

Safeguard Scientifics, Inc.

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SIC Code: 67,671

Annual Report

For the year ending December 31, 2024
(the “Reporting Period”)

The number of shares outstanding of our Common Stock is 16,722,994 as of December 31, 2024

The number of shares outstanding of our Common Stock was 16,626,442 as of December 31, 2023

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):
Yes: No: ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:
Yes: No: ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period:
Yes: No: ☒

SAFEGUARD SCIENTIFICS, INC.

December 31, 2024

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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.

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.

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.

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, 2024.

The ownership percentages indicated below are presented as of December 31, 2024 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: 49.1%)

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: 19.2%)

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: 18.9%)

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: 30.1%)

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

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

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

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

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.

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.

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.

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 have ceased. 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 cash to finance our corporate overhead. 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. 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.

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.

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 the 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 of 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.

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

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:

- 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 mailing address is in Radnor, Pennsylvania and is shared 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.

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 Nasdaq Exchange (Symbol: SFE) through February 12, 2024 and then under the symbol SFES on the QTCQX. The high and low sale prices reported within each quarter of 2024 and 2023 were as follows:

	High	Low
Fiscal year 2024:		
First quarter	\$ 0.86	\$ 0.40
Second quarter	1.14	0.72
Third quarter	1.04	0.70
Fourth quarter	1.04	0.65
Fiscal year 2023:		
First quarter	\$ 3.25	\$ 1.52
Second quarter	2.19	1.42
Third quarter	1.68	0.98
Fourth quarter	1.19	0.76

The high and low sale prices reported in the first quarter of 2025 through March 24, 2025 were \$0.88 and \$0.78 respectively, and the last sale price reported on March 24, 2025, was \$0.83.

As of March 14, 2025, there were approximately 4,540 Non-Objecting 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, 2024 registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (b)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan (b)
October 1, 2024 - October 31, 2024	—	\$ —	—	\$ 14,636,135
November 1, 2024 - November 30, 2024	—	\$ —	—	\$ 14,636,135
December 1, 2024 - December 31, 2024	—	\$ —	—	\$ 14,636,135
Total	—	\$ —	—	

(a) 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, 2024 and 2023, 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.

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

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.

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

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.

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, 2024 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,	
	2024	2023
	(In thousands)	
Equity	\$ 3,682	\$ 1,000
Other	1,094	173
Total	\$ 4,776	\$ 1,173

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.

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, 2024 and 2023. 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,
	2024	2023	2024
Clutch Holdings, Inc.	49.1%	41.7%	Equity
InfoBionic, Inc.	*	*	Other
MedCrypt, Inc.	*	*	Other
meQuilibrium	30.1%	30.2%	Equity
Moxe Health Corporation	19.2%	19.3%	Equity
Prognos Health Inc.	18.9%	19.0%	Equity

*minimal ownership interest

Year ended December 31, 2024 versus year ended December 31, 2023

	Year Ended December 31,		
	2024	2023	Variance
	(In thousands)		
General and administrative expense	\$ (2,627)	\$ (5,683)	\$ 3,056
Other income (loss), net	(890)	2,037	(2,927)
Interest income	409	903	(494)
Equity income (loss), net	(7,277)	(7,085)	(192)
Net (loss)	<u>\$ (10,385)</u>	<u>\$ (9,828)</u>	<u>\$ (557)</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 decreased \$3.1 million, or 54%, for the year ended December 31, 2024 compared to the prior year due to lower stock-based compensation of \$1.0 million, lower employee compensation of \$0.9 million, lower severance expenses of \$0.7 million and various other lower costs. General and administrative expense includes stock based compensation expense of \$0.1 million and \$1.1 million for the years ended December 31, 2024 and 2023, respectively.

Other income (loss), net. Other income (loss), net decreased by \$2.9 million for the year ended December 31, 2024, compared to the prior year. During the year ended December 31, 2024, the Company recorded \$1.1 million of impairment related to Other ownership interests. 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.

Interest Income. Interest income decreased \$0.5 million for the year ended December 31, 2024 compared to the prior year due primarily attributable to a lower average balance of advances to ownership interests.

