination of employment. In addition, anyone who interferes with an investigation, or provides information in an investigation that the individual knows to be untrue or inaccurate, will be subject to disciplinary action, which may include termination of employment. Any employee who submits a complaint or concern relating to the handling of accounting, internal accounting controls or audit matters in good faith should have no fear of dismissal or retaliation of any kind. **Retaliation against employees who, for lawful purposes, file a complaint or participate in an investigation is strictly prohibited.**

The Audit Committee of the Safeguard Board will be responsible for the acceptance, investigation and management of reports of suspected violations of this Code by the Chief Executive Officer, the Compliance Officer and employees with financial reporting responsibilities and complaints or concerns regarding accounting, internal accounting controls or audit matters.

The Company's Compliance Officer will be responsible for the acceptance, investigation and management of reports by attorneys regarding material violations of securities laws, fiduciary duties or similar laws.

- Confidentiality

Except as may be required by law or by the requirements of the resulting investigation or the corrective action, all notices, reports and information received under this process will be treated in a confidential manner. Every reasonable effort will be made to handle the matter with discretion and to protect the identity of those who make reports as well as those who are being investigated. However, the Compliance Officer regularly will report to the Audit Committee of the Safeguard Board any violations that have been reported. Further, if necessary to conduct a proper review or to comply with legal requirements, the Audit Committee of the Safeguard Board, the Company's independent registered public accounting firm or others may become involved in the review process. Also, as noted above, the Company must and will report all suspected criminal violations to the appropriate authorities for possible prosecution and will investigate, address and report to governmental or other authorities, as appropriate, non-criminal violations.

## XI. Protection Against Retaliation

**Policy** - The Company prohibits any form of retaliation against employees who, for lawful purposes, report to the Company any conduct or activity that may violate this Code, any law or regulation applicable to the Company, or any other suspected improper, unethical or illegal conduct or activities by anyone at the Company. The Company also prohibits any form of retaliation against employees who provide information, cause information to be provided, or assist in an investigation conducted by the Company or any governmental body regarding a possible violation of any law or regulation relating to fraud, any labor law, or any rule or regulation of the SEC, or who file, cause to be filed, or assist, participate or give testimony in any proceeding relating to an alleged violation of any such law, rule or regulation.

**Management Responsibility** - All Company officers and other managerial employees are responsible for ensuring adherence to this Code. In addition, each Company officer and managerial employee is responsible for communicating this Code to employees under his or her supervision and for supporting programs and practices designed to develop understanding of, commitment to and compliance with this Code. In the event that any Company officer, other managerial employee or supervisor believes that a violation of this Code has occurred or receives a report of a violation, he or she must immediately contact the Compliance Officer or the Audit Committee of the Safeguard Board.

**Procedures for Reporting Policy Violations** - If an employee believes that he or she has been retaliated against (including threatened or harassed) in violation of this Code, he or she should immediately report the retaliation either to his or her immediate supervisor (who in turn is responsible for informing the Compliance Officer of such report) or to the Compliance Officer in accordance with the contact procedures for the Compliance Officer set forth above. In connection with retaliation related to complaints or concerns regarding accounting, internal accounting controls or audit matters, any retaliation in violation of this Code must be reported to the Compliance Officer, the Audit Committee of the Safeguard Board or through our external reporting system, MySafeWorkplace, in accordance with the contact procedures set forth above. Once an employee reports retaliation prohibited by this Code, the Company will promptly investigate the matter in accordance with the procedures described in Article X of this Code.

## **XII. Waivers**

Requests for a waiver of a provision of the Code must be submitted in writing to the Compliance Officer or the Audit Committee of the Safeguard Board for appropriate review, and the Compliance Officer or the Audit Committee of the Safeguard Board will decide the outcome. For conduct involving directors and executive officers, only the Audit Committee of the Safeguard Board has the authority to waive a provision of the Code. The Audit Committee of the Safeguard Board must review and approve any “related party” transaction as defined in Item 404 of Regulation S-K, promulgated by the SEC, before it is consummated. In the event of an approved waiver involving the conduct of a director or executive officer, appropriate and prompt disclosure must be made to the Company’s shareholders as required by the SEC or other regulation or by applicable listing standards of the principal exchange or interdealer quotation system on which the Company’s common stock is listed.

Statements in the Code to the effect that certain actions may be taken only with “the Company’s approval” or that certain items will be “designated by the Company” will be interpreted to mean that appropriate executive officers of Safeguard Scientifics, Inc. or members of the Safeguard Board must give prior written approval or make such designation before the proposed action may be undertaken or the proposed designation may be made.

