# Worksport

## Q2 2025
## Earnings Call


Worksport Ltd. 2025 Q2 Earning Call [August 13th 1:00PM ET]

Nasdaq WKSP


# Introduction

> "In just one quarter, we increased revenue by 83% while increasing gross profit by 173%. We decreased operating loss by 15%."

| 113% | 83% | 26.4% |
|---|---|---|
| YoY Revenue Growth | Sequential QoQ Growth | Gross Margins up 800 Basis Points |

# Agenda

1

## Q2 2025 Performance Highlights

Financial and operational achievements

2

## Growth & Market Expansion

Dealer network, e-commerce, and B2B initiatives

3

## Innovation Pipeline

Progress on SOLIS, COR, and AetherLux, plus new product introductions

4

## Current Operations

Production scaling, cost management, and operational readiness

5

## 2025 Guidance

Revenue, margins, cash flow targets, and capital priorities

The financial results for the quarter ended June 30th, 2025, were filed earlier today in our Form 10-Q and can be accessed on our investor relations website at **investors.worksport.com/#reports**.

# Safe Harbor Statement

### Forward-Looking Statements

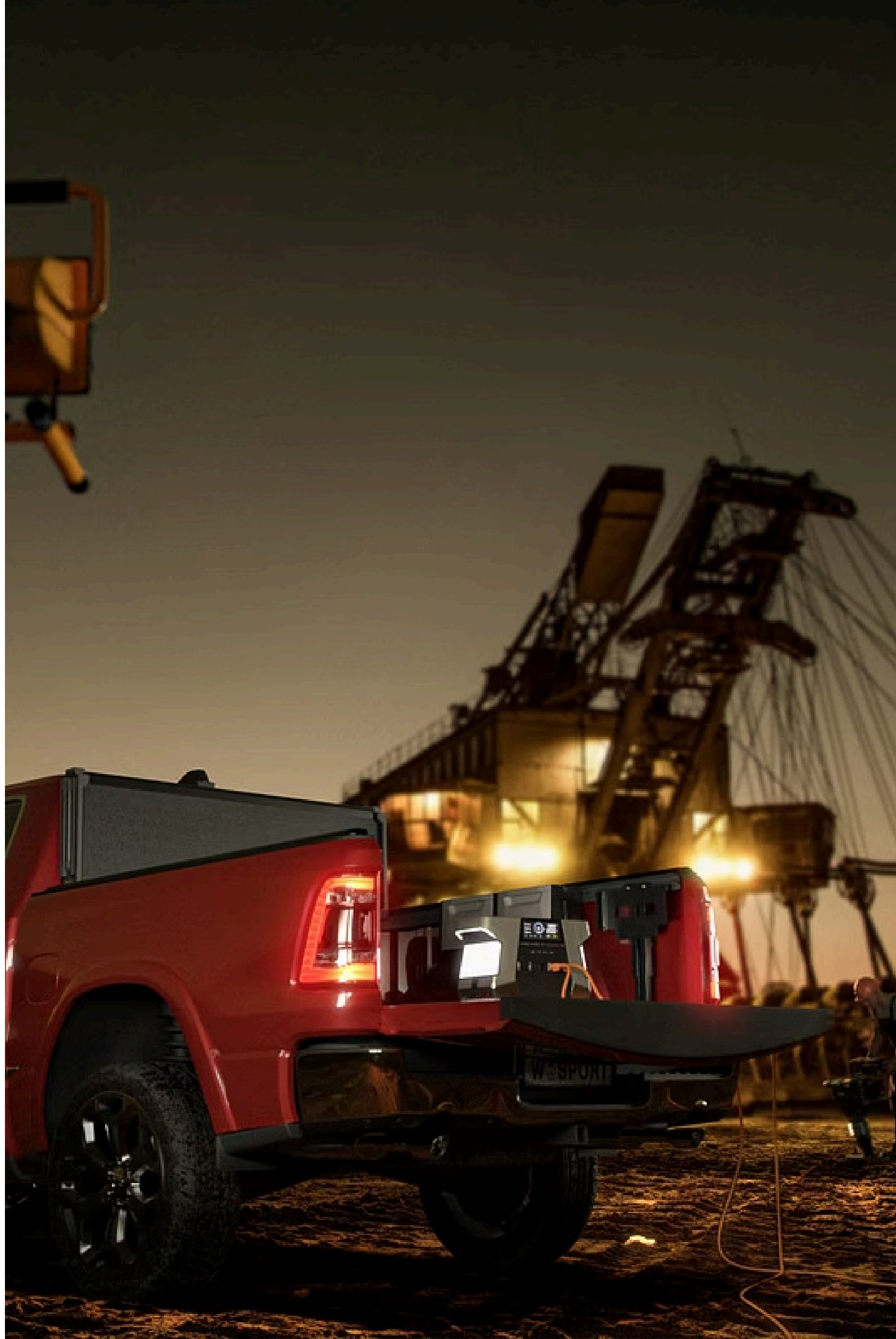
This presentation contains forward-looking statements based on management's current expectations and projections about future financial performance, market developments, and strategic initiatives.

