

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2026
OR

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

Commission File No. 001-35210



INNOVATE CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
295 Madison Ave., 12th Floor, New York, NY
(Address of principal executive offices)

54-1708481
(I.R.S. Employer
Identification No.)
10017
(Zip Code)

(212) 235-2691

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	VATE	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

As of May 11, 2026, 13,641,866 shares of common stock, par value \$0.001, were outstanding.

INNOVATE CORP.

INDEX TO FORM 10-Q

	<u>PART I.</u> FINANCIAL INFORMATION	
Item 1.	<u>Financial Statements (Unaudited)</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Comprehensive Loss</u>	<u>3</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Stockholders' Deficit</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>6</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
	<u>(1) Organization and Business</u>	<u>7</u>
	<u>(2) Summary of Significant Accounting Policies</u>	<u>8</u>
	<u>(3) Revenue and Contracts in Process</u>	<u>10</u>
	<u>(4) Accounts Receivable, Net</u>	<u>12</u>
	<u>(5) Inventory</u>	<u>12</u>
	<u>(6) Investments</u>	<u>13</u>
	<u>(7) Property, Plant and Equipment, Net</u>	<u>14</u>
	<u>(8) Goodwill and Intangibles, Net</u>	<u>14</u>
	<u>(9) Leases</u>	<u>15</u>
	<u>(10) Other Assets, Accrued Liabilities and Other Liabilities</u>	<u>16</u>
	<u>(11) Debt Obligations</u>	<u>18</u>
	<u>(12) Income Taxes</u>	<u>24</u>
	<u>(13) Commitments and Contingencies</u>	<u>25</u>
	<u>(14) Share-Based Compensation</u>	<u>26</u>
	<u>(15) Equity and Temporary Equity</u>	<u>27</u>
	<u>(16) Related Parties</u>	<u>30</u>
	<u>(17) Operating Segments and Related Information</u>	<u>31</u>
	<u>(18) Basic and Diluted Loss Per Common Share</u>	<u>32</u>
	<u>(19) Fair Value of Financial Instruments</u>	<u>32</u>
	<u>(20) Supplementary Financial Information</u>	<u>34</u>
	<u>(21) Subsequent Events</u>	<u>34</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>34</u>
Item 4.	<u>Controls and Procedures</u>	<u>54</u>
	<u>PART II.</u> OTHER INFORMATION	
Item 1.	<u>Legal Proceedings</u>	<u>54</u>
Item 1A.	<u>Risk Factors</u>	<u>54</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>55</u>
Item 5.	<u>Other Information</u>	<u>55</u>
Item 6.	<u>Exhibits</u>	<u>55</u>
	<u>SIGNATURES</u>	

PART I. FINANCIAL INFORMATION
Item 1. Unaudited Financial Statements

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except shares and per share amounts)

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 364.8	\$ 274.2
Cost of revenue	311.3	228.7
Gross profit	53.5	45.5
Operating expenses:		
Selling, general and administrative	39.4	37.8
Depreciation and amortization	4.2	4.4
Other operating income	(0.1)	(0.1)
Income from operations	10.0	3.4
Other (expense) income:		
Interest expense	(24.5)	(20.2)
Loss from equity investees	—	(5.9)
Other income, net	0.3	4.0
Loss from operations before income taxes	(14.2)	(18.7)
Income tax expense	(2.9)	(7.1)
Net loss	(17.1)	(25.8)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	0.3	1.3
Net loss attributable to INNOVATE Corp.	(16.8)	(24.5)
Less: Preferred stock dividends	0.4	0.3
Net loss attributable to common stockholders and participating preferred stockholders	\$ (17.2)	\$ (24.8)
Loss per common share - basic and diluted	\$ (1.29)	\$ (1.89)
Weighted-average common shares outstanding - basic and diluted	13,344,976	13,114,804

The accompanying notes are an integral part of these condensed consolidated financial statements.

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2026	2025
Net loss	\$ (17.1)	\$ (25.8)
Other comprehensive income		
Foreign currency translation adjustment, net of tax	0.3	0.2
Other comprehensive income	\$ 0.3	\$ 0.2
Comprehensive loss	(16.8)	(25.6)
Comprehensive loss attributable to non-controlling interests and redeemable non-controlling interests	0.3	1.3
Comprehensive loss attributable to INNOVATE Corp.	\$ (16.5)	\$ (24.3)

The accompanying notes are an integral part of these condensed consolidated financial statements.

INNOVATE CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions, except share amounts)

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 134.6	\$ 112.1
Accounts receivable, net	186.0	241.1
Contract assets	54.5	64.1
Inventory	15.4	16.0
Other current assets	15.4	18.2
Total current assets	<u>405.9</u>	<u>451.5</u>
Investments	1.8	1.8
Deferred tax asset	2.0	2.0
Property, plant and equipment, net	148.1	141.8
Goodwill	127.1	127.0
Intangibles, net	163.7	165.2
Other assets	88.2	60.8
Total assets	<u>\$ 936.8</u>	<u>\$ 950.1</u>
Liabilities, temporary equity and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 130.2	\$ 141.4
Accrued liabilities	103.7	122.5
Current portion of debt obligations	610.8	581.4
Contract liabilities	157.3	171.9
Other current liabilities	17.8	16.9
Total current liabilities	<u>1,019.8</u>	<u>1,034.1</u>
Deferred tax liability	4.7	4.7
Debt obligations	68.8	80.3
Other liabilities	75.7	46.3
Total liabilities	<u>1,169.0</u>	<u>1,165.4</u>
Commitments and contingencies (Note 13)		
Temporary equity		
Preferred Stock Series A-3 and Preferred Stock Series A-4, \$0.001 par value	9.5	9.3
Shares authorized: 20,000,000; Shares issued and outstanding: 6,125 of Series A-3; 1,937 of Series A-4		
Redeemable non-controlling interests	1.3	1.6
Total temporary equity	<u>10.8</u>	<u>10.9</u>
Stockholders' deficit		
Common stock, \$0.001 par value	—	—
Shares authorized: 250,000,000; Shares issued: 13,818,904; Shares outstanding: 13,641,866 and 13,655,062, respectively		
Additional paid-in capital	350.4	350.1
Treasury stock, at cost: 177,038 and 163,842 shares, respectively	(5.6)	(5.6)
Accumulated deficit	(599.3)	(582.5)
Accumulated other comprehensive loss	(1.8)	(2.1)
Total INNOVATE Corp. stockholders' deficit	<u>(256.3)</u>	<u>(240.1)</u>
Non-controlling interests	13.3	13.9
Total stockholders' deficit	<u>(243.0)</u>	<u>(226.2)</u>
Total liabilities, temporary equity and stockholders' deficit	<u>\$ 936.8</u>	<u>\$ 950.1</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited, in millions, except share amounts)

	Temporary Equity Preferred Stock and Redeemable Non- Controlling Interests	Stockholders' (Deficit) Equity								
		Common Stock			Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss) (a)	Total INNOVATE Stockholders' (Deficit) Equity	Non- Controlling Interests	Total Stockholders' (Deficit) Equity
		Shares (thousands)	Amount	Additional Paid-In Capital						
Balance as of December 31, 2025	\$ 10.9	13,655.1	\$ —	\$ 350.1	\$ (5.6)	\$ (582.5)	\$ (2.1)	\$ (240.1)	\$ 13.9	\$ (226.2)
Share-based compensation	—	—	—	0.6	—	—	—	0.6	—	0.6
Shares withheld to satisfy tax withholdings	—	(13.2)	—	—	—	—	—	—	—	—
Dividends	0.2	—	—	(0.4)	—	—	—	(0.4)	(0.4)	(0.8)
Transactions with non-controlling interests and redeemable non-controlling interests	—	—	—	0.1	—	—	—	0.1	(0.2)	(0.1)
Net loss	(0.3)	—	—	—	—	(16.8)	—	(16.8)	—	(16.8)
Other comprehensive income	—	—	—	—	—	—	0.3	0.3	—	0.3
Balance as of March 31, 2026	\$ 10.8	13,641.9	\$ —	\$ 350.4	\$ (5.6)	\$ (599.3)	\$ (1.8)	\$ (256.3)	\$ 13.3	\$ (243.0)

	Temporary Equity Preferred Stock and Redeemable Non- Controlling Interests	Stockholders' (Deficit) Equity								
		Common Stock			Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss)	Total INNOVATE Stockholders' (Deficit) Equity	Non- Controlling Interests	Total Stockholders' (Deficit) Equity
		Shares (thousands)	Amount	Additional Paid-In Capital						
Balance as of December 31, 2024	\$ 15.6	13,261.4	\$ —	\$ 350.1	\$ (5.4)	\$ (521.9)	\$ (3.2)	\$ (180.4)	\$ 21.1	\$ (159.3)
Share-based compensation	—	—	—	0.8	—	—	—	0.8	—	0.8
Shares withheld to satisfy tax withholdings	—	(15.1)	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Dividends	—	—	—	(0.3)	—	—	—	(0.3)	—	(0.3)
Issuance of common stock	—	36.9	—	—	—	—	—	—	—	—
Transactions with non-controlling interests	—	—	—	0.1	—	—	—	0.1	(0.1)	—
Net loss	(0.2)	—	—	—	—	(24.5)	—	(24.5)	(1.1)	(25.6)
Other comprehensive income	—	—	—	—	—	—	0.2	0.2	—	0.2
Balance as of March 31, 2025	\$ 15.4	13,283.2	\$ —	\$ 350.7	\$ (5.5)	\$ (546.4)	\$ (3.0)	\$ (204.2)	\$ 19.9	\$ (184.3)

(a) Inclusive of other comprehensive income (loss), foreign currency cumulative translation adjustments totaled a loss of \$3.1 million and \$3.3 million as of March 31, 2026 and December 31, 2025, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (17.1)	\$ (25.8)
Adjustments to reconcile net loss to cash provided by (used in) operating activities		
Share-based compensation expense	0.6	0.8
Depreciation and amortization (including amounts in cost of revenue)	7.4	7.9
Amortization of deferred financing costs and debt discount	6.1	5.6
Loss from equity investees	—	5.9
Gains on investments	—	(4.6)
Deferred income tax expense	—	0.1
Other operating activities, net	—	0.3
Changes in assets and liabilities:		
Accounts receivable	55.0	29.2
Contract assets	9.6	(29.0)
Other current assets	3.2	1.4
Inventory	0.6	1.1
Other assets	7.0	2.4
Accounts payable	(14.2)	19.3
Accrued liabilities	6.0	(10.9)
Contract liabilities	(14.6)	(13.8)
Other current liabilities	0.9	—
Other liabilities	(5.0)	(4.0)
Cash provided by (used in) operating activities	<u>45.5</u>	<u>(14.1)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9.5)	(4.7)
Proceeds from disposal of property, plant and equipment	0.1	1.1
Purchase of investments	—	(0.3)
Cash paid for asset acquisitions	(0.2)	—
Cash used in investing activities	<u>(9.6)</u>	<u>(3.9)</u>
Cash flows from financing activities		
Proceeds from lines of credit, net of deferred financing costs	—	20.0
Payments on lines of credit	(10.0)	(15.0)
Principal payments for and repurchases of other debt obligations	(3.0)	(2.2)
Dividend payments	(0.4)	(0.3)
Other financing activities	(0.1)	(0.1)
Cash (used in) provided by financing activities	<u>(13.5)</u>	<u>2.4</u>
Effects of exchange rate changes on cash, cash equivalents and restricted cash	0.1	0.2
Net increase (decrease) in cash and cash equivalents, including restricted cash	22.5	(15.4)
Cash, cash equivalents and restricted cash, beginning of period	112.7	49.3
Cash, cash equivalents and restricted cash, end of period	<u>\$ 135.2</u>	<u>\$ 33.9</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business

INNOVATE Corp. ("INNOVATE" and, together with its consolidated subsidiaries, the "Company", "we" and "our") is a diversified holding company that has a portfolio of subsidiaries in a variety of operating segments. The Company seeks to grow these businesses so that they can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. While the Company generally intends to acquire controlling equity interests in its operating subsidiaries, the Company may invest to a limited extent in a variety of non-controlling equity interest positions or debt instruments. The Company's shares of common stock trade on the New York Stock Exchange ("NYSE") under the symbol "VATE".

As of March 31, 2026, the Company had three reportable segments, plus the Company's Other segment, based on management's organization of the enterprise: Infrastructure, Life Sciences, Spectrum, and Other which includes businesses that do not meet the separately reportable segment thresholds or requirements.

Infrastructure

The Company's Infrastructure segment is comprised of DBM Global Inc. ("DBMG") and its wholly-owned subsidiaries. DBMG is a fully integrated industrial construction, structural steel and facility maintenance provider that provides fabrication and erection of structural steel and heavy steel plate services and also fabricates trusses and girders and specializes in the fabrication and erection of large-diameter water pipe and water storage tanks, as well as 3-D Building Information Modeling ("BIM") and detailing. DBMG provides these services on commercial, industrial, and infrastructure construction projects such as high- and low-rise buildings and office complexes, hotels and casinos, convention centers, sports arenas and stadiums, shopping malls, hospitals, dams, bridges, mines, metal processing, refineries, pulp and paper mills and power plants. Through GrayWolf Industrial Inc. ("GrayWolf"), DBMG provides integrated solutions for digital engineering, modeling and detailing, construction, heavy equipment installation and facility services including maintenance, repair, and installation to a diverse range of end markets. Through GrayWolf Modular DBMG delivers scalable, productized data center infrastructure—spanning white space, air handling, power, and cooling, as well as fully integrated assemblies. This approach shifts critical scope off-site, reducing on-site construction, improving schedule certainty, and enabling faster, repeatable deployment at scale to meet increasing density and speed-to-market demands. Through Aitken Manufacturing, Inc., DBMG manufactures pollution control scrubbers, tunnel liners, pressure vessels, strainers, filters, separators and a variety of customized products. Through Banker Steel, a division of Schuff Steel Company, DBMG provides full-service fabricated structural steel and erection services primarily for the U.S. East Coast and Southeast commercial and industrial construction markets, in addition to full design-assist services. The Company maintains a 91.2% controlling interest in DBMG.

Life Sciences

The Company's Life Sciences segment is comprised of Pansend Life Sciences, LLC ("Pansend"), its subsidiaries and its equity investments. Pansend maintains a controlling interest of 80.0% in Genovel Orthopedics, Inc. ("Genovel"), which seeks to develop products to treat early osteoarthritis of the knee, and also has a controlling interest of 80.8% (81.0% as of December 31, 2025) in R2 Technologies, Inc. ("R2 Technologies"), which develops aesthetic and medical technologies for the skin. Pansend also invests in other early stage or developmental stage healthcare companies and has a 44.6% interest in MediBeacon Inc. ("MediBeacon"), a medical technology company specializing in the advances of fluorescent tracer agents and transdermal measurement, potentially enabling real-time, direct monitoring of kidney function, maintained a 1.6% fully diluted interest in Triple Ring Technologies, Inc. ("Triple Ring"), a science and technology co-development company, and maintained a 20.1% interest in Scaled Cell Solutions, Inc. ("Scaled Cell"), an immunotherapy company developing a novel autologous cell therapy system to potentially improve current CAR-T treatments.

Spectrum

The Company's Spectrum segment is comprised of HC2 Broadcasting Holdings Inc. ("Broadcasting" or "HC2B") and its subsidiaries. Broadcasting strategically acquires and operates over-the-air broadcasting stations across the United States. The Company maintains a 98.0% controlling interest in Broadcasting and maintains a controlling interest of approximately 69.2%, inclusive of 2.8% proxy rights from minority holders of DTV America Corporation ("DTV"). On a fully diluted basis, the Company would have an 85.8% controlling interest in Broadcasting.

Other

The Company's Other segment represents all other businesses or investments that do not meet the definition of a segment individually or in the aggregate. The Other segment primarily includes holding companies for legacy businesses.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company, its wholly owned subsidiaries and all other subsidiaries over which the Company exerts control. All intercompany profits, transactions and balances have been eliminated in consolidation. The remaining interests not owned by the Company are presented as a non-controlling interest component of total equity.

Basis of Presentation

The accompanying interim unaudited Condensed Consolidated Financial Statements of the Company included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Certain information and note disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), have been condensed or omitted in these interim unaudited Condensed Consolidated Financial Statements pursuant to such rules and regulations.

These interim unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's annual audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on March 26, 2026. The results of operations for the three months ended March 31, 2026, are not necessarily indicative of the results for any subsequent periods or the entire fiscal year ending December 31, 2026. Certain prior amounts have been reclassified or combined to conform to the current year presentation, for example, certain amounts within the *Other income, net* table in Note 20. Supplementary Financial Information.

Liquidity and Going Concern

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared assuming that the Company will continue as a going concern. However, as of the date of these financial statements, there is substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

The principal conditions leading to this conclusion are the upcoming maturities of the Company's debt obligations. Based on these conditions, the Company may not be able to meet its obligations at maturity nor comply with certain cross-default provisions under the 10.50% 2027 Senior Secured Notes over the next twelve months, or any potential breach of the milestone covenant of the 10.50% 2027 Senior Secured Notes Indenture which has required the Company to commence and proceed with a sales process for all or substantially all of DBMG's assets or equity interests in accordance with certain dates and deadlines. Refer to Note 11. Debt Obligations for additional information.

Management has evaluated the significance of these conditions in relation to the Company's ability to meet its obligations. The potential inability to refinance or extend the maturity of the aforementioned current debt, or to obtain additional financing, raises substantial doubt about the Company's ability to continue as a going concern.

The Company plans to alleviate these conditions through various initiatives it is currently exploring, including pursuing asset sales, potentially refinancing debt and raising additional capital. However, there can be no assurance that the Company will have the ability to be successful in any asset sales, additional capital raises, or the refinancing of its existing debt, on attractive terms, or at all nor any assurances that lenders will provide additional extensions, waivers or amendments in the event of future non-compliance with the Company's debt covenants or other possible events of default. Further, there can be no assurance that the Company will be able to execute a reduction, extension, or refinancing of the debt, or that the terms of any replacement financing would be as favorable as the terms of the debt prior to the maturity dates. There can be no assurance that these plans will be successfully implemented or that they will mitigate the conditions that raise substantial doubt about the Company's ability to continue as a going concern.

These unaudited Condensed Consolidated Financial Statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, or expenses that may result if the Company is unable to continue as a going concern.

Use of Estimates and Assumptions

The preparation of unaudited Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and various disclosures within these Condensed Consolidated Financial Statements as of the date of the Condensed Consolidated Financial Statements and the reported amounts of net revenue and expenses during the reporting period. These estimates are based on historical experience and various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted in the Current Year

On July 30, 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, *Financial Instruments - Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"). The amendments in ASU 2025-05 provide entities with a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606 (*Revenue from Contracts with Customers*). The practical expedient allows entities to assume that current conditions as of the balance sheet date will not change for the remaining life of an asset when developing reasonable and supportable forecasts as part of the estimation of expected credit losses. The guidance was effective for the Company for interim and annual periods beginning on January 1, 2026, and the Company is utilizing the practical expedient. The adoption of this ASU did not have a significant effect on the Company's Condensed Consolidated Financial Statements.

On November 26, 2024, the FASB issued ASU 2024-04, *Debt - Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments* ("ASU 2024-04"). The amendments in this update affect entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion. The amendments clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The guidance was effective for the Company for interim and annual periods beginning on January 1, 2026. The adoption of this ASU did not have an effect on the Company's Condensed Consolidated Financial Statements.

Accounting Pronouncements Issued But Pending Adoption

On April 23, 2026, the FASB issued ASU 2026-01, *Equity (Topic 505): Initial Measurement on Equity-Classified Preferred Stock* ("ASU 2026-01"). The amendments in this ASU improve GAAP by providing authoritative guidance for the initial measurement of paid-in kind ("PIK") dividends on equity-classified preferred stock and requires that these PIK dividends be initially measured on the basis of the PIK dividend rate stated in the preferred stock agreement. ASU 2026-01 is effective for fiscal years beginning after December 15, 2026, and interim periods within those annual reporting periods. Entities may apply the amendments in this ASU either on a prospective basis or on a modified retrospective basis for equity-classified preferred stock instruments that are outstanding as of the initial application date. The Company is currently evaluating the potential effect of this ASU on the Company's Condensed Consolidated Financial Statements.

On September 18, 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). The amendments in ASU 2025-06 modernize the accounting for software costs that are accounted for under Subtopic 350-40 by removing all references to prescriptive and sequential software development stages throughout Subtopic 350-40. Under ASU 2025-06, an entity is required to start capitalizing software costs when management has authorized and committed to funding the software project and it is probable the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those annual reporting periods. Entities may apply the amendments retrospectively for all prior periods presented in the financial statements, prospectively or under a modified retrospective approach based on the status of the project and whether software costs were capitalized before the date of adoption. The Company expects that it will apply the new guidance prospectively and is currently evaluating the potential effect of this ASU on future transactions; however, the Company does not expect this ASU to have a significant effect on the Company's Condensed Consolidated Financial Statements.

On May 12, 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a VIE* ("ASU 2025-03"). The amendments in ASU 2025-03 require an entity, involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business, to consider certain factors to determine which entity is the accounting acquirer. ASU 2025-03 is effective prospectively for fiscal years beginning after December 15, 2026, and interim periods within those annual reporting periods. The Company is currently evaluating the potential effect of this ASU on future transactions; however, the Company does not expect this ASU to have a material effect on the Company's Condensed Consolidated Financial Statements.

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). The amendments in this ASU require disclosure, in the notes to financial statements, of specified information about certain costs and expenses, including the total amount of selling expenses incurred in the period and an entity's definition of selling expenses. ASU 2024-03, with effective dates as clarified by ASU 2025-01 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating this ASU, which will only have an effect on the disclosures within the Company's Condensed Consolidated Financial Statements.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

Subsequent Events

ASC 855, *Subsequent Events* requires the Company to evaluate events that occur after the balance sheet date as of which the financial statements are issued, and to determine whether adjustments to or additional disclosures in the financial statements are necessary. Refer to Note 21. Subsequent Events.

3. Revenue and Contracts in Process

Revenue from contracts with customers consisted of the following (in millions):

	Three Months Ended March 31,	
	2026	2025
Infrastructure	\$ 357.9	\$ 264.9
Life Sciences	1.6	3.1
Spectrum	5.3	6.2
Total revenue	<u>\$ 364.8</u>	<u>\$ 274.2</u>

Accounts receivable, net, from contracts with customers consisted of the following (in millions):

	March 31,	December 31, 2025
	2026	
Infrastructure	\$ 179.8	\$ 237.0
Life Sciences	0.9	1.8
Spectrum	1.7	1.7
Total accounts receivable with customers	<u>\$ 182.4</u>	<u>\$ 240.5</u>

As of January 1, 2025, accounts receivable, net, from contracts with customers totaled \$188.2 million.