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 \$0.2 million for the year ended December 31, 2024 compared to the prior year. The components of equity income (loss), net for the years ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,		
	2024	2023	Variance
	(In thousands)		
Gains on sales of ownership interests	\$ 55	\$ 610	\$ (555)
Unrealized dilution gains	—	584	(584)
Loss on impairments	(3,682)	(1,000)	(2,682)
Share of losses of our equity method companies, net	(3,650)	(7,279)	3,629
	<u>\$ (7,277)</u>	<u>\$ (7,085)</u>	<u>\$ (192)</u>

During the year ended December 31, 2024, the gains on sales of ownership interests related entirely to miscellaneous escrow collections. During the year ended December 31, 2023, the gains on sales of ownership interests related entirely to miscellaneous escrow collections.

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.

During the year ended December 31, 2024, the Company recorded an impairment of \$3.7 million related to the Prognos ownership interest, which is accounted for under the equity method. While the impairment was based on Generally Accepted Accounting Principles as required for financial reporting, the Company still believes there is value to be realized in Prognos.

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.

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 two ownership interests (Trice Medical and Clutch) whose equity method loss for the year ended December 31, 2024 decreased \$3.7 million due to their carrying value being reduced to zero during 2023 or 2024, 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, 2024 and 2023. 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, 2024, the Company had \$6.8 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, 2024 and 2023, 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, 2024 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,		
	2024	2023	Variance
	(In thousands)		
Net cash used in operating activities	\$ (2,977)	\$ (3,308)	\$ 331
Net cash provided by (used in) investing activities	285	5,721	(5,436)
Net cash used in financing activities	(9)	(6,252)	6,243
	<u>\$ (2,701)</u>	<u>\$ (3,839)</u>	<u>\$ 1,138</u>

Net Cash Used In Operating Activities

Year ended December 31, 2024 versus year ended December 31, 2023. Net cash used in operating activities decreased for the year ended December 31, 2024 compared to the prior year. The activity during the year ended December 31, 2024 was primarily the result of various non-cash adjustments to net loss, including \$3.6 million of equity loss and \$4.8 million of impairment losses. 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.

Net Cash (Used in) provided by Investing Activities

Year ended December 31, 2024 versus year ended December 31, 2023. Net cash (used in) provided by investing activities decreased by \$5.4 million for the year ended December 31, 2024 compared to the prior year. During the year ended December 31, 2024, the Company had no deployments as compared to an aggregate of \$3.3 million to Prognos Health 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, 2024 versus year ended December 31, 2023. Net cash used in financing activities decreased by \$6.2 million for the year ended December 31, 2024 compared to the prior year. The decrease 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	2025	2026 and 2027	2028 and 2029	After 2029
	(In millions)				
Contractual Cash Obligations:					
Operating leases (a)	\$ 0.8	\$ 0.6	\$ 0.2	\$ —	\$ —
Total Contractual Cash Obligations (b)	\$ 0.8	\$ 0.6	\$ 0.2	\$ —	\$ —

(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 \$0.8 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 \$0.8 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.

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 Annual Report.

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID Number 2738)	22
Consolidated Balance Sheets as of December 31, 2024 and 2023	23
Consolidated Statements of Operations for the years ended December 31, 2024 and 2023	24
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2024 and 2023	25
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	26
Notes to Consolidated Financial Statements	27

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Safeguard Scientifics, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Safeguard Scientifics, Inc. (the Company) as of December 31, 2024, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year-ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its consolidated operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements of Safeguard Scientifics, Inc. as of December 31, 2023 were audited by other auditor whose report dated March 26, 2024 expressed an unqualified opinion on those statements.

Basis for Opinion

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

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

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

Critical Audits Matter

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

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. The identification and valuation of other than temporary impairment of ownership interests and advances was determined to be a critical audit matter. Auditing 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. We reviewed the financial performance and the reasonableness of the fair value of the ownership interest.

/s/ M&K CPAS, PLLC

www.mkaepas.com

We have served as the Company's auditor since 2024.

