

INNOVATE Corp.



Q2 2022 Earnings Release Supplement

August 3, 2022

Safe Harbor Disclaimers

Cautionary Statement Regarding Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains, and certain oral statements made by our representatives from time to time may contain, "forward-looking statements." Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. Such forward-looking statements are based on current expectations and inherently involve certain risks, assumptions and uncertainties. The forward-looking statements in this presentation include, without limitation, any statements regarding our inability to predict the extent to which the COVID-19 pandemic and related impacts will continue to adversely impact INNOVATE's business operations, financial performance, results of operations, financial position, the prices of INNOVATE's securities and the achievement of INNOVATE's strategic objectives, and changes in macroeconomic and market conditions and market volatility (including developments and volatility arising from the COVID-19 pandemic), including interest rates, the value of securities and other financial assets, and the impact of such changes and volatility on INNOVATE's financial position. Such statements are based on the beliefs and assumptions of INNOVATE's management and the management of INNOVATE's subsidiaries and portfolio companies.

INNOVATE believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance, results or the creation of stockholder value and our actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, including those that may be identified in subsequent statements and reports filed with the Securities and Exchange Commission ("SEC"), including in our reports on Forms 10-K, 10-Q, and 8-K. Such important factors include, without limitation: developments relating to on-going hostilities in Ukraine, the severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic and of businesses' and governments' responses to the pandemic on INNOVATE's operations and personnel, and on commercial activity and demand across our businesses, capital market conditions, including the ability of INNOVATE and INNOVATE's subsidiaries to raise capital; the ability of INNOVATE's subsidiaries and portfolio companies to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of INNOVATE common stock; the ability of INNOVATE and its subsidiaries and portfolio companies to identify any suitable future acquisition or disposition opportunities; our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; covenants noncompliance risk; interest rate environment; ability to remain in compliance with NYSE listing requirement and risks that may affect the performance of the operating subsidiaries and portfolio companies of INNOVATE.

Although INNOVATE believes its expectations and assumptions regarding its future operating performance are reasonable, there can be no assurance that the expectations reflected herein will be achieved. These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC, and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to INNOVATE or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and unless legally required, INNOVATE undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

In this earnings release supplement, INNOVATE refers to certain financial measures that are not presented in accordance with U.S. generally accepted accounting principles (“GAAP”), including Adjusted EBITDA, which excludes results for discontinued operations, and Adjusted EBITDA for its operating segments.

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-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. Adjusted EBITDA excludes the results of operations and any consolidating eliminations of our Insurance segment.

The calculation of Adjusted EBITDA, as defined by us, consists of Net income (loss) as adjusted for discontinued operations; depreciation and amortization; Other operating (income) expense, which is inclusive of (gain) loss on sale or disposal of assets, lease termination costs, asset impairment expense and FCC reimbursements; interest expense; loss on early extinguishment or restructuring of debt; other (income) expense, net; gain on sale or dissolution of subsidiary; income tax expense (benefit); noncontrolling interest; share-based compensation expense; non-recurring items; costs associated with the COVID-19 pandemic, and acquisition and disposition costs.

Third Party Sources

Third party information presented in this earnings release supplement is based on sources we believe to be reliable, however there can be no assurance information so presented will prove accurate in whole or in part.

Delivered strong second quarter results as INNOVATE continues to make progress across its operating businesses

- Second Quarter 2022 revenue and Adjusted EBITDA⁽¹⁾ growth of 60.9% and 86.2%, respectively
- DBM delivered 64.7% growth in revenue while maintaining backlog levels
- MediBeacon's IDE application accepted by the FDA and commenced its U.S. Pivotal Study
- Broadcasting finished new station builds targeted for 2022
- Appointed Brian Goldstein and Amy Wilkinson to INNOVATE's Board of Directors

(1) See Appendix for reconciliation of Non-GAAP to U.S. GAAP.