Infrastructure Segment

The following table disaggregates DBMG's revenue by market (in millions):

	Three Months Ended March 31,	
	2026	2025
Industrial	\$ 126.2	\$ 74.6
Commercial	108.0	53.8
Healthcare	41.5	52.0
Government	37.1	24.8
Transportation	34.2	44.7
Energy	9.5	1.9
Leisure	0.2	6.6
Convention	0.9	5.9
Total revenue from contracts with customers	<u>\$ 357.6</u>	<u>\$ 264.3</u>
Other revenue	0.3	0.6
Total Infrastructure segment revenue	<u>\$ 357.9</u>	<u>\$ 264.9</u>

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

Contract assets and contract liabilities consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Costs incurred on contracts in progress	\$ 1,490.9	\$ 1,365.3
Estimated earnings	210.0	194.4
Contract revenue earned on uncompleted contracts	1,700.9	1,559.7
Less: progress billings	1,803.7	1,667.5
	<u>\$ (102.8)</u>	<u>\$ (107.8)</u>

The above is included in the accompanying Condensed Consolidated Balance Sheets under the following line items:

Contract assets	\$ 54.5	\$ 64.1
Contract liabilities	(157.3)	(171.9)
	<u>\$ (102.8)</u>	<u>\$ (107.8)</u>

	March 31, 2026	December 31, 2025
Cost in excess of billings and estimated earnings	\$ 26.5	\$ 28.7
Conditional retainage	28.0	35.4
Contract assets	<u>\$ 54.5</u>	<u>\$ 64.1</u>

Billings in excess of costs and estimated earnings	\$ (216.6)	\$ (218.1)
Conditional retainage	59.3	46.2
Contract liabilities	<u>\$ (157.3)</u>	<u>\$ (171.9)</u>

As of January 1, 2025, contract assets were \$106.3 million and contract liabilities were \$109.1 million.

The change in contract assets during the three months ended March 31, 2026 and 2025, is a result of the recording of \$19.0 million and \$74.6 million, respectively, of contract assets driven by new commercial projects, partially offset by \$28.6 million and \$45.6 million, respectively, of contract assets transferred to receivables from contract assets recognized at the beginning of the year, including from certain large projects completed or nearing completion and the corresponding billing of amounts previously recorded as contract assets.

The change in contract liabilities during the three months ended March 31, 2026 and 2025, is a result of the recording of periodic contract liabilities of \$137.3 million and \$54.0 million, respectively, driven primarily by large initial billings on new commercial projects, partially offset by revenue recognized that was included in the contract liability balance at the beginning of the year in the amount of \$151.9 million and \$67.8 million, respectively.

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

As of March 31, 2026, the transaction price allocated to remaining unsatisfied performance obligations consisted of the following (in millions):

	Within One Year	Within Two to Five Years	Total
Industrial	\$ 403.9	\$ 99.3	\$ 503.2
Transportation	225.1	285.7	510.8
Commercial	232.7	31.9	264.6
Healthcare	194.2	16.1	210.3
Government	62.2	11.5	73.7
Energy	22.7	—	22.7
Convention	0.3	—	0.3
Remaining unsatisfied performance obligations	<u>\$ 1,141.1</u>	<u>\$ 444.5</u>	<u>\$ 1,585.6</u>

DBMG's remaining unsatisfied performance obligations increase with awards of new contracts and decrease as it performs work and recognizes revenue on existing contracts. DBMG includes a project within its remaining unsatisfied performance obligations at such time the project is awarded and agreement on contract terms has been reached. DBMG's remaining unsatisfied performance obligations include amounts related to contracts for which a fixed price contract value is not assigned when a reasonable estimate of total transaction price can be made. DBMG expects to recognize this revenue approximately within the next 2.5 years.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

Remaining unsatisfied performance obligations include unrecognized revenues to be realized from uncompleted construction contracts. Although many of DBMG's contracts are subject to cancellation at the election of its customers, in accordance with industry practice, DBMG does not limit the amount of unrecognized revenue included within its remaining unsatisfied performance obligations due to the inherent substantial economic penalty that would be incurred by its customers upon cancellation.

Life Sciences Segment

The following table disaggregates the Life Sciences segment's revenue by type (in millions):

	Three Months Ended March 31,	
	2026	2025
Systems and consumables revenue	\$ 1.6	\$ 3.1
Total Life Sciences segment revenue	\$ 1.6	\$ 3.1

Spectrum Segment

The following table disaggregates the Spectrum segment's revenue by type (in millions):

	Three Months Ended March 31,	
	2026	2025
Broadcast station	\$ 5.3	\$ 6.2
Total Spectrum segment revenue	\$ 5.3	\$ 6.2

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

As of March 31, 2026, the transaction price allocated to remaining unsatisfied performance obligations consisted of \$9.6 million of broadcast station revenues of which \$8.1 million is expected to be recognized within one year and \$1.5 million is expected to be recognized within the next 2 years.

4. Accounts Receivable, Net

Accounts receivable, net, consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Contracts in progress	\$ 179.8	\$ 237.0
Unbilled retentions	0.1	0.1
Trade receivables	2.7	3.6
Other receivables	3.6	0.6
Allowance for expected credit losses	(0.2)	(0.2)
Total	\$ 186.0	\$ 241.1

As of January 1, 2025, accounts receivable, net totaled \$194.0 million.

5. Inventory

Inventory consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Raw materials and consumables	\$ 14.1	\$ 14.9
Work in process	0.7	0.3
Finished goods	0.6	0.8
Total inventory	\$ 15.4	\$ 16.0

6. Investments

The carrying values of the Company's investments, by accounting category, were as follows (in millions):

Date	Equity Method ⁽¹⁾	Measurement Alternative ⁽²⁾	Total
March 31, 2026	\$ 0.9	\$ 0.9	\$ 1.8
December 31, 2025	\$ 0.9	\$ 0.9	\$ 1.8

(1) The Company's equity method investments were comprised of MediBeacon and Scaled Cell as of both March 31, 2026 and December 31, 2025.

(2) The Company's measurement alternative method investment was comprised of Triple Ring as of both March 31, 2026 and December 31, 2025.

The Company's recognized share of net losses from its equity method investments was zero and \$5.9 million for the three months ended March 31, 2026 and 2025, respectively.

MediBeacon

Pansend accounts for its preferred stock investment in MediBeacon under the equity method of accounting, inclusive of any fixed maturity securities (notes) issued by MediBeacon to Pansend.

On January 17, 2025, MediBeacon received approval from the U.S. Food and Drug Administration ("FDA") for its Transdermal GFR Measurement System ("TGFR"). Pursuant to the terms of MediBeacon's convertible notes, upon the FDA approval, Pansend's convertible notes of \$11.4 million and the related accrued interest of \$1.5 million, together totaling \$12.9 million, were converted into Series 3 Preferred Stock. In addition, pursuant to its amended commercial partnership with Huadong and, as a result of FDA approval, a \$7.5 million milestone payment from Huadong Medicine Co. Ltd ("Huadong"), a publicly traded company on the Shenzhen Stock Exchange, to MediBeacon for MediBeacon preferred stock was received in the first quarter of 2025. As a result of these transactions, Pansend's ownership in MediBeacon decreased slightly and Pansend recognized a step-up gain of \$4.4 million which is reflected in Other income, net in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2025, which increased Pansend's carrying amount of its investment in MediBeacon. Concurrently, Pansend recognized equity method losses of \$5.9 million, driven by the \$4.4 million step-up gain and \$1.5 million of interest from the conversion of the convertible notes, which were previously unrecognized because Pansend's carrying amount of its investment in MediBeacon had been previously reduced to zero.

MediBeacon's total outstanding principal amount of notes due to Pansend was \$0.5 million as of both March 31, 2026 and December 31, 2025. Interest income earned by Pansend from the MediBeacon notes totaled \$15 thousand and \$0.1 million for the three months ended March 31, 2026 and 2025, respectively. The related accrued interest receivable was \$0.4 million, as of both March 31, 2026 and December 31, 2025.

As of March 31, 2026, Pansend's carrying amount of its investment in MediBeacon remained at zero, inclusive of the \$0.5 million in secured promissory notes which has been offset against recognized equity method losses, and Pansend has cumulative unrecognized equity method losses relating to MediBeacon of \$21.2 million.

Marketable Securities

In October 2024, the Company purchased common shares in the open market of a publicly traded company for approximately \$2.0 million, and in March 2025, the Company purchased common shares in the open market of another publicly traded company for \$0.3 million. Both purchases represented less than 1% of the total outstanding equity of the respective issuers. In July 2025, all of these shares were sold for aggregate proceeds of \$2.9 million. Prior to their disposal, these securities were remeasured at fair value each reporting period using the externally quoted market prices, Fair Value Level 1 inputs. For the three months ended March 31, 2025, unrealized fair value gains of \$0.2 million related to these securities were included in Other income, net in the Condensed Consolidated Financial Statements.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

7. Property, Plant and Equipment, Net

Property, plant and equipment, net, ("PP&E") consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Equipment, furniture and fixtures, and software	\$ 230.7	\$ 223.3
Building and leasehold improvements	44.8	42.4
Land	25.4	25.3
Construction in progress	18.2	16.3
Plant and transportation equipment	6.6	6.7
	<u>\$ 325.7</u>	<u>\$ 314.0</u>
Less: Accumulated depreciation	177.6	172.2
Total	<u>\$ 148.1</u>	<u>\$ 141.8</u>

Depreciation expense was \$5.7 million and \$5.9 million for the three months ended March 31, 2026 and 2025, respectively. These amounts included \$3.2 million and \$3.5 million of depreciation expense recognized within cost of revenue for the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026 and December 31, 2025, the gross value of capitalized internal-use software included in PP&E was \$22.9 million and \$21.0 million, respectively, and the net book value as of March 31, 2026 and December 31, 2025, was \$7.3 million and \$6.6 million, respectively.

8. Goodwill and Intangibles, Net

Goodwill

The carrying amounts of goodwill by segment were as follows (in millions):

	Infrastructure	Spectrum	Total
Balance as of December 31, 2025	\$ 105.6	\$ 21.4	\$ 127.0
Translation adjustments	0.1	—	0.1
Balance as of March 31, 2026	<u>\$ 105.7</u>	<u>\$ 21.4</u>	<u>\$ 127.1</u>

Indefinite-Lived Intangible Assets

The carrying amounts of indefinite-lived intangible assets were as follows (in millions):

	March 31, 2026	December 31, 2025
Federal Communications Commission ("FCC") licenses	\$ 108.1	\$ 107.9
Total	<u>\$ 108.1</u>	<u>\$ 107.9</u>

Definite-Lived Intangible Assets

The gross carrying amounts and accumulated amortization of definite-lived intangible assets by major intangible asset class were as follows (in millions):

	Weighted-Average Original Useful Life	March 31, 2026		Net
		Gross Carrying Amount	Accumulated Amortization	
Trade names	15 years	\$ 25.2	\$ (13.0)	\$ 12.2
Customer relationships and contracts	11 years	87.6	(55.6)	32.0
Channel sharing arrangements	35 years	12.6	(2.6)	10.0
Other	10 years	3.7	(2.3)	1.4
Total		<u>\$ 129.1</u>	<u>\$ (73.5)</u>	<u>\$ 55.6</u>

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

	Weighted-Average Original Useful Life	December 31, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net
Trade names	15 years	\$ 25.2	\$ (12.6)	\$ 12.6
Customer relationships and contracts	11 years	87.6	(54.3)	33.3
Channel sharing arrangements	35 years	12.6	(2.5)	10.1
Other	10 years	3.6	(2.3)	1.3
Total		<u>\$ 129.0</u>	<u>\$ (71.7)</u>	<u>\$ 57.3</u>

Amortization expense for definite-lived intangible assets was \$1.7 million and \$2.0 million for the three months ended March 31, 2026 and 2025, respectively. Amortization expense is included in Depreciation and amortization in the Condensed Consolidated Statements of Operations.

9. Leases

The Company has entered into operating leases for land, office space, and certain Company vehicles and equipment and has entered into finance leases for certain Company vehicles and equipment. The leases will expire between 2026 and 2045. Right-of-use lease assets and lease liabilities consisted of the following (in millions):

	Balance Sheet Location	March 31, 2026	December 31, 2025
Right-of-use assets:			
Operating lease	Other assets (non-current)	\$ 84.0	\$ 52.9
Finance lease	Property, plant and equipment, net	0.1	0.1
Total right-of-use assets		<u>\$ 84.1</u>	<u>\$ 53.0</u>
Lease liabilities:			
Current portion of operating lease	Other current liabilities	\$ 13.9	\$ 12.9
Non-current portion of operating lease	Other liabilities	72.0	42.9
Finance lease	Debt obligations	0.1	0.1
Total lease liabilities		<u>\$ 86.0</u>	<u>\$ 55.9</u>

The following table summarizes the components of lease expense (in millions):

	Three Months Ended March 31,	
	2026	2025
Finance lease cost:		
Amortization of right-of-use assets	\$ —	\$ 0.1
Net finance lease cost	—	0.1
Operating lease cost	4.3	4.2
Variable lease cost	0.2	0.2
Total non-current lease cost	\$ 4.5	\$ 4.5
Short-term lease costs	6.0	8.0
Total lease cost	<u>\$ 10.5</u>	<u>\$ 12.5</u>

Cash flow information related to leases is as follows (in millions):

	Three Months Ended March 31,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 5.3	\$ 5.2
Financing cash flows for finance leases	\$ —	\$ 0.1
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 34.6	\$ 2.5

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

The weighted-average remaining lease terms and the weighted-average discount rates for the Company's leases were as follows:

	March 31, 2026	December 31, 2025
Weighted-average remaining lease term (years) - operating leases	7.9	6.6
Weighted-average remaining lease term (years) - finance leases	2.4	2.1
Weighted-average discount rate - operating leases	6.4 %	6.4 %
Weighted-average discount rate - finance leases	5.1 %	5.0 %

Future minimum lease commitments (undiscounted) as of March 31, 2026, were as follows (in millions):

	Operating Leases	Finance Leases
2026 (remaining period)	\$ 12.2	\$ 0.1
2027	18.6	—
2028	15.2	—
2029	11.3	—
2030	9.6	—
Thereafter	43.1	—
Total future minimum lease payments	110.0	0.1
Less: amounts representing interest	(24.1)	—
Total lease liability	\$ 85.9	\$ 0.1

10. Other Assets, Accrued Liabilities and Other Liabilities

Other Current Assets

Other current assets consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Prepaid assets	\$ 11.0	\$ 10.6
Income tax receivable	1.3	4.4
Other	3.1	3.2
Total other current assets	\$ 15.4	\$ 18.2

Other Assets

Other assets, which are reflected within non-current assets in the Condensed Consolidated Balance Sheets, consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Right-of-use assets	\$ 84.0	\$ 52.9
Restricted cash - non-current	0.6	0.6
Other	3.6	7.3
Total other assets	\$ 88.2	\$ 60.8

Accrued Liabilities

Accrued liabilities consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Accrued expenses	\$ 10.0	\$ 12.8
Accrued payroll and employee benefits	29.6	36.7
Accrued interest and exit fees (current portion)	63.6	72.1
Accrued sales and use taxes	0.2	0.3
Accrued income taxes	0.3	0.6
Total accrued liabilities	\$ 103.7	\$ 122.5

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

Other Current Liabilities

Other current liabilities consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Operating lease liability, current portion	\$ 13.9	\$ 12.9
Other	3.9	4.0
Total other current liabilities	<u>\$ 17.8</u>	<u>\$ 16.9</u>

Other Liabilities

Other liabilities, which are reflected within non-current liabilities in the Condensed Consolidated Balance Sheets, consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Operating lease liability, net of current portion	\$ 72.0	\$ 42.9
Other	3.7	3.4
Total other liabilities	<u>\$ 75.7</u>	<u>\$ 46.3</u>

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

11. Debt Obligations

Debt obligations, including finance lease obligations, consisted of the following (in millions):

	Maturity Date	March 31, 2026	December 31, 2025
Infrastructure			
SOFR plus 2.75% Revolving Credit Facility	May 20, 2030	\$ 5.0	\$ 15.0
SOFR plus 2.75% Term Loan	May 20, 2030	71.5	72.6
Obligations under finance leases	Various	0.1	0.1
Total Infrastructure		\$ 76.6	\$ 87.7
Spectrum			
8.50% Note	September 30, 2026	\$ 19.3	\$ 19.3
11.45% Notes	September 30, 2026	50.4	50.4
Total Spectrum		\$ 69.7	\$ 69.7
Life Sciences			
Lancer Promissory Note	August 1, 2026	\$ 49.4	\$ 47.9
Total Life Sciences		\$ 49.4	\$ 47.9
Non-Operating Corporate			
10.50% Senior Secured Notes	February 1, 2027	\$ 379.3	\$ 360.4
9.50% Convertible Senior Notes	March 1, 2027	56.0	53.5
CGIC Promissory Note ⁽¹⁾	April 30, 2027	47.8	45.9
SOFR plus 5.75% Revolving Line of Credit	September 15, 2026	20.0	20.0
8.50% Senior Secured Notes	February 1, 2026	—	1.9
7.50% Convertible Senior Notes	August 1, 2026	0.2	0.2
Total Non-Operating Corporate		\$ 503.3	\$ 481.9
Total outstanding principal		\$ 699.0	\$ 687.2
Unamortized issuance discount, issuance premium, and deferred financing costs		(19.4)	(25.5)
Less: current portion of debt obligations ⁽¹⁾		(610.8)	(581.4)
Debt obligations, net of current portion		\$ 68.8	\$ 80.3

(1) Certain debt instrument(s) with long-term maturity dates have been classified as current obligations as of March 31, 2026, due to contingent mandatory prepayment provisions contained in the agreements that could require repayment within one year of the balance sheet date if certain asset sales occur, resulting in uncertainty regarding the timing of repayment.

As of March 31, 2026, estimated future aggregate finance lease and principal debt payments based on contractual maturities, excluding interest and exit fees, were as follows (in millions):

	Finance Leases	Debt	Total
2026 (remaining period)	\$ 0.1	\$ 143.7	\$ 143.8
2027	—	489.4	489.4
2028	—	5.8	5.8
2029	—	6.4	6.4
2030	—	53.6	53.6
Total aggregate finance lease and debt principal payments	\$ 0.1	\$ 698.9	\$ 699.0

The interest rates on finance leases ranged from approximately 3.0% to 5.6%.

Infrastructure

On May 20, 2025, DBMG entered into an Amended and Restated Credit agreement (the "DBMG Credit Agreement"), with the lenders which are party thereto from time to time (each a "Lender" and collectively the "Lenders") and UMB BANK, N.A. ("UMB"). The DBMG Credit Agreement provides DBMG with senior secured debt financing in an amount up to \$220.0 million in the aggregate, consisting of (i) a senior secured revolving credit facility (the "DBMG Revolving Facility") in an aggregate amount of \$135.0 million and (ii) a senior secured term loan facility in the amount of \$85.0 million. The DBMG Credit Agreement also contains an accordion feature to increase the allowable size of the DBMG Revolving Facility by an additional \$50.0 million. The DBMG Revolving Facility and the term loan facility will mature on May 20, 2030. DBMG entered into the DBMG Credit Agreement to fully repay DBMG's existing debt obligations and provide additional working capital capacity.

The term loan and borrowings under the DBMG Credit Agreement bear interest at a rate per annum equal to a SOFR Rate plus a variable spread based on a Senior Funded Indebtedness to EBITDA Ratio as defined in the agreement with an interest rate floor of 4.25% per annum. Interest is paid monthly on DBMG's revolving loans, and the effective interest rate on DBMG's revolving loans was 6.6% and 6.8%, as of March 31, 2026 and December 31, 2025, respectively. The DBMG Revolving Facility has an unused commitment fee of 0.50% per annum times the average daily unused availability under the line. Principal payments and interest on DBMG's term loan are paid monthly, and the effective interest rate was 7.2% and 7.4%, as of March 31, 2026 and December 31, 2025.

At the time of entering into the DBMG Credit Agreement, deferred financing fees totaling \$1.8 million were capitalized as original issue discounts and included in the carrying amount of the debt in the Condensed Consolidated Balance Sheet and \$0.1 million in fees paid to third parties were expensed. Capitalized fees are amortized over the remaining life of the debt under the effective interest rate method and are included in interest expense.

DBMG had availability for revolving loans of \$124.2 million and \$119.9 million, as of March 31, 2026 and December 31, 2025, respectively.

The obligations of the Borrowers under the new DBMG Credit Agreement are guaranteed by certain domestic subsidiaries of DBMG. As security for the Borrowers' obligations under the DBMG Credit Agreement, (i) DBMG and its domestic subsidiaries have granted a first priority lien on substantially all their tangible and intangible personal property, including, without limitation, accounts receivable, equipment and the equity interests of certain of DBMG's direct and indirect subsidiaries, and (ii) certain of the domestic subsidiaries of DBMG have granted a first priority lien on ten parcels of real estate owned by such subsidiaries.

The DBMG Credit Agreement contains usual and customary restrictive and financial covenants related to debt levels and performance, including a Fixed Charge Coverage Ratio; and a Senior Funded Indebtedness to EBITDA Ratio, both as defined in the DBMG Credit Agreement. The DBMG Credit Agreement contains a Change in Control clause, which would constitute an Event of Default, both as defined in the DBMG Credit Agreement, which could accelerate the maturity of the DBMG debt in the future upon certain events, including a sale of DBMG. As the Change in Control clause has not been triggered, the DBMG debt instruments remain classified as non-current as of March 31, 2026, except amounts due within the next 12 months, as originally defined in the DBMG Credit Agreement. DBMG is in compliance with its debt covenants as of March 31, 2026.

Spectrum

On August 4, 2025, Spectrum entered into a Tenth Omnibus Amendment to Secured Notes and Limited Consent to MSD Secured Note and Intercreditor Agreement with the note holders of Spectrum's \$69.7 million 8.50% and 11.45% Notes (the "Spectrum Notes") to, among other things, extend the maturity of such notes from August 15, 2025 to September 30, 2026 (the "Spectrum Notes Extension").

As a result of the Spectrum Notes Extension, additional exit fees of \$9.9 million were incurred. The exit fees associated with the notes, which are payable on the earlier of maturity or repayment of the principal, were recorded as an original issue discount ("OID") and are being amortized over the remaining life of the notes, which is assumed to be the maturity date. A liability for the total exit fees of \$25.8 million is reflected within Accrued liabilities in the Condensed Consolidated Balance Sheets as of both March 31, 2026 and December 31, 2025. Accrued interest of \$29.8 million and \$27.9 million, as of March 31, 2026 and December 31, 2025, respectively, is reflected within Accrued liabilities in the Condensed Consolidated Balance Sheets and is payable upon maturity of the notes. As of both March 31, 2026 and December 31, 2025, the weighted-average effective interest rate on the notes was 25.0% per annum.

In connection with the Spectrum Notes Extension, INNOVATE entered into a related side letter (the "Spectrum Letter") with the lenders, which required the Company to meet certain milestones with respect to strategic alternatives for the Spectrum segment, such that, if the Spectrum Notes were not repaid in full in cash on or before November 1, 2025, the Spectrum Letter provided that the Company was required to commence an alternative strategic process for HC2B which includes a sale of HC2B with the net proceeds to be applied to the Spectrum Notes. The November 1, 2025 milestone was not reached and in accordance with the Spectrum Letter, management initiated a strategic process for HC2B. As of March 31, 2026, although the final milestone was not met, the lenders have not declared an event of default or exercised any remedies as the Company was, and continues to be, in discussions with the lenders regarding the strategic alternatives. As of March 31, 2026, the Spectrum segment did not meet the criteria for held-for-sale or discontinued operations in accordance with ASC 205-20, *Presentation of Financial Statements - Discontinued Operations* as the ultimate strategic process was unknown.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

The Spectrum Letter also requires INNOVATE to utilize proceeds from a sale of certain assets, as allowable under the Company's current agreements and indentures and after all other required payments have been made, for repayment of the Spectrum Notes. Assuming there are sufficient proceeds remaining after such repayment, INNOVATE is required to purchase the institutional investors' equity interests in HC2B and DTV for an aggregate purchase price of \$2.0 million. The lenders hold 20,408 shares of common stock in HC2B, 2,222,222 shares of common stock in DTV, and warrants to purchase 145,825 shares of common stock of HC2B which can be exercised at any time until August 31, 2028, at an exercise price of \$0.01 per share. These redeemable non-controlling interests totaling \$2.4 million and \$2.6 million are reflected at carrying value as redeemable non-controlling interests in the Condensed Consolidated Balance Sheet as of March 31, 2026 and December 31, 2025, respectively. As of March 31, 2026, Management has evaluated this redeemable non-controlling interest and determined that redemption is not probable at this time due to the uncertainty of redemption. Therefore, the carrying amount has not been adjusted to redemption value. The Company will continue to monitor for any changes in circumstances.