The Woodlands, Texas

April 15, 2025

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

	As of December 31,	
	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,797	\$ 9,498
Restricted cash	19	19
Prepaid expenses and other current assets	329	394
Total current assets	7,145	9,911
Right-of-use asset, net	597	971
Ownership interests and advances	3,429	11,691
Other assets	133	263
Total Assets	\$ 11,304	\$ 22,836
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 187	\$ 107
Accrued compensation and benefits	124	854
Accrued expenses and other current liabilities	356	596
Lease liability - current	558	489
Total current liabilities	1,225	2,046
Lease liability - non-current	202	760
Other long-term liabilities	50	50
Total Liabilities	1,477	2,856
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; 21,568 and 21,573 issued at December 31, 2024 and 2023, respectively	2,157	2,157
Additional paid-in capital	793,330	793,992
Treasury stock, at cost; 4,845 and 4,947 shares at December 31, 2024 and 2023, respectively	(41,549)	(42,418)
Accumulated deficit	(744,111)	(733,726)
Accumulated other comprehensive loss	—	(25)
Total Equity	9,827	19,980
Total Liabilities and Equity	\$ 11,304	\$ 22,836

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,	
	2024	2023
General and administrative expense	\$ 2,627	\$ 5,683
Operating loss	(2,627)	(5,683)
Other income (loss), net	(890)	2,037
Interest income	409	903
Equity (loss), net	(7,277)	(7,085)
Net (loss) before income taxes	(10,385)	(9,828)
Income tax benefit (expense)	—	—
Net (loss)	\$ (10,385)	\$ (9,828)
Net (loss) per share:		
Basic	\$ (0.62)	\$ (0.61)
Diluted	\$ (0.62)	\$ (0.61)
Weighted average shares used in computing net (loss) per share:		
Basic	16,627	16,221
Diluted	16,627	16,221

See Notes to Consolidated Financial Statements.

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

			Accumulated Other Comprehensive Loss	Common Stock		Additional Paid-In Capital	Treasury Stock	
	Total	Accumulated Deficit		Shares	Amount		Shares	Amount
Balance — December 31, 2022	\$ 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)	—	—
Balance — December 31, 2023	\$ 19,980	\$ (733,726)	\$ (25)	21,573	\$ 2,157	\$ 793,992	4,947	\$ (42,418)
Net loss	(10,385)	(10,385)	—	—	—	—	—	—
Restricted stock awards, forfeitures and shares repurchased for tax withholdings, net	74	—	—	—	—	(795)	(102)	869
Stock-based compensation	142	—	—	—	—	142	—	—
Retired shares	(9)	—	—	(5)	—	(9)	—	—
Other comprehensive loss	25	—	25	—	—	—	—	—
Balance — December 31, 2024	<u>\$ 9,827</u>	<u>\$ (744,111)</u>	<u>\$ —</u>	<u>21,568</u>	<u>\$ 2,157</u>	<u>\$ 793,330</u>	<u>4,845</u>	<u>\$ (41,549)</u>

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net (loss)	\$ (10,385)	\$ (9,828)
Adjustments to reconcile to net cash used in operating activities:		
Amortization of right of use asset	374	319
Equity (income) loss, net	3,595	6,085
Impairments of ownership interests and advances	4,776	1,173
Gain from observable price changes	—	(1,661)
Gain from sales of ownership interests	—	(542)
Gain on sale of property	(200)	—
Other, net	(4)	(7)
Stock-based compensation, including liability classified awards	142	1,121
Changes in assets and liabilities:		
Prepaid expenses and other current assets	15	(146)
Accounts payable, accrued expenses, and other current liabilities	(1,290)	178
Net cash used in operating activities	(2,977)	(3,308)
Cash Flows from Investing Activities:		
Acquisitions of ownership interests	—	(3,000)
Proceeds from sales and distributions from ownership interests	85	2,851
Advances and loans to ownership interests	—	(250)
Proceeds from sales of property	200	—
Purchase of marketable securities	—	(8,530)
Proceeds from sales and maturities in marketable securities	—	14,650
Net cash provided by (used in) investing activities	285	5,721
Cash Flows from Financing Activities:		
Retired common stock	(9)	—
Payment of dividend	—	(5,819)
Repurchases of common stock	—	(75)
Tax withholdings related to equity-based awards	—	(358)
Net cash used in financing activities	(9)	(6,252)
Net change in cash, cash equivalents and restricted cash	(2,701)	(3,839)
Cash, cash equivalents and restricted cash equivalents at beginning of year	9,517	13,356
Cash, cash equivalents and restricted cash at end of year	<u>\$ 6,816</u>	<u>\$ 9,517</u>

See Notes to Consolidated Financial Statements.

