INNOVATE Corp.
EIN: 54-1708481
Date of Action: July 31, 2026

Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended, and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Deemed Exchange (as defined below) resulting from certain amendments (the "Amendments") to INNOVATE Corp.'s ("INNOVATE") 9.5% Convertible Senior Secured Notes due 2027 (the "Notes") on the tax basis of the new Notes deemed issued by INNOVATE to certain holders of Notes who consented to the Amendments (the "Consenting Holders"). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of holders. INNOVATE does not provide tax advice to holders of its debt obligations and the examples provided below are based on certain assumptions and are merely illustrative. Holders should consult their own tax advisers regarding the particular tax consequences of the Deemed Exchange to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

Line 10 – CUSIP Numbers:

Old Notes:	New Notes:
45784J AA3	45784J AC9

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On July 31, 2026, INNOVATE and the other parties to the indenture governing the Notes entered into a supplemental indenture that amended the Notes to permit interest accruing on the Notes held by Consenting Holders for the period from February 1, 2026 through July 31, 2026 to be paid in kind in respect of the August 1, 2026 interest payment date, by increasing the principal amount of such Notes or issuing additional Notes. As consideration for granting their consent to the Amendments, the principal amount of the Notes held by a Consenting Holder was increased by 1.5%.

For more information, see INNOVATE's Form 10-Q for the quarterly period ended June 30, 2026 and the supplemental indenture filed as an exhibit thereto, available on the INNOVATE website:

https://www.innovate-ir.com/financial-information/sec-filings

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

While not free from doubt, INNOVATE intends to treat the Amendments as a "significant modification" (within the meaning of Treasury Regulations Section 1.1001-3) of the Notes held by Consenting Holders, such that Consenting Holders are treated for U.S. federal income tax purposes as having exchanged their unmodified Notes (the "Old Notes") for Notes as modified, together with the additional Notes issued to them as a consideration for their consent (collectively, the "New Notes"), in a deemed exchange (the "Deemed Exchange"). INNOVATE further intends to treat the Old Notes and the New Notes exchanged therefor as securities, and to treat the exchange of Old Notes for New Notes as recapitalizations.

Recapitalizations generally do not result in the recognition of gain or loss, subject to certain exceptions. However, under the rules applicable to recapitalizations, a holder recognizes gain equal to the lesser of (i) the cash amount received plus the fair market value of the "excess principal" amount of securities received (collectively, "boot"), or (ii) the gain realized by the holder. The excess principal amount of securities is the excess of the principal amount of New Notes received in the exchange over the principal amount of the Old Notes surrendered for those New Notes in the exchange. The gain realized by a holder is equal to the excess of (i) the issue price of the New Notes received in the exchange over (ii) the holder's adjusted tax basis in such Old Notes that are surrendered in the exchange.

A holder's initial tax basis in the portion of New Notes that are not treated as boot is the same as the holder's tax basis in the Old Notes allocated thereto, increased by the amount of gain recognized by the holder in the exchange, if any, and decreased by the amount of boot that is received by the holder. The portion of the New Notes treated as boot has an initial tax basis in a holder's hands equal to the fair market value of those New Notes.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As described in line 15 above, a holder's initial tax basis in the portion of New Notes that is not treated as boot will be the same as the holder's tax basis in the Old Notes allocated thereto, increased by the amount of gain recognized by the holder in the exchange, if any, and decreased by the amount of boot that is received by the holder. The portion of the New Notes treated as boot will have an initial tax basis in a holder's hands equal to the fair market value of those New Notes.

The following simplified examples illustrate a hypothetical U.S. holder's calculation of its adjusted tax basis in the New Notes received in an exchange treated as a recapitalization on the exchange date. Given our determination that the issue price of the New Notes is equal to the face amount of the New Notes (see response to line 19 below), the examples assume that the fair market value and the issue price of the New Notes are equal to their face amount. The examples below use simplified numbers and assumptions, are for illustrative purposes only, and do not purport to fully describe the actual facts or tax consequences that may apply to a particular holder. Holders should consult their own tax advisers regarding the particular tax consequences of the Deemed Exchange to them.

Facts and Assumptions:

- Investor A exchanged \$1,000 principal amount of Old Notes for total consideration of \$1,015 principal amount of New Notes.

- The issue price of the New Notes is \$1,000 per face amount of \$1,000, or 100%. Thus, the issue price of New Notes received in exchange for \$1,000 principal amount of an Old Note is \$1,015 (*i.e.*, \$1,015 x 100%).

- The tax basis of the Old Notes exchanged in Example 1, Example 2 and Example 3 is \$1,000, \$900 and \$1,100, respectively.