Life Sciences

On August 4, 2025, Lancer Capital LLC ("Lancer"), a related party, and R2 Technologies entered into an Amended and Restated Senior Secured Promissory Note (the "Lancer Note"), which was previously amended multiple times as further described below, and which, among other things, extended the maturity of the note to the earlier of August 1, 2026, or the occurrence of (i) a Change of Control (as defined in the amended note) or (ii) the sale of all or substantially all of the assets of R2 Technologies. The Lancer Note can be repaid at any time with an optional prepayment of the entire then-outstanding and unpaid principal and accrued interest upon five-days written notice to Lancer Capital. The amended Lancer Note has an interest rate of 12% and removed certain exit and default fees. Accrued and unpaid interest is capitalized monthly into the principal balance.

The total initial principal amount of the amended Lancer Note on August 4, 2025 was \$43.5 million, which incorporated the \$20.0 million principal amount of the note as previously amended effective January 31, 2024 (which was comprised of a principal amount of \$17.4 million and unpaid accrued interest of \$2.6 million), accrued interest of \$7.0 million and \$16.5 million in accrued exit fees which had been incurred from January 31, 2024 through August 4, 2025. In addition, a new 5% extension fee of \$2.2 million was capitalized into the principal amount on August 4, 2025 and is being amortized over the term of the note using the effective interest rate method and is included in interest expense.

As of both March 31, 2026 and December 31, 2025, the effective interest rate on the note, as amended, was 17.0%. Interest expense, including amortization of fees, related to the Lancer Note was \$2.0 million and \$4.5 million for the three months ended March 31, 2026 and 2025, respectively. For the three months ended March 31, 2026 and 2025, in accordance with the 12% note agreement, \$1.5 million and \$1.2 million, respectively, of accrued interest, excluding exit fees and extension fees, was capitalized into the principal balance.

As of March 31, 2026, the total carrying amount relating to the note, which is included within the Current portion of debt obligations in the Condensed Consolidated Balance Sheet, was \$48.6 million, inclusive of \$49.4 million of principal (which includes capitalized interest and fees), partially offset by \$0.8 million of the unamortized OID for the extension fee. As of December 31, 2025, the total carrying amount relating to the note, which is included within the Current portion of debt obligations in the Condensed Consolidated Balance Sheet, totaled \$46.6 million, inclusive of \$47.9 million of principal (which includes capitalized interest and fees), partially offset by \$1.3 million of the unamortized OID for the extension fee.

During the first quarter of 2025, with an effective date of December 31, 2024, the maturity date of the note was extended to August 1, 2025, and an additional exit fee of \$1.0 million was incurred under the amendment, which increased by \$1.0 million each month. The base exit fee, as amended, would increase each month and would equal 13.09% of the principal amount being repaid at maturity. The additional exit fees were amortized over the term of the note using the effective interest rate method and were included in interest expense. The total new exit fees associated with the notes were recorded as an OID of \$8.7 million and were amortized over the remaining term of the note.

Non-Operating Corporate

10.50% Senior Secured Notes due 2027

In August 2025, the Company closed on an exchange offer and consent solicitation to eligible holders of its 8.50% senior secured notes due 2026 ("8.50% 2026 Senior Secured Notes") to exchange such notes for newly issued 10.50% senior secured notes due 2027 (the "10.50% 2027 Senior Secured Notes"). The Company, the guarantors party thereto from time to time and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the "10.50% 2027 Senior Secured Notes Trustee") and collateral trustee, entered into an indenture (the "10.50% 2027 Senior Secured Notes Indenture") governing the 10.50% 2027 Senior Secured Notes and the Company issued \$360.4 million aggregate principal amount of 10.50% 2027 Senior Secured Notes as consideration for the exchange of \$328.1 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes. The new principal amount includes fees payable to the lenders and \$52.50 principal amount of 10.50% 2027 Senior Secured Notes per \$1,000 principal amount of 8.50% 2026 Senior Secured Notes exchanged, paid to exchanging holders in lieu of the interest payment in respect of the 8.50% 2026 Senior Secured Notes that was due on August 1, 2025. The 10.50% 2027 Senior Secured Notes mature on February 1, 2027. Total fees and additional interest of \$18.3 million payable to the lenders and capitalized into the new principal amount under the exchange offer was recorded as an OID and remaining unamortized deferred financing fees of \$1.3 million allocated from the 8.50% 2026 Senior Secured Notes exchanged will be amortized into interest expense over the term of the notes using the effective interest rate method.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

The 10.50% 2027 Senior Secured Notes accrue interest at a rate of 10.50% per year, payable semi-annually on February 1st and August 1st of each year, commencing on February 1, 2026. Total interest of \$18.9 million, incurred from August 4, 2025 through January 31, 2026, was paid in kind and capitalized into the principal balance for the February 1, 2026 payment. All subsequent interest payments are payable in cash. Aggregate interest expense for the new 10.50% 2027 Senior Secured Notes, including the contractual interest coupon and amortization of fees was \$13.0 million for the three months ended March 31, 2026.

As of March 31, 2026, the total carrying amount related to the notes was \$367.6 million, inclusive of \$379.3 million aggregate principal outstanding (which includes capitalized interest), partially offset by \$10.9 million of the unamortized OID and \$0.8 million of unamortized deferred financing fees. As of December 31, 2025, the total carrying amount related to the note was \$345.5 million, inclusive of \$360.4 million aggregate principal outstanding, partially offset by \$13.9 million of the unamortized OID and \$1.0 million of unamortized deferred financing fees. The effective interest rate on the 10.50% 2027 Senior Secured Notes was 14.4% as of both March 31, 2026 and December 31, 2025.

The Company's obligations under the 10.50% 2027 Senior Secured Notes Indenture are irrevocably and unconditionally guaranteed, jointly and severally, by the same guarantors that guarantee the 8.50% 2026 Senior Secured Notes (the "Subsidiary Guarantors"). The 10.50% 2027 Senior Secured Notes and the related guarantees are senior secured obligations of the Company and the Subsidiary Guarantors. The 10.50% 2027 Senior Secured Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from the registration requirements of the Securities Act.

If the Company completes certain assets sales, the terms of the 10.50% 2027 Senior Secured Notes Indenture may require the Company, in certain circumstances, to make an offer to purchase the 10.50% 2027 Senior Secured Notes with the net cash proceeds from such an asset sale at a price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. Additionally, if a Change of Control (as defined in the 10.50% 2027 Senior Secured Notes Indenture) occurs, the Company will be required to make an offer to purchase the 10.50% 2027 Senior Secured Notes for cash at a price equal to 101% of the aggregate principal amount of such 10.50% 2027 Senior Secured Notes on the date of purchase, plus any accrued and unpaid interest to the date of repurchase.

The 10.50% 2027 Senior Secured Notes Indenture contains covenants limiting, among other things, the ability of the Company, and, in certain cases, the Company's subsidiaries, to incur additional indebtedness; create liens; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in certain transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. Additionally, the 10.50% 2027 Senior Secured Notes Indenture required us to meet certain milestones with respect to strategic alternatives for our operating subsidiaries, including asset sales generating at least \$150 million in net proceeds, to be applied to the 10.50% 2027 Senior Secured Notes, such that by September 1, 2025 the Company needed to have a bona fide bid or term sheet related to a potential sale. The September 1, 2025 milestone was not reached, and in accordance with the indenture, the Company was thus required to commence a sales process for DBMG. The sales process for DBMG, which has been initiated and is proceeding, has separate milestone requirements, which the Company has either met or extended as of March 31, 2026. As of March 31, 2026, the Infrastructure segment did not meet the criteria for held-for-sale or discontinued operations in accordance with ASC 205-20, *Presentation of Financial Statements - Discontinued Operations*. Subsequent to quarter end, the April 1, 2026 milestone for an executed purchase agreement was extended to June 1, 2026. The Company is in compliance with the milestone covenants requirements as of the date of the filing of this Quarterly Report on Form 10-Q.

The 10.50% 2027 Senior Secured Notes Indenture contains customary events of default which could, subject to certain conditions, cause the 10.50% 2027 Senior Secured Notes to become immediately due and payable, including, but not limited to defaults by the Company in the payment of the principal of any of the 10.50% 2027 Senior Secured Notes when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise (other than pursuant to an offer to purchase by the Company) or in the payment of interest on any note when the same becomes due and payable, and the default continues for a period of 30 days; failure to comply with certain other covenants in the 10.50% 2027 Senior Secured Notes Indenture for a period of 60 days following notice by the 10.50% 2027 Senior Secured Notes Trustee or the holders of at least 30% in aggregate principal amount of the 10.50% 2027 Senior Secured Notes then outstanding; failure to pay or otherwise default on material debt; or failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating \$20 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; certain events of bankruptcy or insolvency; and failure to comply with the milestone covenant described above.

8.50% Senior Secured Notes due 2026

The original \$330.0 million aggregate principal amount of 8.50% senior secured notes due February 1, 2026 (the "8.50% 2026 Senior Secured Notes") were issued in 2021 at 100% of par. In August 2025, the Company exchanged \$328.1 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes for new 10.50% 2027 Senior Secured Notes, as discussed above. Subsequent to the exchange, the Company had \$1.9 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes remaining. On February 2, 2026, the Company repaid the remaining principal balance and all accrued interest.

The 2026 Senior Secured Notes had a stated annual interest rate of 8.50% and had an effective interest rate of 9.3%, which reflected the initial \$10.8 million of deferred financing fees in 2021, including underwriting fees. Interest was payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense, including the contractual interest coupon and amortization of the deferred financing fees was \$15 thousand and \$7.6 million for the three months ended March 31, 2026 and 2025, respectively.

2027 Convertible Notes

On August 4, 2025, the Company exchanged \$48.7 million of the then outstanding aggregate principal amount of the 2026 Convertible Notes for \$53.5 million aggregate principal amount of newly issued 9.5% Convertible Senior Secured Notes due 2027 (the “2027 Convertible Notes”). The new principal amount included fees payable to the lenders and \$47.50 principal amount of 2027 Convertible Notes per \$1,000 principal amount of 2026 Convertible Notes exchanged, paid to exchanging holders in lieu of the interest payment in respect of the 2026 Convertible Notes that was due on August 1, 2025. The 2027 Convertible Notes mature on March 1, 2027, unless earlier converted, redeemed or purchased.

The 2027 Convertible Notes will be convertible into cash, shares of the Company’s common stock, or a combination thereof, at the Company’s election, based on an initial conversion rate of 23.6327 shares of common stock per \$1,000 principal amount of 2027 Convertible Notes (equivalent to an initial conversion price of approximately \$42.31 per share of the Company’s common stock), at any time prior to the close of business on the business day immediately preceding the maturity date, in principal amounts of \$1,000 or an integral multiple of \$1.00 in excess thereof. In addition, following a Make-Whole Fundamental Change (as defined in the 2027 Convertible Notes Indenture) or the Company’s delivery of a notice of redemption for the 2027 Convertible Notes, the Company will, in certain circumstances, be required to increase the conversion rate for a holder who elects to convert its 2027 Convertible Notes in connection with (i) such Make-Whole Fundamental Change or (ii) such notice of redemption.

The initial maximum number of securities underlying the 2027 Convertible Notes, assuming the largest “make-whole” addition to the conversion rate under the 2027 Convertible Notes Indenture, and assuming that the Company has obtained the requisite stockholder approval referred to above, was 1,543,174 shares of the Company’s common stock.

As of March 31, 2026, each \$1,000 of principal of the 2027 Convertible Notes is convertible into 23.6327 shares of the Company’s common stock, for a total of 1,323,315 shares of common stock, which is equivalent to a conversion price of approximately \$42.31 per share, as adjusted for the reverse stock split in 2024 and subject to further adjustment upon the occurrence of specified events. Based on the closing price of our common stock on March 31, 2026, the if-converted value of the 2027 Convertible Notes did not exceed its principal value.

The 2027 Convertible Notes accrue interest at a rate of 9.5% per year. Interest on the 2027 Convertible Notes is paid semi-annually on February 1st and August 1st of each year, commencing on February 1, 2026. Total interest of \$2.5 million, incurred from August 4, 2025 through January 31, 2026, was paid in kind and capitalized into the principal balance for the February 1, 2026 payment. All subsequent interest payments are payable in cash. Aggregate interest expense, including the contractual interest coupon and amortization was \$1.5 million for the three months ended March 31, 2026.

The following amounts were recorded as an OID or deferred financing cost and are being amortized into interest expense over the term of the new 2027 Convertible Notes using the effective interest rate method: total new fees and additional interest of \$2.9 million payable to the lenders and capitalized into the principal amount for the convertible notes exchanged, remaining unamortized deferred financing fees of \$0.2 million allocated from the 2026 Convertible Notes exchanged, and a discount of \$0.5 million, attributable to the increase in fair value of the embedded conversion option, offset partially by \$2.4 million in remaining unamortized premiums allocated from the 2026 Convertible Notes exchanged. The effective interest rate on the 2027 Convertible Notes is 11.1%.

As of March 31, 2026, the total carrying amount related to the note was \$55.2 million, inclusive of \$56.0 million aggregate principal outstanding (which includes capitalized interest), partially offset by a remaining unamortized net OID of \$0.6 million and unamortized deferred financing fees of \$0.2 million. As of December 31, 2025, the total carrying amount related to the note was \$52.5 million, inclusive of \$53.5 million aggregate principal outstanding, partially offset by a remaining unamortized net OID of \$0.8 million and unamortized deferred financing fees of \$0.2 million.

The Company, the guarantors party thereto from time to time and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “2027 Convertible Notes Trustee”) and collateral trustee, entered into an indenture (the “2027 Convertible Notes Indenture”), dated as of August 4, 2025, governing the 2027 Convertible Notes. If the Company completes certain assets sales, the 2027 Senior Secured Notes Indenture may require the Company in certain circumstances to make an offer to purchase the 2027 Convertible Notes with the net cash proceeds from such an asset sale (After the indefeasible repayment and satisfaction in full in cash of all obligations under the 10.50% 2027 Senior Secured Notes, the 10.50% 2027 Senior Secured Notes Indenture, and all other Senior Debt) at a price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. Additionally, if the Company undergoes a Fundamental Change (as defined in the 2027 Convertible Notes Indenture), subject to certain conditions, the Company may be required to purchase all or any portion of the 2027 Convertible Notes for cash. The Fundamental Change purchase price will be 100% of the principal amount of the 2027 Convertible Notes to be purchased, plus any accrued and unpaid interest, including additional interest, if any, to, but excluding, the Fundamental Change Purchase Date (as defined in the 2027 Convertible Notes Indenture). The Fundamental Change definition excludes ownership of the Company’s equity by Lancer Capital LLC and its affiliates.

The 2027 Convertible Notes Indenture contains covenants limiting, among other things, the ability of the Company, and, in certain cases, the Company’s subsidiaries, to incur additional indebtedness; create liens; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in certain transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. These covenants are subject to a number of important exceptions and qualifications.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

The 2027 Convertible Notes Indenture contains customary events of default, including cross-default provisions with other INNOVATE debt instruments, which could, subject to certain conditions, cause the 2027 Convertible Notes to become immediately due and payable, including, but not limited to defaults by the Company in the payment of the principal of any the 2027 Convertible Notes when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise or in the payment of interest on any note when the same becomes due and payable, and the default continues for a period of 30 days; failure to comply with certain other covenants in the 2027 Convertible Notes Indenture for a period of 60 days following notice by 2027 Convertible Notes Trustee or the holders of at least 25% in aggregate principal amount of the 2027 Convertible Notes then outstanding; failure to pay or otherwise default on material debt; or failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating \$20 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; and certain events of bankruptcy or insolvency.

2026 Convertible Notes

The original 7.50% convertible notes (the "2026 Convertible Notes") were issued under an indenture dated February 1, 2021, between the Company and U.S. Bank, as trustee. As discussed above, on August 4, 2025, pursuant to the Exchange Agreements, the Company exchanged \$48.7 million aggregate principal amount of the 2026 Convertible Notes for new 2027 Convertible Notes. Subsequent to the exchanges and, as of March 31, 2026, the Company has \$0.2 million aggregate principal remaining of the 2026 Convertible Notes.

The 2026 Convertible Notes mature on August 1, 2026, unless earlier converted, redeemed or purchased. The 2026 Convertible Notes were issued in 2021 at 100% of par with a stated annual interest rate of 7.50%. The fair value of the embedded conversion feature contained in the 2026 Convertible Notes had an initial fair value of \$12.3 million, which was recorded as a premium on the 2026 Convertible Notes. The 2026 Convertible Notes had an initial effective interest rate of 3.21%, which reflected the initial \$12.3 million premium and \$1.1 million of deferred financing fees.

As of both March 31, 2026 and December 31, 2025, the remaining 2026 Convertible Notes had a net carrying value of \$0.2 million. The effective interest rate on the remaining 2026 Convertible Notes as of both March 31, 2026 and December 31, 2025 was 3.0%.

Interest is payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense recognized relating to both the contractual interest coupon and amortization of discount, net of premium and deferred financing costs was \$1 thousand and \$0.4 million for the three months ended March 31, 2026 and 2025, respectively.

Each \$1,000 of principal of the 2026 Convertible Notes is convertible into 23.6327 shares of INNOVATE's common stock, which is equivalent to a conversion price of approximately \$42.31 per share, for a total of 3,781 shares of common stock, as adjusted for the reverse stock split in 2024, and subject to further adjustment upon the occurrence of specified events. Based on the closing price of our common stock on March 31, 2026, the if-converted value of the 2026 Convertible Notes did not exceed its principal value.

Revolving Line of Credit

The Company has a revolving credit agreement with MSD PCOF Partners IX, LLC ("MSD"), which has a maximum commitment of \$20.0 million ("Revolving Line of Credit"). As of both March 31, 2026 and December 31, 2025, the outstanding balance was \$20.0 million. The maturity date of the Revolving Line of Credit, as amended on August 4, 2025, is September 15, 2026. The Revolving Line of Credit has an interest rate margin applicable to loans borrowed under the Revolving Line of Credit of 5.75%, and the benchmark rates for the interest are SOFR-based rates. As of March 31, 2026 and December 31, 2025, the interest rate on the Revolving Line of Credit was 9.7% and 10.0%, respectively. Interest is paid quarterly in arrears. The Revolving Line of Credit also includes a commitment fee at a per annum rate of 1.0% calculated based on the actual daily amount of unused availability under the Revolving Line of Credit with MSD, and also includes a requirement for prepayment using the net cash proceeds received from certain asset sales. The affirmative and negative covenants governing the Revolving Line of Credit are substantially consistent with the affirmative and negative covenants contained in the indentures that govern the Company's senior secured notes.

On August 4, 2025, the Company and MSD entered into an Eighth Amendment to Credit Agreement, which among other things, extended the maturity of the 2020 Revolving Credit Agreement to September 15, 2026, and added a new \$0.4 million extension fee that is payable on the earlier of maturity date or date of prepayment of the debt. The \$0.4 million extension fee and third-party legal costs of \$0.3 million incurred under the amendment are being amortized into interest expense over the term of the Revolving Line of Credit.

Any failure to comply with the restrictions in the agreements governing the Company's indentures, or any agreement governing other indebtedness the Company could incur, may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which acceleration may trigger cross-acceleration or cross-default provisions in other debt.

CGIC Promissory Note

On August 4, 2025, the Company and CGIC entered into a Subordinated Secured Promissory Note to, among other things, extend the maturity of its existing subordinated unsecured promissory note with CGIC (the "CGIC Note") from February 28, 2026 to April 30, 2027, and secure the amended CGIC Note by a third priority lien on the same collateral securing the 10.50% 2027 Senior Secured Notes and the 2027 Convertible Notes. The amended CGIC Note has an interest rate of 16.0%, and an effective interest rate of 14.6% as of March 31, 2026. Interest on the amended CGIC Note will be paid monthly and in kind through August 31, 2026. All interest payments thereafter will be payable in cash, in arrears. As part of the agreement with CGIC, the accrued value of 8,063 shares of Series A-4 Preferred Stock of the Company held by CGIC, and unpaid accrued dividends for the A-3 and A-4 Preferred Stock were exchanged for an additional principal amount of the CGIC Note, on a dollar-for-dollar basis (the "Preferred Stock Exchange"). The additional principal amount incurred under the Preferred Stock Exchange was \$9.6 million (reflective of the \$9.1 million accrued value of the Series A-4 Preferred Stock and \$0.5 million in accrued dividends on the Series A-3 and A-4 Preferred Stock). In addition, an extension fee and accrued interest of \$2.4 million on the CGIC Note through July 31, 2025, were capitalized to the new principal amount of the CGIC Note, for a total new aggregate outstanding principal amount of \$43.0 million. The new extension fee was recorded as an OID to the carrying amount of the note and is being amortized into interest expense over the term of the CGIC Note using the effective interest rate method.

The original CGIC subordinated unsecured promissory note, which was issued at 100% of par entered into in 2023 in connection with the redemption of DBM Global Intermediate Holdco Inc.'s Series A Fixed-to-Floating Rate Perpetual Preferred Stock (the "DBMGi Series A Preferred Stock"), had a principal amount of \$35.1 million, an original maturity date of February 28, 2026, and bore interest at 9.0% per annum through May 8, 2024, 16.0% per annum from May 9, 2024 to May 8, 2025, and 32.0% per annum thereafter.

For the three months ended March 31, 2026 and 2025, interest expense recognized relating to the CGIC Note, including the contractual interest coupon and amortization of the discount, was \$1.7 million and \$1.4 million, respectively, and cash paid for interest to CGIC was zero and \$1.2 million, respectively. During the three months ended March 31, 2026, in accordance with the terms of the amended CGIC Note, \$1.9 million of interest was capitalized into the principal balance. As of March 31, 2026, the total carrying amount related to the note was \$48.5 million, inclusive of \$47.8 million of principal (including capitalized interest) and a net unamortized premium of \$0.7 million. As of December 31, 2025, the total carrying amount of the note was \$46.8 million, inclusive of \$45.9 million of principal (including capitalized interest) and a net unamortized premium of \$0.9 million.

The terms of the CGIC Note include a mandatory prepayment requirement which requires the Company to prepay the CGIC Note (together with all accrued and unpaid interest and all other amounts payable under the CGIC Note), after the indefeasible repayment and satisfaction in full in cash of all obligations under the 10.50% 2027 Senior Secured Notes, the 10.50% 2027 Senior Secured Notes Indenture, the 2027 Convertible Notes, the 2027 Convertible Notes Indenture and all other Senior Debt (or, in each case, under any refinancing indebtedness in respect thereof), upon the occurrence of an Asset Sale (as defined in the agreement), in an amount equal to the Net Cash Proceeds (as defined in the agreement) from such Asset Sale, with such prepayment due no later than two (2) Business Days after the receipt of such Net Cash Proceeds by the Company (or its subsidiary, if applicable) from such Asset Sale.

The note contains customary events of default and contains cross-default provisions with other INNOVATE debt instruments which could, subject to certain conditions, cause the note to become immediately due and payable.

12. Income Taxes

The Company uses the Annual Effective Tax Rate ("ETR") approach of ASC 740-270, Interim Reporting, to calculate its interim tax provision.

