NEWS RELEASE

Safeguard Scientifics Announces Fourth Quarter and Full-Year 2018 Financial Results

2/28/2019

Conference call and webcast today at 9:00 a.m. ET

RADNOR, Pa., Feb. 28, 2019 /PRNewswire/ -- **Safeguard Scientifics, Inc.** (NYSE: SFE) ("Safeguard" or the "Company") today announced financial results for the three months and 12 months ended December 31, 2018 and provided a business update regarding the achievement of developmental milestones for its partner companies. "We are pleased with our accomplishments in 2018. Our partner companies continue to mature and we are well-positioned to capitalize on exit opportunities that will create value for our shareholders," said Brian J. Sisko, Safeguard's President and CEO. "Since we announced our strategy change in January 2018, Safeguard has realized over $120 million in cash proceeds related to monetizations of our partner companies."

Highlights

- Safeguard announced hiring of Evercore as its financial advisor as it executes against its strategy to maximize returns to shareholders.
- The Company announced its intentions regarding the return of capital to shareholders through share repurchases as practicable, and ultimately, direct distributions.
- Safeguard announced in December 2018 and realized in January 2019 $41.5 million from the sale of partner company Propeller. The transaction represented an approximate 3x cash-on-cash return.
- The Company realized $45 million in July 2018 from MediaMath's repurchase of 39.1% of Safeguard's interest. The transaction represented a cash-on-cash return of 4.5x.
- Safeguard's deployment of funding to partner companies decreased from $38.0 million in 2017 to $15.9 million in 2018 reflecting both the health of the portfolio and a prudent focus to reduce our further deployments.

- The Company repaid $41.0 million of convertible senior debentures with proceeds from its credit facility and other available cash in the second quarter of 2018.
- At December 31, 2018, the Company's balance of cash, cash equivalents, restricted cash and marketable securities was $46.2 million.
- The Company reduced its aggregate debt principal balance to $68.6 million at December 31, 2018 from $85.0 million at September 30, 2018.
- The Company has significantly reduced its on-going cost structure. For the twelve months and three months ended December 31, 2018, our corporate expenses totaled $9.9 million and $1.9 million, respectively, reaching the targeted $8-9 million run rate for annual corporate expenses, excluding severance, retirement and non-recurring items.

For the three months ended December 31, 2018, Safeguard's net loss was $16.6 million, or $0.81 per share, compared with net loss of $18.7 million, or $0.91 per share, for the same period in 2017. For the year ended December 31, 2018, the Company's net loss was $15.6 million, or $0.76 per share, compared with net loss of $88.6 million, or $4.34 per share, in 2017.

OUTLOOK

As a result of the significant changes implemented during 2018, including the monetization of several of our partner company interests, the reduction of the Company's debt burden, and our dramatically reduced operating cost structure, Safeguard is well positioned for 2019. Based upon the January 2019 closing of the Propeller transaction, Safeguard expects to make an additional principal repayment in excess of $20 million on our credit facility in April 2019. Further, Safeguard's aggregate cash and marketable securities will exceed our debt balances. We continue to be optimistic about the overall health of our partner companies and expect that further exit events in 2019, if achieved at a sufficient level, will position Safeguard to make further early repayments on the credit facility and begin returning value to shareholders thereafter.

AGGREGATE PARTNER COMPANY REVENUE

Aggregate partner company revenue for the 22 partner companies held in 2018 was $396 million, slightly below the prior projection of $400 - $415 million due in large part to continued slowness in the digital media space. The aggregate partner company revenue for the remaining 19 companies in 2019 is projected to be between $420 million and $450 million. Aggregate revenue for the same partner companies was $379 million and $346 million for 2018 and 2017, respectively. Safeguard reports the revenue of its partner companies on a one-quarter lag basis.

PARTNER COMPANY HIGHLIGHTS

This section summarizes significant accomplishments by Safeguard's partner companies during 2018.

~ Milestones ~

Trice Medical acquired SegWay Orthopedics, a leader in solutions for minimally invasive orthopedic procedures. The acquisition transforms Trice Medical into the first company that offers both minimally invasive orthopedic diagnostic and surgical solutions. The company also closed an $18 million extension of its Series C financing.

Aktana raised $21 million in equity capital in a Series C financing led by Leerink Transformation Partners with participation by a strategic investor and existing participants, including Safeguard. The company has raised $49 million in total funding.