Infrastructure Highlights

- Reported Backlog = \$1.5B
- Total adjusted backlog⁽¹⁾ = \$1.7B
- Converting backlog to revenue with strong backlog levels
- Backlog provides revenue visibility for 2022 and beyond



Life Sciences Highlights



- R2 has shipped 171 GLACIAL devices globally in 2022

MediBeacon

- MediBeacon IDE application accepted by FDA
- Initiated Transdermal GFR Measurement System (TGFR) FDA Pivotal Study
- Submitted PMA Module 3 (Device Manufacturing) of 5 to FDA



Spectrum Highlights

- 2Q22 Adjusted EBITDA⁽²⁾ of \$0.4M
- Finished construction of new broadcast stations - all of which were targeted for 2022
- Broadcasting owns and operates 249 stations that cover 105 designated market areas (DMAs)

(1) Adjusted Backlog takes into consideration awarded, but not yet signed contracts.
(2) See Appendix for reconciliation of Non-GAAP to U.S. GAAP.

Q2 2022 Financial Highlights

Revenue

(\$ millions)	2Q22		2Q21	
Infrastructure	\$	382.1	\$	232.0
Life Sciences		1.0		1.2
Spectrum		9.1		10.6
Consolidated INNOVATE	\$	392.2	\$	243.8

Net Income (loss) Attrib. to INNOVATE Corp. & Adj. EBITDA

(\$ millions)	2Q22		2Q21	
	NI ⁽¹⁾	Adj. EBITDA ⁽²⁾	NI ⁽¹⁾	Adj. EBITDA ⁽²⁾
Infrastructure	\$ 6.8	\$ 20.9	\$ 1.4	\$ 13.9
Life Sciences	(5.3)	(7.5)	(4.3)	(6.1)
Spectrum	(5.7)	0.4	(1.1)	2.7
Non-operating Corporate	(9.5)	(3.4)	(19.2)	(5.7)
Other & Eliminations	1.3	1.7	1.2	1.7
Consolidated INNOVATE, Excluding Disc Ops	\$ (12.4)	\$ 12.1	\$ (22.0)	\$ 6.5
Discontinued Operations	\$ —		\$ (1.5)	
Net (loss) Attrib. to INNOVATE Corp.	\$ (12.4)		\$ (23.5)	

Consolidated Q2 Results

- Revenue increased \$148.4M or 60.9% driven by our Infrastructure segment, due primarily to DBM's acquisition of Banker Steel on May 27, 2021, and increases in Infrastructure market demand along with larger projects entering the market
- Net Loss attributable to INNOVATE Corp. of \$12.4M
- Adjusted EBITDA⁽²⁾ increased by \$5.6M to \$12.1M driven by contribution from Banker Steel at Infrastructure

Infrastructure

- Net Income of \$6.8M⁽¹⁾
- \$20.9M in Adjusted EBITDA⁽²⁾; contracted backlog of \$1.5B (Adjusted ~\$1.7B⁽³⁾), compared to \$1.6B at 12/31/21

Spectrum

- Net Loss of \$5.7M⁽¹⁾
- \$0.4M in Adjusted EBITDA⁽²⁾ due to advertising softness, reduced footprint, along with higher costs at the network business.

Life Sciences

- Revenue of \$1.0M driven by R2's Glacial Rx and Spa devices

Non-operating Corporate

- Recurring SG&A down \$2.3M year-over-year due to accrued settlement with former CEO in the prior year

Second Quarter Consolidated Revenue and Adjusted EBITDA⁽²⁾ grew 60.9% and 86.2%, respectively, year-over-year

(1) Net Income (loss) attributable to INNOVATE Corp.

(2) See Appendix for reconciliation of Non-GAAP to U.S. GAAP.

(3) Adjusted Backlog takes into consideration awarded, but not yet signed contracts.