Income tax expense was \$2.9 million and \$7.1 million for the three months ended March 31, 2026 and 2025, respectively. Income tax expense primarily relates to the tax expense as calculated for taxpaying entities, including the tax expense/benefit associated with the INNOVATE Corp. U.S. consolidated group due to the Tax Cut and Jobs Act's 80 percent limitation on net operating losses incurred after 2017. Additionally, the tax benefits associated with losses generated by certain other businesses have been reduced by a full valuation allowance as management does not believe it is more-likely-than-not that the losses will be utilized.

Net Operating Losses

At December 31, 2025, the Company had gross U.S. net operating loss ("NOL") carryforwards available to reduce future taxable income of the U.S. consolidated group in the amount of \$176.3 million. The Company expects that approximately \$123.0 million of the gross U.S. NOL carryforwards would be available to offset taxable income in 2026 and later periods. This estimate may change based on changes to actual results reported on the 2025 U.S. tax return. The amount of U.S. NOL carryforwards reflected in the financial statements differ from the amounts reported on the U.S. tax return due to uncertain tax positions related to tax laws and regulations that are subject to varied interpretation by the Internal Revenue Service ("IRS").

Due to U.S. enacted Public Law 115-97, known informally as the Tax Cuts and Jobs Act (the "TCJA") in 2017, U.S. NOL carryforwards in the amount of \$141.8 million, generated after 2017 have an indefinite carryforward period. U.S. NOL carryforwards, in the amount of \$34.5 million, generated prior to 2018 will expire, if unused, by 2037.

Additionally, as of December 31, 2025, the Company had \$164.3 million of gross U.S. NOL carryforwards from its subsidiaries that do not qualify to be included in the INNOVATE U.S. consolidated income tax return, including \$115.7 million from R2 Technologies, \$45.9 million from DTV, and other entities of \$2.7 million. Of the \$164.3 million of gross U.S. NOL carryforwards, \$128.2 million was generated after 2017 and will have an indefinite carryforward period; the remaining \$36.1 million was generated prior to 2018 and will expire, if unused, by 2037.

Unrecognized Tax Benefits

The Company follows the provision of ASC 740 which prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. The Company is subject to challenge from various taxing authorities relative to certain tax planning strategies, including certain intercompany transactions as well as regulatory taxes.

The Company did not have any unrecognized tax benefits as of March 31, 2026 and 2025, related to uncertain tax positions that would impact the effective income tax rate if recognized. The Company has reduced the NOL carryforward by \$58.7 million for uncertain tax positions based on our interpretation of tax laws and regulations that are subject to varied interpretations by the IRS.

Examinations

The Company conducts business globally, and as a result, INNOVATE or one or more of its subsidiaries files income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. Tax years 2002-2024 remain open for examination.

The Company is currently under examination in various state and foreign tax jurisdictions. The open tax years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the applicability of income tax credits for the relevant tax period. Given the nature of tax audits, there is a risk that disputes may arise.

13. Commitments and Contingencies

Litigation

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's Condensed Consolidated Financial Statements. Such legal matters may include, but is not limited to, actions or claims relating to sensitive data, including proprietary business information and intellectual property, personally identifiable information of employees and contractors, cyber-attacks, data breaches and non-compliance with contractual or other legal obligations. Litigation and other legal matters are inherently unpredictable and subject to substantial uncertainties and adverse resolutions could occur. In addition, litigation and other legal matters, including class-action lawsuits, government investigations and regulatory proceedings can be costly to defend and, depending on the class size and claims, could be costly to settle. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its Condensed Consolidated Financial Statements. The Company records a liability in its Condensed Consolidated Financial Statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated as well as any legal costs incurred related to the litigation. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amount of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary for its Condensed Consolidated Financial Statements not to be misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in the Company's Condensed Consolidated Financial Statements. Any legal or other expenses associated with the litigation are accrued for as the expenses are incurred. The Company maintains liability insurance that insures it against workers' compensation, personal and bodily injury, property damage, directors' and officers' liability, errors and omissions, cyber liability, and employment practices liability. There can be no assurance that the liability insurance will cover all events or that the limits of coverage will be sufficient to fully cover all liabilities.

Based on a review of the current facts and circumstances with counsel in each of the matters disclosed, management has provided for what is believed to be a reasonable estimate of loss exposure. While acknowledging the uncertainties of litigation, management believes that the ultimate outcome of litigation will not have a material effect on its financial position and will defend itself vigorously.

GrayWolf Collective Action Claim

On March 24, 2026, a subsidiary of DBM Global, GrayWolf Integrated Construction Company, received a draft of a purported Collective Action Complaint entitled Hilario Riviera, Individually and for Others Similarly Situated v. GrayWolf Integrated Construction Company (the "Draft Complaint") alleging that GrayWolf failed to properly pay Riviera for all hours worked because GrayWolf automatically rounded the punch in and punch out times for work to the nearest half hour for GrayWolf's own primary benefit and to the detriment of Riviera and other hourly employees. The Draft Complaint also states that GrayWolf paid Riviera and other hourly employees "per diems," not reasonably calculated to reimburse expenses and based on time worked, but GrayWolf excluded "per diems" from their regular rate of pay for overtime purposes. The action is purported to be brought under the Fair Labor Standards Act (the "FLSA") on behalf of hourly employees for the last three years who had wages rounded or received "per diems". GrayWolf has entered into a "Tolling Agreement" with the Plaintiff to stay any statute of limitations while GrayWolf investigates this matter and expects that it will vigorously contest the allegations. Accordingly, the Company cannot reasonably estimate any range of potential loss at this time.

Other Commitments and Contingencies

Letters of Credit and Performance Bonds

As of March 31, 2026, DBMG had outstanding letters of credit of \$5.8 million under credit and security agreements and performance bonds of \$581.9 million. As of December 31, 2025, DBMG had outstanding letters of credit of \$0.1 million under credit and security agreements and performance bonds of \$680.2 million. DBMG's contract arrangements with customers sometimes require DBMG to provide performance bonds to partially secure its obligations under its contracts. Bonding requirements typically arise in connection with private contracts and sometimes with respect to certain public work projects. DBMG's performance bonds are obtained through surety companies and typically cover the entire project price. The ratings of the bonding companies utilized by DBMG are highly rated, ranging from A-, A, A+, AA- and AA.

Concentrations of Credit Risk

The Company's revenue concentrations of 10% and greater were as follows:

	Segment	Three Months Ended March 31,	
		2026	2025
Customer A	Infrastructure	31.0%	*
Customer B	Infrastructure	13.9%	*

*Less than 10% concentration

14. Share-based Compensation

Total share-based compensation expense recognized by the Company and its subsidiaries under all equity compensation arrangements was \$0.6 million and \$0.8 million for the three months ended March 31, 2026 and 2025, respectively, which is included within Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

All grants are time based and vest either immediately or over a period established at grant, typically with a requisite service period of one to three years for a member of the Board of Directors or an employee to vest in the share-based award, subject to discretion by Compensation Committee. There are no other substantive conditions for vesting. The Company recognizes compensation expense for equity awards, reduced by actual forfeitures as they are incurred, using the straight-line basis.

Restricted Stock and Restricted Stock Units

A summary of INNOVATE's restricted stock and restricted stock unit activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2025	314,176	\$ 6.22
Vested	(33,447)	\$ 6.65
Unvested - March 31, 2026	280,729	\$ 5.79

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

The aggregate vesting date fair value of the restricted stock and restricted stock units which vested during the three months ended March 31, 2026 and 2025, was \$0.1 million and \$0.3 million, respectively. As of March 31, 2026, the total unrecognized share-based compensation expense related to unvested restricted stock and restricted stock units was \$0.7 million and is expected to be recognized over the remaining weighted-average period of 0.8 years.

Stock Options

A summary of INNOVATE's stock option activity is as follows:

	Number of Stock Options	Weighted-Average Exercise Price
Outstanding - December 31, 2025 and March 31, 2026	317,733	\$ 13.39
Exercisable - December 31, 2025 and March 31, 2026	217,733	\$ 16.94

As of March 31, 2026, the intrinsic value and weighted-average remaining life of the Company's outstanding and exercisable stock options were \$0.1 million and approximately 8.1 years, respectively. The maximum contractual term of the Company's exercisable stock options is approximately ten years. As of March 31, 2026, there were 100,000 unvested stock options and \$0.2 million of unrecognized share-based compensation expense related to unvested stock options and is expected to be recognized over the remaining period of 0.5 years.

15. Temporary Equity

Preferred Shares

The Company's preferred shares authorized, issued and outstanding consisted of the following:

	March 31, 2026	December 31, 2025
Preferred shares authorized, \$0.001 par value	20,000,000	20,000,000
Series A-3 shares issued and outstanding	6,125	6,125
Series A-4 shares issued and outstanding	1,937	1,937

Series A-3 and Series A-4 Shares

Issuance and Conversion. On July 1, 2021, (the "Exchange Date") as a part of the sale of Continental Insurance Group ("CIG"), INNOVATE entered into an exchange agreement (the "Exchange Agreement") with CGIC, also a former subsidiary, which held the remaining shares of the Company's previous Series A and Series A-2 Preferred Stock and was eliminated in consolidation prior to the sale of the Company's former Insurance segment on July 1, 2021. Per the Exchange Agreement, INNOVATE exchanged 6,125 shares of the Series A and 10,000 shares of the Series A-2 shares that CGIC held for an equivalent number of Series A-3 Convertible Participating Preferred Stock ("Series A-3") and Series A-4 Convertible Participating Preferred Stock ("Series A-4"), respectively. The terms remained substantially the same, except that the Series A-3 and Series A-4 mature on July 1, 2026.

On August 4, 2025, INNOVATE closed on a Preferred Stock Exchange with CGIC that resulted in the redemption of 8,063 shares of Series A-4 Preferred Stock of the Company and unpaid accrued dividends for the A-3 and A-4 Preferred Stock for an additional principal amount of the CGIC Note. Refer to Note 11. Debt Obligations for additional information.

Since the time of issuance of the Series A-3 and Series A-4 Preferred Stock on July 1, 2021, the Series A-3 and Series A-4 Preferred Stock have been classified as temporary equity in the Company's Condensed Consolidated Balance Sheet. After giving effect to the Preferred Stock Exchange in August 2025, the Series A-3 and A-4 Preferred Stock have a combined redemption value of \$9.5 million (which includes the accreted dividends) and a current fair value of \$9.9 million as of March 31, 2026, which is inclusive of \$0.4 million in accrued cash dividends.

Dividends. The Series A-3 and Series A-4 Preferred Stock accrue a cumulative quarterly cash dividend at an annualized rate of 7.50%. The accrued values of the Series A-3 and Series A-4 Preferred Stock accrete quarterly at an annualized rate of 4.00% that is reduced to 2.00% or 0.0% if the Company achieves specified rates of growth measured by increases in its net asset value; provided, that the accreting dividend rate will be 7.25% in the event that (A) the daily volume weighted-average price ("VWAP") of the Company's common stock is less than a certain threshold amount, (B) the Company's common stock is not registered under Section 12(b) of the Securities Exchange Act of 1934, as amended, or (C) the Company's common stock is not listed on certain national securities exchanges or the Company is delinquent in the payment of any cash dividends. The Series A-3 and Series A-4 Preferred Stock is also entitled to participate in cash and in-kind distributions to holders of shares of Company's common stock on an as-converted basis.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

During the first quarter of 2026, the Board did not declare any cash dividends with respect to INNOVATE's issued and outstanding Series A-3 Preferred Stock and Series A-4 Preferred Stock. An aggregate quarterly dividend of \$0.4 million for the first quarter of 2026, included the annual cash dividend of 7.5% per annum which was accrued and also the accreting dividend of 7.25% per annum.

In addition, during the second quarter of 2025, the Company recorded the accretion and accrual of additional dividends of \$1.3 million related to prior years, and \$0.2 million related to the first quarter of 2025. This included cumulative accreting dividends, which were recorded following the determination that such dividends had accreted due to the daily VWAP of the Company's common stock trading at less than \$1 at various dates since 2022, as adjusted for the 2024 Reverse Stock Split. These adjustments during the second quarter of 2025 that related to prior years resulted in: (i) an increase in the accrued value of the preferred stock of \$1.3 million; (ii) a decrease in Additional Paid-In Capital (APIC) of \$1.3 million; (iii) an increase in accrued liabilities of \$0.1 million; and (iv) an increase in net loss attributable to common shareholders of \$1.3 million. The Company evaluated the effects of the adjustment, both qualitatively and quantitatively, and does not believe the adjustment was material to any current or prior interim or annual periods that were affected.

On August 4, 2025, \$0.5 million in accrued quarterly dividends was exchanged for an additional principal amount of the CGIC Note as part of the Preferred Stock Exchange. Refer to Note 11. Debt Obligations for additional information.

During the three months ended March 31, 2025, the Board declared cash dividends with respect to INNOVATE's issued and outstanding Series A-3 Preferred Stock and Series A-4 Preferred Stock as presented in the following table (in millions):

2025

Declaration Date and Holders of Record Date	March 31, 2025
Payment Date	April 15, 2025
Total Dividend	\$ 0.3

Subsequent Measurement. The Company elected to account for the Series A-3 and Series A-4 Preferred Stock by immediately recognizing changes in the redemption value as they occur. The carrying values of the Series A-3 and Series A-4 Preferred Stock are adjusted to equal what the redemption amount would be as if the redemption were to occur at the end of the reporting period as if it were also the redemption date for the Series A-3 and Series A-4 Preferred Stock. Any cash dividends paid directly reduce the carrying value of the Series A-3 and Series A-4 Preferred Stock until the carrying value equals the redemption value. Once the carrying value is equal to the redemption value, the dividends declared are accrued by debiting retained earnings, or if retained earnings is a deficit, then by debiting additional-paid-in-capital. The Company has historically paid cash dividends on its Series A-3 and Series A-4 Preferred Stock and expects to continue to either accrete and accrue or pay such dividends each quarter.

Optional Conversion. Each share of Series A-3 and Series A-4 may be converted by the holder into shares of the Company's common stock at any time based on the then-applicable conversion price. As of March 31, 2026, each share of the Series A-3 Preferred Stock was convertible at an accrued value of \$1,000 per share, divided by the conversion price of \$23.63 (as it may be adjusted from time to time, the "Series A-3 Conversion Price"), and each share of Series A-4 Preferred Stock was convertible at an accrued value of \$1,000 per share divided by the conversion price of \$34.40 (as it may be adjusted from time to time, the "Series A-4 Conversion Price") (collectively the "Conversion Prices"). The Conversion Prices have historically been adjusted from time to time and continue to be subject to potential adjustment for dividends, certain distributions, reverse stock splits or stock splits, combinations, reclassifications, reorganizations, mergers, recapitalizations and similar events, as well as in connection with issuances of equity or equity-linked or other comparable securities by the Company at a price per share (or with a conversion or exercise price or effective issue price) that is below the Conversion Prices (which adjustment shall be made on a weighted-average basis).

As of March 31, 2026, the Series A-3 Preferred Stock and Series A-4 Preferred Stock, including the accrued value of accreting dividends, were convertible into 305,278 and 66,326 shares, respectively, of INNOVATE's common stock. As of December 31, 2025, the Series A-3 Preferred Stock and Series A-4 Preferred Stock, including the accrued value of accreting dividends, were convertible into 299,518 and 65,075 shares, respectively, of INNOVATE's common stock.

Redemption by the Holders / Automatic Conversion. On July 1, 2026, holders of the Series A-3 and Series A-4 shall be entitled to cause the Company to redeem, out of legally available funds, the Series A-3 and Series A-4 at the accrued value per share plus accrued but unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4). Each share of Series A-3 and Series A-4 that is not so redeemed will be automatically converted into shares of the Company's common stock at the Conversion Price then in effect.

Upon a change of control (as defined in the Company's Third Amended and Restated Certificate of Incorporation) holders of the Series A-3 and Series A-4 shall be entitled to cause the Company to redeem their shares of Series A-3 and Series A-4 at a price per share of Series A-3 and Series A-4 equal to the greater of (i) the accrued value of the Series A-3 and Series A-4, plus any accrued and unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4 Preferred Stock), and (ii) the value that would be received if the share of Series A-3 and Series A-4 were converted into shares of the Company's common stock immediately prior to the change of control.

Redemption by the Company / "Company Call Option". At any time, the Company may redeem the Series A-3 and Series A-4, in whole but not in part, at a price per share generally equal to 150% of the accrued value per share, plus accrued but unpaid dividends (to the extent not included in the accrued value of the Series A-3 and Series A-4), subject to the holder's right to convert prior to such redemption.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

Forced Conversion. The Company may force conversion of the Series A-3 and Series A-4 into shares of the Company's common stock if the common stock's thirty-day VWAP exceeds 150% of the then-applicable Conversion Price and the common stock's daily VWAP exceeds 150% of the then-applicable Conversion Price for at least 20 trading days out of the thirty trading day period used to calculate the 30-day VWAP. In the event of a forced conversion, the holders of Series A-3 and Series A-4 will have the ability to elect cash settlement in lieu of conversion if certain market liquidity thresholds for the Company's common stock are not achieved.

Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company (any such event, a "Liquidation Event"), the holders of Series A-3 and Series A-4 will be entitled to receive per share the greater of (i) the accrued value of the Series A-3 and Series A-4, plus any accrued and unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4), and (ii) the value that would be received if the share of Series A-3 and Series A-4 were converted into shares of the Company's common stock immediately prior to such occurrence. The Series A-3 and Series A-4 will rank junior to any existing or future indebtedness but senior to the Company's common stock and any future equity securities other than any future senior or pari passu preferred stock issued in compliance with the Company's Third Amended and Restated Certificate of Incorporation. The Series A-3 Preferred Stock and the Series A-4 Preferred Stock rank at parity.

Voting Rights. Except as required by applicable law, the holders of the shares of the Series A-3 and Series A-4 will be entitled to vote on an as-converted basis with the holders of the Company's common stock on all matters submitted to a vote of the holders of the Company's common stock with the holders of Series A-3 Preferred Stock and Series A-4 Preferred Stock on certain matters, and separately as a class on certain limited matters.

Consent Rights. For so long as any of the Series A-3 and Series A-4 is outstanding, consent of the holders of shares representing at least 75% of certain of the Series A-3 and Series A-4 then outstanding is required for certain material actions.

Participation Rights. Pursuant to the securities purchase agreements entered into with the initial purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock, subject to meeting certain ownership thresholds, certain purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock are entitled to participate, on a pro-rata basis in accordance with their ownership percentage, determined on an as-converted basis, in issuances of equity and equity linked securities by the Company. In addition, subject to meeting certain ownership thresholds, certain initial purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock will be entitled to participate in issuances of preferred securities and in debt transactions of the Company.

Spectrum Non-Controlling Interests

Refer to Note 11. Debt Obligations for information regarding the Company's Spectrum segment's redeemable non-controlling interests.

R2 Technologies Non-Controlling Interests

The Company has non-redeemable and redeemable non-controlling interests related to R2 Technologies in the form of common stock as well as convertible preferred stock that is redeemable upon the occurrence of a change in control, as defined in the respective agreements. If an event is not solely within the control of the Company, the non-controlling interest is classified outside of permanent equity in the mezzanine section of a Company's Consolidated Balance Sheet. The Company adjusts the carrying value of the non-controlling interests based on an allocation of subsidiary earnings (losses) based on ownership interests.

As of March 31, 2026 and December 31 2025, it was not deemed probable that the amounts relating to convertible preferred stock in non-controlling interests will become redeemable as no change in control has occurred or is expected to occur; therefore, no additional adjustments or remeasurements were required under ASC 480-10, *Distinguishing Liabilities from Equity*.

During the three months ended March 31, 2026, Pansend funded an additional \$0.3 million in intercompany convertible 13.0% notes with R2 Technologies, bringing the total intercompany notes principal balance to \$7.8 million. The outstanding principal amounts of the notes, together with any interest then accrued and unpaid, is convertible at the option of Pansend into shares of a new series E Convertible Preferred Stock ("Series E") or new series F Convertible Preferred Stock ("Series F") in R2 Technologies, as applicable to each note, upon written notice to R2 Technologies and the notes have a maturity date, of the earlier of July 31, 2026, or a change in control of R2 Technologies, as defined in the notes. These notes and related intercompany interest are eliminated on consolidation.

As a result of the allocation of losses, the redeemable non-controlling interest related to R2 Technologies was negative \$1.1 million and negative \$1.0 million as of March 31, 2026 and December 31 2025, respectively. As of March 31, 2026 and December 31 2025, the Company had negative \$10.1 million and negative \$9.2 million, respectively of R2 Technologies non-controlling interests reflected within Non-controlling interests within the Condensed Consolidated Balance Sheets.

Liquidation Preference

R2 Technologies has issued multiple A, B, C and D-series, and, in the future potentially E-series and F-series, participating convertible preferred stock (the "R2 Technologies Preferred Shares"), all of which contain a liquidation preference. In the event of a liquidation event, each Preferred Share has a liquidation preference to be paid out of the assets legally available for distribution, which entitles the holder of each series A, series C, series D, Series E (upon conversion of the aforementioned notes that are convertible into Series E) and Series F (upon conversion of the aforementioned notes that are convertible into Series F) R2 Technologies Preferred Shares to receive, before any payments to holders of junior securities, the sum of the following: (i) the accrued value in cash; (ii) all accrued and unpaid dividends, including basic dividends and accreting dividends, if any, and (iii) an amount, in cash or otherwise, equivalent to what the holder would receive if they had converted the R2 Technologies Preferred Shares into R2 Technologies common stock or reference property just before the liquidation event. Series B R2 Technologies Preferred Shareholders would be entitled to receive, before any payments to holders of junior securities, the greater of (i) the sum of (A) the accrued value in cash, plus (B) all accrued and unpaid dividends, including basic dividends and accreting dividends, if any, or (ii) an amount, in cash or otherwise, equivalent to what the holder would receive if they had converted the R2 Technologies Preferred Shares into R2 Technologies common stock or reference property just before the liquidation event.

If the assets of R2 Technologies legally available for distribution are insufficient to pay these obligations in full, R2 Technologies Preferred Shareholders and holders of any parity securities share the remaining assets in proportion to the full respective amounts to which they are entitled. After receiving the full liquidation preference, R2 Technologies Preferred Shareholders have no further claim to R2 Technologies' assets, except for any new securities or instruments received as part of the liquidation preference. The value of non-cash assets distributed equals their fair market value on the distribution date. No holder of junior securities receives any payment unless the entire liquidation preference of R2 Technologies Preferred Shares is paid. If there is insufficient cash to pay the entire liquidation preference and any liquidation preference in respect of any parity securities in full in cash upon a liquidation event, R2 Technologies Preferred Shareholders and parity securities holders will share available cash proportionally.

As of both March 31, 2026 and December 31, 2025, R2 Technologies had negative net assets after consideration of intercompany and third-party debt, as applicable, and, therefore, there would be no legally available funds to satisfy any liquidation preferences upon a liquidation event.

16. Related Parties

Non-Operating Corporate

As of March 31, 2026, Lancer Capital held \$2.3 million of the Company's 2027 Convertible Notes, which were issued on August 4, 2025, in exchange for the \$2.0 million of principal amount of the Company's 2026 Convertible Notes held by Lancer prior to the exchange. The principal amount of the 2027 Convertible Notes includes capitalized interest and extension fees. As of March 31, 2026, the \$2.3 million in 2027 Convertible Notes are convertible into 54,338 shares of common stock of INNOVATE. As of December 31, 2025, Lancer Capital held the \$2.2 million in 2027 Convertible Notes which were convertible into 51,874 shares of common stock of INNOVATE. During both the three months ended March 31, 2026 and 2025, Lancer Capital earned less than \$0.1 million in interest relating to these notes. Refer to Note 11. Debt Obligations for additional information on the Convertible Notes.

