

INNOVATE Corp.
EIN: 54-1708481
Date of Action: August 4, 2025 (Settlement Date)

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 Exchange (as defined below) on the tax basis of the new notes issued by INNOVATE Corp. (“INNOVATE”) to holders of existing notes of INNOVATE in exchange therefor. 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 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:
404139 AH0
404139 AG2

New Notes:
45784J AA3

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 August 4, 2025 (the "Settlement Date"), holders of INNOVATE's 7.5% Convertible Senior Notes due 2026 (the "Old Notes") exchanged their Old Notes for newly issued 9.5% Convertible Senior Secured Notes due 2027 of INNOVATE (the "New Notes") (the "Exchange").

For more information, see the press releases for the final results of the Exchange, available on the INNOVATE website:

<https://www.innovate-ir.com/news-releases/news-release-details/innovate-closes-indebtedness-refinancing-transactions>

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 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 received (collectively, "boot"), or (ii) the gain realized by the holder. The excess principal amount is the excess of the principal amount of New Notes received for the Old Notes over the principal amount of such Old Notes surrendered for those New Notes. The gain realized by a holder is equal to the excess of (i) the issue price of the New Notes received in exchange for the Old Notes, plus any cash received with respect to such Old Notes 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 (which include fractional portions of New Notes for purposes of the 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 Exchange to them.

Facts and Assumptions:

- Investor A exchanged \$1,000 principal amount of Old Notes for total consideration of \$1,050, consisting of New Notes with a principal amount of \$1,050.
- 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 \$1,050 (*i.e.*, $\$1,050 \times 100\%$).
- 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 \$1,050 principal amount of New Notes received is \$50 (*i.e.*, $\$1,050 - \$1,000 = \$50$). Boot will include the FMV of the excess principal amount. In these examples, the FMV of the excess principal amount of \$50 is \$50 (*i.e.*, $\$50 \times 100\%$).

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*): \$1,000³

Exchange Terms		Gain/Loss on the Exchange			New Notes Received	
Principal Amount of New Notes	Issue Price of New Notes ¹	Boot ²	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
(A)	(B)	(C) = FMV of ((A) – (<i>pa</i>))	(D) = (B) – (<i>tb</i>)	(E) = Lesser of (C) or (D)	(F) = (<i>tb</i>) + (E) – (C)	(G) = FMV of ((A) – (<i>pa</i>))
\$1,050	\$1,050	\$50	\$50	\$50	\$1,000.00	\$50

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 \$1,050 principal amount of New Notes received is \$50 (($\$1,050 - \$1,000$) 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*): \$900³

Exchange Terms		Gain/Loss on the Exchange			New Notes Received	
Principal Amount of New Notes	Issue Price of New Notes ¹	Boot ²	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
(A)	(B)	(C) = FMV of ((A) – (pa))	(D) = (B) – (tb)	(E) = Lesser of (C) or (D)	(F) = (tb) + (E) – (C)	(G) = FMV of ((A) – (pa))
\$1,050	\$1,050	\$50	\$150	\$50	\$900.00	\$50

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 \$1,050 principal amount of New Notes received is \$50 (((\$1,050 – \$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*): \$1,100³

Exchange Terms		Gain/Loss on the Exchange			New Notes Received	
Principal Amount of New Notes	Issue Price of New Notes ¹	Boot ²	Loss Realized	Loss Recognized ⁴	Tax Basis (portion not boot)	Tax Basis (boot portion)
(A)	(B)	(C) = FMV of ((A) – (<i>pa</i>))	(D) = (B) – (<i>tb</i>)	(E) = \$0.00	(F) = (<i>tb</i>) + (E) – (C)	(G) = FMV of ((A) – (<i>pa</i>))
\$1,050	\$1,050	\$50	(\$50)	\$0.00	\$1,050	\$50

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 \$1,050 principal amount of New Notes received is \$50 (($\$1,050 - \$1,000$) 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 \$50. 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 1.1273-2.

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 Exchange was consummated on August 4, 2025. For a holder whose taxable year is the calendar year, the reportable tax year is 2025.

Pursuant to U.S. Treasury Regulation Section 1.1273-2(f)(9), INNOVATE has determined that, within the meaning of U.S. Treasury Regulation 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 due 2027 is \$1,000 per \$1,000 face amount of such New Notes, or 100%.

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