Segment Highlights - Infrastructure

DBM Global ("DBM")



Overview

- 64.7% revenue increase due to the acquisition of Banker Steel as well as an increase from the fabrication and erection business, partially offset by a decrease at the industrial maintenance and repair and the construction modeling and detailing business and the industrial maintenance and repair business due to the completion of projects in 2021
- Adjusted EBITDA increase can be attributed to the contribution from Banker Steel and increased profit at the fabrication and erection business as a result of larger projects in the current year, partially offset by an increase in G&A expenses, as well as lower profits in the industrial maintenance and repair business and the construction modeling and detailing business
- Reported backlog level of \$1.5B
- Taking into consideration awarded but not yet signed contracts, adjusted backlog was ~\$1.7B

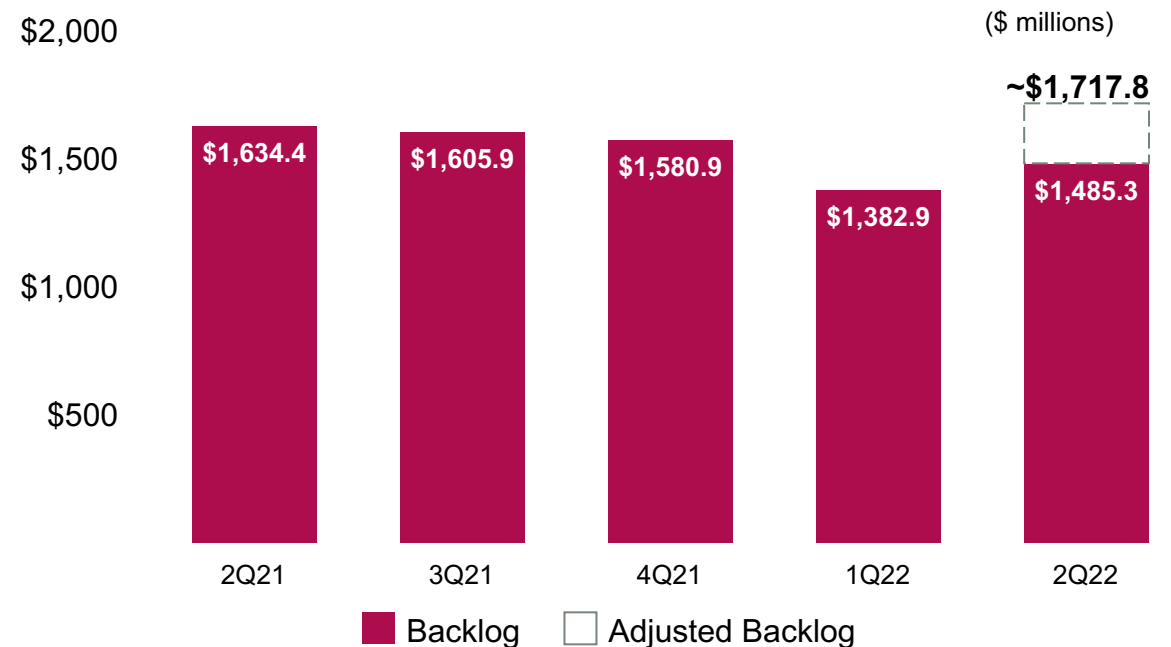
Near-Term Focus

- Address working capital needs from growth, changes in projects and timing
- Strong backlog provides runway for future cash generation of the business
- Convert backlog to revenue while being selective in future projects for higher margin

Financials

(\$ millions)	2Q22	2Q21
Revenue	\$ 382.1	\$ 232.0
Net Income	\$ 6.8	\$ 1.4
Adjusted EBITDA ⁽¹⁾	\$ 20.9	\$ 13.9

Trending Backlog



(1) See Appendix for reconciliation of Non-GAAP to U.S. GAAP.

(2) All data as of June 30, 2022 unless otherwise noted.