### Inherent Uncertainties

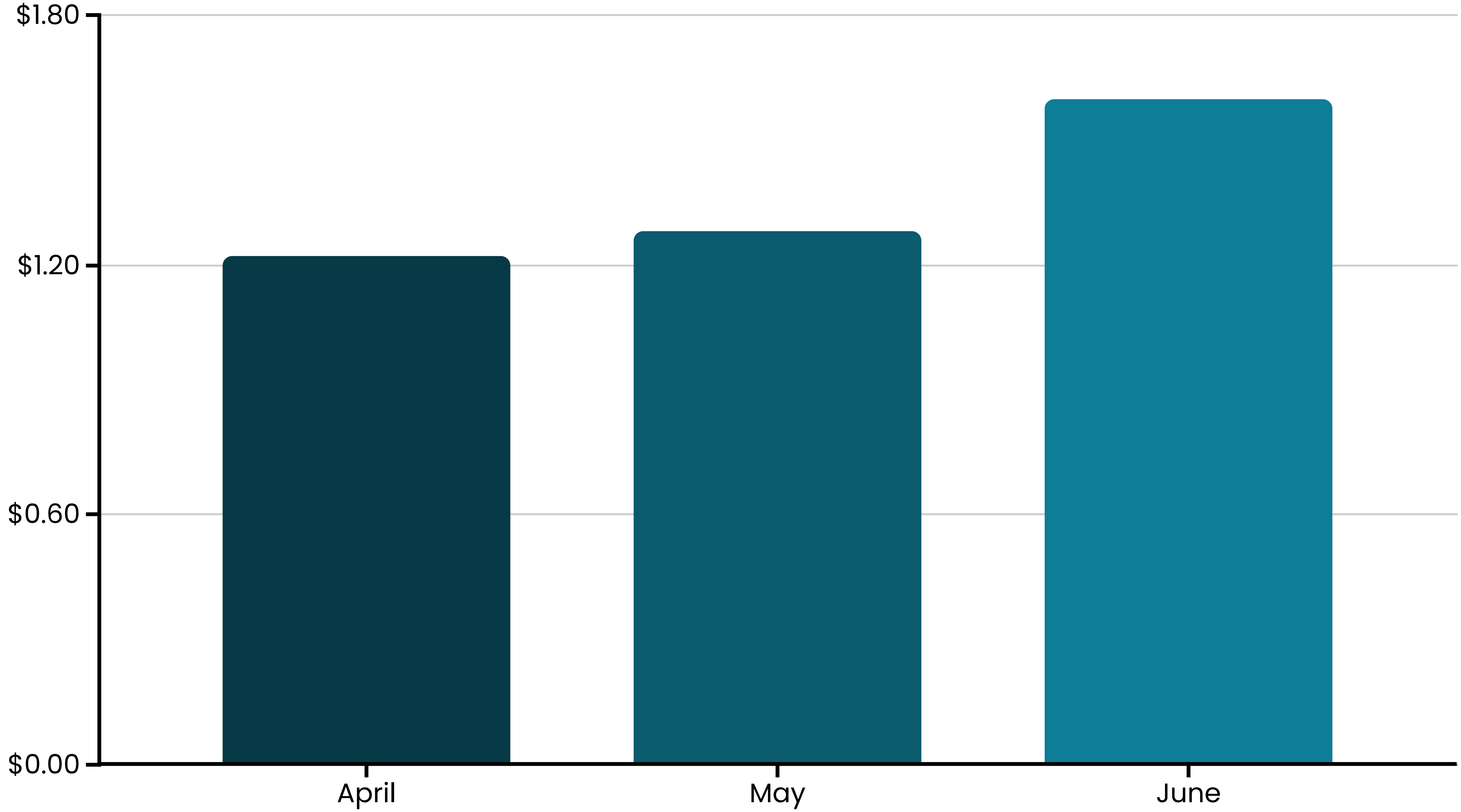
Actual results may materially differ from projected outcomes due to market volatility, competitive pressures, regulatory changes, and other factors beyond our reasonable control.

### No Obligation to Update

The statements made today reflect our views as of this date only. Worksport expressly disclaims any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements.



