



Q3 2025 Earnings Call

Workspport Ltd. 2025 Q3 Earnings Call [November 13th, 8:30AM ET]

 NasdaqWKSP

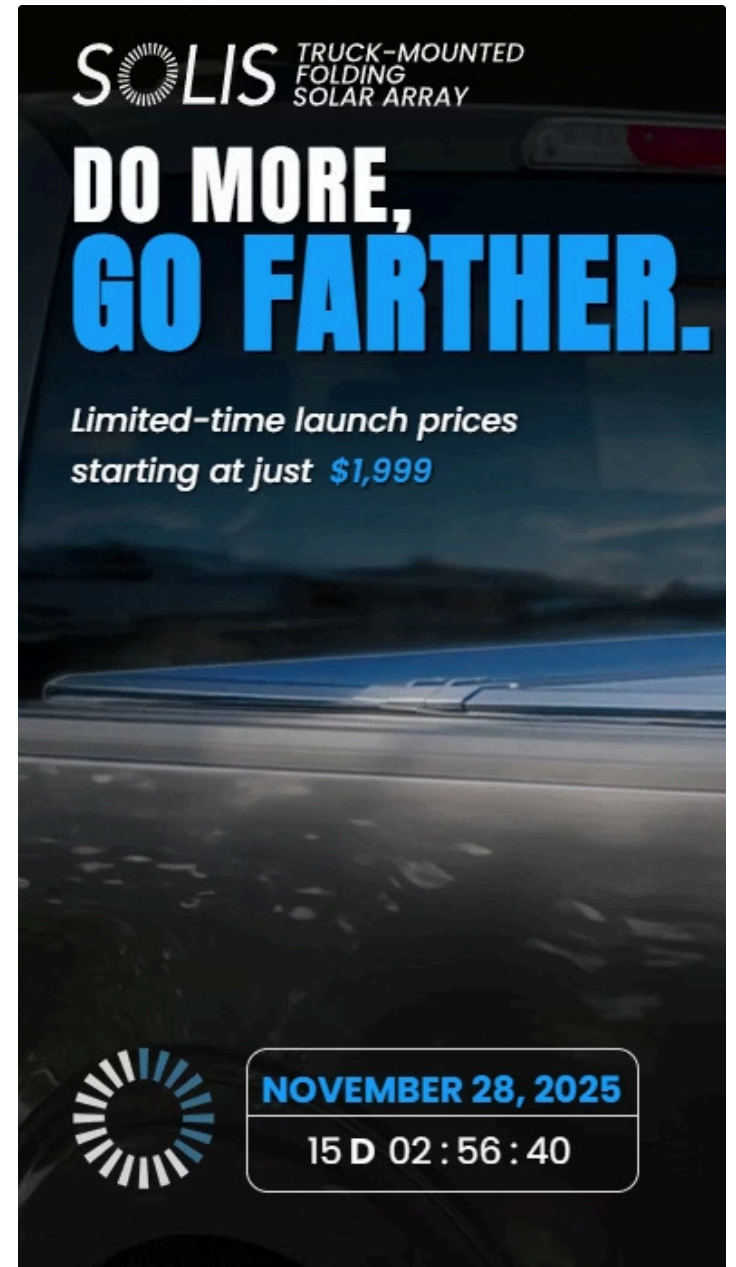
Welcome & Introduction

Good morning, everyone, and thank you for joining Workspport's Quarter 3 2025 earnings call. I'm Steven Rossi, Chief Executive Officer of Workspport Ltd. With me today is our Chief Financial Officer, Michael Johnston.

Today we'll walk through our financial performance, operating progress, liquidity position, and how these results align with our strategy to build a high-margin, scalable platform in truck accessories and clean-tech enabled power solutions.

We will be reviewing the financial results for the quarter ended September 30th, 2025, which were filed earlier today in our Form 10-Q and can be accessed on our investor relations website at investors.workspport.com/#reports. At the end of today's call, both our prepared remarks and the accompanying presentation deck will be available for download as well.

After these remarks, we will open the line for questions.