Violations of the Special Ethics Guidelines for the Chief Executive Officer and employees with financial reporting responsibilities contained in this Code that go unaddressed are treated by the SEC as implicit waivers of this Code. Accordingly, any violation that is discovered and not addressed will have to be disclosed in accordance with the rules and regulations of the SEC and applicable listing standards with respect to a waiver of this Code. In such cases, the applicable SEC rules will require disclosure of the nature of any violation, the date of the violation and the name of the person who committed the violation. Such disclosure would not only be harmful to the Company, but also to an individual either as one who is responsible for monitoring the enforcing compliance with this Code or as one who has violated it. In either case, depending on the nature of the violation, an individual may be dismissed or his or her duties and responsibilities with the Company may be changed.

### XIII. **Compliance**

**Adherence to Code; Disciplinary Action** – All Company Personnel have a responsibility to understand and follow this Code. In addition, all Company Personnel are expected to perform their work with honesty and integrity in all areas not specifically addressed in this Code. A violation of this Code may result in appropriate disciplinary action, including the possible termination from employment with the Company.

**Communications; Training; Annual Certification** – The Company strongly encourages dialogue among employees and their supervisors to make everyone aware of situations that give rise to ethical questions and to articulate acceptable ways of handling those situations. Company employees will receive periodic training on the contents and importance of the Code and related policies and the manner in which violations must be reported and waivers must be requested. All Company Personnel must certify that they have read this Code and to the best of their knowledge are in compliance with all its provisions. In addition, each director, officer and other managerial employee of the Company, as may be designated by the Company from time to time, has an obligation to annually certify that he or she has reviewed this Code with his or her subordinates. Forms of these certifications are attached to this Code as Appendices I and II.

**Responsibility of Senior Employees** – All Company officers and other managerial employees will be responsible for the enforcement of, and compliance with, this Code, including necessary distribution to assure Company employee knowledge and compliance. Directors, officers and other managerial employees are expected to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Managerial employees may be disciplined if they condone misconduct, do not report misconduct, do not take reasonable measures to detect misconduct, or do not demonstrate the appropriate leadership to insure compliance.

### XIV. **Related Policies; Enforceable by Company Only**

This Code should be read in conjunction with Safeguard's other policy statements, including but not limited to the Statement of Company Policy on Insider Trading and Disclosure. This Code is for the benefit of the Company, and no other person or entity is entitled to enforce this Code. This Code does not, and should not be interpreted to, create any private cause of action or remedy in any other person or entity for a violation of the Code. In addition, this Code should not be construed as a contract of employment and does not change any person's employment status.

Adopted: April 8, 2004

Last Approved: November 1, 2022

## APPENDIX I

### **INITIAL CODE OF BUSINESS CONDUCT AND ETHICS DISCLOSURE STATEMENT**

As a director, officer or other employee of Safeguard Scientifics, Inc. (“Company”), I have read and understand the Company’s Code of Business Conduct and Ethics (“Code”), and I hereby affirm my agreement to comply with its terms. I hereby certify as follows:

1. I have received a copy of the Code.
2. I have read, understand and agree to comply with the Code.
3. I am currently in compliance and, as applicable, members of my family are in compliance, with the terms of the Code and all obligations imposed by it, except as disclosed to the Compliance Officer or as otherwise disclosed in accordance with the procedures contained in Article X of the Code.
4. I am not aware of any conduct on the part of any person associated with the Company that may constitute a violation of the Code, except with respect to any matters that I may have disclosed to the Compliance Officer or otherwise disclosed in accordance with the procedures contained in Article X of the Code.
5. I understand that none of the benefits, policies, programs, procedures or statements in the Code are intended to confer any rights or privileges upon me or entitle me to be or remain an employee of the Company. I am aware that the Code is not a contract and is subject to change at any time, without notice, at the sole discretion of the Company.

I understand that all Disclosure Statements may be available to the Compliance Officer, the Company’s Board of Directors, and internal and external legal counsel. Such information shall otherwise be held in confidence in accordance with Article X of the Code.

