



Innovest Global Announces Fiscal 2019 Operational Results

Company Grows Revenue to \$40.2 Million in 2019, Engages BDO USA LLP as Auditor in Advance of SEC Registration and Uplisting Initiatives

CLEVELAND, OH – May 18, 2020 – [Innovest Global, Inc.](#) (OTC: IVST), a diversified industrials company, today announced results for the fiscal year ended December 31, 2019.

Key Fourth Quarter 2019 and Subsequent Operational Highlights

- Completed the acquisition of a 100% interest in StemVax Therapeutics, a biotechnology company developing novel therapies for brain tumor patients, which will be a stand-alone public company once spun out from Innovest Global in mid-2020.
- Identified four additional acquisition targets, with letters of intent signed for three of the four targets, which together represent over \$35 million in revenue and \$5 million in net income.
- Filed a Form 10 Registration Statement with the U.S. Securities and Exchange Commission (SEC) to become a fully reporting company, subject to quarterly, annual and other reporting documents.
- Appointed BDO USA LLP on May 14, 2020 as the Company's independent registered public accounting firm.
- Engaged MZ Group to lead a comprehensive strategic investor relations and financial communications program across all key markets.

Management Commentary

Dan Martin, Chairman and Chief Executive Officer, stated "Innovest now has stable, growing operations in personal protective equipment (PPE), call center services which are HIPAA compliant and energy efficiency and cost saving solutions. It also has the potential to re-establish the Wholesale Purchasing segment revenues with a more profitable model than utilized in 2019 and to secure one or more of the several multi-million dollar contracts out for bid in its wall systems business where customer decisions were temporarily delayed due to COVID-19 disruptions. The spinout of our biotech holding, StemVax, will serve to enhance the Innovest balance sheet significantly in the second half of 2020.

"2019 marked the first full year of all of the acquired businesses performing under the Innovest umbrella, and we are more enthusiastic than ever that the proper foundation has been set for the creation of a major diversified industrials platform company. The path from a four person company that generated less than \$50 thousand dollars in revenues in 2017, to a nearly 80 person company and over \$40 million in revenues in 2019 was the product of achieving the following challenging requirements of starting a company like Innovest:

- Attracting talented people necessary for the complex business model;
- Attracting acquisitions despite Innovest having no revenue history or cash;
- Structuring acquisitions efficiently to create value for shareholders;
- Integrating the acquired companies and building scalable infrastructure;
- Creating awareness in the public markets and capitalizing the effort;
- Remaining compliant with reporting and audit requirements;
- Building a board of directors and corporate governance;
- Achieving organic sales growth post-acquisition;
- Establishing a productive and positive culture.”

“Doing all of the above in less than two years was not the measure of success, it was the entry point for being in business. Now that so much of the formative work is done, we plan to improve, grow, and serve our mission: ‘Extraordinary customer experiences from exceptional people, novel solutions, and streamlined operations that prioritize relationships and integrate cutting edge technologies.’ We cannot thank our shareholders enough for the opportunity to accomplish what has been done so far. In the next season, we will scale and advance these efforts to produce significant value for all of our stakeholders.”

Full Year 2019 Financial Results (unaudited)

- Revenue in 2019 increased \$33.7 million from 2018 to \$40.2 million, largely due to the full year of sales from the Authority National Supply and Midwest Curtainwall acquisitions, which occurred in late 2018.
 - Revenue from the Wholesale Purchasing segment was \$30.7 million in 2019, as compared to \$2.6 million in 2018, with the increase largely attributable to increased sales due to the addition of two new member participating companies.
 - Revenue from the Commercial Solutions segment grew to \$9.5 million in 2019, as compared to \$3.9 million in 2018, with the increase primarily attributable to the Primary Metering Systems asset acquisition as well as the realization of a full year of Midwest Curtainwall revenue.
 - In 2019, the Company had a legacy contract inherited from one of the acquisitions in the Commercial Solutions segment that had substantial losses recognized in the fourth quarter which under US GAAP accounting offset previously recorded revenue through the third quarter 2019 and also accelerated losses that would have been recognized in 2020 into 2019.
- Segment contribution margin loss was \$8.8 million in 2019, largely due to the contract loss noted above. Excluding this contract loss, total segment contribution margin would have been \$2.4 million in 2019.
- Selling, general and administrative expenses increased \$3.9 million to \$7.2 million in 2019, due to an increase in overhead and infrastructure to support acquired businesses. Approximately \$560

thousand of the increase was due to one-time acquisition costs and non-cash charges related to the adoption of ASC 842 for lease accounting.