SAFEGUARD SCIENTIFICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General**Liquidity And Capital Resources**

As of December 31, 2024, Safeguard Scientifics, Inc. ("the Company" or "Safeguard") had \$6.8 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, 2024 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, 2024 there were no remaining ownership interests following this accounting method.

Comprehensive Income (loss)

During the year ended December 31, 2024, there was a \$25 thousand reversal of a passthrough related to a former Other ownership interest. In 2023, there were no items of comprehensive income (loss).

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, 2024, 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:

	December 31, 2024	December 31, 2023
	(In thousands)	
Cash and cash equivalents	\$ 6,797	\$ 9,498
Restricted cash	19	19
Total cash, cash equivalents and restricted cash	\$ 6,816	\$ 9,517

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.

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, 2024 and 2023, respectively, and \$0.6 million for each of the years ended December 31, 2024 and 2023.

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, 2024 follows:

	Operating lease payments	Expected sublease receipts
	(In thousands)	
2025	\$ 619	\$ 590
2026	207	199
2027	—	—
2028	—	—
2029	—	—
Thereafter	—	—
Total future minimum lease payments	826	789
Less imputed interest	(66)	
Total operating lease liabilities	\$ 760	

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.

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.

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, 2024	December 31, 2023
	(In thousands)	
Equity Method:		
Companies	\$ 1,621	\$ 8,400
Private equity funds	97	97
	1,718	8,497
Other Method:		
Companies, fair value measurement alternative	1,711	2,555
Private equity funds, fair value measurement alternative	—	250
	1,711	2,805
Advances to companies	—	389
	<u>\$ 3,429</u>	<u>\$ 11,691</u>

During the year ended December 31, 2024, the Company recorded an impairment of \$3.7 million related to the Prognos ownership interest, which is accounted for under the equity method. While the impairment was based on Generally Accepted Accounting Principles as required for financial reporting, the Company still believes there is value to be realized in Prognos. During the year ended December 31, 2024, the Company also recorded an impairment of \$1.1 million related to certain Other ownership interests, which is included in Other income (loss), net. 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. 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.

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

As of December 31, 2024, 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, 2024 and 2023 included the following:

Company Name	Safeguard Primary Ownership as of December 31,		Accounting Method as of December 31, 2024
	2024	2023	
Clutch Holdings, Inc.	49.1%	41.7%	Equity
InfoBionic, Inc.	*	*	Other
MedCrypt, Inc.	*	*	Other
meQuilibrium	30.1%	30.2%	Equity
Moxe Health Corporation	19.2%	19.3%	Equity
Prognos Health Inc.	18.9%	19.0%	Equity

*minimal ownership interest

3. Acquisitions of Ownership Interests

2024 Transactions

No acquisitions occurred in 2024.

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.

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, 2024.

	<u>Carrying Value</u>	<u>Fair Value Measurement at December 31, 2024</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
		<u>(in thousands)</u>		
Cash and cash equivalents	\$ 6,797	\$ 6,797	\$ —	\$ —
Restricted cash	\$ 19	\$ 19	\$ —	\$ —

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

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, 2024 and 2023, 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.

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

6. Stock-Based Compensation

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:

	Year Ended December 31,	
	2024	2023
	(In thousands)	
General and administrative expense	\$ 142	\$ 1,121
	<u>\$ 142</u>	<u>\$ 1,121</u>

Stock-based compensation expense of \$0.1 million and \$1.1 million was recognized during the years ended December 31, 2024 and 2023, 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, 2024 and 2023, the Company issued 102 thousand and 377 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 280 thousand and 275 thousand shares during the years ended December 31, 2024 and 2023. The Company vested 0 thousand and 125 thousand shares during the years ended December 31, 2024 and 2023, respectively, for time based management compensation. The Company settled in stock other management bonuses resulting in the issuance of 0 thousand and 51 thousand vested shares for the years ended December 31, 2024 and 2023, respectively. The Company had liabilities of \$0 million and \$0.1 million as of December 31, 2024 and 2023, 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.

Unrecognized compensation expense related to performance stock units and restricted stock at December 31, 2024 was immaterial.

While there were no stock options granted during 2024 and 2023, 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, 2024 and 2023. During the years ended December 31, 2024 and 2023, respectively, there were no performance-based options vested and no compensation cost was recognized. During the years ended December 31, 2024 and 2023, respectively, 0 thousand and 0 thousand performance-based options were canceled or forfeited. The maximum number of unvested options at December 31, 2024 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, 2024 and 2023, 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, 2024 and 2023, respectively, 0 thousand and 10 thousand service-based options were canceled or forfeited.