CGIC is a former significant shareholder and is the shareholder of the Company's Series A-3 Preferred Stock and Series A-4 Preferred Stock. Refer to Note 15. Temporary Equity for additional information. In addition, as of March 31, 2026 and December 31, 2025, the Company owed \$47.8 million and \$45.9 million, respectively, in principal amount of a promissory note owed to CGIC. Refer to Note 11. Debt Obligations for additional information. During the three months ended March 31, 2026, the Company paid \$0.6 million to CGIC related to a tax refund received from the IRS.

Life Sciences

As of March 31, 2026 and December 31, 2025, R2 Technologies had \$49.4 million and \$47.9 million, respectively, in principal amount of a 12.0% senior secured promissory note due to Lancer Capital. Refer to Note 11. Debt Obligations for additional information.

For the three months ended March 31, 2026 and 2025, R2 Technologies recognized revenue of \$0.5 million and \$0.4 million, respectively from sales and profit sharing agreements with a subsidiary of Huadong, a related party of R2 Technologies. There were \$0.2 million and \$0.6 million of related receivables from this subsidiary of Huadong as of March 31, 2026 and December 31, 2025, respectively.

Share-based compensation and royalty expenses related to Blossom Innovations, LLC ("Blossom"), an investor of R2 Technologies since 2014, totaled \$0.1 million and \$0.3 million, for the three months ended March 31, 2026 and 2025, respectively. The related payables due to Blossom totaled \$0.2 million as of both March 31, 2026, and December 31, 2025.

Refer to Note 6. Investments for transactions with equity method investees of the Company.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

17. Segments and Related Information

The Company currently operates in one primary geography - United States, and substantially all revenue is derived in the United States, and substantially all PP&E and intangible assets reside in the United States. The Company's reportable segments are identified based on the nature of the services and products provided, the organizational structure, and the internal reporting system used by the Chief Operating Decision Maker ("CODM") to assess performance and allocate resources. As of March 31, 2026, the Company had three reportable operating segments, plus the Other segment, based on management's organization of the enterprise - Infrastructure, Life Sciences, Spectrum, and Other. The Company also has a Non-Operating Corporate segment. All inter-segment transactions are eliminated on consolidation. There are no inter-segment revenues. Refer to Note 1. Organization and Business for additional information on the organizational structure of the business and Note 3. Revenue and Contracts in Process for additional information on revenue by segment.

The CODM for the Company is the Interim CEO, Paul Voigt. The CODM is primarily responsible for allocating resources at all levels that do not require board approval. The CODM monitors the performance of each segment and is responsible for making strategic decisions regarding capital and resource allocation. The CODM uses a combination of monthly reports, which detail revenue and income (loss) from operations, and quarterly summaries, which include detailed breakdowns of each segment's income (loss) from operations, to evaluate segment performance, allocate resources and make strategic decisions. These financial metrics are used to view operating trends, perform analytical comparisons and benchmark performance between periods and to monitor budget-to-actual variances on a monthly basis. The primary U.S. GAAP metric used by the CODM in assessing segment performance is income (loss) from operations.

Financial information, including revenue and expenses, with respect to the Company's operating segments, is as follows (in millions):

	Three Months Ended March 31, 2026					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Revenue	\$ 357.9	\$ 1.6	\$ 5.3	\$ —	\$ —	\$ 364.8
Cost of revenue	307.0	1.4	2.9	—	—	311.3
Selling, general and administrative expenses	32.0	2.3	1.7	3.4	—	39.4
Depreciation and amortization	2.9	0.1	1.2	—	—	4.2
Other operating income	—	—	(0.1)	—	—	(0.1)
Income (loss) from operations	<u>\$ 16.0</u>	<u>\$ (2.2)</u>	<u>\$ (0.4)</u>	<u>\$ (3.4)</u>	<u>\$ —</u>	<u>\$ 10.0</u>
<u>Other data:</u>						
Capital cash expenditures	\$ 8.9	\$ —	\$ 0.6	\$ —	\$ —	\$ 9.5

	Three Months Ended March 31, 2025					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Revenue	\$ 264.9	\$ 3.1	\$ 6.2	\$ —	\$ —	\$ 274.2
Cost of revenue	223.5	2.3	2.9	—	—	228.7
Selling, general and administrative expenses	29.3	3.7	1.9	2.9	—	37.8
Depreciation and amortization	3.1	0.1	1.2	—	—	4.4
Other operating income	(0.1)	—	—	—	—	(0.1)
Income (loss) from operations	<u>\$ 9.1</u>	<u>\$ (3.0)</u>	<u>\$ 0.2</u>	<u>\$ (2.9)</u>	<u>\$ —</u>	<u>\$ 3.4</u>
<u>Other data:</u>						
Capital cash expenditures	\$ 4.1	\$ 0.1	\$ 0.5	\$ —	\$ —	\$ 4.7

Certain balance sheet data:

	March 31, 2026					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Investments ⁽¹⁾	\$ —	\$ 1.8	\$ —	\$ —	\$ —	\$ 1.8
Total assets	\$ 748.5	\$ 8.5	\$ 175.7	\$ 4.1	\$ —	\$ 936.8

	December 31, 2025					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Investments ⁽¹⁾	\$ —	\$ 1.8	\$ —	\$ —	\$ —	\$ 1.8
Total assets	\$ 758.9	\$ 9.6	\$ 174.5	\$ 7.1	\$ —	\$ 950.1

(1) The Company's equity method investments in its Life Sciences segment totaled \$0.9 million as of both March 31, 2026 and December 31, 2025.

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
Reconciliation of the consolidated segment income from operations to consolidated loss from operations before income taxes:		
Income from operations	\$ 10.0	\$ 3.4
Interest expense	(24.5)	(20.2)
Loss from equity investees	—	(5.9)
Other income, net	0.3	4.0
Loss from operations before income taxes	<u>\$ (14.2)</u>	<u>\$ (18.7)</u>

18. Basic and Diluted Loss Per Common Share

Loss per share ("EPS") is calculated using the two-class method, which allocates earnings among common stock and participating securities to calculate EPS when an entity's capital structure includes either two or more classes of common stock or common stock and participating securities. Unvested share-based payment awards, that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities. As such, shares of any unvested restricted stock, of the Company are considered participating securities; however, unvested shares of restricted stock do not participate in losses and, as such, are excluded from the computation of basic loss per share during periods of net losses. The dilutive effect, if applicable, of stock options and their equivalents (including non-vested stock issued under share-based compensation plans), is computed using the "if-converted method" if this measurement is determined to be more dilutive than the treasury stock method in a period.

The Company had no dilutive common stock equivalents during the three months ended March 31, 2026, and 2025, due to the results from continuing operations being a loss, net of tax. For the three months ended March 31, 2026 and 2025, 307,422 and 294,329, respectively, of common stock equivalents from unvested restricted stock awards and unvested restricted stock units were excluded from the weighted-average number of shares used to calculate diluted loss per share as their inclusion would have been anti-dilutive. Other instruments that may, in the future, if the average market price of the Company's stock exceeds the conversion prices, have a dilutive effect on EPS, but were excluded from the computations of diluted net loss per share for the three months ended March 31, 2026 and 2025, and may be excluded from computations of diluted EPS in the future, are: convertible preferred stock, convertible debt, and stock options. Refer to Note 14. Share-based Compensation and Note 15. Temporary Equity for additional information on INNOVATE's equity instruments.

The following table presents a reconciliation of net loss to net loss used in the basic and diluted EPS calculations (in millions, except shares and per share amounts):

	Three Months Ended March 31,	
	2026	2025
Net loss	\$ (17.1)	\$ (25.8)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	0.3	1.3
Net loss attributable to INNOVATE Corp.	(16.8)	(24.5)
Less: Preferred stock dividends	0.4	0.3
Net loss attributable to common stockholders and participating preferred stockholders	<u>\$ (17.2)</u>	<u>\$ (24.8)</u>
Weighted-average common shares outstanding - basic and diluted	13,344,976	13,114,804
Loss per common share - basic and diluted	<u>\$ (1.29)</u>	<u>\$ (1.89)</u>

19. Fair Value of Financial Instruments

Fair Value of Financial Instruments Not Measured at Fair Value

Our financial instruments primarily include cash and cash equivalents, restricted cash, accounts receivable and contract assets, marketable and non-marketable securities, including equity investments and certain other investments, notes receivable, accounts payable and other current and non-current liabilities, redeemable non-controlling interests and debt obligations. The following tables present the carrying amounts and estimated fair values of the Company's financial instruments, which were not measured at fair value on a recurring basis and not measured using the equity method of accounting, with fair values shown according to the fair value hierarchy. The tables exclude carrying amounts for cash and cash equivalents and restricted cash (Level 1 measurements), accounts receivable and contract assets, accounts payable, contract liabilities and other current liabilities, and other assets and liabilities (Level 2 measurements) that approximate fair value due to the relatively short periods to maturity (in millions):

INNOVATE CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(Unaudited)

March 31, 2026

	Fair Value Measurement Using:				
	Carrying Value	Estimated Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Measurement alternative investment ⁽¹⁾	\$ 0.9	\$ 0.9	\$ —	\$ —	\$ 0.9
Total assets not accounted for at fair value	\$ 0.9	\$ 0.9	\$ —	\$ —	\$ 0.9
Liabilities					
Debt obligations ⁽²⁾	\$ 679.5	\$ 646.7	\$ —	\$ 440.2	\$ 206.5
Total liabilities not accounted for at fair value	\$ 679.5	\$ 646.7	\$ —	\$ 440.2	\$ 206.5

(1) Refer to Note 6. Investments for additional information.

(2) Excludes lease obligations accounted for under ASC 842, *Leases*. The fair value of the Company's Level 3 debt obligations incorporates applicable exit fees, while the carrying value of the debt obligations excludes \$25.8 million in exit fees which is reflected in Accrued liabilities in the Company's Condensed Consolidated Balance Sheet.

December 31, 2025

	Fair Value Measurement Using:				
	Carrying Value	Estimated Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Measurement alternative investment ⁽¹⁾	\$ 0.9	\$ 0.9	\$ —	\$ —	\$ 0.9
Total assets not accounted for at fair value	\$ 0.9	\$ 0.9	\$ —	\$ —	\$ 0.9
Liabilities					
Debt obligations ⁽²⁾	\$ 661.6	\$ 642.1	\$ —	\$ 447.2	\$ 194.9
Total liabilities not accounted for at fair value	\$ 661.6	\$ 642.1	\$ —	\$ 447.2	\$ 194.9

(1) Refer to Note 6. Investments for additional information.

(2) Excludes lease obligations accounted for under ASC 842, *Leases*. The fair value of the Company's Level 3 debt obligations incorporates applicable exit fees, while the carrying value of the debt obligations excludes \$25.8 million in exit fees which is reflected in Accrued liabilities in the Company's Condensed Consolidated Balance Sheet.

Debt Obligations. The fair value of the Company's long-term obligations was determined using reporting from externally quoted market prices for INNOVATE's 10.50% 2027 Senior Secured Notes, 8.50% 2026 Senior Secured Notes, 9.5% Convertible Senior Secured Notes due 2027, and 7.50% Convertible Senior Notes due 2026, which are reflected as Level 2 fair value measurements due to limited recently available observable trading activity for these instruments. The methodology for the Level 2 fair value measurements combines direct recent transaction activity or, if available, market observations from contributed sources with quantitative pricing models or fair value reports from valuation providers to generate evaluated prices and are classified as Level 2 fair value measurements. The Level 3 fair value measurements, including those for the Company's other debt instruments, were estimated using an income approach based on the expected future cash flows, discounted at an estimated market yield. The discount rate, or yield to maturity, was derived from a synthetic credit rating and corresponding market spread analysis as of the valuation date to estimate an option-adjusted spread which was then applied to the applicable risk-free curve, consistent with market observable inputs for similarly rated debt. Certain debt obligations have a fair value estimate equal to their carrying value due to recent transaction activity. The fair value of the debt instruments is disclosed for informational purposes and does not necessarily represent the amount that would be realized upon settlement or transfer.

20. Supplementary Financial Information

Other income, net

The following table provides information relating to Other income, net (in millions):

	Three Months Ended March 31,	
	2026	2025
Gain on step-up of equity method investment	\$ —	\$ 4.4
Interest income	0.4	0.4
Foreign currency translation losses	(0.3)	(0.4)
Unrealized fair value gain on securities	—	0.2
Other	0.2	(0.6)
Total other income, net	<u>\$ 0.3</u>	<u>\$ 4.0</u>

Supplemental Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows (in millions):

	Three Months Ended March 31,	
	2026	2025
Cash and cash equivalents, beginning of the period	\$ 112.1	\$ 48.8
Restricted cash included in other assets (non-current)	0.6	0.5
Total cash, cash equivalents and restricted cash, beginning of the period	<u>\$ 112.7</u>	<u>\$ 49.3</u>
Cash and cash equivalents, end of the period	\$ 134.6	\$ 33.3
Restricted cash included in other assets (non-current)	0.6	0.6
Total cash and cash equivalents and restricted cash, end of the period	<u>\$ 135.2</u>	<u>\$ 33.9</u>

Supplemental cash flow information:

Cash paid for interest	\$ 2.1	\$ 19.5
Cash paid for income taxes, net of refunds	\$ —	\$ 0.8

Non-cash investing and financing activities:

Accrued interest and fees capitalized into principal debt	\$ 24.8	\$ 1.2
Property, plant and equipment included in accounts payable or accrued expenses	\$ 3.2	\$ 1.1

21. Subsequent Events

Refer to Note 11. Debt Obligations for updates regarding the milestone covenants related to the Company's 10.50% 2027 Senior Secured Notes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated annual audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 26, 2026 (the "2025 Annual Report"), and the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section in our 2025 Annual Report as well as the section below entitled "Special Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Unless the context otherwise requires, in this Quarterly Report on Form 10-Q, "INNOVATE" means INNOVATE Corp. and the "Company," "we", "us" and "our" mean INNOVATE together with its consolidated subsidiaries. "U.S. GAAP" means accounting principles accepted in the United States of America.

Our Business and Our Operations

We are a diversified holding company with principal operations conducted through three operating platforms or reportable segments as of March 31, 2026: Infrastructure ("DBMG"), Life Sciences ("Pansend"), and Spectrum, plus our Other segment, which includes businesses that do not meet the separately reportable segment thresholds.

For additional information on our business, refer to Note 1. Organization and Business to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Cyclical Patterns

Our segments' operations can be highly cyclical. Our volume of business in our Infrastructure segment may be adversely affected by declines or delays in projects, which may vary by geographic region. Project schedules, particularly in connection with large, complex, and longer-term projects can also create fluctuations in the services provided, which may adversely affect us in any given period.

For example, in connection with larger, more complicated projects, the timing of obtaining permits and other approvals may be delayed, and we may need to maintain a portion of our workforce and equipment in an underutilized capacity to ensure we are strategically positioned to deliver on such projects when they move forward.

Examples of other items that may cause our results or demand for our services to fluctuate materially from quarter to quarter include: weather or project site conditions; customer spending patterns, including seasonal trends, and the financial condition of our customers and their access to capital; our profit margins on projects performed during any particular period; rising interest rates and inflation; and regulatory, economic, political and market conditions on a regional, national or global scale.

Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

Recent Developments

We continually evaluate strategic and business alternatives within our operating segments, which may include the following: operating, growing or acquiring additional assets or businesses related to current or historical operations; or winding down or selling our existing operations. In the longer term, we may evaluate opportunities to acquire assets or businesses unrelated to our current or historical operations. In the event we were to enter into a strategic transaction to sell any of our existing operations, our intention is to use available proceeds from such transaction to address our capital structure.

During 2026, as part of our strategic process, we have engaged in and are contemplating several transactions that had or will have an effect on the results of operations and financial condition of our business and individual segments.

Debt Obligations and Financing

Corporate Debt - Infrastructure Milestones

The 10.50% 2027 Senior Secured Notes Indenture required us to meet certain milestones with respect to strategic alternatives for our operating subsidiaries, including asset sales generating at least \$150 million in net proceeds, to be applied to the 10.50% 2027 Senior Secured Notes, such that by September 1, 2025 the Company needed to have a bona fide bid or term sheet related to a potential sale. The September 1, 2025 milestone was not reached, and in accordance with the indenture, we were thus required to commence a sales process for DBMG. The sales process for DBMG, which has been initiated and is proceeding, has separate milestone requirements, which we have either met or extended as of March 31, 2026. Subsequent to quarter end, the April 1, 2026 milestone for an executed purchase agreement was extended to June 1, 2026. We are in compliance with the milestone covenants requirements as of the date of the filing of this Quarterly Report on Form 10-Q.

The covenants contained in the DBMG Credit Agreement contain a Change in Control clause, which would constitute an Event of Default, both as defined in the DBMG Credit Agreement, which could accelerate the maturity of our Infrastructure segment's debt in the future upon certain events, including a sale of DBMG.

Life Sciences

During the three months ended March 31, 2026, Pansend funded an additional \$0.3 million in intercompany convertible 13.0% notes with R2 Technologies, bringing the total intercompany principal note balances to \$7.8 million. The outstanding principal amounts of the notes, together with any interest then accrued and unpaid, is convertible at the option of Pansend into shares of a new series E Convertible Preferred Stock ("Series E") or new series F Convertible Preferred Stock ("Series F") in R2 Technologies, as applicable to each note, upon written notice to R2 Technologies and the notes have a maturity date, of the earlier of July 31, 2026, or a change in control of R2 Technologies, as defined in the notes. These notes and related intercompany interest are eliminated on consolidation. Refer to Note 15. Temporary Equity to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on R2 Technologies' convertible preferred stock and convertible notes.

Spectrum

In connection with the Spectrum Notes Extension, we entered into a related side letter (the "Spectrum Letter") with the lenders, which required us to meet certain milestones with respect to strategic alternatives for the Spectrum segment, such that, if the Spectrum Notes were not repaid in full in cash on or before November 1, 2025, the Spectrum Letter provided that we were required to commence an alternative strategic process for HC2B which includes a sale of HC2B with the net proceeds to be applied to the Spectrum Notes. The November 1, 2025 milestone was not reached and in accordance with the Spectrum Letter, management initiated a strategic process for HC2B. As of March 31, 2026, although the final milestone was not met, the lenders have not declared an event of default or exercised any remedies as the Company was, and continues to be in, in discussions with the lenders regarding the strategic alternatives. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on the Spectrum Notes.

Equity Method Investments

MediBeacon

On March 31, 2026, MediBeacon received the European Union ("EU") CE mark certification under the EU Medical Device Regulation ("MDR") for its TGFR™ Monitor and TGFR™ Reusable sensor. The certification confirms that the Monitor and Sensor have met the robust safety, quality, and performance standards required under EU MDR.

Financial Presentation Background

In the below section within this Management's Discussion and Analysis of Financial Condition and Results of Operations, we compare, pursuant to U.S. GAAP and SEC disclosure rules, the Company's results of operations for the three months ended March 31, 2026, as compared to the three months ended March 31, 2025.

Results of Operations

The following table summarizes our results of operations (in millions):

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Revenue			
Infrastructure	\$ 357.9	\$ 264.9	\$ 93.0
Life Sciences	1.6	3.1	(1.5)
Spectrum	5.3	6.2	(0.9)
Total revenue	\$ 364.8	\$ 274.2	\$ 90.6
Income (loss) from operations			
Infrastructure	\$ 16.0	\$ 9.1	\$ 6.9
Life Sciences	(2.2)	(3.0)	0.8
Spectrum	(0.4)	0.2	(0.6)
Non-Operating Corporate	(3.4)	(2.9)	(0.5)
Total income from operations	\$ 10.0	\$ 3.4	\$ 6.6
Interest expense	(24.5)	(20.2)	(4.3)
Loss from equity investees	—	(5.9)	5.9
Other income, net	0.3	4.0	(3.7)
Loss from operations before income taxes	\$ (14.2)	\$ (18.7)	\$ 4.5
Income tax expense	(2.9)	(7.1)	4.2
Net loss	\$ (17.1)	\$ (25.8)	\$ 8.7
Net loss attributable to non-controlling interests and redeemable non-controlling interests	0.3	1.3	(1.0)
Net loss attributable to INNOVATE Corp.	\$ (16.8)	\$ (24.5)	\$ 7.7
Less: Preferred stock dividends	0.4	0.3	0.1
Net loss attributable to common stockholders and participating preferred stockholders	\$ (17.2)	\$ (24.8)	\$ 7.6

Revenue: Revenue for the three months ended March 31, 2026, increased \$90.6 million to \$364.8 million from \$274.2 million for the three months ended March 31, 2025. The increase was primarily driven by our Infrastructure segment, which was partially offset by decreases at our Life Sciences and Spectrum segments. The increase at our Infrastructure segment was primarily driven by the timing and size of projects at DBMG's commercial structural steel fabrication and erection business, which had increased activity subsequent to the comparable period on certain large construction projects, which was partially offset by a decrease at the industrial maintenance and repair business due to the timing and size of projects, which had increased activity in the comparable period on certain large construction projects that have since been completed. The decrease at our Life Sciences segment was attributable to R2 Technologies, primarily driven by decreases in Glacial fx and Glacial Rx unit sales in North America, which were partially offset by an increase in Glacial Spa unit sales outside North America. The decrease at our Spectrum segment was primarily driven by the termination of a few networks and individual markets subsequent to the comparable period.

Income from operations: Income from operations for the three months ended March 31, 2026, increased \$6.6 million to \$10.0 million from \$3.4 million for the three months ended March 31, 2025. The increase was primarily due to a net increase in gross profit of \$8.0 million, and a net decrease in depreciation and amortization of \$0.2 million, partially offset by a net increase in selling, general and administrative ("SG&A") expenses of \$1.6 million. The net increase in gross profit was primarily driven by our Infrastructure segment due to timing and size of projects in the current period, which had increased activity subsequent to the comparable period, which was partially offset by our Spectrum and Life Sciences segments due to the decreases in revenue. The increase in SG&A was primarily driven by our Infrastructure segment primarily due to an increase in compensation-related expenses due to timing, as well as an increase at our Non-Operating Corporate segment primarily driven by expenses in the current period related to potential dispositions. These increases in SG&A were partially offset by a decrease in SG&A at our Life Sciences segment due to a reduction in compensation-related expenses at R2 Technologies and Pansend.

Interest expense: Interest expense for the three months ended March 31, 2026, increased \$4.3 million to \$24.5 million from \$20.2 million for the three months ended March 31, 2025. The increase in interest expense was primarily driven by our Non-Operating Corporate segment due to the indebtedness refinancing transactions completed subsequent to the comparable period, which resulted in increased principal balances due to the capitalization of fees and interest, and certain increases in interest rates, leading to increased interest expense including amortization of fees. The increase was partially offset by our Life Sciences segment due to the refinancing of their debt subsequent to the comparable period, which removed certain exit and default fees and decreased the stated interest rate, which was partially offset by the higher outstanding principal amount. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on the indebtedness refinancing transactions.

Loss from equity investees: Loss from equity investees for the three months ended March 31, 2026, decreased \$5.9 million to zero from \$5.9 million for the three months ended March 31, 2025. The decrease was due to a decrease in losses recognized from MediBeacon. During the three months ended March 31, 2025, as a result of the unrepeatable equity transactions that occurred upon FDA approval of MediBeacon's TGFR in the comparable period, Pansend's basis in MediBeacon increased by \$5.9 million, consisting of a \$4.4 million step-up gain and \$1.5 million from the conversion of accrued interest on Pansend's convertible notes with MediBeacon, resulting in Pansend recognizing \$5.9 million of equity method losses that were previously unrecognized. As of both March 31, 2026 and March 31, 2025, Pansend's net carrying amount of its investment in MediBeacon was zero, and Pansend had unrecognized losses from this investment. Refer to Note 6. Investments to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on our equity investments.