# Q2 2025 Financial Performance

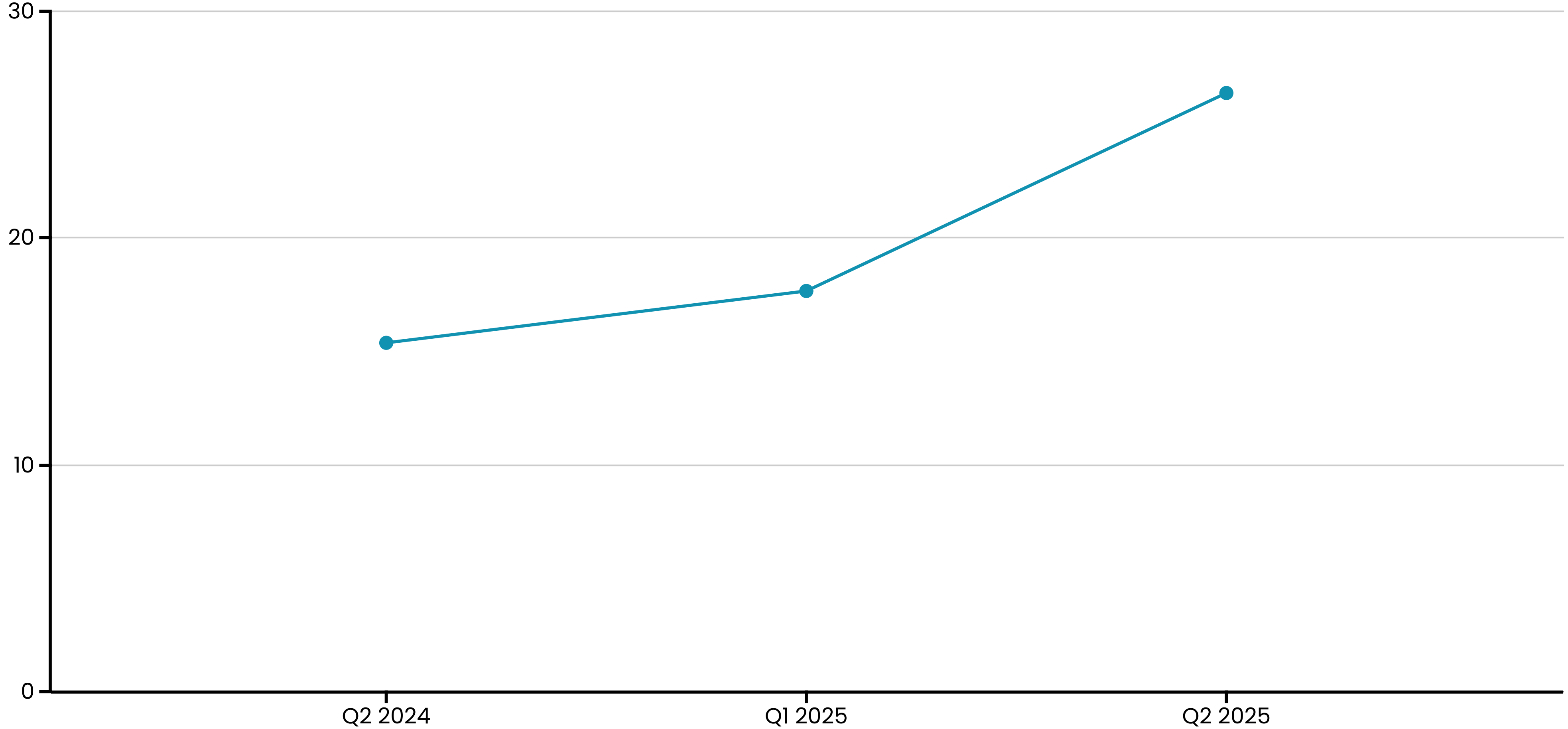



Q2 2025 was our highest revenue quarter in company history. **Net sales reached $4.10 million,** representing **113%** year-over-year growth compared to **$1.92 million in Q2 2024**, and an 83% sequential increase from Q1 2025.

**$19.2M ARR as of June 2026- Expected to increase to$40M ARR by year end.**

This growth was driven by continued ramp-up of our flagship AL4 premium tonneau cover, expanding dealer adoption and order frequency, and sustained strength in e-commerce sales across our direct-to-consumer channels.

# Gross Margin Improvement




Gross profit for the quarter was $1.08 million, representing a gross margin of **26.4%**, up from **17.7%** in Q1 and **15.4%** in Q2 last year.

This marks our **third consecutive quarter of gross margin expansion** and reflects both operational efficiencies and a favorable shift in product mix.

# Operating Expenses & Loss Improvement

**71%**

### Reduction in R&D Expenses

Year-over-year decrease due to prior-year development peaks

**18%**

### Reduction in G&A

Declined from $2.99M in Q1 to $2.45M in Q2, showing early results from cost discipline

**15%**

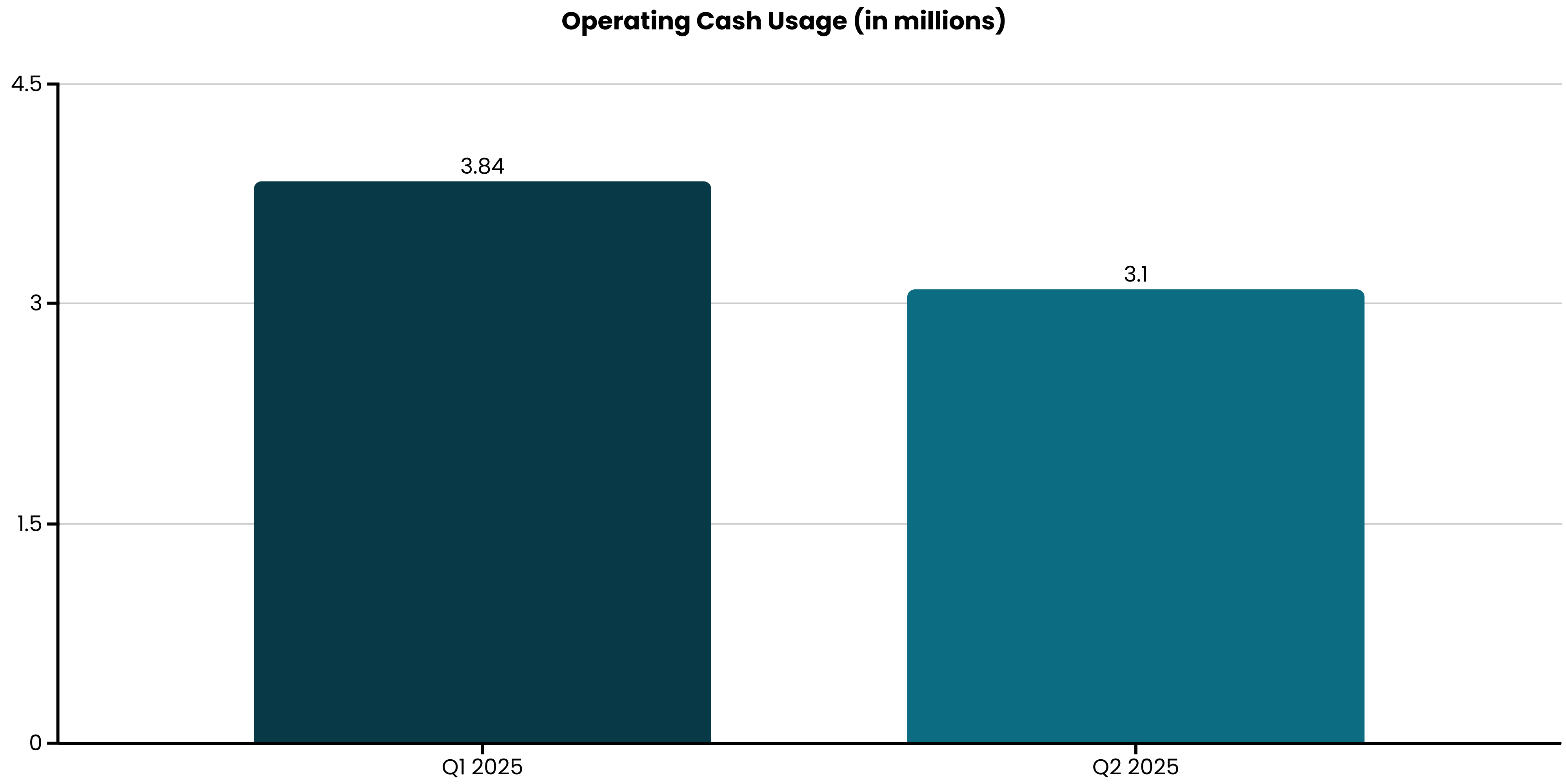
### Operating Loss Improvement

Operating loss improved to $(3.62)M, versus $(4.26)M in Q1

Operating expenses were $4.70 million, up modestly from Q2 2024's $4.21 million but essentially flat compared to Q1's $4.65 million, **despite** significantly higher revenues.