Safe Harbor Statement

Forward-Looking Statements

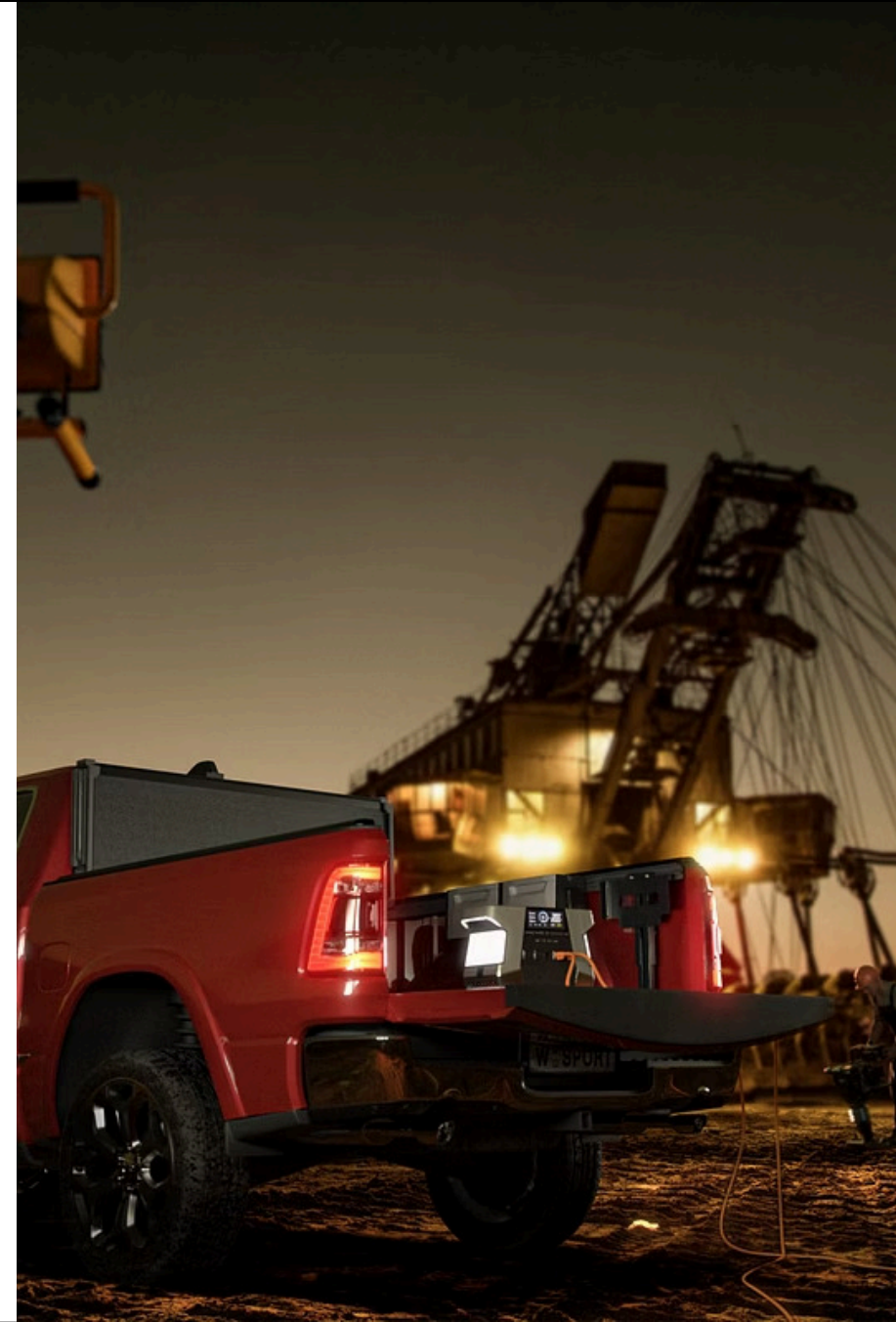
This presentation contains forward-looking statements based on management's current expectations and projections about future financial performance, market developments, and strategic initiatives.

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. Workspport expressly disclaims any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements.



Today's Agenda

01

Q3 2025 Key Performance Outcomes

03

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05

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Key Takeaways & Q&A

Q3 2025 Key Performance Outcomes

Q3 was another solid step forward in Workspport's growth journey—our **third consecutive quarter of growth**.