InfoBionic closed a $50 million financing. Proceeds will support continued commercial expansion of its FDA-cleared MoMe® Kardia system for remote wireless outpatient monitoring and diagnosis of cardiac arrhythmias. Participants were Eagle Investments; Excel Venture Management; Safeguard; Zaffre Investments, a subsidiary of Blue Cross Blue Shield of Massachusetts; and Blue Cross and Blue Shield of Kansas, Inc. InfoBionic reported month-to-month subscription growth in excess of 35% for the MoMe® Kardia system during the past year.

meQuilibrium raised $6 million in equity capital in a Series C financing led by HLM Venture Partners of Boston with participation by Chrysalis Ventures and Safeguard. Proceeds will be used to expand sales and marketing initiatives. The company has raised $31 million in total funding. In addition, meQuilibrium hired Neal Bruce as senior vice president for product strategy and Kerry Smith as senior vice president for customer success.

WebLinc secured $6 million in debt financing from Montage Capital and Partners for Growth. Proceeds will be used to expand sales and marketing efforts, and to improve the company's cloud commerce products, including content and search components. WebLinc employs approximately 116 people in its Philadelphia, Vancouver and Toronto offices. The company has raised $20 million in venture capital to date.

Zipnosis recently secured $3 million in Series B equity funding from existing investors, including Safeguard, to continue growing its telemedicine sales, product development and customer support activities. The company has raised $23 million since its 2009 founding.

~ Product Launches / Regulatory Approvals ~

MediaMath launched new creative management offerings and supply partnerships that fully integrate native advertising into its omnichannel DSP, empowering clients to leverage a single platform to manage a larger share of their media spend using a creative format that has proven to be more engaging to consumers. The launch comes on the heels of MediaMath's recent $225 million funding round and demonstrates its commitment to improving the consumer experience while creating business outcomes. MediaMath's new native offering enables clients to upload creative assets in their component parts, such as images, headlines, copy and click-through-URLs and tracking tags, directly into T1, and then use the same assets flexibly across any compatible native inventory. MediaMath has partnered with Sharethrough, TripleLift and PowerLinks to launch these capabilities with a globally-scaled inventory of premium native ad opportunities. MediaMath has also been testing leveraging the same framework to target Facebook and Instagram inventory with the same creative units.

QuanticMind has expanded the Bidding Optimization Capabilities of its digital advertising platform, allowing users to have better control of their spend targets and minimum margins, among other goals. The company also has upgraded algorithms and infrastructure used to calculate location and device-bid adjustments for Google and Bing, improving accuracy and scalability.

~ Major Customer Wins / Strategic Partnerships ~

Aktana has integrated its decision-support software for the life science industry with offerings by Salesforce Sales Cloud, Marketing Cloud and Einstein AI to enhance sales and marketing team workflow and drive multichannel engagement.

Clutch Holdings has added West Coast grocer New Seasons Market to its customer roster. Clutch will centralize all of the grocer's transaction, SKU and customer loyalty data and design outreach campaigns across all channels using personalized communications. New Seasons Market operates 21 stores in Oregon, Washington and northern California.

Flashtalking has formed separate partnerships with Adobe Advertising Cloud and Neustar. The Adobe deal integrates Flashtalking and Adobe advertising technology platforms to enable advertisers to analyze data on their own terms at a granular level. Neustar and Flashtalking are teaming to integrate identity and ad management functions in the wake of Google's recent announcement that it will restrict and ultimately eliminate the use of DoubleClick IDs.

InfoBionic granted BIOTRONIK, a global leader in cardio- and endovascular medical technology, exclusive U.S. distribution rights for InfoBionic's MoMe® Kardia system for ambulatory cardiac arrhythmia monitoring.

MediaMath has allied with Rubicon Project, Integral Ad Science, Mindshare and Zilliqa to explore how to apply blockchain in advertising technology. The alliance is developing Project Proton, a prototype for enterprise level, secure collaboration across all facets of digital advertising and marketing – advertisers, agencies, demand side platforms, supply side platforms, data management platforms, trading desks and publishers.

Sonobi and San Francisco-based LiveRamp, an Acxiom® company, are teaming to help marketers improve targeting of potential customers. The partnership allows brands and agencies to build media packages using the

Sonobi JetStream multichannel ad platform and LiveRamp's identity resolution system. Users will be able to connect their CRM databases directly with media companies with appropriate inventory, informing them how customers customers consume media. It also lets them make programmatic media purchases.