We remain committed to achieving near-term operational **cash flow positivity**. While the tonneau cover division is currently our sole revenue-generating unit, we believe it can sustain the broader corporate structure—including R&D for COR and SOLIS, the AetherLux subsidiary, and general corporate expenses.

# Cash Flow Improvement



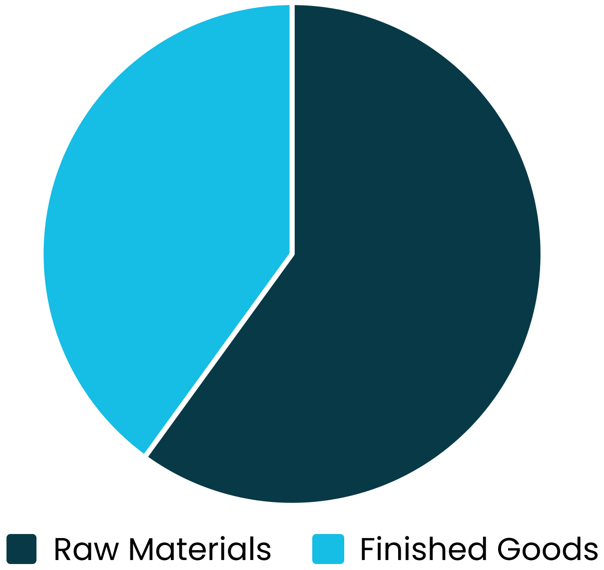

Cash and cash equivalents ended the quarter at $1.39 million, compared to $5.08 million at March 31.  In Q2 we paid off debts. We now have approximately $4.76 million in available borrowing capacity on our credit facility.

Operating cash usage in Q2 was approximately **$(3.10) million**, an improvement from **Q1's $(3.84)** million burn. This 19% reduction in cash burn demonstrates our progress toward operational efficiency.

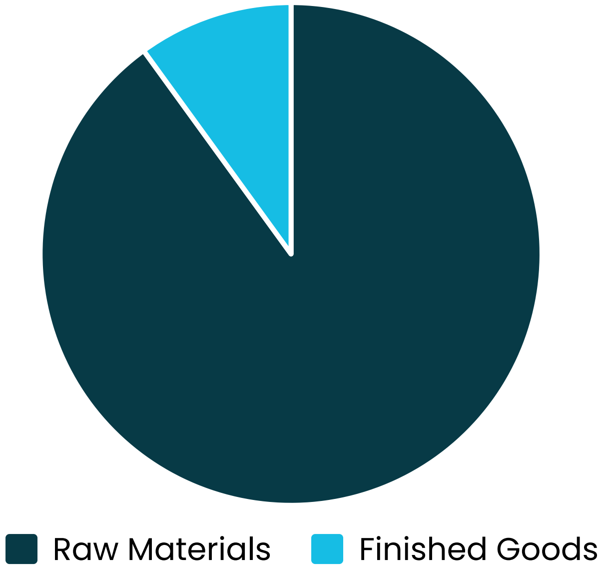
# Inventory Overview

Accounts receivable increased in line with higher dealer sales volumes, while inventory remained stable at $5.88 million.

### Q1 Inventory: $5.7M



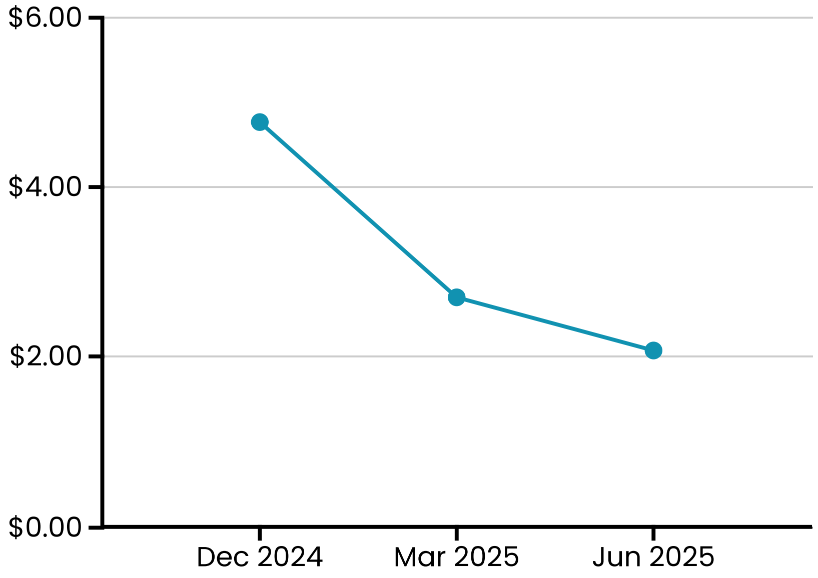

### Current Inventory: $5.88M




## Key Highlights

- We now own less finished goods and more raw materials. This reflects **demand consistently outpacing production.**
- Our inventory profile positions us to fulfill ongoing dealer and e-commerce demand **without** requiring significant near-term investment.
- Steps to **expand production capacity** have been **successful** thus far and will be outlined later in this report.

# Long Term Debt Position




Our long-term debt **declined to $2.09 million** (**compared to $4.78M** as of Dec 31 2024, and $2.7M as of March 31, 2025).