**Each person signing a Disclosure Statement is responsible for keeping his/her Disclosure Statement current.** These statements will be kept in Safeguard’s Legal Department.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

## APPENDIX II

### **ANNUAL CODE OF BUSINESS CONDUCT AND ETHICS DISCLOSURE STATEMENT**

As a director, officer or other employee of Safeguard Scientifics, Inc. (“Company”), I have read and understand the Company’s Code of Business Conduct and Ethics (“Code”), and I hereby reaffirm my agreement to comply with its terms. With respect to the last 12 months, I hereby certify as follows:

1. I have complied and, as applicable, members of my family have complied, with the terms of the Code and all obligations imposed by it, except as disclosed to the Compliance Officer or as otherwise disclosed in accordance with the procedures contained in Article X of the Code.
2. I have reviewed the Code with my subordinates and I am not aware of any conduct on the part of any person associated with the Company that may constitute a violation of the Code, except with respect to any matters that I may have disclosed to the Compliance Officer or otherwise disclosed in accordance with the procedures contained in Article X of the Code.
3. I understand that none of the benefits, policies, programs, procedures or statements in the Code are intended to confer any rights or privileges upon me or entitle me to be or remain an employee of the Company. I am aware that the Code is not a contract and is subject to change at any time, without notice, at the sole discretion of the Company.

I understand that all Disclosure Statements may be available to the Compliance Officer, the Company’s Board of Directors, and internal and external legal counsel. Such information shall otherwise be held in confidence except in accordance with Article X of the Code.

**Each person signing a Disclosure Statement is responsible for keeping his/her Disclosure Statement current.** These statements will be kept in Safeguard’s Legal Department.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date



EXHIBIT 21.1

SUBSIDIARIES OF SAFEGUARD SCIENTIFICS, INC.

Exclusive of immaterial subsidiaries and companies in which the Registrant holds a minority interest, as of March 26, 2024, the Registrant had the following subsidiaries:

NAME	PLACE OF INCORPORATION
Bonfield VII, Ltd.	British Virgin Islands
Novitas Capital II Management, L.P.	Pennsylvania
Safeguard Capital Management, Inc.	Delaware
Safeguard Delaware, Inc.	Delaware
Safeguard Delaware II, Inc.	Delaware
Safeguard Fund Management, Inc.	Delaware
Safeguard Scientifics (Delaware), Inc.	Delaware
Safeguard Technologies, Inc.	Delaware
SFE Properties, Inc.	Delaware
SSI Management Company, Inc.	Delaware
SSI Partnership Holdings (Pennsylvania), Inc.	Pennsylvania

## CERTIFICATION

I, Mark R. Dow, certify that:

1. I have reviewed this Annual Report on Form 10-K of Safeguard Scientifics, Inc.;
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 consolidated 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; and
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 26, 2024

SAFEGUARD SCIENTIFICS, INC.

/s/ Mark R. Dow

Mark R. Dow

Chief Executive Officer

(Principal Executive Officer)

Mark Dow

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## CERTIFICATION

I, Mark R. Dow, certify that:

1. I have reviewed this Annual Report on Form 10-K of Safeguard Scientifics, Inc.;
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 consolidated 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; and
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.

SAFEGUARD SCIENTIFICS, INC.

/s/ Mark R. Dow

Mark R. Dow

Chief Financial Officer and Secretary

(Principal Financial and Accounting Officer)

Date March 26, 2024

DocuSigned by:

Mark Dow

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**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906  
of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Safeguard Scientifics, Inc. ("Safeguard") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark R. Dow, Chief Executive Officer of Safeguard, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, (15 U.S.C. 78m(a)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Safeguard.

Date: March 26, 2024

SAFEGUARD SCIENTIFICS, INC.

/s/ Mark R. Dow

Mark R. Dow

Chief Executive Officer

(Principal Executive Officer)

DocuSigned by:  
Mark Dow

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**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906  
of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Safeguard Scientifics, Inc. ("Safeguard") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark R. Dow, Chief Financial Officer and Secretary of Safeguard, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, (15 U.S.C. 78m(a)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Safeguard.

Date: March 26, 2024

SAFEGUARD SCIENTIFICS, INC.

/s/ Mark R. Dow

Mark R. Dow

Chief Financial Officer and Secretary

(Principal Financial and Accounting Officer)

Mark Dow

**SAFEGUARD SCIENTIFICS, INC.**  
**COMPENSATION RECOVERY POLICY**

**1. Purpose.**

The purpose of this compensation recovery policy (the “**Policy**”) of Safeguard Scientifics, Inc. (the “**Company**”) is to enable the Company to recover reasonably promptly the amount of any Erroneously Awarded Compensation in the event that the Company is required to prepare an Accounting Restatement. This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act and Nasdaq Listing Rule 5608. Unless otherwise defined in this Policy, capitalized terms shall have the meaning ascribed to such terms in Section 2 below.

**2. Definitions.**

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

“**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Board**” means the Board of Directors of the Company.