~ Industry Awards / Certifications ~

Prognos is included with GE Healthcare, GlaxoSmithKline, Google, IBM, Massachusetts General Hospital, Merck, and Quest Diagnostics as prominent providers in the healthcare industry's booming artificial-intelligence sector in a recent study published by news aggregator ResearchMoz.us. The study projects the global hospital AI market, estimated at $19 billion in 2016, will grow to $50 billion by 2023, driven by AI's expanding role in improving diagnoses, personalizing treatments, and streamlining clinical workflow.

Zipnosis has been certified by Surescripts to add medication history services to its virtual care platform. Certification allows healthcare providers to view real-time medication history validation and prescriptions from updated provider workflow. Zipnosis will provide extra safety features, including medication interaction and allergy checking, as well as prescribing precautions related to pregnancy and breastfeeding. The added features allow providers to make more accurate decisions on medications using personalized healthcare data.

PARTNER COMPANY HOLDINGS AT DECEMBER 31, 2018

Partner Company Revenue Stages			
Initial Revenue Stage · Up to $1M in revenue	Expansion Stage · $1M to $5M in revenue	Traction Stage · $5M to $10M in revenue	High Traction Stage · $10M+ in revenue

Partner Companies	Stage	Category	Acquisition Year	Primary Ownership%	Carrying Value (in millions)	Cost (in millions)
Aktana	Traction	Healthcare	2016	19%	$ 5.3	$ 10.2
Brickwork	Expansion	Digital Media	2016	20%	2.4	4.8
Clutch Holdings	High Traction	Digital Media	2013	41%	6.5	16.3
Flashtalking	High Traction	Digital Media	2018	10%	11.0	19.2
Hoopla Software	Expansion	Digital Media	2011	26%	-	5.1

InfoBionic	Expansion	Healthcare	2014	25%	0.1	22.0
Lumesis	Traction	Financial Services	2012	44%	1.5	6.3
MediaMath	High Traction	Digital Media	2009	13%	-	15.5
meQuilibrium	Expansion	Healthcare	2015	33%	4.6	11.5
Moxe Health	Initial Revenue	Healthcare	2016	32%	3.8	5.5
NovaSom	High Traction	Healthcare	2011	32%	1.5	26.4
Prognos (fka Medivo)	High Traction	Healthcare	2011	29%	6.7	12.6
Propeller Health	Traction	Healthcare	2014	20%	7.8	14.3
QuanticMind	Traction	Digital Media	2015	24%	5.7	12.9
Sonobi	Traction	Digital Media	2015	22%	7.1	11.4
Syapse	High Traction	Healthcare	2014	20%	2.5	15.6
T-REX Group	Initial Revenue	Financial Services	2016	21%	3.9	6.0
Transactis	High Traction	Financial Services	2014	24%	7.5	14.5
Trice Medical	Expansion	Healthcare	2014	17%	3.5	10.2
WebLinc	High Traction	Digital Media	2014	39%	5.9	15.0
Zipnosis	Expansion	Healthcare	2015	35%	3.1	8.5
				TOTAL:	$ 90.4	$263.8

CONFERENCE CALL AND WEBCAST DETAILS

Please call 10-15 minutes prior to the call to register.

Date: Thursday, February 28, 2019

Time: 9:00am ET

Webcast: **www.safeguard.com/results**

Live Number: 833-236-5756 // (International) 647-689-4184

Replay Number: 800-585-8367 // (International) 416-621-4642

Access Code: 1796673

Speakers: President and Chief Executive Officer, Brian J. Sisko; and Senior Vice President and Chief Financial Officer, Mark A. Herndon.

Format: Discussion of fourth quarter and full-year 2018 financial results followed by Q&A.

Replay will be available through March 28, 2019 at 11:59pm ET. For more information please contact **IR@safeguard.com**.

About Safeguard Scientifics

Historically, Safeguard Scientifics (NYSE:SFE) has provided capital and relevant expertise to fuel the growth of technology-driven businesses. Safeguard has a distinguished track record of fostering innovation and building market leaders that spans more than six decades. For more information, please visit **www.safeguard.com**.