# Strategic Equipment Investment

1

## Purchase Order Details

- $3 million equipment order placed August 1, 2025
    - (10% deposit)
- Established manufacturing equipment supplier
- **Very favorable** financing terms
- No expected cashflow concerns

2

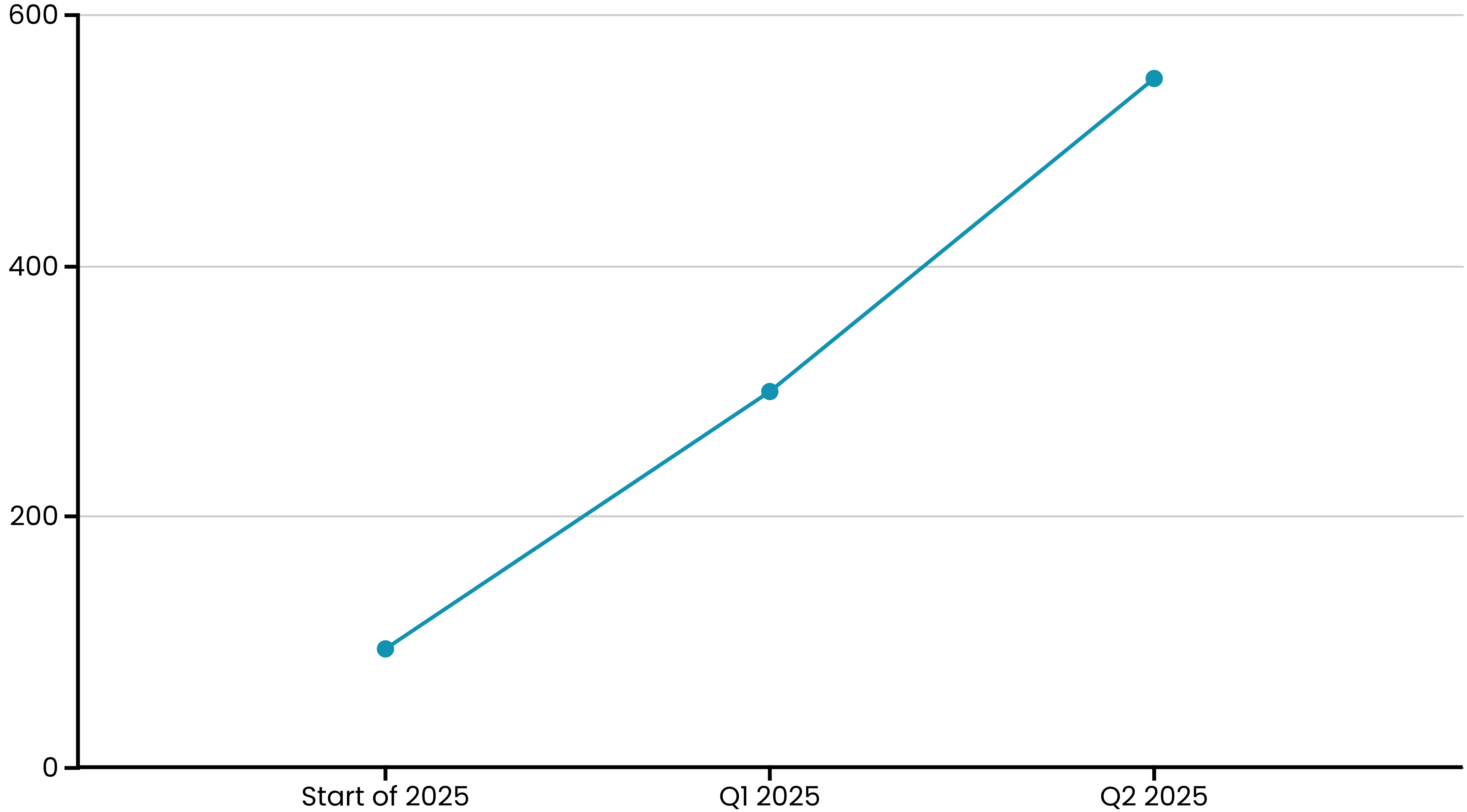
## Expected Benefits

- **Meaningful increase** in production capacity
- Enhanced ability to meet customer demand
- Expected to contribute **~$50M** in annual revenue
- Enhances operational throughput during maintenance of one machine.

**Management Note:** Current equipment and supply chain are expected to bring the Company to operational cash flow positive, even before this new machinery is operational.

Delivery expected as early as Q1 2026 at the West Seneca, NY manufacturing facility.

# Dealer Network Expansion




In Q2 2025, we added **two national distributor**s to our dealer network. In April, we added Patriot Auto Group, which brought over 200 dealers under the Worksport dealer network. In June, we added another national distributor with access to approximately 250 additional dealer accounts.

At full activation, Worksport estimates their B2B network as of June 2025 can support over $21.5 million in annual repeatable revenue alone (not including B2C sales via its online platform).