Segment Highlights - Life Sciences

Pansend Life Sciences ("Pansend")



R2 Technologies



- R2 has now shipped 171 GLACIAL[®] devices to customers globally

MediBeacon



- Initiated Transdermal GFR Measurement System (TGFR) FDA Pivotal Study on June 26
 - The study targets a total of 140 subjects over the next 90 days. Over 25% of the subjects have been completed to date.
- Submitted Premarket Approval (PMA) Module 3 (Device Manufacturing) of 5 to FDA in July
- Regulatory process for approval in China now underway

Summary of Investments

Company	Investment to Date	Equity %	Fully Diluted %
R2 Technologies	\$42.4M	56.3%	50.9%
MediBeacon	\$29.4M	47.2%	41.5%
Genovel	\$3.9M	80.0%	75.2%
Triple Ring	\$3.0M	25.8%	22.9%

(1) Investment-to-date totals and equity ownership percentages are as of June 30, 2022.

(2) MediBeacon agents and devices are not approved for human use by any regulatory agency.

Segment Highlights - Spectrum

HC2 Broadcasting ("Broadcasting")



Overview

- Finished all station builds targeted in 2022
- Currently completing the build-out of a new station for license WKOB-LD in New York City. The new site for the station is One World Trade Center and it will be on-air in August, providing a far-ranging robust signal to the New York City market
- Broadcasting will own and operate 249 stations that cover 105 DMAs
- Broadcasting growth slowed due to softness in advertising market and the origination of new dignets
- Network business, Azteca America, challenged by the current advertising markets along with declining viewership and increased costs for content

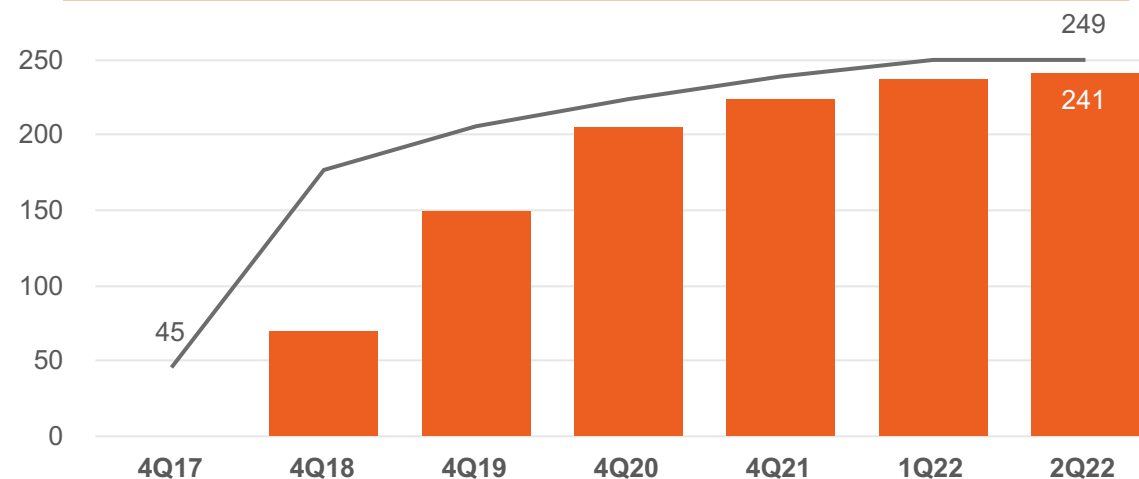
Near-Term Focus

- Continue business development and sign up large content providers; strong pipeline of pending lease agreements or revenue shares across multiple markets
- Seeing new revenue opportunities with shopping networks, news networks and religious networks
- Explore ATSC 3.0 technologies that offer expanded capability and use of Broadcasting's spectrum

Financials

(\$ millions)	2Q22	2Q21
Station Group	\$ 4.7	\$ 4.6
Network ("Azteca")	4.4	6.0
Revenue	\$ 9.1	\$ 10.6
Net (Loss) Income	\$ (5.7)	\$ (1.1)
Adjusted EBITDA ⁽¹⁾	\$ 0.4	\$ 2.7