Other income, net: Other income, net for the three months ended March 31, 2026, decreased \$3.7 million to \$0.3 million from \$4.0 million for the three months ended March 31, 2025. The decrease was primarily driven by the unrepeatable \$4.4 million step-up gain following MediBeacon's FDA approval in the comparable period, which was partially offset by an unrepeatable legal settlement expense at our Non-Operating Corporate segment in the comparable period. Refer to Note 20. Supplementary Financial Information to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on other income, net.

Income tax expense: Income tax expense for the three months ended March 31, 2026, decreased \$4.2 million to \$2.9 million from \$7.1 million for the three months ended March 31, 2025. The movement in tax expense was primarily driven by the impact of projected pre-tax results on the annual effective tax rate including the limitations on the utilization of net operating losses ("NOL") by INNOVATE's U.S. consolidated group as a result of the Internal Revenue Code Section 382 and the Tax Cuts and Jobs Act's 80 percent limitation on NOLs incurred after 2017.

Segment Results of Operations

In the Company's Condensed Consolidated Financial Statements, other operating (income) loss includes: (i) (gain) loss on sale or disposal of assets; (ii) lease termination costs and (gains) losses on lease modifications; and (iii) asset impairment expense; as applicable. Each table summarizes the results of operations of our operating segments (in millions).

Infrastructure Segment

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Revenue	\$ 357.9	\$ 264.9	\$ 93.0
Cost of revenue	307.0	223.5	83.5
Selling, general and administrative	32.0	29.3	2.7
Depreciation and amortization	2.9	3.1	(0.2)
Other operating income	—	(0.1)	0.1
Income from operations	<u>\$ 16.0</u>	<u>\$ 9.1</u>	<u>\$ 6.9</u>

Revenue: Revenue for the three months ended March 31, 2026, increased \$93.0 million to \$357.9 million from \$264.9 million for the three months ended March 31, 2025. The increase was primarily driven by the timing and size of projects at DBMG's commercial structural steel fabrication and erection business which had increased activity subsequent to the comparable period on certain large construction projects, and to a lesser extent, at the new modular business and the construction modeling and detailing business. The increases were partially offset by a decrease at the industrial maintenance and repair business due to the timing and size of projects, which had increased activity in the comparable period on certain large construction projects that have since been completed.

Cost of revenue: Cost of revenue for the three months ended March 31, 2026, increased \$83.5 million to \$307.0 million from \$223.5 million for the three months ended March 31, 2025. The increase was primarily driven by the increase in revenue at DBMG's commercial structural steel fabrication and erection business due to the increased activity subsequent to the comparable period on certain large construction projects, and to a lesser extent, an increase at the new modular business and the construction modeling and detailing business due to the increases in revenue. The increases in cost of revenue were partially offset by a decrease at the industrial maintenance and repair business as a result of the decrease in revenue due to the timing of project activity on certain large construction projects that have been completed subsequent to the comparable period.

Selling, general and administrative: Selling, general and administrative expense for the three months ended March 31, 2026, increased \$2.7 million to \$32.0 million from \$29.3 million for the three months ended March 31, 2025. The increase was primarily driven by an increase in compensation-related expenses due to timing.

Life Sciences Segment

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Revenue	\$ 1.6	\$ 3.1	\$ (1.5)
Cost of revenue	1.4	2.3	(0.9)
Selling, general and administrative	2.3	3.7	(1.4)
Depreciation and amortization	0.1	0.1	—
Loss from operations	<u>\$ (2.2)</u>	<u>\$ (3.0)</u>	<u>\$ 0.8</u>

Revenue: Revenue for the three months ended March 31, 2026, decreased \$1.5 million to \$1.6 million from \$3.1 million for the three months ended March 31, 2025. The decrease in revenue was attributable to R2 Technologies, primarily driven by decreases in Glacial fx and Glacial Rx unit sales in North America, which were partially offset by an increase in Glacial Spa unit sales outside North America.

Cost of revenue: Cost of revenue for the three months ended March 31, 2026, decreased \$0.9 million to \$1.4 million from \$2.3 million for the three months ended March 31, 2025. The decrease in cost of revenue was attributable to R2 Technologies, primarily driven by the decrease in revenue noted above and, to a lesser extent, the related decreases in warranty expenses and royalty expenses.

Selling, general and administrative: Selling, general and administrative expense for the three months ended March 31, 2026, decreased \$1.4 million to \$2.3 million from \$3.7 million for the three months ended March 31, 2025. The decrease was primarily driven by a reduction in compensation-related expenses at R2 Technologies and Pansend.

Spectrum Segment

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Revenue	\$ 5.3	\$ 6.2	\$ (0.9)
Cost of revenue	2.9	2.9	—
Selling, general and administrative	1.7	1.9	(0.2)
Depreciation and amortization	1.2	1.2	—
Other operating income	(0.1)	—	(0.1)
(Loss) income from operations	\$ (0.4)	\$ 0.2	\$ (0.6)

Revenue: Revenue for the three months ended March 31, 2026, decreased \$0.9 million to \$5.3 million from \$6.2 million for the three months ended March 31, 2025. The decrease was primarily driven by the termination of a few networks and individual markets subsequent to the comparable period.

Cost of revenue: Cost of revenue for the three months ended March 31, 2026, remained consistent at \$2.9 million as compared to the three months ended March 31, 2025. The majority of our Spectrum segment's costs are relatively fixed in nature and do not fluctuate significantly with changes in revenue.

Non-Operating Corporate

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Selling, general and administrative	\$ 3.4	\$ 2.9	\$ 0.5
Loss from operations	\$ (3.4)	\$ (2.9)	\$ (0.5)

Selling, general and administrative: Selling, general and administrative expenses for the three months ended March 31, 2026 increased \$0.5 million to \$3.4 million from \$2.9 million for the three months ended March 31, 2025. The increase was primarily driven by \$0.9 million of expenses in the current period related to potential dispositions, which was partially offset by a decrease in compensation-related expenses.

Loss from Equity Investees

	Three Months Ended March 31,		
	2026	2025	(Increase) / Decrease
Life Sciences	\$ —	\$ (5.9)	\$ 5.9
Loss from equity investees	\$ —	\$ (5.9)	\$ 5.9

Life Sciences: Loss from equity investees within our Life Sciences segment for the three months ended March 31, 2026, decreased \$5.9 million to zero from \$5.9 million for the three months ended March 31, 2025. The decrease in loss was due to a decrease in losses recognized from MediBeacon as none were recognized during the three months ended March 31, 2026. Refer to *Loss from equity investees* in the *Results of Operations* section above for more information. Refer to Note 6. Investments to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on our equity investments.

Non-GAAP Financial Measures and Other Information

Adjusted EBITDA

Adjusted EBITDA is not a measurement recognized under U.S. GAAP. In addition, other companies may define Adjusted EBITDA differently than we do, which could limit its usefulness.

Management believes that Adjusted EBITDA provides investors with meaningful information for gaining an understanding of our results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation, amortization and the other items listed in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. While management believes that non-U.S. GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our U.S. GAAP financial results. Using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other U.S. GAAP financial measures, as this non-U.S. GAAP measure excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and does not purport to be an alternative to net income (loss) or other U.S. GAAP financial measures as a measure of our operating performance.

The calculation of Adjusted EBITDA, as defined by us, consists of Net income (loss) attributable to INNOVATE Corp., excluding: discontinued operations, if applicable; depreciation and amortization; other operating (income) loss (which is inclusive of (gain) loss on sale or disposal of assets, lease termination costs, (gains) losses on lease modifications, and asset impairment expense); interest expense; other (income) expense, net; income tax expense (benefit); non-controlling interests; share-based compensation expense; realignment and exit costs; facility commissioning costs and acquisition and disposition costs.

Adjusted EBITDA by segment is summarized as follows:

(in millions):

	Three Months Ended March 31,		
	2026	2025	Increase / (Decrease)
Infrastructure	\$ 23.0	\$ 16.7	\$ 6.3
Life Sciences	(2.0)	(8.7)	6.7
Spectrum	0.7	1.4	(0.7)
Non-Operating Corporate	(2.0)	(2.2)	0.2
Other and Eliminations	—	—	—
Adjusted EBITDA	\$ 19.7	\$ 7.2	\$ 12.5

The tables below provide reconciliations of net income (loss) attributable to INNOVATE Corp. to Adjusted EBITDA for the three months ended March 31, 2026 and 2025:

(in millions)

	Three Months Ended March 31, 2026					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	\$ 9.3	\$ (3.3)	\$ (6.5)	\$ (16.3)	\$ —	\$ (16.8)
<u>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</u>						
Depreciation and amortization	2.9	0.1	1.2	—	—	4.2
Depreciation and amortization (included in cost of revenue)	3.2	—	—	—	—	3.2
Other operating income	—	—	(0.1)	—	—	(0.1)
Interest expense	1.8	1.9	4.0	16.8	—	24.5
Other (income) expense, net	(0.1)	—	2.5	(2.7)	—	(0.3)
Income tax expense (benefit)	4.1	—	—	(1.2)	—	2.9
Non-controlling interests	0.9	(0.8)	(0.4)	—	—	(0.3)
Share-based compensation expense	—	0.1	—	0.5	—	0.6
Realignment and exit costs	0.3	—	—	—	—	0.3
Facility commissioning costs	0.6	—	—	—	—	0.6
Acquisition and disposition costs	—	—	—	0.9	—	0.9
Adjusted EBITDA	\$ 23.0	\$ (2.0)	\$ 0.7	\$ (2.0)	\$ —	\$ 19.7

(in millions)

	Three Months Ended March 31, 2025					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	\$ 4.6	\$ (7.6)	\$ (5.4)	\$ (16.1)	\$ —	\$ (24.5)
<u>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</u>						
Depreciation and amortization	3.1	0.1	1.2	—	—	4.4
Depreciation and amortization (included in cost of revenue)	3.5	—	—	—	—	3.5
Other operating income	(0.1)	—	—	—	—	(0.1)
Interest expense	2.1	4.5	3.7	9.9	—	20.2
Other (income) expense, net	(0.3)	(4.5)	2.2	(1.4)	—	(4.0)
Income tax expense	2.3	—	—	4.8	—	7.1
Non-controlling interests	0.4	(1.4)	(0.3)	—	—	(1.3)
Share-based compensation expense	—	0.2	—	0.6	—	0.8
Realignment and exit costs	1.1	—	—	—	—	1.1
Adjusted EBITDA	\$ 16.7	\$ (8.7)	\$ 1.4	\$ (2.2)	\$ —	\$ 7.2

Infrastructure: Net income from our Infrastructure segment for the three months ended March 31, 2026, increased \$4.7 million to \$9.3 million from \$4.6 million for the three months ended March 31, 2025. Adjusted EBITDA from our Infrastructure segment for the three months ended March 31, 2026, increased \$6.3 million to \$23.0 million from \$16.7 million for the three months ended March 31, 2025. The increase in Adjusted EBITDA was primarily driven by an increase in gross profit at DBMG's commercial structural steel fabrication and erection business which had increased activity subsequent to the comparable period on certain large construction projects. The increase was partially offset by a decrease in revenue and gross profit at our industrial maintenance and repair business due to timing of certain large construction projects in the comparable period that have since been completed and an increase in recurring SG&A expenses, primarily driven by an increase in compensation-related expenses due to timing.

Life Sciences: Net loss from our Life Sciences segment for the three months ended March 31, 2026, decreased \$4.3 million to \$3.3 million from \$7.6 million for the three months ended March 31, 2025. Adjusted EBITDA loss from our Life Sciences segment for the three months ended March 31, 2026, decreased \$6.7 million to \$2.0 million from \$8.7 million for the three months ended March 31, 2025. The decrease in Adjusted EBITDA loss was primarily due to a decrease in equity method losses recognized from MediBeacon, as discussed in the *Loss from Equity Investees* section above, and a decrease in SG&A expenses, primarily driven by decreases in compensation-related expenses at R2 Technologies and Pensend. These decreases were partially offset by a decrease in gross profit at R2 Technologies, driven by the decrease in revenue (as discussed in the *Revenue* section above).

Spectrum: Net loss from our Spectrum segment for the three months ended March 31, 2026, increased \$1.1 million to \$6.5 million from \$5.4 million for the three months ended March 31, 2025. Adjusted EBITDA from our Spectrum segment for the three months ended March 31, 2026, decreased \$0.7 million to \$0.7 million from \$1.4 million for the three months ended March 31, 2025. The decrease in Adjusted EBITDA was primarily driven by the net decrease in revenue as a result of the termination of a few networks and individual markets subsequent to the comparable period.

Non-Operating Corporate: Net loss from our Non-Operating Corporate segment for the three months ended March 31, 2026, increased \$0.2 million to \$16.3 million from \$16.1 million for the three months ended March 31, 2025. Adjusted EBITDA loss from our Non-Operating Corporate segment for the three months ended March 31, 2026, decreased slightly by \$0.2 million to \$2.0 million from \$2.2 million for the three months ended March 31, 2025.

Backlog

Backlog is our estimate of the U.S. dollar amount of future revenues we expect to realize as a result of performing work on projects in backlog. Projects in backlog consist of awarded contracts, letters of intent, notices to proceed, change orders, and purchase orders obtained. Backlog increases as contract commitments are obtained, decreases as revenues are recognized and increases or decreases to reflect modifications in the work to be performed under the contracts. Backlog is converted to sales in future periods as work is performed or projects are completed. Backlog can be significantly affected by the receipt or loss of individual contracts.

Infrastructure

As of March 31, 2026, DBMG's backlog was \$1,585.6 million, consisting of \$1,561.0 million under contracts or purchase orders and \$24.6 million under letters of intent or notices to proceed. Approximately \$1,047.7 million, representing 66.1% of DBMG's backlog as of March 31, 2026, was attributable to five contracts, letters of intent, notices to proceed or purchase orders. If one or more of these projects terminate or reduce their scope, DBMG's backlog could decrease substantially. DBMG's backlog may, from time to time, include additional backlog amounts that are not included in the remaining unsatisfied performance obligations disclosed in Note 3. Revenue and Contracts in Process. This additional backlog may include commitments under master service agreements that are estimated amounts of work to be performed based on customer communications, historic performance and knowledge of our customers' intentions.

Liquidity and Capital Resources

Indebtedness

Non-Operating Corporate

10.50% Senior Secured Notes due 2027

In August 2025, we closed on an exchange offer and consent solicitation to eligible holders of our 8.50% senior secured notes due 2026 ("8.50% 2026 Senior Secured Notes") to exchange such notes for newly issued 10.50% senior secured notes due 2027 (the "10.50% 2027 Senior Secured Notes"). The Company, the guarantors party thereto from time to time and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the "10.50% 2027 Senior Secured Notes Trustee") and collateral trustee, entered into an indenture (the "10.50% 2027 Senior Secured Notes Indenture") governing the 10.50% 2027 Senior Secured Notes and we issued \$360.4 million aggregate principal amount of 10.50% 2027 Senior Secured Notes as consideration for the exchange of \$328.1 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes. The new principal amount includes fees payable to the lenders and \$52.50 principal amount of 10.50% 2027 Senior Secured Notes per \$1,000 principal amount of 8.50% 2026 Senior Secured Notes exchanged, paid to exchanging holders in lieu of the interest payment in respect of the 8.50% 2026 Senior Secured Notes that was due on August 1, 2025. The 10.50% 2027 Senior Secured Notes mature on February 1, 2027. Total fees and additional interest of \$18.3 million payable to the lenders and capitalized into the new principal amount under the exchange offer was recorded as an OID and remaining unamortized deferred financing fees of \$1.3 million allocated from the 8.50% 2026 Senior Secured Notes exchanged will be amortized into interest expense over the term of the notes using the effective interest rate method.

The 10.50% 2027 Senior Secured Notes accrue interest at a rate of 10.50% per year, payable semi-annually on February 1st and August 1st of each year, commencing on February 1, 2026. Total interest of \$18.9 million, incurred from August 4, 2025 through January 31, 2026, was paid in kind and capitalized into the principal balance for the February 1, 2026 payment. All subsequent interest payments are payable in cash. Aggregate interest expense for the new 10.50% 2027 Senior Secured Notes, including the contractual interest coupon and amortization of fees was \$13.0 million for the three months ended March 31, 2026.

As of March 31, 2026, the total carrying amount related to the notes was \$367.6 million, inclusive of \$379.3 million aggregate principal outstanding (which includes capitalized interest), partially offset by \$10.9 million of the unamortized OID and \$0.8 million of unamortized deferred financing fees. The effective interest rate on the 10.50% 2027 Senior Secured Notes was 14.4% as of March 31, 2026.

Our obligations under the 10.50% 2027 Senior Secured Notes Indenture are irrevocably and unconditionally guaranteed, jointly and severally, by the same guarantors that guarantee the 8.50% 2026 Senior Secured Notes (the "Subsidiary Guarantors"). The 10.50% 2027 Senior Secured Notes and the related guarantees are senior secured obligations for us and the Subsidiary Guarantors. The 10.50% 2027 Senior Secured Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from the registration requirements of the Securities Act.

If we complete certain assets sales, the terms of the 10.50% 2027 Senior Secured Notes Indenture may require us, in certain circumstances, to make an offer to purchase the 10.50% 2027 Senior Secured Notes with the net cash proceeds from such an asset sale at a price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. Additionally, if a Change of Control (as defined in the 10.50% 2027 Senior Secured Notes Indenture) occurs, we will be required to make an offer to purchase the 10.50% 2027 Senior Secured Notes for cash at a price equal to 101% of the aggregate principal amount of such 10.50% 2027 Senior Secured Notes on the date of purchase, plus any accrued and unpaid interest to the date of repurchase.

The 10.50% 2027 Senior Secured Notes Indenture contains covenants limiting, among other things, our ability, and, in certain cases, our subsidiaries, to incur additional indebtedness; create liens; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in certain transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. Additionally, the 10.50% 2027 Senior Secured Notes Indenture required us to meet certain milestones with respect to strategic alternatives for our operating subsidiaries, including asset sales generating at least \$150 million in net proceeds, to be applied to the 10.50% 2027 Senior Secured Notes, such that by September 1, 2025 the Company needed to have a bona fide bid or term sheet related to a potential sale. The September 1, 2025 milestone was not reached, and in accordance with the indenture, we were thus required to commence a sales process for DBMG. The sales process for DBMG, which has been initiated and is proceeding, has separate milestone requirements, which we have either met or extended as of March 31, 2026. Subsequent to quarter end, the April 1, 2026 milestone for an executed purchase agreement was extended to June 1, 2026. We are in compliance with the milestone covenants requirements as of the date of the filing of this Quarterly Report on Form 10-Q.

The 10.50% 2027 Senior Secured Notes Indenture contains customary events of default which could, subject to certain conditions, cause the 10.50% 2027 Senior Secured Notes to become immediately due and payable, including, but not limited to defaults by us in the payment of the principal of any of the 10.50% 2027 Senior Secured Notes when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise (other than pursuant to an offer to purchase by the Company) or in the payment of interest on any note when the same becomes due and payable, and the default continues for a period of 30 days; failure to comply with certain other covenants in the 10.50% 2027 Senior Secured Notes Indenture for a period of 60 days following notice by the 10.50% 2027 Senior Secured Notes Trustee or the holders of at least 30% in aggregate principal amount of the 10.50% 2027 Senior Secured Notes then outstanding; failure to pay or otherwise default on material debt; or failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating \$20 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; certain events of bankruptcy or insolvency; and failure to comply with the milestone covenant described above.

8.50% Senior Secured Notes due 2026

The original \$330.0 million aggregate principal amount of 8.50% senior secured notes due February 1, 2026 (the "8.50% 2026 Senior Secured Notes") were issued in 2021 at 100% of par. In August 2025, we exchanged \$328.1 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes for new 10.50% 2027 Senior Secured Notes, as discussed above. Subsequent to the exchange, we had \$1.9 million aggregate principal amount of the 8.50% 2026 Senior Secured Notes remaining. On February 2, 2026, the Company repaid the remaining principal balance and all accrued interest.

The 2026 Senior Secured Notes had a stated annual interest rate of 8.50% and had an effective interest rate of 9.3%, which reflected the initial \$10.8 million of deferred financing fees in 2021, including underwriting fees. Interest was payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense, including the contractual interest coupon and amortization of the deferred financing fees was \$15 thousand for the three months ended March 31, 2026.

2027 Convertible Notes

On August 4, 2025, we exchanged \$48.7 million of the then outstanding aggregate principal amount of the 2026 Convertible Notes for \$53.5 million aggregate principal amount of newly issued 9.5% Convertible Senior Secured Notes due 2027 (the "2027 Convertible Notes"). The new principal amount included fees payable to the lenders and \$47.50 principal amount of 2027 Convertible Notes per \$1,000 principal amount of 2026 Convertible Notes exchanged, paid to exchanging holders in lieu of the interest payment in respect of the 2026 Convertible Notes that was due on August 1, 2025. The 2027 Convertible Notes mature on March 1, 2027, unless earlier converted, redeemed or purchased.

The 2027 Convertible Notes will be convertible into cash, shares of our common stock, or a combination thereof, at the Company's election, based on an initial conversion rate of 23.6327 shares of common stock per \$1,000 principal amount of 2027 Convertible Notes (equivalent to an initial conversion price of approximately \$42.31 per share of our common stock), at any time prior to the close of business on the business day immediately preceding the maturity date, in principal amounts of \$1,000 or an integral multiple of \$1.00 in excess thereof. In addition, following a Make-Whole Fundamental Change (as defined in the 2027 Convertible Notes Indenture) or our delivery of a notice of redemption for the 2027 Convertible Notes, we will, in certain circumstances, be required to increase the conversion rate for a holder who elects to convert its 2027 Convertible Notes in connection with (i) such Make-Whole Fundamental Change or (ii) such notice of redemption.

The initial maximum number of securities underlying the 2027 Convertible Notes, assuming the largest "make-whole" addition to the conversion rate under the 2027 Convertible Notes Indenture, and assuming that we have obtained the requisite stockholder approval referred to above, was 1,543,174 shares of our common stock.

As of March 31, 2026, each \$1,000 of principal of the 2027 Convertible Notes is convertible into 23.6327 shares of our common stock, for a total of 1,323,315 shares of common stock, which is equivalent to a conversion price of approximately \$42.31 per share, as adjusted for the reverse stock split in 2024 and subject to further adjustment upon the occurrence of specified events. Based on the closing price of our common stock on March 31, 2026, the if-converted value of the 2027 Convertible Notes did not exceed its principal value.

The 2027 Convertible Notes accrue interest at a rate of 9.5% per year. Interest on the 2027 Convertible Notes is paid semi-annually on February 1st and August 1st of each year, commencing on February 1, 2026. Total interest of \$2.5 million, incurred from August 4, 2025 through January 31, 2026, was paid in kind and capitalized into the principal balance for the February 1, 2026 payment. All subsequent interest payments are payable in cash. Aggregate interest expense, including the contractual interest coupon and amortization was \$1.5 million for the three months ended March 31, 2026.