# E-Commerce Growth

**50%+**

Of total unit volumes in Q2 came from direct online sales

**Multiple Channels**

Strong performance across our own site and influencer / affiliate sales programs

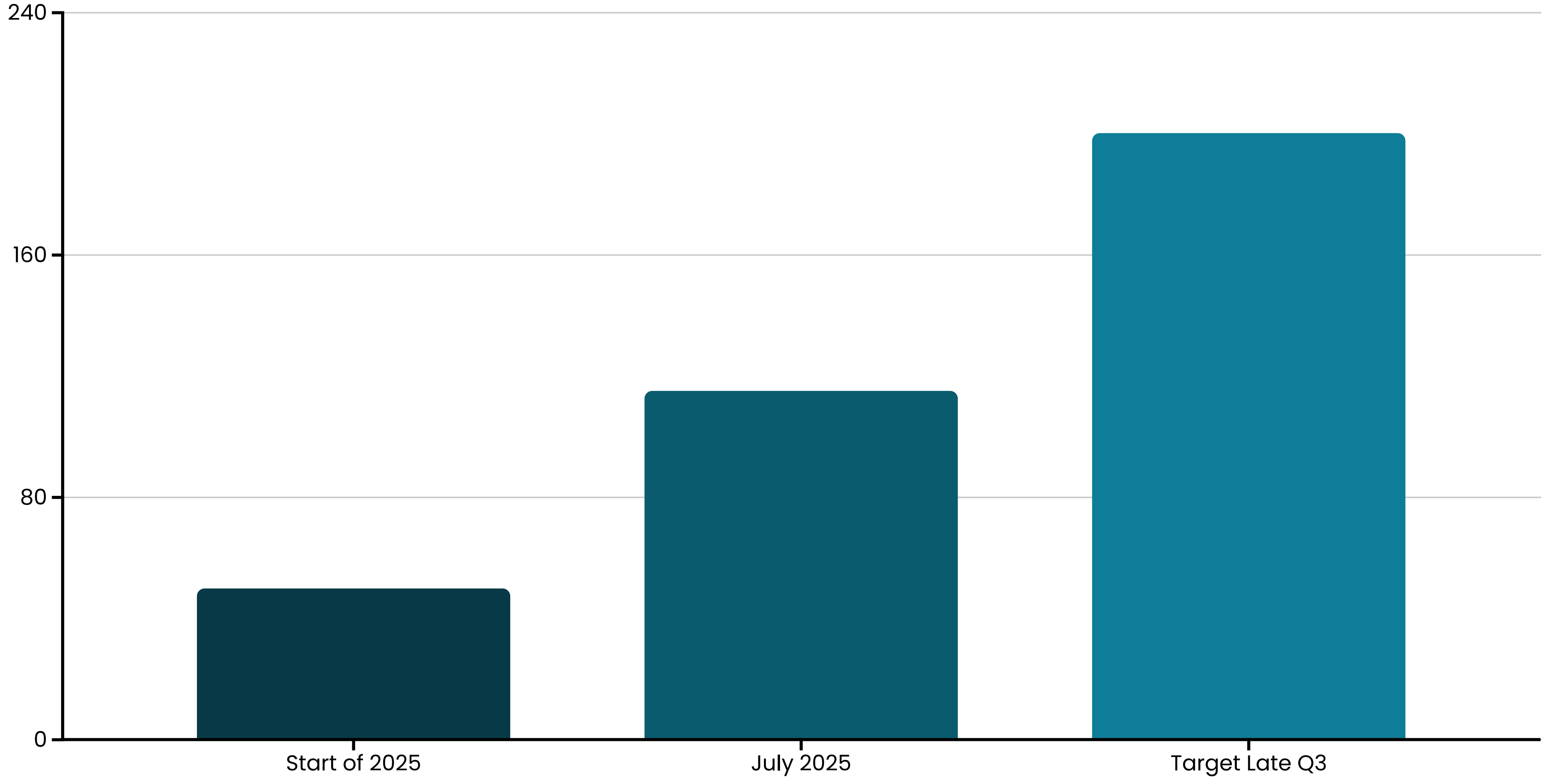
**High Margins**

E-commerce remains a high-margin growth driver for the business

Our strategy remains focused on giving local retailers and dealers the tools, margins, and product quality they need to succeed – creating a long-term mutually beneficial relationship that drives volume for Worksport.

In June, we were already at an annual run rate of $19.2M. We expect the revenue increase will continue every quarter, driven by both e-commerce and B2B. We expect **increased seasonal demand** in Q3 and Q4.

# Production Scaling




While demand outpaces production, our U.S. manufacturing facility in West Seneca continues to scale efficiently. **We are targeting 200 units/day production by late Q3**, compared to approximately 50 units/day at the start of 2025.

This quadrupling of daily throughput will drive significant fixed-cost absorption benefits and push gross margins toward our 30%+ late-2025 target. Worksport's production **in July 2025** averaged around 115 a day, with a record production day of 160 units.

# Innovation Pipeline: HD3

## Heavy-Duty Tonneau Cover

On track for Q3 launch with production already scheduled, the HD3 is designed for commercial and fleet applications.

- Building on the AL3 platform
- Upgraded materials, seals, and latching for maximum durability
- Available through all channels
- Primary focus on driving growth in wholesale and B2B segments

**Q3**

**Launch Date**

**90%+**

**US-Material**

The HD3 adds a new revenue stream and completes our U.S.-made tonneau cover lineup, positioning us to capture additional market share in the commercial sector.

# Innovation Pipeline: SOLIS & COR

### SOLIS Solar Cover

Beta testing has commenced with select customers. The redesign announced in late 2024 is delivering anticipated cost savings and expanding compatibility with portable power systems.

### COR Portable Power

Nearing mass production readiness. COR's modular design enables integration with SOLIS or standalone use, targeting jobsite, overlanding, and emergency backup markets.

### Portable Nano-Grid

COR and SOLIS together function as Worksport's portable nano-grid. In Q2 2025, this system was selected by a multi-billion-dollar U.S. construction agency for a pilot project for their fleet use.


**Together, COR and SOLIS position Workport within the fast-growing portable energy market—a space the Company believes will be a key long-term profitability driver.**