Station Growth



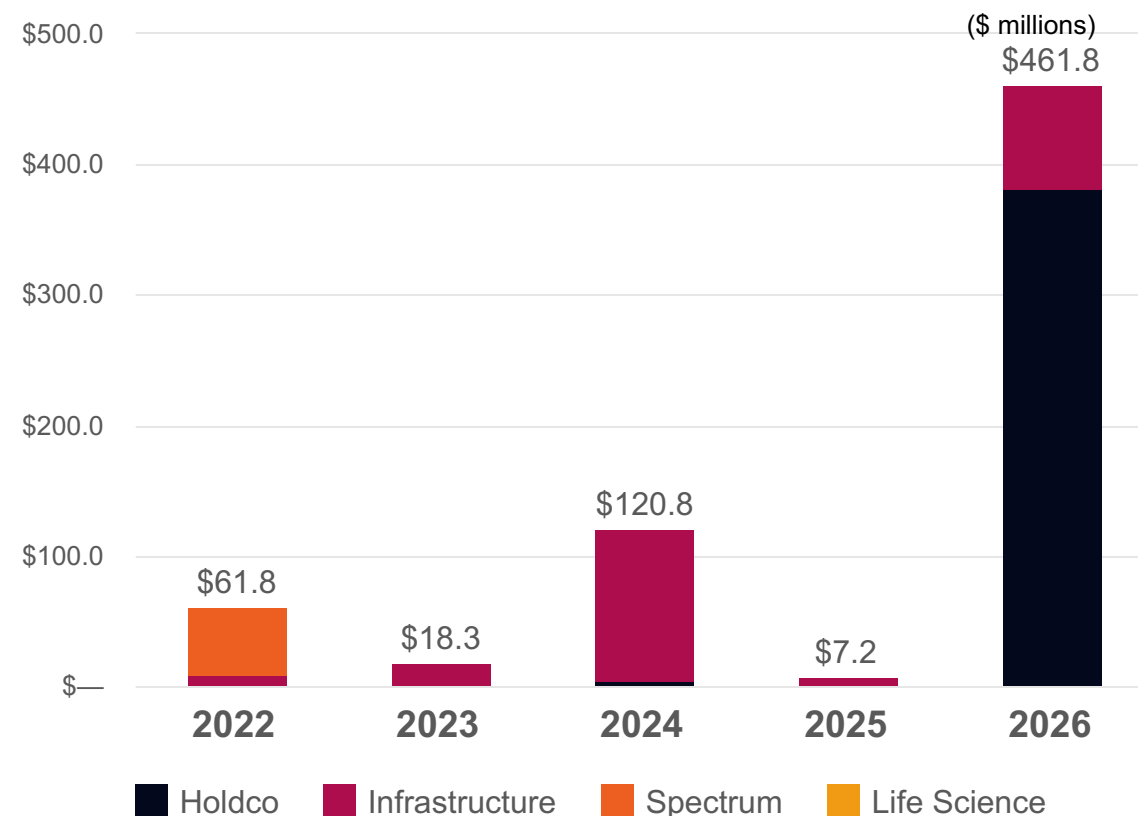
(1) See Appendix for reconciliation of Non-GAAP to U.S. GAAP.

Current Credit Picture

Debt Summary

(\$ millions)	Maturity	Jun-22	Dec-21
8.50% Senior Secured Notes	2026	\$ 330.0	\$ 330.0
7.50% Convertible Senior Notes	2022	—	3.2
7.50% Convertible Senior Notes	2026	51.8	51.8
Line of Credit	2024	5.0	5.0
Infrastructure Debt	Various	230.4	188.6
Spectrum Debt	2022	52.2	52.2
Life Science Debt	2022	0.5	—
Total Principal Outstanding		\$ 669.9	\$ 630.8
Unamortized OID and DFC		(2.8)	(4.5)
Total Debt		\$ 667.1	\$ 626.3
Cash & Cash Equivalents		24.9	45.5
Net Debt		\$ 642.2	\$ 580.8

Debt Amortization and Maturity Profile



(1) Debt Maturity Profile excludes Preferred Stock and capital leases.

(2) Infrastructure Line of Credit reflects maturity in 2024 and not U.S. GAAP presentation.

(3) Debt amortization and Maturity Profile chart presents debt annual amortization and maturity payments.