\$5.0M

Net Sales

61% growth year-over-year and
22% sequential growth from Q2

31.3%

Gross Margin

Up from **7.9% in Q3 2024** and
26.4% in Q2 2025

\$6.3M

Working Capital

In addition to a healthy current
inventory balance

\$2.9M

Total Indebtedness

Down from \$4.8M at year-end
2024

Our Q3 net loss of \$4.9 million reflects **strategic investments** in product expansion, manufacturing scale, and brand awareness, positioning us for **operational cash flow positivity and profitability in 2026**. This period demonstrates structural revenue growth and margin expansion, with Q4 projected to transition our expenditure from investment mode towards long-term profitability.

Q3 2025 Revenue Growth Drivers

Workspport's growth is being led by the rapid scale-up of our U.S.-made tonneau cover production.

AL4 Hard Cover Growth

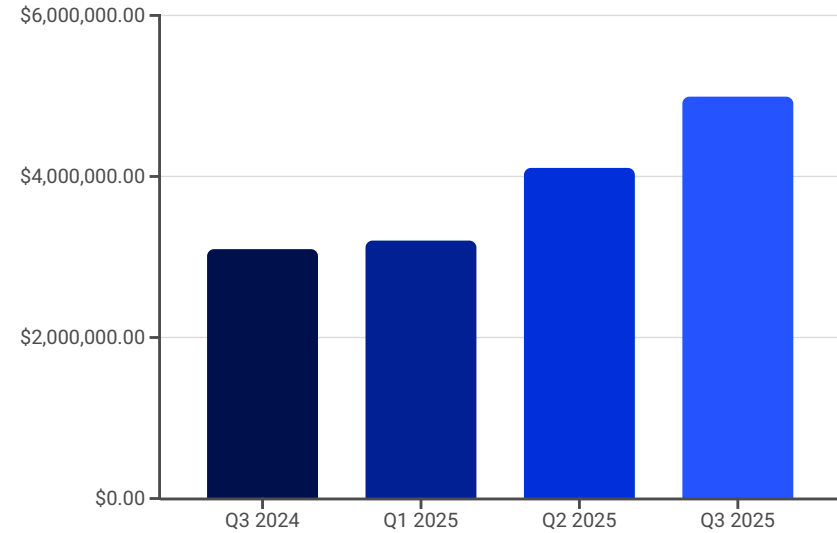
Strong continued growth from the AL4 hard cover launched in late Q1 2025

Expanded Distribution

Expanded relationships with several national distributors and a major national retail auto chain

Multi-Channel Success

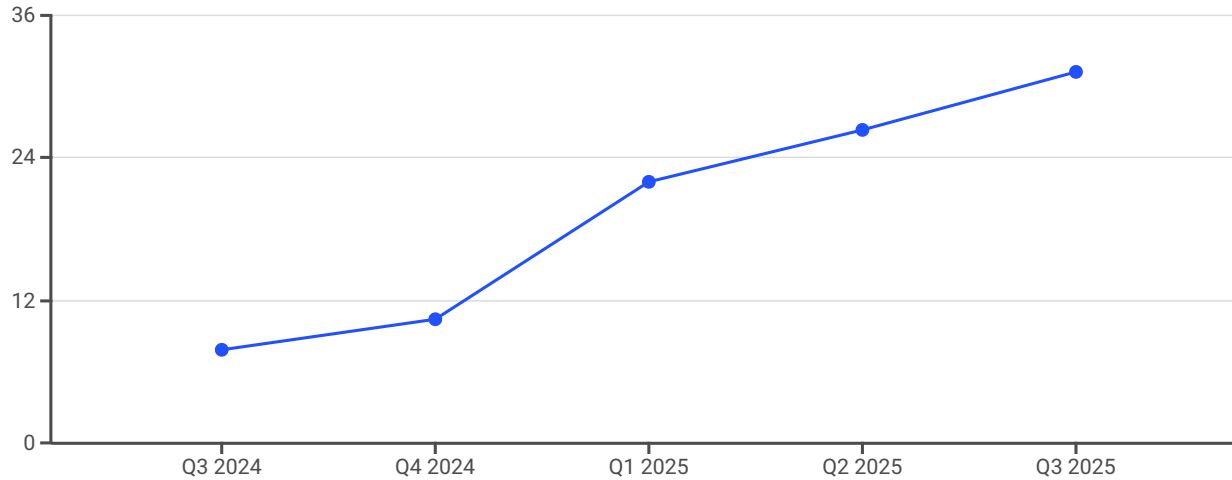
Continued growth in our dealer, jobber, and e-commerce channels



Year-to-date sales are \$11.4 million, more than double the \$5.6 million for the nine months ended September 30, 2024.