Forward-looking Statements

Except for the historical information and discussions contained herein, statements contained in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are subject to risks and uncertainties. Forward-looking statements include, but are not limited to, statements regarding Safeguard's efforts to execute on and implement its strategy of maximizing and monetizing the overall value of its partner company holdings and returning the proceeds to shareholders as soon as possible. Such forward-looking statements are not guarantees of future operational or financial performance and are based on current expectations that involve a number of uncertainties, risks and assumptions that are difficult to predict. Therefore, actual outcomes and/or results may differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that could cause actual results to differ materially include, among others, our ability to make good decisions about the monetization of our partner companies for maximum value or at all and to return capital to our shareholders, the fact that our partner companies may vary from period to period, challenges to achieving liquidity from our partner company holdings, fluctuations in the market prices of our publicly traded partner company holdings, competition, our inability to obtain maximum value for our partner company holdings, our ability to attract and retain qualified employees, market valuations in sectors in which our partner companies operate, our inability to control our partner companies, our need to manage our assets to avoid registration under the Investment Company Act of 1940, risks, disruption, costs and uncertainty caused by or related to the actions of activist shareholders, including that if individuals are elected to our Board with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create value for our shareholders and perceived uncertainties as to our future direction as a result of potential changes to the composition of our Board may lead to the perception of a change in the direction of our business, instability or a lack of continuity that may adversely affect our business, and risks associated with our partner companies, including the fact that most of our partner companies have a limited operating history and a history of operating losses, face intense competition and may never be profitable, the effect of economic conditions in the business sectors in which Safeguard's partner companies operate, and other uncertainties described in our filings with the Securities and Exchange Commission. Many of these factors are beyond the Company's ability to predict or control. As a result of these and other factors, the Company's past operational and financial performance should not be relied on as an indication of future performance. The Company does not assume any obligation to update any forward-looking statements or other information contained in this press release.

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Safeguard Scientifics, Inc.

Condensed Consolidated Balance Sheets

(in thousands)

	December 31, 2018	December 31, 2017
Assets		
Cash, cash equivalents, restricted cash and marketable securities	$ 46,158	$ 25,203
Other current assets	2,669	8,405
Total current assets	48,827	33,608
Ownership interests in and advances to partner companies	95,585	134,691
Long-term restricted cash equivalents	—	6,336
Other assets	1,325	1,829
Total Assets	$ 145,737	$ 176,464

Liabilities and Equity		
Other current liabilities	$ 5,780	$ 5,327
Credit facility - current	22,100	—
Credit facility repayment feature	5,060	—
Convertible senior debentures	—	40,485
Total current liabilities	32,940	45,812
Credit facility - non-current	43,014	45,321
Other long-term liabilities	2,804	3,535
Total equity	66,979	81,796
Total Liabilities and Equity	$ 145,737	$ 176,464

Safeguard Scientifics, Inc.

Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Operating expenses	$ 2,618	$ 3,940	$ 16,871	$ 17,131
Operating loss	(2,618)	(3,940)	(16,871)	(17,131)
Other loss	(193)	(120)	(5,158)	(339)
Interest, net	(6,021)	(1,683)	(13,261)	(4,744)

Equity income (loss)	(7,791)	(12,985)	19,661	(66,358)
Net loss before income taxes	(16,623)	(18,728)	(15,629)	(88,572)
Income tax benefit (expense)	—	—	—	—
Net loss	$ (16,623)	$ (18,728)	$ (15,629)	$ (88,572)
Net loss per share:				
Basic	$ (0.81)	$ (0.91)	$ (0.76)	$ (4.34)
Diluted	$ (0.81)	$ (0.91)	$ (0.76)	$ (4.34)
Weighted average shares used in computing loss per share:				
Basic	20,472	20,357	20,544	20,430
Diluted	20,472	20,357	20,544	20,430

Safeguard Scientifics, Inc.

Partner Company Financial Data

(in thousands)

Additional Financial Information

To assist investors in understanding Safeguard and our 21 partner companies as of December 31, 2018, we are providing additional financial information on our partner companies, including the aggregate cost and carrying value for all of our partner companies and other holdings. Carrying value of an equity method partner company represents the original acquisition cost and any follow-on funding, plus or minus our share of the earnings or losses of each company, reduced by any impairment charges. The carrying value and cost data reflect our percentage holdings in the partner companies and reflect both equity ownership interests in and advances to those partner companies.

	December 31, 2018	
	Carrying Value	Cost (including transaction costs)

Safeguard Carrying Value and Cost				
Equity method partner companies	$	79,422	$	229,030
Other partner companies		10,956		34,703
Other holdings		5,207		37,220
	$	95,585	$	300,953

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