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

Option activity of the Company is summarized below:

	<u>Shares</u> <u>(In thousands)</u>	<u>Weighted</u> <u>Average</u> <u>Exercise Price</u>	<u>Weighted</u> <u>Average</u> <u>Remaining</u> <u>Contractual Life</u> <u>(In years)</u>	<u>Aggregate</u> <u>Intrinsic Value</u> <u>(In thousands)</u>
Outstanding at January 1, 2023	18	14.05		
Options granted	—	—		
Options exercised	—	—		
Options canceled/forfeited	(10)	17.11		
Outstanding at December 31, 2023	8	10.37		
Options granted	—	—		
Options exercised	—	—		
Options canceled/forfeited	(8)	10.37		
Outstanding at December 31, 2024	—	—	—	\$ —
Options exercisable at December 31, 2024	—	—	—	—
Shares available for future grant	—			

At December 31, 2024, total unrecognized compensation cost related to non-vested service-based options was immaterial. At December 31, 2024, total unrecognized compensation cost related to non-vested performance-based options was immaterial.

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

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

	Shares	Weighted Average Grant Date Fair Value
	(In thousands)	
Unvested at January 1, 2023	160	\$ 5.70
Granted	678	2.30
Vested	(640)	2.90
Forfeited	(16)	7.10
Unvested at December 31, 2023	182	1.89
Granted	102	0.71
Vested	(280)	1.28
Forfeited	—	—
Unvested at December 31, 2024	4	13.83

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, 2024 and 2023, were \$36 thousand and \$54 thousand, respectively.

8. Income Taxes

The federal and state provision (benefit) for income taxes was \$0.0 million for the years ended December 31, 2024 and 2023.

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, 2024 and 2023 to net income (loss) before income taxes as a result of the following:

	Year Ended December 31,	
	2024	2023
Statutory tax expense (benefit)	(21.0)%	(21.0)%
Increase (decrease) in taxes resulting from:		
Non deductible expenses	-	(0.4)
Valuation allowance	21.0	21.4
	0.0%	0.0%

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:

	As of December 31,	
	2024	2023
	(In thousands)	
Deferred tax asset:		
Carrying values of ownership interests and other holdings	\$ 26,049	\$ 24,370
Tax loss and credit carryforwards	58,273	69,638
Disallowed interest carryforwards	5,607	6,613
Accrued expenses	65	13
Stock-based compensation	(63)	(3)
Other	34	66
	89,965	100,697
Valuation allowance	(89,965)	(100,697)
Net deferred tax asset	\$ —	\$ —

As of December 31, 2024, the Company and its subsidiaries had federal net operating and capital loss carryforwards for tax purposes of approximately \$284 million, of which approximately \$63 million have an indefinite life. These carryforwards expire as follows:

	Total
	(In thousands)
2025	\$ 17,408
2026	7,648
2027	15,100
2028	50,547
2029 and thereafter	148,467
	\$ 239,170

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, 2024 and 2023.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. Tax years 2021 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, 2024 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.

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

9. Net Income (Loss) Per Share

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

	Year Ended December 31,	
	2024	2023
	(In thousands, except per share data)	
Basic:		
Net (loss)	\$ (10,385)	\$ (9,828)
Weighted average common shares outstanding	16,627	16,221
Net (loss) per share	<u>\$ (0.62)</u>	<u>\$ (0.61)</u>
Diluted:		
Net (loss)	\$ (10,385)	\$ (9,828)
Weighted average common shares outstanding	16,627	16,221
Net (loss) per share	<u>\$ (0.62)</u>	<u>\$ (0.61)</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, 2024 and 2023 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, 2024 and 2023, options to purchase 0 thousand and 8 thousand shares of common stock, at a price of \$10.37 per share for 2023, were excluded from the calculation.
- At December 31, 2024 and 2023, unvested restricted stock, performance-based stock units and DSUs convertible into 4 thousand and 182 thousand 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.

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, 2024 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 million during the year ended December 31, 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, 2024 and 2023, respectively. The Company has not paid any amounts during the years ended December 31, 2024 and 2023 and has no amounts accrued under the LTIP as of December 31, 2024.