- Net loss from continuing operations was \$19.5 million 2019, as compared to \$4.9 million in 2018.
- Adjusted EBITDA was a loss of \$4.1 million and excludes \$15.2 million in non-cash charges related to stock compensation expense, goodwill impairment, fair value adjustments on acquisition stock guarantees, a loss on the legacy Midwest Curtainwalls contract, financing charges on asset back sales, costs and expenses related to acquisition integration and non-cash charges from operating leases. Adjusted EBITDA is further described under "Use of Certain Non-GAAP and Adjusted Financial Measures" below.

About Innovest Global, Inc.

Innovest Global, Inc. (OTC Markets: IVST) is a diversified industrials company applying technology and innovation to provide value-added solutions across multiple business markets. Innovest Global builds long-term shareholder value by acquiring established industrial businesses on favorable terms, realizing synergies and achieving organic growth through investments in innovative technology and business systems. For more information, please click [here](#).

Use of Certain Non-GAAP and Adjusted Financial Measures

Innovest reports its financial results in accordance with GAAP. However, Innovest's management believes that certain non-GAAP financial measures help facilitate comparisons of Company operating performance across periods. To supplement our unaudited financial results prepared in accordance with GAAP, we have prepared certain non-GAAP measures that include or exclude special items. This release includes EBITDA, Adjusted EBITDA, Segment Contribution Margin and Adjusted Segment Contribution Margin which are non-GAAP financial measures. Innovest defines EBITDA as net income from continuing operations before interest expense, income tax expense, depreciation and amortization expenses and other non-recurring items. Adjusted EBITDA is defined as EBITDA before non-cash stock-based compensation, goodwill impairments and other income or expense. Segment contribution margin is defined as segment revenues less segment cost of sales, excluding depreciation and amortization expenses, selling, general and administrative costs and Corporate overhead costs. Segment contribution margin is not a measure of our financial performance under GAAP and should not be considered as an alternative or superior to measures derived in accordance with GAAP. Adjusted segment contribution margin further excludes the impact from non-recurring items for year over year comparison purposes.

These non-GAAP measures are not meant to be considered in isolation or as a substitute for financial information presented in accordance with GAAP and should be viewed as a supplemental and in addition to our financial information presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures. In addition, other companies may report similarly titled measures, but calculate them differently, which reduces their usefulness as a comparative measure. Management utilizes these non-GAAP metrics in evaluating and making operational decisions regarding our business.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this press release are forward-looking statements. These statements relate to future events or to the Company's future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Investors should not place any undue reliance on forward-looking statements since they involve known and unknown uncertainties and other factors which are, in some cases, beyond the Company's control which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects the Company's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to operations, results of operations, growth strategy and liquidity. Such risks, uncertainties and other factors, which could impact the Company and the forward-looking statements contained herein are included in the Company's filings with the OTC Markets. The Company assumes no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Investor Contact:

Indrani Egleston

Executive Vice President, Chief Financial Officer

Innovest Global, Inc.

440-644-1027

info@innovestglobal.com

ir.innovestglobal.com

Chris Tyson

Managing Director

MZ Group - MZ North America

949-491-8235

IVST@mzgroup.us

www.mzgroup.us

Innovest Global, Inc.
Consolidated Balance Sheet (unaudited)
December 31, 2019 and 2018