“**Clawback Period**” means the three completed fiscal years immediately preceding the date that the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year). The “**date that the Company is required to prepare an Accounting Restatement**” is the earlier to occur of: (a) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Erroneously Awarded Compensation**” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market LLC (“**Nasdaq**”). Incentive-Based Compensation is deemed “**received**” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

“**Executive Officer**” means an individual who is currently, or previously served as, the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company’s parent or subsidiary is deemed an “Executive Officer” of the Company if the executive officer performs, or previously performed, such policy making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified by the Company pursuant to Item 401(b) of Regulation S-K.

“**Financial Reporting Measure**” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure; provided, however, that a financial reporting measure need not be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission (“**SEC**”) to qualify as a “Financial Reporting Measure.” For purposes of this Policy, Financial Reporting Measures include, but are not limited to, stock price and total shareholder return.

***“Incentive-Based Compensation”*** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

### **3. Policy Application and Administration.**

In the event of an Accounting Restatement, the Company must recover Erroneously Awarded Compensation reasonably promptly, in amounts determined pursuant to this Policy. The Company’s obligation to recover Erroneously Awarded Compensation is not dependent on if or when the restated financial statements are filed. Recovery under this Policy with respect to an Executive Officer shall not require the finding of any misconduct by such Executive Officer or such Executive Officer being found responsible for the accounting error leading to the Accounting Restatement.

This Policy applies to all Incentive-Based Compensation received by a person (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company has a listed class of securities on a national securities exchange; and (d) during the Clawback Period.

This Policy shall be administered by the Board. The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in each case, to the extent permitted under applicable laws, rules and regulations, including, but not limited to, the determination of the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with an applicable Accounting Restatement. All determinations and decisions made by the Board pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and Executive Officers, and need not be uniform with respect to each person covered by this Policy.

In the administration of this Policy, the Board is authorized and directed to consult with committees of the Board as may be necessary or appropriate as to matters within the scope of such committee’s responsibility and authority. Subject to any limitation at applicable laws, rules and regulations, the Board may authorize and empower any committee of the Board or any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee). Any action or inaction by the Board with respect to an Executive Officer under this Policy in no way limits the Board’s decision to act or not to act with respect to any other Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Executive Officer other than as set forth in this Policy.

### **4. Method of Recoupment.**

The method of recouping any Erroneously Awarded Compensation shall be determined by the Board in its sole discretion, in compliance with applicable laws, rules and regulations.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq;
- Recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the Company, the Company must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq; or
- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

### **5. No Indemnification of Executives Officers.**

Notwithstanding the terms of any indemnification or insurance policy of the Company or any contractual arrangement with any Executive Officer that may be interpreted to the contrary, the Company shall not indemnify any Executive Officer against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Executive Officer to fund potential loss of Erroneously Awarded Compensation under this Policy.

## **6. Required Policy-Related Filings.**

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by the applicable SEC filings.

## **7. Acknowledgement.**

Each Executive Officer shall sign and return to the Company within thirty (30) calendar days following the later of (i) the effective date of this Policy set forth below or (ii) the date such individual becomes an Executive Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

## **8. Policy Not in Limitation.**

The Board intends that this Policy shall be applied to the fullest extent of the applicable laws, rules and regulations. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable laws, rules and regulations or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company, including Section 304 of the Sarbanes-Oxley Act of 2002. Any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered in determining any amounts recovered under this Policy.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against an Executive Officer arising out of or resulting from any actions or omissions by the Executive Officer.

## **9. Amendment; Termination.**

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time, as it deems necessary, to comply with applicable laws, rules, regulations or any standards adopted by a national securities exchange, on which the Company's securities are listed.

## **10. Successors.**

This Policy is binding and enforceable against all Executive Officers and their respective beneficiaries, heirs, executors, administrators or other legal representatives.

## **11. Effective Date.**

This Policy shall be effective as of November 17, 2023. The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Executive Officers on or after October 2, 2023, even if such Incentive-Based Compensation was approved, awarded or granted to Executive Officers prior to such date.

Approved and adopted: November 17, 2023



**EXHIBIT A**  
**SAFEGUARD SCIENTIFICS, INC.**  
**COMPENSATION RECOVERY POLICY**  
**ACKNOWLEDGEMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Compensation Recovery Policy (the “*Policy*”) of Safeguard Scientifics, Inc. (the “*Company*”).

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment or service with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

\_\_\_\_\_

Signature

\_\_\_\_\_

Print Name

\_\_\_\_\_

Date