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, 2024 and 2023, the Company converted zero and \$1.5 million, respectively, of advances into ownership interests.

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 financial statements that are regularly reviewed by the Chief Financial Officer with specific focus on the General and Administrative expenses for the purpose of assessing performance and allocating resources.

As of December 31, 2024 and 2023, all of the Company's assets were located in the United States.

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)			
2024:				
General and administrative expense	\$ 950	\$ 667	\$ 565	\$ 445
Operating loss	(950)	(667)	(565)	(445)
Other income (loss), net	(26)	3	27	(894)
Interest income	115	108	97	89
Equity income (loss), net	(1,150)	(1,145)	(717)	(4,265)
Net income (loss) before income taxes	(2,011)	(1,701)	(1,158)	(5,515)
Income tax benefit (expense)	—	—	—	—
Net income (loss)	\$ (2,011)	\$ (1,701)	\$ (1,158)	\$ (5,515)
Net income (loss) per share (a)				
Basic	\$ (0.12)	\$ (0.10)	\$ (0.07)	\$ (0.33)
Diluted	\$ (0.12)	\$ (0.10)	\$ (0.07)	\$ (0.33)
2023:				
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)	\$ (3,484)	\$ (2,862)	\$ 932	\$ (4,414)
Net income (loss) per share (a)				
Basic	\$ (0.22)	\$ (0.18)	\$ 0.06	\$ (0.27)
Diluted	\$ (0.22)	\$ (0.18)	\$ 0.06	\$ (0.27)

- (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

None

PART III**Item 10. Directors, Executive Officers and Corporate Governance****Names of Directors and other Information**

Ross D. DeMont , age 52	Other public directorships: None.
Director since: 2022	Former public directorships within past five years: Sierra Monitor Corporation
Safeguard Board Committees: 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.

Joseph M. Manko, Jr. , age 59 (Chairman of the Board) <i>Director since:</i> March 2019 <i>Safeguard Board Committees:</i> Audit, Compensation, Nominating & Corporate Governance	<i>Other public directorships:</i> Koru Medical Systems, Inc. <i>Former public directorships within past five years:</i> Creative Realities, Inc. and Wireless Telecom Group, Inc.
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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.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

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.

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.

Board Compensation. During 2024, each of our directors was compensated for his or her service as a director through payments as shown in the table below:

Compensation Item	Amount (\$)
Annual Board Retainers (payable relative to a full year of Board service):	
Chairman of the Board	100,000
Other Directors	50,000
Additional Annual Chairperson Retainers (payable relative to a full year of committee service):	
Audit Committee	10,000
Compensation Committee	—
Nominating & Corporate Governance Committee	—

The foregoing amounts were paid in cash.

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 – 2024. The following table provides information on compensation earned for services provided during 2024 by each director who served on our Board at any time during 2024:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)(1)
Ross D. DeMont	60,000	—	—	—	60,000
Russell D. Glass	15,000	—	—	—	15,000
Joseph M. Manko, Jr.	110,000	—	—	—	110,000
Beth S. Michelson	16,250	—	—	—	16,250

(1) 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").

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: April 15, 2025

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>
<u>/s/ MARK R. DOW</u> Mark R. Dow	Chief Executive Officer (Principal Executive Officer)	April 15, 2025
<u>/s/ MARK R. DOW</u> Mark R. Dow	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	April 15, 2025
<u>/s/ ROSS D. DEMONT</u> Ross D. DeMont	Director	April 15, 2025
<u>/s/ JOSEPH M. MANKO, JR.</u> Joseph M. Manko, Jr.	Chairman of the Board of Directors	April 15, 2025



**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 Mark R. Dow, 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

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.

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 or the Audit Committee of the Safeguard Board, 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 or the Audit Committee of the Safeguard Board, 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:

Safeguard Scientifics, Inc.
Attention: Compliance Officer
150 N. Radnor Chester Rd., STE F-200
Radnor, PA 19087

- 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

- 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 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 or the Audit Committee of the Safeguard Board, 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, 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 regulations 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 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 OTC and applicable listing standards with respect to a waiver of this Code. In such cases, the applicable OTC 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

SUBSIDIARIES OF SAFEGUARD SCIENTIFICS, INC.

Exclusive of immaterial subsidiaries and companies in which the Registrant holds a minority interest, as of March 26, 2025, 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