# AetherLux: Revolutionary Heat Pump Technology

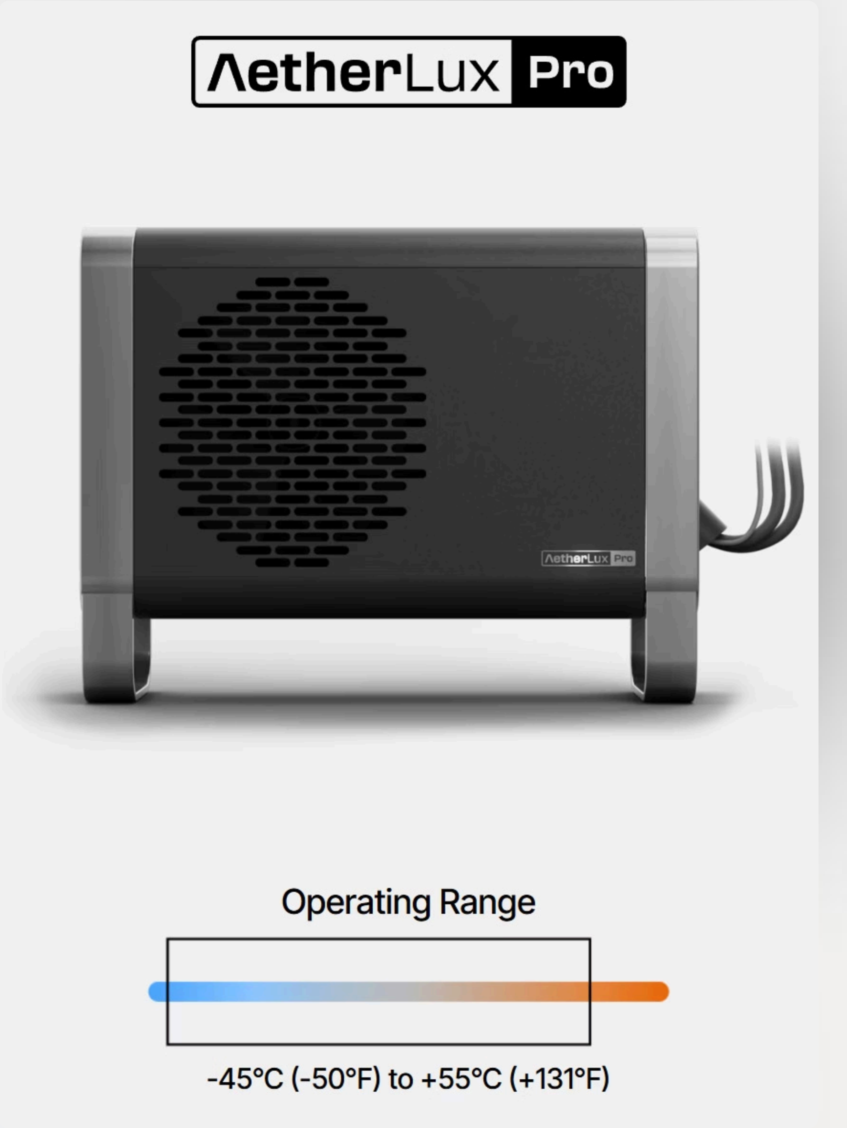
Since its introduction in February 2025, **AetherLux** has attracted significant interest from major global corporations, federal governments, and numerous resellers, with inbound inquiries potentially representing hundreds of millions of dollars in opportunities.

### ZeroFrost™ Technology

Continuous operation without the traditional defrost interruptions that reduce efficiency in freezing conditions

### Ultra-Low Temperature Performance

Tested in ambient temperatures as low as -59.6°F (-51°C), far beyond the capabilities of typical commercial heat pumps



# AetherLux Q2 Progress

**1 — Advanced Testing**

Progressed from lab testing to commercial testing environments

**2 — Manufacturer Selection**

Initiated manufacturer selection process for product certification

**3 — Technology Optimization**

Continued R&D optimization of ZeroFrost™ technology

**4 — Strategic Evaluation**

Began evaluating strategic business opportunities

Management believes **AetherLux could have a meaningful impact on Worksport's 2026 balance sheet**, supported by its position in the $123B global market.


# Intellectual Property Portfolio

**170+**

**Patents, Designs & Trademarks**

Approved, registered, and pending globally

Worksport holds a robust and growing global portfolio of over 170 approved, registered, and pending patents, designs, and trademarks.

We believe our patents protect us from any competitor threats or claims, providing a strong foundation for our current and future product lines.

# Tariff Impact & Management

### US Manufacturing Advantage

Current tonneau cover line manufactured in the U.S. with over **90% domestic parts.** Shelters impact, but still impacted.

### Cost Management

**5-10% material cost increases** offset by operational efficiencies that have lowered per-unit costs.

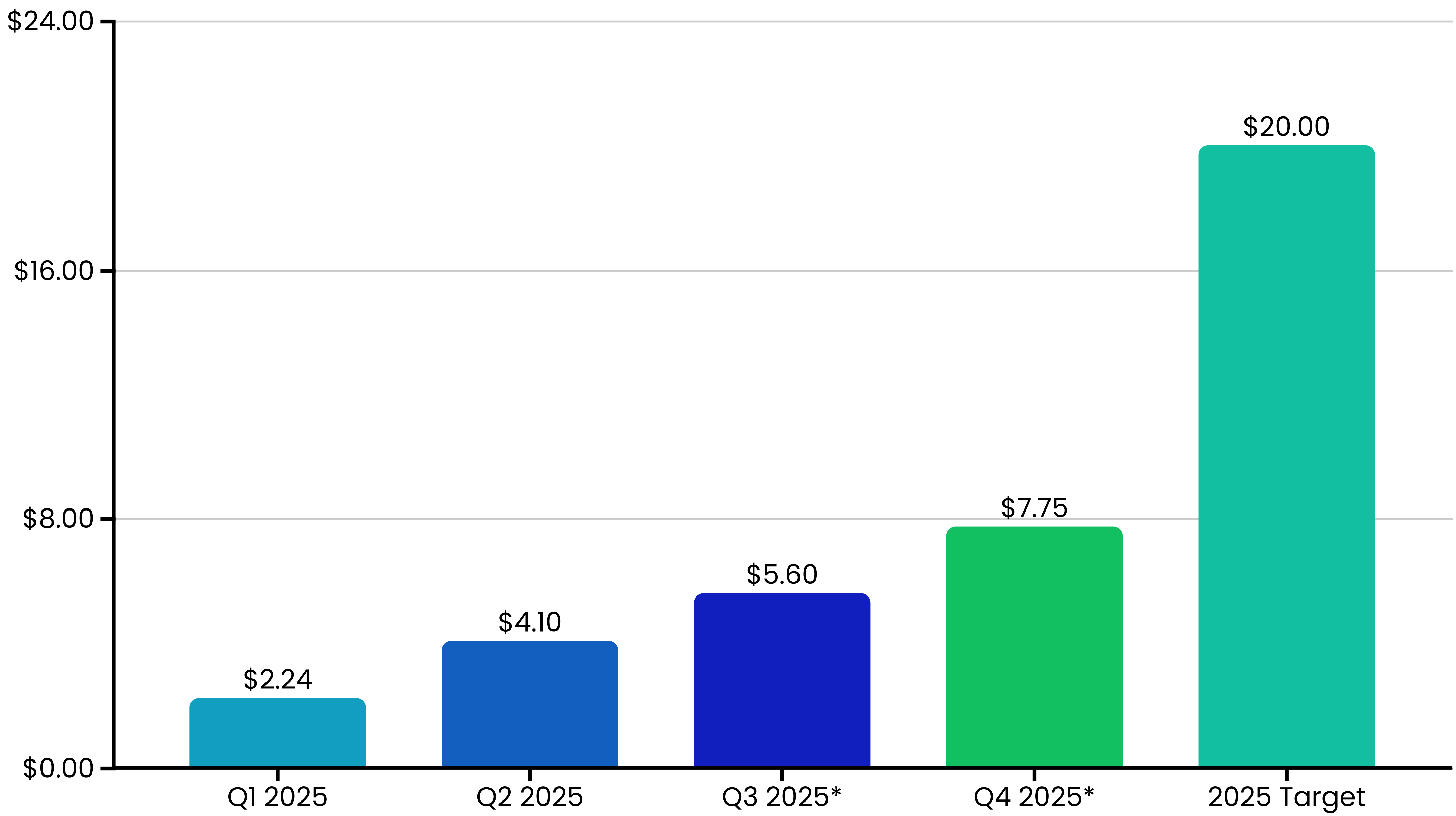
We note material cost is approximately 25% of the MAP.