Appendix

Select GAAP Financials & Non-GAAP Reconciliations

INNOVATE Selected GAAP Financials

Income Statement - Unaudited



(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 392.2	\$ 243.8	\$ 805.0	\$ 415.6
Cost of revenue	341.9	207.4	704.9	348.7
Gross profit	50.3	36.4	100.1	66.9
Operating expenses:				
Selling, general and administrative	42.1	39.5	84.7	76.6
Depreciation and amortization	6.9	4.8	13.8	8.7
Other operating loss (income)	1.7	(0.2)	1.3	0.2
(Loss) income from operations	(0.4)	(7.7)	0.3	(18.6)
Other (expense) income:				
Interest expense	(12.5)	(12.4)	(25.1)	(33.8)
Loss on early extinguishment or restructuring of debt	—	(1.6)	—	(12.4)
(Loss) income from equity investees	(0.5)	0.2	(1.0)	(1.9)
Other income, net	1.5	0.4	1.4	3.8
Loss from continuing operations before income taxes	(11.9)	(21.1)	(24.4)	(62.9)
Income tax expense	(2.0)	(2.6)	(3.6)	(3.7)
Loss from continuing operations	(13.9)	(23.7)	(28.0)	(66.6)
(Loss) income from discontinued operations (including gain on disposal of \$40.4 million for the six months ended June 30, 2021)	—	(1.5)	—	50.4
Net loss	(13.9)	(25.2)	(28.0)	(16.2)
Net loss attributable to noncontrolling interest and redeemable noncontrolling interest	1.5	1.7	3.2	5.3
Net loss attributable to INNOVATE Corp.	(12.4)	(23.5)	(24.8)	(10.9)
Less: Preferred dividends and deemed dividends from conversions	1.2	0.2	2.4	0.6
Net loss attributable to common stock and participating preferred stockholders	\$ (13.6)	\$ (23.7)	\$ (27.2)	\$ (11.5)

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA



(in millions)

Three Months ended June 30, 2022

	Infrastructure	Life Sciences	Spectrum	Non-operating Corporate	Other and Elimination	INNOVATE
Net (loss) attributable to INNOVATE Corp.						\$ (12.4)
Less: Discontinued operations						—
Net Income (loss) attributable to INNOVATE Corp., excluding discontinued operations	\$ 6.8	\$ (5.3)	\$ (5.7)	\$ (9.5)	\$ 1.3	\$ (12.4)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	5.3	—	1.5	0.1	—	6.9
Depreciation and amortization (included in cost of revenue)	3.6	—	—	—	—	3.6
Other operating expense	—	—	1.7	—	—	1.7
Interest expense	2.2	—	1.9	8.4	—	12.5
Other (income) expense, net	(1.4)	(0.2)	1.4	(1.2)	—	(1.4)
Gain on sale or dissolution of subsidiary	—	—	—	(0.1)	—	(0.1)
Income tax expense (benefit)	3.5	—	—	(1.5)	—	2.0
Noncontrolling interest	0.7	(2.1)	(0.5)	—	0.4	(1.5)
Share-based compensation expense	—	0.1	—	0.4	—	0.5
Nonrecurring Items	0.1	—	—	—	—	0.1
Acquisition and disposition costs	0.1	—	0.1	—	—	0.2
Adjusted EBITDA	\$ 20.9	\$ (7.5)	\$ 0.4	\$ (3.4)	\$ 1.7	\$ 12.1

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA



(in millions)