The following amounts were recorded as an OID or deferred financing cost and are being amortized into interest expense over the term of the new 2027 Convertible Notes using the effective interest rate method: total new fees and additional interest of \$2.9 million payable to the lenders and capitalized into the principal amount for the convertible notes exchanged, remaining unamortized deferred financing fees of \$0.2 million allocated from the 2026 Convertible Notes exchanged, and a discount of \$0.5 million, attributable to the increase in fair value of the embedded conversion option, offset partially by \$2.4 million in remaining unamortized premiums allocated from the 2026 Convertible Notes exchanged. The effective interest rate on the 2027 Convertible Notes is 11.1%.

As of March 31, 2026, the total carrying amount related to the note was \$55.2 million, inclusive of \$56.0 million aggregate principal outstanding (which includes capitalized interest), partially offset by a remaining unamortized net OID of \$0.6 million and unamortized deferred financing fees of \$0.2 million.

The Company, the guarantors party thereto from time to time and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the "2027 Convertible Notes Trustee") and collateral trustee, entered into an indenture (the "2027 Convertible Notes Indenture"), dated as of August 4, 2025, governing the 2027 Convertible Notes. If we complete certain assets sales, the 2027 Senior Secured Notes Indenture may require us in certain circumstances to make an offer to purchase the 2027 Convertible Notes with the net cash proceeds from such an asset sale (After the indefeasible repayment and satisfaction in full in cash of all obligations under the 10.50% 2027 Senior Secured Notes, the 10.50% 2027 Senior Secured Notes Indenture, and all other Senior Debt) at a price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. Additionally, if we undergo a Fundamental Change (as defined in the 2027 Convertible Notes Indenture), subject to certain conditions, we may be required to purchase all or any portion of the 2027 Convertible Notes for cash. The Fundamental Change purchase price will be 100% of the principal amount of the 2027 Convertible Notes to be purchased, plus any accrued and unpaid interest, including additional interest, if any, to, but excluding, the Fundamental Change Purchase Date (as defined in the 2027 Convertible Notes Indenture). The Fundamental Change definition excludes ownership of our equity by Lancer Capital LLC and its affiliates.

The 2027 Convertible Notes Indenture contains covenants limiting, among other things, our ability and, in certain cases, our subsidiaries, to incur additional indebtedness; create liens; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in certain transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. These covenants are subject to a number of important exceptions and qualifications.

The 2027 Convertible Notes Indenture contains customary events of default, including cross-default provisions with other INNOVATE debt instruments, which could, subject to certain conditions, cause the 2027 Convertible Notes to become immediately due and payable, including, but not limited to defaults by us in the payment of the principal of any the 2027 Convertible Notes when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise or in the payment of interest on any note when the same becomes due and payable, and the default continues for a period of 30 days; failure to comply with certain other covenants in the 2027 Convertible Notes Indenture for a period of 60 days following notice by 2027 Convertible Notes Trustee or the holders of at least 25% in aggregate principal amount of the 2027 Convertible Notes then outstanding; failure to pay or otherwise default on material debt; or failure to pay final judgments entered by a court or courts of competent jurisdiction aggregating \$20 million or more (excluding amounts covered by insurance), which judgments are not paid, discharged or stayed, for a period of 60 days; and certain events of bankruptcy or insolvency.

2026 Convertible Notes

The original 7.50% convertible notes (the "2026 Convertible Notes") were issued under an indenture dated February 1, 2021, between us and U.S. Bank, as trustee. As discussed above, on August 4, 2025, pursuant to the Exchange Agreements, we exchanged \$48.7 million aggregate principal amount of the 2026 Convertible Notes for new 2027 Convertible Notes. Subsequent to the exchanges and, as of March 31, 2026, the we have \$0.2 million aggregate principal remaining of the 2026 Convertible Notes.

The 2026 Convertible Notes mature on August 1, 2026, unless earlier converted, redeemed or purchased. The 2026 Convertible Notes were issued in 2021 at 100% of par with a stated annual interest rate of 7.50%. The fair value of the embedded conversion feature contained in the 2026 Convertible Notes had an initial fair value of \$12.3 million, which was recorded as a premium on the 2026 Convertible Notes. The 2026 Convertible Notes had an initial effective interest rate of 3.21%, which reflected the initial \$12.3 million premium and \$1.1 million of deferred financing fees.

As of March 31, 2026, the remaining 2026 Convertible Notes had a net carrying value of \$0.2 million. The effective interest rate on the remaining 2026 Convertible Notes as of March 31, 2026 and was 3.0%.

Interest is payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense recognized relating to both the contractual interest coupon and amortization of discount, net of premium and deferred financing costs was \$1 thousand for the three months ended March 31, 2026.

Each \$1,000 of principal of the 2026 Convertible Notes is convertible into 23.6327 shares of our common stock, which is equivalent to a conversion price of approximately \$42.31 per share, for a total of 3,781 shares of common stock, as adjusted for the reverse stock split in 2024, and subject to further adjustment upon the occurrence of specified events. Based on the closing price of our common stock on March 31, 2026, the if-converted value of the 2026 Convertible Notes did not exceed its principal value.

Revolving Line of Credit

We have a revolving credit agreement with MSD PCOF Partners IX, LLC ("MSD"), which has a maximum commitment of \$20.0 million ("Revolving Line of Credit"). As of March 31, 2026, the outstanding balance was \$20.0 million. The maturity date of the Revolving Line of Credit, as amended on August 4, 2025, is September 15, 2026. The Revolving Line of Credit has an interest rate margin applicable to loans borrowed under the Revolving Line of Credit of 5.75%, and the benchmark rates for the interest are SOFR-based rates. As of March 31, 2026, the interest rate on the Revolving Line of Credit was 9.7%. Interest is paid quarterly in arrears. The Revolving Line of Credit also includes a commitment fee at a per annum rate of 1.0% calculated based on the actual daily amount of unused availability under the Revolving Line of Credit with MSD, and also includes a requirement for prepayment using the net cash proceeds received from certain asset sales. The affirmative and negative covenants governing the Revolving Line of Credit are substantially consistent with the affirmative and negative covenants contained in the indentures that govern our senior secured notes.

On August 4, 2025, the Company and MSD entered into an Eighth Amendment to Credit Agreement, which among other things, extended the maturity of the 2020 Revolving Credit Agreement to September 15, 2026, and added a new \$0.4 million extension fee that is payable on the earlier of maturity date or date of prepayment of the debt. The \$0.4 million extension fee and third-party legal costs of \$0.3 million incurred under the amendment are being amortized into interest expense over the term of the Revolving Line of Credit.

Any failure to comply with the restrictions in the agreements governing our indentures, or any agreement governing other indebtedness we could incur, may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which acceleration may trigger cross-acceleration or cross-default provisions in other debt.

CGIC Promissory Note

On August 4, 2025, the Company and CGIC entered into a Subordinated Secured Promissory Note to, among other things, extend the maturity of our existing subordinated unsecured promissory note with CGIC (the "CGIC Note") from February 28, 2026 to April 30, 2027, and secure the amended CGIC Note by a third priority lien on the same collateral securing the 10.50% 2027 Senior Secured Notes and the 2027 Convertible Notes. The amended CGIC Note has an interest rate of 16.0%, and an effective interest rate of 14.6% as of March 31, 2026. Interest on the amended CGIC Note will be paid monthly and in kind through August 31, 2026. All interest payments thereafter will be payable in cash, in arrears. As part of the agreement with CGIC, the accrued value of 8,063 shares of Series A-4 Preferred Stock of the Company held by CGIC, and unpaid accrued dividends for the A-3 and A-4 Preferred Stock were exchanged for an additional principal amount of the CGIC Note, on a dollar-for-dollar basis (the "Preferred Stock Exchange"). The additional principal amount incurred under the Preferred Stock Exchange was \$9.6 million (reflective of the \$9.1 million accrued value of the Series A-4 Preferred Stock and \$0.5 million in accrued dividends on the Series A-3 and A-4 Preferred Stock). In addition, an extension fee and accrued interest of \$2.4 million on the CGIC Note through July 31, 2025, were capitalized to the new principal amount of the CGIC Note, for a total new aggregate outstanding principal amount of \$43.0 million. The new extension fee was recorded as an OID to the carrying amount of the note and is being amortized into interest expense over the term of the CGIC Note using the effective interest rate method.

The original CGIC subordinated unsecured promissory note, which was issued at 100% of par entered into in 2023 in connection with the redemption of DBM Global Intermediate Holdco Inc.'s Series A Fixed-to-Floating Rate Perpetual Preferred Stock (the "DBMGi Series A Preferred Stock"), had a principal amount of \$35.1 million original maturity date of February 28, 2026, and bore interest at 9.0% per annum through May 8, 2024, 16.0% per annum from May 9, 2024 to May 8, 2025, and 32.0% per annum thereafter.

For the three months ended March 31, 2026, interest expense recognized relating to the CGIC Note, including the contractual interest coupon and amortization of the discount, was \$1.7 million. During the three months ended March 31, 2026, in accordance with the terms of the amended CGIC Note, \$1.9 million of interest was capitalized into the principal balance. As of March 31, 2026, the total carrying amount related to the note was \$48.5 million, inclusive of \$47.8 million of principal (including capitalized interest) and a net unamortized premium of \$0.7 million.

The terms of the CGIC Note include a mandatory prepayment requirement which requires us to prepay the CGIC Note (together with all accrued and unpaid interest and all other amounts payable under the CGIC Note), after the indefeasible repayment and satisfaction in full in cash of all obligations under the 10.50% 2027 Senior Secured Notes, the 10.50% 2027 Senior Secured Notes Indenture, the 2027 Convertible Notes, the 2027 Convertible Notes Indenture and all other Senior Debt (or, in each case, under any refinancing indebtedness in respect thereof), upon the occurrence of an Asset Sale (as defined in the agreement), in an amount equal to the Net Cash Proceeds (as defined in the agreement) from such Asset Sale, with such prepayment due no later than two (2) Business Days after the receipt of such Net Cash Proceeds by us (or our subsidiary, if applicable) from such Asset Sale.

The note contains customary events of default and contains cross-default provisions with our other debt instruments which could, subject to certain conditions, cause the note to become immediately due and payable.

Infrastructure

On May 20, 2025, DBMG entered into an Amended and Restated Credit agreement (the "DBMG Credit Agreement"), with the lenders which are party thereto from time to time (each a "Lender" and collectively the "Lenders") and UMB BANK, N.A. ("UMB"). The DBMG Credit Agreement provides DBMG with senior secured debt financing in an amount up to \$220.0 million in the aggregate, consisting of (i) a senior secured revolving credit facility (the "DBMG Revolving Facility") in an aggregate amount of \$135.0 million and (ii) a senior secured term loan facility in the amount of \$85.0 million. The DBMG Credit Agreement also contains an accordion feature to increase the allowable size of the DBMG Revolving Facility by an additional \$50.0 million. The DBMG Revolving Facility and the term loan facility will mature on May 20, 2030. DBMG entered into the DBMG Credit Agreement to fully repay DBMG's existing debt obligations and provide additional working capital capacity.

The term loan and borrowings under the DBMG Credit Agreement bear interest at a rate per annum equal to a SOFR Rate plus a variable spread based on a Senior Funded Indebtedness to EBITDA Ratio as defined in the agreement with an interest rate floor of 4.25% per annum. Interest is paid monthly on DBMG's revolving loans, and the effective interest rate on DBMG's revolving loans was 6.6% as of March 31, 2026. The DBMG Revolving Facility has an unused commitment fee of 0.50% per annum times the average daily unused availability under the line. Principal payments and interest on DBMG's term loan are paid monthly, and the effective interest rate was 7.2% as of March 31, 2026.

At the time of entering into the DBMG Credit Agreement, deferred financing fees totaling \$1.8 million were capitalized as original issue discounts and included in the carrying amount of the debt in the Condensed Consolidated Balance Sheet and \$0.1 million in fees paid to third parties were expensed. Capitalized fees are amortized over the remaining life of the debt under the effective interest rate method and are included in interest expense.

DBMG had availability for revolving loans of \$124.2 million as of March 31, 2026.

The obligations of the Borrowers under the new DBMG Credit Agreement are guaranteed by certain domestic subsidiaries of DBMG. As security for the Borrowers' obligations under the DBMG Credit Agreement, (i) DBMG and its domestic subsidiaries have granted a first priority lien on substantially all their tangible and intangible personal property, including, without limitation, accounts receivable, equipment and the equity interests of certain of DBMG's direct and indirect subsidiaries, and (ii) certain of the domestic subsidiaries of DBMG have granted a first priority lien on ten parcels of real estate owned by such subsidiaries.

The DBMG Credit Agreement contains usual and customary restrictive and financial covenants related to debt levels and performance, including a Fixed Charge Coverage Ratio; and a Senior Funded Indebtedness to EBITDA Ratio, both as defined in the DBMG Credit Agreement. The DBMG Credit Agreement contains a Change in Control clause, which would constitute an Event of Default, both as defined in the DBMG Credit Agreement, which could accelerate the maturity of the DBMG debt in the future upon certain events, including a sale of DBMG. As the Change in Control clause has not been triggered, the DBMG debt instruments remain classified as non-current as of March 31, 2026, except amounts due within the next 12 months, as originally defined in the DBMG Credit Agreement. DBMG is in compliance with its debt covenants as of March 31, 2026.

Spectrum

On August 4, 2025, Spectrum entered into a Tenth Omnibus Amendment to Secured Notes and Limited Consent to MSD Secured Note and Intercreditor Agreement with the note holders of Spectrum's \$69.7 million 8.50% and 11.45% Notes (the "Spectrum Notes") to, among other things, extend the maturity of such notes from August 15, 2025 to September 30, 2026 (the "Spectrum Notes Extension").

As a result of the Spectrum Notes Extension, additional exit fees of \$9.9 million were incurred. The exit fees associated with the notes, which are payable on the earlier of maturity or repayment of the principal, were recorded as an original issue discount ("OID") and are being amortized over the remaining life of the notes, which is assumed to be the maturity date. A liability for the total exit fees of \$25.8 million is reflected within Accrued liabilities in the Condensed Consolidated Balance Sheets as of March 31, 2026. Accrued interest of \$29.8 million, as of March 31, 2026, is reflected within Accrued liabilities in the Condensed Consolidated Balance Sheets and is payable upon maturity of the notes. As of March 31, 2026, the weighted-average effective interest rate on the notes was 25.0%.

In connection with the Spectrum Notes Extension, we entered into a related side letter (the "Spectrum Letter") with the lenders, which required us to meet certain milestones with respect to strategic alternatives for the Spectrum segment, such that, if the Spectrum Notes were not repaid in full in cash on or before November 1, 2025, the Spectrum Letter provided that we were required to commence an alternative strategic process for HC2B which includes a sale of HC2B with the net proceeds to be applied to the Spectrum Notes. The November 1, 2025 milestone was not reached and in accordance with the Spectrum Letter, management initiated a strategic process for HC2B. As of March 31, 2026, although the final milestone was not met, the lenders have not declared an event of default or exercised any remedies as the Company was, and continues to be in, in discussions with the lenders regarding the strategic alternatives. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on the Spectrum Notes.

The Spectrum Letter also requires us to utilize proceeds from a sale of certain assets, as allowable under the ours current agreements and indentures and after all other required payments have been made, for repayment of the Spectrum Notes. Assuming there are sufficient proceeds remaining after such repayment, we are required to purchase the institutional investors' equity interests in HC2B and DTV for an aggregate purchase price of \$2.0 million. The lenders hold 20,408 shares of common stock in HC2B, 2,222,222 shares of common stock in DTV, and warrants to purchase 145,825 shares of common stock of HC2B which can be exercised at any time until August 31, 2028, at an exercise price of \$0.01 per share. These redeemable non-controlling interests totaling \$2.4 million are reflected at carrying value as redeemable non-controlling interests in the Condensed Consolidated Balance Sheet as of March 31, 2026. As of March 31, 2026, Management has evaluated this redeemable non-controlling interest and determined that redemption is not probable at this time due to the uncertainty of redemption. Therefore, the carrying amount has not been adjusted to redemption value. We will continue to monitor for any changes in circumstances.

Life Sciences

On August 4, 2025, Lancer Capital LLC ("Lancer"), a related party, and R2 Technologies entered into an Amended and Restated Senior Secured Promissory Note (the "Lancer Note"), which was previously amended multiple times as further described below, and which, among other things, extended the maturity of the note to the earlier of August 1, 2026, or the occurrence of (i) a Change of Control (as defined in the amended note) or (ii) the sale of all or substantially all of the assets of R2 Technologies. The Lancer Note can be repaid at any time with an optional prepayment of the entire then-outstanding and unpaid principal and accrued interest upon five-days written notice to Lancer Capital. The amended Lancer Note has an interest rate of 12% and removed certain exit and default fees. Accrued and unpaid interest is capitalized monthly into the principal balance.

The total initial principal amount of the amended Lancer Note on August 4, 2025 was \$43.5 million, which incorporated the \$20.0 million principal amount of the note as previously amended effective January 31, 2024 (which was comprised of a principal amount of \$17.4 million and unpaid accrued interest of \$2.6 million), accrued interest of \$7.0 million and \$16.5 million in accrued exit fees which had been incurred from January 31, 2024 through August 4, 2025. In addition, a new 5% extension fee of \$2.2 million was capitalized into the principal amount on August 4, 2025 and is being amortized over the term of the note using the effective interest rate method and is included in interest expense.

As of March 31, 2026, the effective interest rate on the note, as amended, was 17.0%. Interest expense, including amortization of fees, related to the Lancer Note was \$2.0 million for the three months ended March 31, 2026. For the three months ended March 31, 2026, in accordance with the 12% note agreement, \$1.5 million of accrued interest, excluding exit fees and extension fees, was capitalized into the principal balance.

As of March 31, 2026, the total carrying amount relating to the note, which is included within the Current portion of debt obligations in the Condensed Consolidated Balance Sheet, was \$48.6 million, inclusive of \$49.4 million of principal (which includes capitalized interest and fees), partially offset by \$0.8 million of the unamortized OID for the extension fee.

During the first quarter of 2025, with an effective date of December 31, 2024, the maturity date of the note was extended to August 1, 2025, and an additional exit fee of \$1.0 million was incurred under the amendment, which increased by \$1.0 million each month. The base exit fee, as amended, would increase each month and would equal 13.09% of the principal amount being repaid at maturity. The additional exit fees were amortized over the term of the note using the effective interest rate method and were included in interest expense. The total new exit fees associated with the notes were recorded as an OID of \$8.7 million and were amortized over the remaining term of the note.

Restrictive Covenants

Pursuant to the 8.50% 2026 Senior Secured Notes Supplemental Indenture, substantially all of the restrictive covenants for the 8.50% 2026 Senior Secured Notes were eliminated.

The indenture governing the 2027 Senior Secured Notes dated August 4, 2025, by and among INNOVATE, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the "10.50% 2027 Senior Secured Notes Trustee") and collateral trustee (the "10.50% 2027 Senior Secured Notes Indenture"), contains certain affirmative and negative covenants limiting, among other things, the ability of the Company, and, in certain cases, the Company's subsidiaries, to incur additional indebtedness; create liens; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in certain transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. Additionally, the 10.50% 2027 Senior Secured Notes Indenture required us to meet certain milestones with respect to strategic alternatives for our operating subsidiaries, including asset sales generating at least \$150 million in net proceeds, to be applied to the 10.50% 2027 Senior Secured Notes, such that by September 1, 2025, we needed to have a bona fide bid or term sheet related to a potential sale. The September 1, 2025 milestone was not reached, and in accordance with the indenture, we have thus been required to commence a sales process for DBMG. The sales process for DBMG, which has been initiated and is proceeding, has separate milestone requirements, which we have either met or extended as of March 31, 2026. Subsequent to quarter end, the April 1, 2026 milestone for an executed purchase agreement was extended to June 1, 2026. The Company is in compliance with the milestone covenants requirements as of the date of the filing of this Quarterly Report on Form 10-Q.

In connection with the Spectrum Notes Extension, we entered into a related side letter (the "Spectrum Letter") with the lenders, which required us to meet certain milestones with respect to strategic alternatives for the Spectrum segment, such that, if the Spectrum Notes were not repaid in full in cash on or before November 1, 2025, the Spectrum Letter provided that we were required to commence an alternative strategic process for HC2B which includes a sale of HC2B with the net proceeds to be applied to the Spectrum Notes. The November 1, 2025 milestone was not reached and in accordance with the Spectrum Letter, management initiated a strategic process for HC2B. As of March 31, 2026, although the final milestone was not met, the lenders have not declared an event of default or exercised any remedies as the Company was, and continues to be in, in discussions with the lenders regarding the strategic alternatives. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on the Spectrum Notes.

The instruments governing the Company's Series A-3 Preferred Stock and Series A-4 Preferred Stock also limit our and our subsidiaries ability to take certain actions, including, among other things, to incur additional indebtedness; issue additional Series A-3 Preferred Stock and Series A-4 Preferred Stock; engage in transactions with affiliates; and make certain restricted payments. These limitations are subject to a number of important exceptions and qualifications.

We have conducted our operations in a manner that has resulted in compliance with the indentures, and as of March 31, 2026, we are in compliance with the covenants of our debt agreements, except as noted above. The September 1, 2025 milestone was not reached on our 2027 Senior Secured Notes, the Company has thus initiated a sales process for DBMG, and is in compliance with the milestone covenants requirement. Due to other pending milestones which will require the sale of assets and use of proceeds to pay off our debt, we have classified certain debt instrument(s) with long-term contractual maturities as current. If we fail to meet these pending milestones, and therefore are unable to remain in compliance and do not make alternate arrangements or obtain a waiver, an event of default would occur under our indentures which, among other remedies, could result in the outstanding obligations under the indenture becoming immediately due and payable and permitting the exercise of remedies with respect to the collateral. There is no assurance that we will be able to complete any non-operational transaction we may undertake to maintain compliance with covenants or, even if we complete any such transaction, that we will be able to maintain compliance for any subsequent period.

The debt instruments associated with our Infrastructure segment contain customary restrictive and financial covenants related to debt levels and performance, including a Fixed Charge Coverage Ratio covenant, and a Senior Funded Indebtedness to EBITDA Ratio, both as defined in the agreement. The debt instruments associated with our Infrastructure segment also contain a Change in Control clause, which would constitute an Event of Default, both as defined in the DBMG Credit Agreement, which could accelerate the maturity of the segment's debt in the future upon certain events, including a sale of DBMG. As the Change in Control clause has not yet been triggered, the DBMG debt instruments remain classified as non-current as of March 31, 2026, except amounts due within the next 12 months, as originally defined in the DBMG Credit Agreement. As of March 31, 2026, our Infrastructure segment was in compliance with the covenants of its debt agreement.

Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information.

Short- and Long-Term Liquidity Considerations and Risks

Our Non-Operating Corporate segment's liquidity needs have primarily been for interest payments on our senior secured notes, convertible notes, Revolving Line of Credit, CGIC Note, and dividend payments, out of legally available funds, on our Series A-3 and Series A-4 Preferred Stock and recurring operational expenses. As a result of our debt refinancing transactions in 2025 as discussed in "*Indebtedness*" above, certain interest payments for our Corporate debt will be or has been paid in kind and therefore will be incorporated into the respective principal balances to be paid on maturity of the respective debt.

On a consolidated basis, as of March 31, 2026, we had \$134.6 million of cash and cash equivalents, excluding restricted cash, compared to \$112.1 million as of December 31, 2025. On a stand-alone basis, as of March 31, 2026, our Non-Operating Corporate segment had cash and cash equivalents, excluding restricted cash, of \$2.5 million, as compared to cash and cash equivalents, excluding restricted cash, of \$4.2 million as of December 31, 2025.