- The excess principal amount of New Notes received is generally equal to the principal amount of the New Notes received minus the principal amount of the Old Notes exchanged therefor. In these examples, the excess principal amount for \$1,015 principal amount of New Notes received is \$15 (*i.e.*, \$1,015 – \$1,000 = \$15). Boot will include the fair market value ("FMV") of the excess principal amount. In these examples, the FMV of the excess principal amount of \$15 is \$15 (*i.e.*, \$15 x 100%).

Example 1 (A's tax basis in the Old Notes is equal to their face amount):

Example 1

Old Notes:

- Principal Amount (*pa*): $1,000
- Tax Basis (*tb*): $1,000[3]

Exchange Terms		*Gain/Loss on the Exchange*			*New Notes Received*	
Principal Amount of New Notes (A)	Issue Price of New Notes[1] (B)	Boot[2] (C) = FMV of ((A) – (*pa*))	Gain Realized (D) = (B) – (*tb*)	Gain Recognized (E) = Lesser of (C) or (D)	Tax Basis (portion not boot) (F) = (*tb*) + (E) – (C)	Tax Basis (boot portion) (G) = FMV of ((A) – (*pa*))
$1,015	$1,015	$15	$15	$15	$1,000	$15

[1] *See* assumptions. Represents the issue price of the New Notes (100%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (*i.e.,* the FMV of (A) – (*pa*)); for this example, the FMV of the excess principal amount for $1,015 principal amount of New Notes received is $15 (($1,015 – $1,000) x 100%).

[3] *See* assumptions. Assumes the tax basis of Old Notes exchanged is $1,000.

Example 2 (A's tax basis in the Old Notes is less than their face amount):

Example 2

Old Notes:

- Principal Amount (*pa*): $1,000
- Tax Basis (*tb*): $900[3]

Exchange Terms		*Gain/Loss on the Exchange*			*New Notes Received*	
Principal Amount of New Notes (A)	Issue Price of New Notes[1] (B)	Boot[2] (C) = FMV of ((A) – (*pa*))	Gain Realized (D) = (B) – (*tb*)	Gain Recognized (E) = Lesser of (C) or (D)	Tax Basis (portion not boot) (F) = (*tb*) + (E) – (C)	Tax Basis (boot portion) (G) = FMV of ((A) – (*pa*))
$1,015	$1,015	$15	$115	$15	$900	$15

[1] *See* assumptions. Represents the issue price of the New Notes (100%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (*i.e.,* the FMV of (A) – (*pa*)); for this example, the FMV of the excess principal amount for $1,015 principal amount of New Notes received is $15 (($1,015 – $1,000) x 100%).

[3] *See* assumptions. Assumes the tax basis of Old Notes exchanged is $900.

Example 3 (A's tax basis in the Old Notes is greater than their face amount):

Example 3

Old Notes:

- Principal Amount (*pa*): $1,000
- Tax Basis (*tb*): $1,100[3]

Exchange Terms		*Gain/Loss on the Exchange*			*New Notes Received*	
Principal Amount of New Notes (A)	Issue Price of New Notes[1] (B)	Boot[2] (C) = FMV of ((A) – (*pa*))	Loss Realized (D) = (B) – (*tb*)	Loss Recognized[4] (E) = $0.00	Tax Basis (portion not boot) (F) = (*tb*) + (E) – (C)	Tax Basis (boot portion) (G) = FMV of ((A) – (*pa*))
$1,015	$1,015	$15	($85)	$0.00	$1,085	$15

[1] *See* assumptions. Represents the issue price of the New Notes (100%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (*i.e.,* the FMV of (A) – (*pa*)); for this example, the FMV of the excess principal amount for $1,015 principal amount of New Notes received is $15 (($1,015 – $1,000) x 100%).

[3] *See* assumptions. Assumes the tax basis of Old Notes exchanged is $1,100.

[4] Because A's Tax Basis is greater than the issue price in this example, A realizes a loss of $85. However, because the exchange is treated as a recapitalization, A is not able to recognize the loss.

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Section 1001; Section 368(a)(1)(E); Section 354; Section 356; Section 358; Treasury Regulations Section 1.1001-3; Treasury Regulations Section 1.1273-2.

18. Can any resulting loss be recognized?

A holder that exchanges Old Notes for New Notes in an exchange treated as a recapitalization generally will not be permitted to recognize any loss on the exchange.

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Deemed Exchange was consummated on July 31, 2026. For a holder whose taxable year is the calendar year, the reportable tax year is 2026.

Pursuant to U.S. Treasury Regulations Section 1.1273-2(f)(9), INNOVATE has determined that, within the meaning of U.S. Treasury Regulations Section 1.1273-2:

- Neither the New Notes nor the Old Notes are "traded on an established market."
- The issue price of the New Notes is $1,000 per $1,000 face amount of such New Notes, or 100%.
- The issue date of the New Notes is July 31, 2026.

More information relating to these determinations is available on INNOVATE's Investor Relations web page: https://www.innovate-ir.com/irs-forms-8937.