Six Months ended June 30, 2022

	Infrastructure	Life Sciences	Spectrum	Non-operating Corporate	Other and Eliminations	INNOVATE
Net (loss) attributable to INNOVATE Corp.						\$ (24.8)
Less: Discontinued operations						—
Net Income (loss) attributable to INNOVATE Corp., excluding discontinued operations	\$ 12.9	\$ (9.4)	\$ (9.1)	\$ (20.8)	\$ 1.6	\$ (24.8)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	10.6	0.1	3.0	0.1	—	13.8
Depreciation and amortization (included in cost of revenue)	7.3	—	—	—	—	7.3
Other operating (income) expense	(0.6)	—	1.9	—	—	1.3
Gain on sale or dissolution of subsidiary	—	—	—	(0.1)	—	(0.1)
Interest expense	4.4	—	3.9	16.8	—	25.1
Other (income) expense, net	(1.3)	(0.1)	2.9	(2.8)	—	(1.3)
Income tax expense (benefit)	6.4	—	—	(2.8)	—	3.6
Noncontrolling interest	1.3	(4.1)	(1.1)	—	0.7	(3.2)
Share-based compensation expense	—	0.2	—	1.1	—	1.3
Nonrecurring items	0.1	—	—	—	—	0.1
Acquisition and disposition costs	0.3	—	0.2	0.5	(0.5)	0.5
Adjusted EBITDA	\$ 41.4	\$ (13.3)	\$ 1.7	\$ (8.0)	\$ 1.8	\$ 23.6

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA



(in millions)

Three Months ended June 30, 2021

	Infrastructure	Life Sciences	Spectrum	Non-operating Corporate	Other and Elimination	INNOVATE
Net (loss) attributable to INNOVATE Corp.						\$ (23.5)
Less: Discontinued operations						(1.5)
Net Income (loss) attributable to INNOVATE Corp., excluding discontinued operations	\$ 1.4	\$ (4.3)	\$ (1.1)	\$ (19.2)	\$ 1.2	\$ (22.0)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	3.3	0.1	1.4	—	—	4.8
Depreciation and amortization (included in cost of revenue)	2.7	—	—	—	—	2.7
Other operating (income)	—	—	(0.2)	—	—	(0.2)
Interest expense	2.2	—	2.4	7.8	—	12.4
Loss on early extinguishment or restructuring of debt	1.5	—	—	0.1	—	1.6
Other (income) expense, net	(4.1)	—	0.4	3.3	—	(0.4)
Income tax expense	1.2	—	—	1.4	—	2.6
Noncontrolling interest	0.2	(1.9)	(0.5)	—	0.6	(1.6)
Share-based compensation expense	—	—	0.2	0.5	—	0.7
Nonrecurring Items	0.2	—	—	—	—	0.2
COVID-19 Costs	4.0	—	—	—	—	4.0
Acquisition and disposition costs	1.3	—	0.1	0.4	(0.1)	1.7
Adjusted EBITDA	\$ 13.9	\$ (6.1)	\$ 2.7	\$ (5.7)	\$ 1.7	\$ 6.5

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA



(in millions)

Six Months ended June 30, 2021

	Infrastructure	Life Sciences	Spectrum	Non-operating Corporate	Other and Eliminations	INNOVATE
Net (loss) attributable to INNOVATE Corp.						\$ (10.9)
Less: Discontinued operations						50.4
Net Income (loss) attributable to INNOVATE Corp., excluding discontinued operations	\$ 1.4	\$ (8.5)	\$ (5.5)	\$ (50.0)	\$ 1.3	\$ (61.3)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	5.7	0.1	2.9	—	—	8.7
Depreciation and amortization (included in cost of revenue)	5.0	—	—	—	—	5.0
Other operating expense	—	—	0.2	—	—	0.2
Interest expense	4.1	—	4.7	25.0	—	33.8
Loss on early extinguishment or restructuring of debt	1.5	—	0.9	10.0	—	12.4
Other (income) expense, net	(3.9)	—	0.8	(0.7)	—	(3.8)
Income tax expense	1.2	—	—	2.5	—	3.7
Noncontrolling interest	0.2	(4.0)	(1.0)	—	(0.5)	(5.3)
Share-based compensation expense	—	0.1	0.3	0.9	—	1.3
Nonrecurring items	0.4	—	—	0.5	—	0.9
COVID-19 costs	7.9	—	—	—	—	7.9
Acquisition and disposition costs	1.7	—	0.2	2.1	—	4.0
Adjusted EBITDA	\$ 25.2	\$ (12.3)	\$ 3.5	\$ (9.7)	\$ 0.8	\$ 7.5