	December 31,	
	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 666,591	\$ 804,527
Accounts receivable, net	2,273,572	5,446,065
Inventory	561,048	30,371
Subscription receivable	-	-
Cost in excess of billings	6,050	-
Prepaid expenses and other current assets	46,457	155,355
Total current assets	3,553,718	6,436,318
Property and equipment, net	313,298	369,606
Goodwill	4,745,476	5,453,551
Intangible assets, net	386,053	352,450
Investment	141,742	141,742
Right-of-use assets, net	3,574,885	-
Total assets	\$ 12,715,172	\$ 12,753,667
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 3,954,834	\$ 4,248,636
Billings in excess of cost and estimated earnings	2,679,847	1,523,824
Bank line of credit	348,640	348,640
Notes payable	100,489	138,584
Deposit on assets	770,337	-
Accrued compensation	507,356	189,299
Deferred compensation	198,750	48,750
Accrued expenses	77,425	-
Lease liabilities, current	182,702	-
Other current liabilities	144,999	159,971
Total current liabilities	8,965,379	6,657,704
Lease liabilities, non-current	3,625,444	-
Shareholder loan payable	331,300	-
Stock guarantee liability	8,118,000	6,919,000
Share issuance liability	-	750,000
Bond contingencies	10,787,610	-
Other non-current liabilities	25,517	-
Total liabilities	31,853,250	14,326,704
Stockholders' Equity (Deficit)		
Common stock, par value \$0.001 per share:		
Authorized shares: 500,000,000 in 2019 and 2018		
Issued and outstanding shares: 149,097,292 at December 31, 2019 and 141,050,292 at December 31, 2018	149,097	141,050
Preferred stock, par value \$0.001 per share:		
Authorized shares: 10,000,000 in 2019 and 2018		
Issued and outstanding shares: 1,250,000 at December 31, 2019 and 1,250,000 at December 31, 2018	1,250	1,250
Additional paid-in capital	5,352,645	3,432,969
Retained deficit	(24,641,070)	(5,148,306)
Total stockholders' equity (deficit)	(19,138,078)	(1,573,037)
Total liabilities and stockholders' equity (deficit)	\$ 12,715,172	\$ 12,753,667

Innovest Global, Inc.
Consolidated Statement of Operations (unaudited)
Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
Revenues	\$ 40,235,239	\$ 6,545,702
Cost of goods sold (excluding depreciation and amortization shown separately)	49,063,968	4,828,813
Operating Expenses		
Selling, general & administrative expense	7,155,563	3,304,763
Stock compensation expense	363,023	631,575
Depreciation and amortization expense	210,251	24,458
Goodwill impairments	708,075	402,764
Other operating expense (income), net	(112,581)	(1,346)
Operating income (loss) from continuing operations	(17,153,060)	(2,645,325)
Interest expense, net	29,149	24,061
Loss on sale of assets	633,205	-
Fair value adjustment to stock guarantee, net	1,677,350	2,230,000
Net income (loss) attributable to Innovest Global, Inc.	\$ (19,492,764)	\$ (4,899,386)
Earnings loss per share - basic and diluted	\$ (0.13)	\$ (0.03)
Weighted-average number of shares outstanding Basic and Diluted	149,097,292	141,050,292

Innovest Global, Inc.
Consolidated Statement of Cash Flows (unaudited)
Years Ended December 31, 2019 and 2018

	Year ended December 31,	
	2019	2018
Net income (loss) attributable to Innovest Global, Inc.	\$ (19,492,764)	\$ (4,899,386)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	210,251	24,458
Fair value adjustment for stock guarantee	1,677,350	2,230,000
Goodwill impairment	708,075	402,764
Stock compensation expense	363,023	631,575
Loss on disposals	-	5,298
Financing charges on deposit of asset	557,206	-
Non-cash lease expense	316,181	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	3,172,493	(679,869)
Inventory	(522,110)	529
Prepaid expenses and other assets	108,898	(80,407)
Accounts payable	(293,802)	(497,196)
Accrued and other liabilities	556,027	747,301
Operating lease liability	(83,203)	-
Billings in excess of costs and estimated earnings	1,149,973	408,058
Net cash used in operating activities	(11,572,402)	(1,706,875)
Cash Flows from Investing Activities		
Acquisition of investment	-	(16,742)
Capital expenditures	(11,169)	-
Acquisition of business (cash received in excess of cash paid)	-	534,865
Net cash provided by (used in) investing activities	(11,169)	518,123
Cash Flows from Financing Activities		
Proceeds from bond contingency	10,787,610	-
Proceeds from asset backed financing	2,202,822	-
Payments on asset back financing	(1,986,802)	-
Proceeds from debt	-	-
Payments on note payable	(38,095)	(45,803)
Proceeds from shareholder loan	331,300	-
Proceeds from stock issuance	148,800	2,035,249
Net cash provided by (used in) financing activities	11,445,635	1,989,446
Net increase (decrease) in cash and cash equivalents	(137,936)	800,694
Cash and Cash Equivalents - Beginning of period	804,527	3,833
Cash and Cash Equivalents - End of period	\$ 666,591	\$ 804,527