### Competitive Position

**Tariff pressures affect competitors** equally or more severely, especially those with greater reliance on global supply chains

Given the continued growth and healthy margins in our tonneau cover business, we are confident in our ability to manage tariff-related risks while advancing toward near-term operational cash flow positivity and **maintaining our 2026 profitability target**. We do believe the impact on our COR & SOLIS business is **to be determined** with pressure on globally sourced components.

# 2025 Revenue Guidance




We reaffirm our full-year 2025 revenue target of **$20 million+**. Based on Q2 results and current order momentum, we remain confident in meeting this goal, supported by continued dealer adoption, production growth, and the successful launches of HD3, SOLIS, and COR in the second half of the year.

*Projected results based on production and demand planning.

# Margin & Expense Outlook

### Gross Margins Rise

Gross margins have exceeded initial forecasts and are expected to rise each quarter, reaching 30%+ by year-end.

### Controlled OpEx Growth

Operating expenses are projected to grow at a slower rate than revenues, enhancing operating leverage.

### Targeting Breakeven

Despite tariff-related headwinds, we are targeting operational cash flow breakeven by late Q4 2025 or early Q1 2026.

# 2026 Profitability Drivers


While a successful launch of COR and SOLIS could accelerate profitability in 2026, we believe our core tonneau cover business alone can drive us into profitability next year.

Current expectations are $2–3M in revenue from the first batch of **COR** and **SOLIS**, with **AetherLux** anticipated to deliver a meaningful positive impact to the 2026 balance sheet. More detailed projections will be provided in Q4 2025.

# Commentary on Cash

### $6M Working Capital

- $1.39M in cash and cash equivalents
- $4.76M in unused capacity on revolving credit facility

### $5.88M in Inventory

Fully paid inventory providing a strong foundation to support ongoing sales growth without significant near-term investment in working capital

### 19% Cash Burn Reduction

Cash used in operating activities improved from $(3.84)M in Q1 to $(3.10)M in Q2, reflecting both higher gross profit and disciplined expense management

### Modest 2H 2025 Spend Projected

Spending expected to be moderate, focused on COR & SOLIS tooling and US factory growth. Most tonneau cover equipment is in place, and recent interest-free investments allow us to notably expand 2026 production without significant cash outlay.

**We expect further operating expense efficiencies in 2H 2025 as production scales.**

# Capital Position & Market Value

### Reg - A Key Announcements

- Reg A offering **to close at the end of August 2025**. Successful in attracting new investors and boosting liquidity.
- If full $10M allotment achieved, Company expects to be **fully funded** for remainder of 2025 and into 2026
- **Intent to limit further notable equity dilution**

### We believe our intellectual property remains significantly undervalued.

**AetherLux**—our breakthrough heat pump technology—is a strong asset with long-term shareholder **value not yet reflected in the market,** and is expected to strengthen our 2026 balance sheet.

**COR / SOLIS**, after three years of investment, are poised to become revenue-generating.

# Future Capital Strategy

- **Leverage existing outstanding warrants ($4.50-$6.70 range)** as potential source of growth capital for 2026
- Capital needs minimize as we approach operational cash flow positivity and eventual profitability in 2026.
- Successful execution could **enable approaching near-profitability without requiring capital beyond targeted $10M** from current Reg A

# Key Q2 Achievements & Outlook

We believe this positive momentum will continue into Q3, accelerating our path towards operational cash flow positivity and profitability in 2026.

**83%**

### Revenue Growth

Increased revenue significantly quarter-over-quarter

**173%**

### Gross Profit Improvement

Substantial rise compared to the prior quarter

**15%**

### Operating Loss Reduction

Decreased through disciplined financial management

# Priorities for Remainder of 2025

### Scale Production

Meet demand while maintaining quality

### Launch New Products

HD3, SOLIS, and COR – successfully and on schedule

### Expand Distribution

Deepen dealer relationships and e-commerce reach

### Continue Innovation

Leadership in both automotive accessories and clean energy

### Increase Brand Awareness

Utilize key media and influencers

### Execute with Discipline

Path toward operational cash flow positivity

Thank you for your attention. We are building a company with the potential to lead at the intersection of automotive and clean energy – and Q2 showed that our strategy is working.

# Question & Answer Session

Worksport welcomes live questions from attending analysts.

Investors are encouraged to email questions to **investors@worksport.com.**