Our subsidiaries' principal liquidity requirements arise from cash used in operating activities, debt service, and capital expenditures, including purchases of steel construction equipment, OTA broadcast station equipment, development of back-office systems, operating costs and expenses, and income taxes.

As of March 31, 2026, we had \$699.0 million of principal indebtedness on a consolidated basis compared to \$687.2 million as of December 31, 2025, a net increase of \$11.8 million, due to increases in debt at our Non-Operating Corporate and Life Sciences segments, partially offset by a decrease in debt at our Infrastructure segment. The increase at our Non-Operating Corporate segment was due to the capitalization of an aggregate \$23.3 million of accrued interest into the outstanding principal balances for our 10.50% 2027 Senior Secured Notes, 9.50% 2027 Convertible Notes and CGIC Note, partially offset by a \$1.9 million principal payment for the redemption of the remaining 8.50% 2026 Senior Secured Notes that matured in 2026. The increase at our Life Sciences segment was due to the capitalization of fees and unpaid accrued interest of \$1.5 million at R2 Technologies into the outstanding principal balance of their note with Lancer. These increases in debt were partially offset by a \$11.1 million decrease in debt at our Infrastructure segment due to repayments on their credit facility and amortization payments on their term loan.

On a stand-alone basis, our Non-Operating Corporate segment principal indebtedness was \$503.3 million and \$481.9 million as of March 31, 2026 and December 31, 2025, respectively. The March 31, 2026 indebtedness balance consists of the \$379.3 million aggregate principal amount of 10.50% 2027 Senior Secured Notes, \$56.0 million aggregate principal amount of 9.50% 2027 Convertible Notes, \$0.2 million aggregate principal amount remaining of 7.50% 2026 Convertible Notes, \$47.8 million principal amount of the CGIC Note and \$20.0 million aggregate principal amount drawn on our Revolving Line of Credit.

Our Non-Operating Corporate segment is required to make semi-annual interest payments on the 10.50% 2027 Senior Secured Notes and on the 2027 Convertible Notes, on February 1st and August 1st of each year. For the first interest period only, which was the interest period ending on January 31, 2026, interest was paid in kind. Interest payments on the CGIC Note are required on a monthly basis; however, interest will be paid in kind through August 31, 2026. All remaining interest payments will be paid in cash in arrears. We are also required to make quarterly interest payments on our Revolving Line of Credit and semi-annual interest payments on the 2026 Convertible Notes on February 1st and August 1st of each year.

We are required to make dividend payments, out of legally available funds, on our outstanding Series A-3 Preferred Stock and Series A-4 Preferred Stock on January 15th, April 15th, July 15th, and October 15th of each year. The Series A-3 Preferred Stock and Series A-4 Preferred Stock have a maturity date of July 1, 2026. On the maturity date, the holders will be entitled to redeem the Series A-3 Preferred Stock and Series A-4 Preferred Stock at the accrued value per share plus accrued but unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4); however, it is uncertain at this time whether the Company will have legally available funds to complete the redemption. The Series A-3 and Series A-4 Preferred Stock accrue a cumulative quarterly cash dividend at an annualized rate of 7.50%. The accrued values of the Series A-3 and Series A-4 Preferred Stock accrete quarterly at an annualized rate of 4.00% that is reduced to 2.00% or 0.0% if the Company achieves specified rates of growth measured by increases in its net asset value; provided, that the accreting dividend rate will be 7.25% in the event that (A) the daily volume weighted-average price ("VWAP") of the Company's common stock is less than a certain threshold amount, (B) the Company's common stock is not registered under Section 12(b) of the Securities Exchange Act of 1934, as amended, and (C) the Company's common stock is not listed on certain national securities exchanges or the Company is delinquent in the payment of any cash dividends.

During the first quarter of 2026, INNOVATE's Board of Directors (the "Board") did not declare any cash dividends with respect to INNOVATE's issued and outstanding Series A-3 Preferred Stock and Series A-4 Preferred Stock. The aggregate quarterly dividend of \$0.4 million for the first quarter of 2026 included the annual cash dividend of 7.5% per annum which was accrued and also the accreting dividend of 7.25% per annum. Refer to Note 15. Temporary Equity for additional information.

Our Non-Operating Corporate segment received \$0.4 million in net tax sharing payments from our Infrastructure segment for the three months ended March 31, 2026. Additionally, our Non-Operating Corporate segment received \$4.6 million in dividends from our Infrastructure segment during the three months ended March 31, 2026. Subsequent to quarter end, on April 6, 2026, DBMG declared a \$3.0 million cash dividend which was paid on April 28, 2026, of which our Non-Operating Corporate segment received \$2.7 million.

We have financed our growth and operations to date, and expect to finance our future growth and operations, through public offerings and private placements of debt and equity securities, credit facilities, vendor financing, finance lease financing and other financing arrangements, as well as cash generated from the operations of our subsidiaries. In the future, we may also choose to sell additional assets or certain investments to generate cash. We are currently exploring other strategic alternatives and it is reasonably possible that within the next twelve months we will generate cash proceeds from an asset sale that will be used to repay certain debt obligations as required.

Going Concern

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared assuming that the Company will continue as a going concern. However, as of the date of these financial statements, there is substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

The principal conditions leading to this conclusion are the upcoming maturities of the Company's debt obligations. Based on these conditions, we may not be able to meet our obligations at maturity nor comply with certain cross-default provisions under the 10.50% 2027 Senior Secured Notes over the next twelve months, or any potential breach of the milestone covenant of the 10.50% 2027 Senior Secured Notes Indenture which has required the Company to commence and proceed with a sales process for all or substantially all of DBM Global's assets or equity interests in accordance with certain dates and deadlines. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Management has evaluated the significance of these conditions in relation to the Company's ability to meet its obligations. The potential inability to refinance or extend the maturity of the aforementioned current debt, or to obtain additional financing, raises substantial doubt about the Company's ability to continue as a going concern.

Management plans to alleviate these conditions through various initiatives it is currently exploring, including pursuing asset sales, potentially refinancing debt and raising additional capital. However, there can be no assurance that we will have the ability to be successful in any asset sales, additional capital raises, or the refinancing of our existing debt, on attractive terms, or at all nor any assurances that lenders will provide additional extensions, waivers or amendments in the event of future non-compliance with our debt covenants or other possible events of default. Further, there can be no assurance that we will be able to execute a reduction, extension, or refinancing of the debt, or that the terms of any replacement financing would be as favorable as the terms of the debt prior to the maturity dates. There can be no assurance that these plans will be successfully implemented or that they will mitigate the conditions that raise substantial doubt about the Company's ability to continue as a going concern.

The unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q do not include any adjustments to the carrying amounts and classification of assets, liabilities, or expenses that may result if the Company is unable to continue as a going concern.

While we have noted the conditions above regarding our ability to continue as a going concern, it is important to note that our largest subsidiary, DBMG, is operationally profitable, continues to maintain a strong financial position and remains in good standing with its lenders. Under INNOVATE's Senior Secured Notes Indenture, DBMG is a restricted subsidiary, not a guarantor, and INNOVATE's equity interests in DBMG are pledged as collateral.

Capital Expenditures

Capital expenditures are set forth in the table below (in millions):

	Three Months Ended March 31,	
	2026	2025
Infrastructure	\$ 8.9	\$ 4.1
Life Sciences	—	0.1
Spectrum	0.6	0.5
Total	\$ 9.5	\$ 4.7

Summary of Consolidated Cash Flows

The below table summarizes the cash provided by or used in our activities (in millions):

	Three Months Ended March 31,		
	2026	2025	Change
Cash provided by (used in) operating activities	\$ 45.5	\$ (14.1)	\$ 59.6
Cash used in investing activities	(9.6)	(3.9)	(5.7)
Cash (used in) provided by financing activities	(13.5)	2.4	(15.9)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	0.1	0.2	(0.1)
Net increase (decrease) in cash and cash equivalents, including restricted cash	\$ 22.5	\$ (15.4)	\$ 37.9

Operating Activities

Cash provided by operating activities was \$45.5 million for the three months ended March 31, 2026, as compared to cash used in operating activities of \$14.1 million for the three months ended March 31, 2025, an improvement of \$59.6 million. Cash flows from operations are primarily influenced by changes in the timing of demand for services and by operating margins, but can also be affected by working capital needs associated with our operations. For the three months ended March 31, 2026, the improvement in cash flows from operating activities was primarily driven by an increase in cash provided by operating activities at our Infrastructure segment and, to a lesser extent, a decrease in cash used in operating activities at our Non-Operating Corporate segment. The improvement at our Infrastructure segment was due to an increase in working capital inflows primarily due to normal business fluctuations in contract-related assets, accounts receivable and other assets, partially offset by an increase in working capital outflows primarily from fluctuations in accounts payable, due to the timing of regular bill payment activities and ordinary project activity. Our Non-Operating Corporate segment's decrease in cash used in operating activities was primarily due to decreases in cash paid for interest and taxes.

Investing Activities

Cash used in investing activities was \$9.6 million for the three months ended March 31, 2026, as compared to \$3.9 million for the three months ended March 31, 2025, an increase in cash used in investing activities of \$5.7 million. Capital expenditures totaled \$9.5 million, or \$9.4 million net of proceeds from disposals, for the three months ended March 31, 2026, as compared to \$4.7 million, or \$3.6 million net proceeds from disposals, for the three months ended March 31, 2025, for a net increase in cash used in investing activities of \$5.8 million. The increase was primarily driven by increased PP&E additions in the current period at our Infrastructure and Spectrum segments, and higher PP&E sales in the prior period. In addition, payments for asset acquisitions at our Spectrum segment totaled \$0.2 million in the current period. These increases in investing cash outflows were partially offset by a decrease in investing cash outflows due to unrepeat purchases of investments of \$0.3 million in the prior period for marketable investments at our Non-Operating Corporate segment.

Financing Activities

Cash used in financing activities was \$13.5 million for the three months ended March 31, 2026, as compared to cash provided by financing activities of \$2.4 million for the three months ended March 31, 2025, an increase in cash used in financing activities of \$15.9 million. The increase in financing cash outflows was primarily driven by our Infrastructure segment which had \$10.0 million of credit facility repayments in the current period as compared to \$5.0 million of net proceeds from their credit facility in the prior period, for a net increase in cash outflows of \$15.0 million. In addition, our Non-Operating Corporate segment redeemed the remaining \$1.9 million in principal amount of 8.50% 2026 Senior Secured Notes in the current period, and our Infrastructure segment paid \$0.4 million in dividend payments in the current period as compared to \$0.3 million in dividend payments paid by our Non-Operating Corporate segment in the prior period. These increases in financing cash outflows were partially offset by a \$1.1 million decrease in payments for other debt obligations at our Infrastructure segment.

Infrastructure

Cash Flows

Cash flows from operating activities are the principal source of cash used to fund DBMG's operating expenses, interest payments on debt, and capital expenditures. DBMG's short-term cash needs are primarily for working capital to support operations including receivables, inventories, and other costs incurred in performing on its contracts. DBMG attempts to structure the payment arrangements under its contracts to match costs incurred under the project. To the extent it is able to bill in advance of costs incurred, DBMG generates working capital through billings in excess of costs and recognized earnings on uncompleted contracts. DBMG relies on its credit facilities to meet its working capital needs. DBMG believes that its available funds, cash generated by operating activities and funds available under its bank credit facilities will be adequate to meet all funding requirements for its operating expenses, working capital needs, interest payments on debt and capital expenditures for the foreseeable future. However, DBMG may expand its operations through future acquisitions and may require additional equity or debt financing.

DBMG is required to make monthly interest payments on all of its debt. Based upon the March 31, 2026, debt balance, DBMG anticipates that its interest payments will be approximately \$1.2 million for each quarter of 2026.

The DBMG Credit Agreement contains a Change in Control clause, which would constitute an Event of Default, both as defined in the DBMG Credit Agreement, which could accelerate the maturity of the DBMG debt in the future upon certain events, including a sale of DBMG. As the Change in Control clause has not been triggered, the DBMG debt instruments remain classified as non-current as of March 31, 2026, except amounts due within the next 12 months, as originally defined in the DBMG Credit Agreement. Refer to Note 11. Debt Obligations to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information.

New Accounting Pronouncements

For information on new accounting pronouncements, refer to Note 2. Summary of Significant Accounting Policies to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information.

Critical Accounting Estimates

There have been no material changes in the Company's critical accounting policies during the period ended March 31, 2026. For information about critical accounting policies and estimates, refer to "Critical Accounting Estimates" under Item 7 of our 2025 Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on March 26, 2026.

Related Party Transactions

For a discussion of our Related Party Transactions, refer to Note 16. Related Parties to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains or incorporates a number of "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations, and are not strictly historical statements. In some cases, you can identify forward-looking statements by terminology such as "if," "may," "should," "believe," "anticipate," "future," "forward," "potential," "estimate," "opportunity," "goal," "objective," "growth," "outcome," "could," "expect," "intend," "plan," "strategy," "provide," "commitment," "result," "seek," "pursue," "ongoing," "include" or in the negative of such terms or comparable terminology. These forward-looking statements inherently involve certain risks and uncertainties and are not guarantees of performance, results, or the creation of stockholder value, although they are based on our current plans or assessments which we believe to be reasonable as of the date hereof.

Factors that could cause actual results, events and developments to differ include, without limitation: the ability of our subsidiaries (including, target businesses following their acquisition) to generate sufficient net income and cash flows to make upstream cash distributions, capital market conditions, our and our subsidiaries' ability to identify any suitable future acquisition opportunities, efficiencies/cost avoidance, cost savings, income and margins, growth, economies of scale, combined operations, future economic performance, conditions to, and the timetable for, completing future acquisitions and dispositions and the successful integration of acquisitions with INNOVATE or the applicable subsidiary, litigation, potential and contingent liabilities, management's plans, changes in regulations and taxes.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to those discussed under the section entitled "*Risk Factors*" in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 26, 2026, and the documents incorporated herein by reference, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. You should also understand that many factors described under one heading below may apply to more than one section in which we have grouped them for the purpose of this presentation. As a result, you should consider all of the following factors, together with all of the other information presented herein, in evaluating our business and that of our subsidiaries.

INNOVATE Corp. and Subsidiaries

Our actual results or other outcomes may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- our dependence on distributions from our subsidiaries to fund our operations and payments on our obligations;
- substantial doubt about our ability to continue operating as a going concern;
- the impact on our business and financial condition of our substantial indebtedness and the significant additional indebtedness and other financing obligations we may incur;
- the impact of covenants in the Indentures governing INNOVATE's 2027 Senior Secured Notes, 2027 Convertible Notes, 2026 Convertible Notes, CGIC Subordinated Secured Promissory Note and Revolving Line of Credit, our Third Amended and Restated Certificate of Incorporation and all other subsidiary debt obligations as summarized in Note 11. Debt Obligations to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q and any future amendments or other new financing agreements on our ability to operate our business and finance our pursuit of acquisition opportunities;
- our possible inability to generate sufficient liquidity, margins, earnings per share, cash flow and working capital from our operating segments;
- our dependence on certain key personnel including the passing in 2023 of Mr. Barr, our former CEO, President and Director and the successful transition of his management responsibilities;
- bank failures or other similar events that could adversely affect our and our customers' and vendors' liquidity and financial performance;
- our possible inability to hire and retain qualified executive management, sales, technical and other personnel;
- the potential for, and our ability to, remediate future material weaknesses in our internal controls over financial reporting;
- changes in market conditions, including from political regulatory or market uncertainty, changes in foreign exchange rates, interest rates or inflation, supply chain disruptions, labor shortages and increases in overall price levels, including in transportation costs;
- the uncertain effects of U.S. and foreign government actions affecting international trade and economic policy, including changes in volatility in tariffs and trade policies and retaliatory actions, on credit markets, customers, and customer retention, and demand for our products and services;
- increased competition in the markets in which our operating segments conduct their businesses;
- limitations on our ability to successfully identify any strategic acquisitions or business opportunities and to compete for these opportunities with others who have greater resources;
- our ability to effectively increase the size of our organization, if needed, and manage our growth;
- the impact of expending significant resources in considering acquisition targets or business opportunities that are not consummated;
- our expectations and timing with respect to our ordinary course acquisition activity and whether such acquisitions are accretive or dilutive to stockholders;
- the effect any interests our officers, directors, stockholders and their respective affiliates may have in certain transactions in which we are involved;
- uncertain global economic conditions in the markets in which our operating segments conduct their businesses;

- the effects related to or resulting from ongoing and recent geopolitical events, such as the conflicts in Ukraine, the Middle East, and Venezuela, including the imposition of additional sanctions and export controls, as well as the broader impact to financial markets and the global macroeconomic and geopolitical environment;
- the impact of catastrophic events, including natural disasters, pandemic illness and the outbreak of war, or acts of terrorism;
- potential impacts on our business resulting from climate change, greenhouse gas regulations, and the impact of climate change-related changes on the frequency and severity of weather patterns;
- the impact of additional material charges associated with our oversight of acquired or target businesses and the integration of our financial reporting;
- tax consequences associated with our acquisition, holding and disposition of target companies and assets;
- our ability to remain in compliance with the listing standards of the NYSE;
- the ability of our operating segments to attract and retain customers;
- our expectations regarding the timing, extent and effectiveness of our cost reduction initiatives and management's ability to moderate or control discretionary spending;
- management's plans, goals, forecasts, expectations, guidance, objectives, strategies and timing for future operations, acquisitions, synergies, asset dispositions, fixed asset and goodwill impairment charges, tax and withholding expense, selling, general and administrative expenses, product plans, performance and results;
- management's assessment of market factors and competitive developments, including pricing actions and regulatory rulings;
- our expectations and timing with respect to any strategic dispositions and sales of our operating subsidiaries, or businesses, that we may make in the future and the effect of any such dispositions or sales on our results of operations;
- the possibility of indemnification claims arising out of divestitures of businesses; and
- our possible inability to raise additional capital when needed or refinance our existing debt, on attractive terms, or at all.

Infrastructure / DBM Global Inc.

Our actual results or other outcomes of DBMG, and, thus, our Infrastructure segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- adverse impacts from weather affecting DBMG's performance and timeliness of completion of projects, which could lead to increased costs and affect the quality, costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors;
- cost overruns on fixed-price or similar contracts or failure to receive timely or proper payments on cost-reimbursable contracts, whether as a result of improper estimates, performance, disputes, or otherwise;
- uncertain timing and funding of new contract awards, as well as project cancellations;
- potential impediments and limitations on our ability to complete ordinary course acquisitions in anticipated time frames or at all;
- changes in the costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors;
- changes in economic conditions, including from the impact of inflationary pressures and changes in interest rates;
- adverse outcomes of pending claims or litigation or the possibility of new claims or litigation, and the potential effect of such claims or litigation on DBMG's business, financial condition, results of operations or cash flow;
- risks associated with labor productivity, including performance of subcontractors that DBMG hires to complete projects;
- its ability to realize cost savings from expected performance of contracts, whether as a result of improper estimates, performance, or otherwise;
- its ability to settle or negotiate unapproved change orders and claims;
- fluctuating revenue resulting from a number of factors, including the cyclical nature of the individual markets in which our customers operate;
- our possible inability to raise additional capital when needed or refinance our existing debt, on attractive terms, or at all; and
- lack of necessary liquidity to provide bid, performance, advance payment and retention bonds, guarantees, or letters of credit securing DBMG's obligations under bids and contracts, or to finance expenditures prior to the receipt of payment for the performance of contracts.

Life Sciences / Pansend Life Sciences, LLC

Our actual results or other outcomes of Pansend Life Sciences, LLC, and, thus, our Life Sciences segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- our Life Sciences segment's ability to invest in development stage companies;
- Indebtedness of R2 Technologies that will mature on August 1, 2026;
- our Life Sciences segment's ability to develop products and treatments related to its portfolio companies;
- medical advances in healthcare and biotechnology;
- governmental regulation in the healthcare industry; and
- our Life Sciences segment possible inability to raise additional capital when needed or refinance its existing debt, on attractive terms, or at all.

Spectrum / HC2 Broadcasting Holdings Inc.

Our actual results or other outcomes of Broadcasting, and, thus, our Spectrum segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- our Spectrum segment's ability to operate in highly competitive markets and maintain market share;
- our Spectrum segment's ability to effectively implement its business strategy or be successful in the operation of its business;
- our Spectrum segment's possible inability to raise additional capital when needed or refinance its existing debt, on attractive terms, or at all;
- new and growing sources of competition in the broadcasting industry; and
- FCC regulation of the television broadcasting industry.

We caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this document. Neither we nor any of our subsidiaries undertake any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this document or to reflect actual outcomes, except as required by applicable law.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Interim Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act") as of the end of the period covered by this report. Based on this evaluation, our Interim Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2026, our disclosure controls and procedures were effective. Disclosure controls and procedures mean our controls and other procedures that are designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's Condensed Consolidated Financial Statements. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its Condensed Consolidated Financial Statements. The Company records a liability in its Condensed Consolidated Financial Statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary for the Condensed Consolidated Financial Statements not to be misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in its Condensed Consolidated Financial Statements. Refer to Note 13. Commitments and Contingencies of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference for additional information.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part 1, Item 1A of our Fiscal Year 2025 Form 10-K, which was filed with the SEC on March 26, 2026. See "Risk Factors" in Item 1A of Part I of such Fiscal Year 2025 Form 10-K for a complete description of the material risks we face.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Equity Award Share Withholding

Shares of common stock withheld as payment of withholding taxes in connection with the vesting or exercise of equity awards are treated as common stock repurchases. Those withheld shares of common stock are not considered common stock repurchases under an authorized common stock repurchase plan. During the quarter ended March 31, 2026, there were 13,196 shares withheld in connection with the vesting of employee equity awards at a weighted-average price of \$4.26 per share.

ITEM 5. OTHER INFORMATION

(c) None of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as those terms are defined in Item 408(c) of Regulation S-K) during the three months ended March 31, 2026.

ITEM 6. EXHIBITS

(a) Exhibits

Please note that the agreements included as exhibits to this Form 10-Q are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about INNOVATE Corp. or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith)
32.1*	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer (furnished herewith)
101	The following materials from the registrant's Quarterly Report on Form 10-Q for the fiscal periods ended March 31, 2026, formatted in extensible business reporting language (XBRL): (i) Condensed Consolidated Statements of Operations for the three months ended March 31, 2026 and 2025 , (ii) Condensed Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2026 and 2025 , (iii) Condensed Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025 , (iv) Condensed Consolidated Statements of Stockholders' Deficit for the three months ended March 31, 2026 and 2025 , (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2026 and 2025 , and (vi) Notes to Condensed Consolidated Financial Statements (filed herewith).
104	The cover page from the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2026, formatted in Inline XBRL (included as Exhibit 101).

* These certifications are being "furnished" and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

^ Indicates management contract or compensatory plan or arrangement.

CERTIFICATIONS

I, Paul K. Voigt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of INNOVATE Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2026

By: /s/ Paul K. Voigt

Name: Paul K. Voigt
Title: Interim President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Michael J. Sena, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of INNOVATE Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2026

By: /s/ Michael J. Sena

Name:

Michael J. Sena

Title:

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION

Pursuant to Section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted), Paul K. Voigt, the Interim President and Chief Executive Officer (Principal Executive Officer) of INNOVATE Corp. (the “Company”), and Michael J. Sena, the Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, to which this Certification is attached as Exhibit 32 (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Quarterly Report and results of operations of the Company for the period covered by the Quarterly Report.

Dated: May 14, 2026

/s/ Paul K. Voigt

Paul K. Voigt
Interim President and Chief Executive Officer (Principal Executive Officer)

/s/ Michael J. Sena

Michael J. Sena
Chief Financial Officer (Principal Financial and Accounting Officer)