Innovest Global, Inc.
Segment Contribution Margin (unaudited)
Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
Segment Revenues		
Commercial Solutions ⁽¹⁾	\$ 9,496,223	\$ 3,946,126
Wholesale Purchasing	30,739,016	2,599,576
Total Revenues	\$ 40,235,239	\$ 6,545,702
Segment Contribution Margin *		
Commercial Solutions ⁽¹⁾	(9,152,377)	1,688,395
Wholesale Purchasing	323,647	28,494
Total Segment Contribution Margin	\$ (8,828,730)	\$ 1,716,889
Adjusted Segment Contribution Margin ⁽¹⁾		
Commercial Solutions ⁽¹⁾	2,063,312	1,688,395
Wholesale Purchasing	323,647	28,494
Adjusted Segment Contribution Margin	\$ 2,386,959	\$ 1,716,889

* - Segment contribution margin is defined as segment revenues less segment cost of sales, excluding depreciation and amortization expenses, selling, general and administrative costs and Corporate overhead costs. Adjusted segment contribution margin further excludes the impact from non-reoccurring items for year over year comparison purposes.

⁽¹⁾ Segment contribution margin for the Commercial Solutions segment in 2019 includes a contract loss of \$11.2 million as a result of an inherited legacy contract for Midwest. As a result of the negative gross profit on the contract, future anticipated losses were accelerated into the full year 2019 results and netted against year to date reported segment revenues. Excluding this one time charge, contribution margin for the Commercial Segment would have been \$2.1 million and the Total Company contribution margin would have been \$2.4 million.

Innovest Global, Inc.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (unaudited)

Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
Reconciliation of EBITDA and Adjusted EBITDA		
Net income (loss) from continuing operations	\$ (19,492,764)	\$ (4,899,386)
Interest expense, net	29,149	24,061
Depreciation and amortization expense	210,251	24,458
EBITDA	\$ (19,253,364)	\$ (4,850,867)
Non-cash stock compensation expense ⁽¹⁾	363,023	631,575
Loss on legacy contract from acquired entity ⁽²⁾	11,215,688	-
Goodwill impairments ⁽³⁾	708,075	402,764
Fair value adjustments on acquisition stock guarantees ⁽⁴⁾	1,677,350	2,230,000
Financing charges and losses related to asset sales ⁽⁵⁾	633,205	-
Costs and expenses related to acquisitions and integration ⁽⁶⁾	325,935	90,061
Non-cash charges related to operating leases ⁽⁷⁾	232,978	-
Adjusted EBITDA (non-GAAP)	\$ (4,097,110)	\$ (1,496,467)

Adjusted EBITDA is defined as EBITDA before non-cash stock-based compensation, asset impairments and other income or expense.

(1) Represents non-cash expense for stock-based awards issued to our employees and outside service providers.

(2) Represents the loss on a one time contract inherited with the acquisition of Midwest Curtainwalls. As a result of the negative gross profit on the contract, future anticipated losses were accelerated into the full year 2019 results.

(3) Represents the expense associated with the impairment of Goodwill for the Midwest Curtainwall business as a result of the losses incurred on the legacy contract inherited in the acquisition.

(4) Represents the non-cash charges for changes or establishment of stock guarantee valuations associated with acquisitions.

(5) Represents the financing cost associated with short term working capital funding.

(6) Costs and expenses related to the integration of acquired companies including legal, accounting, and advisory services which are reported under selling, general and administrative expenses.

(7) Represents the amount of operating lease expense related to Operating right-of-use assets, net on the Consolidated Balance Sheet, as a result of the adoption of ASC 842 and reported under selling, general and administrative expenses.