Our performance this fiscal year represents a recurring and diversified revenue base, not a single-channel surge. With new product launches and revenue streams entering the mix in the months ahead, we believe Workspport is on a path toward profitability in 2026.

Q3 2025 Margin Expansion



Gross margin is one of the clearest proof points of our strategy.

Key Drivers

- Higher production throughput and fixed-cost absorption in our U.S. production facility
- A higher value product mix with maturing and emerging sales channels
- Greater operational efficiency as processes mature

Future Outlook

We are now operating solidly in the 30%+ margin range, setting the stage for future operating leverage. We expect margins to approach **35% by year-end**, with continued improvement targeted for 2026.

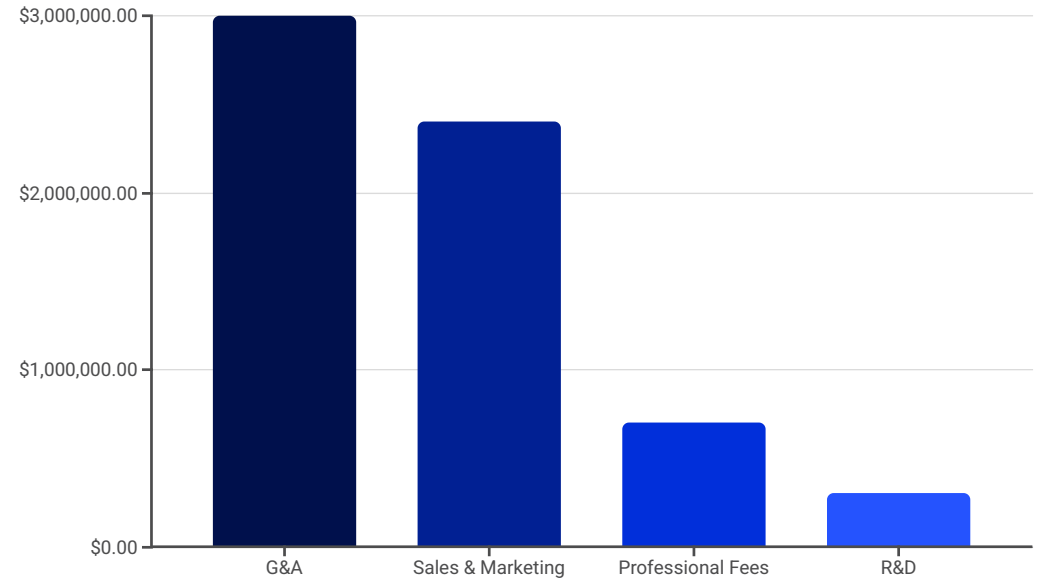
We remain committed to achieving near-term operational cash flow positivity.

Q3 gross profit was \$1.6 million, a 31.3% margin, up sharply from 7.9% in Q3 2024 and 26.4% in Q2 this year. Year-to-date gross margin is 26.7%, compared to 10.5% in 2024.

Q3 2025 Operating Expenses

In Q3, operating expenses totaled \$6.4 million, compared with \$4.2 million in Q3 2024 and \$4.7 million in Q2 2025. The increase mainly reflects growth investments and marketing costs tied to the AL4 product launch and our Regulation A offering completed in October 2025.

Operational Efficiency: We supported 60% revenue growth from Q3 2024 to Q3 2025 while increasing G&A only 20%, showing improved scalability and cost discipline.



Our operating loss was \$4.8 million, compared with \$3.9 million in Q3 2024 and \$3.6 million in Q2 2025. This investment in Q3 will partly carry into Q4 before reaching the tail end of our investment phase as we position the company for stronger leverage going forward.

Cash Flows & Liquidity

For the first nine months of 2025, our cash position reflects disciplined investment and growth financing activities.

Operating Cash Flow

Net cash used in operations: \$11.2 million, compared to \$8.0 million in the same period last year

Q3 operating cash burn: approximately \$4.3 million, slightly higher than Q2 as we completed major production and marketing initiatives

Investing Activities

Cash outflow: \$485 thousand for machinery, tooling, and intangibles

Financing Inflows

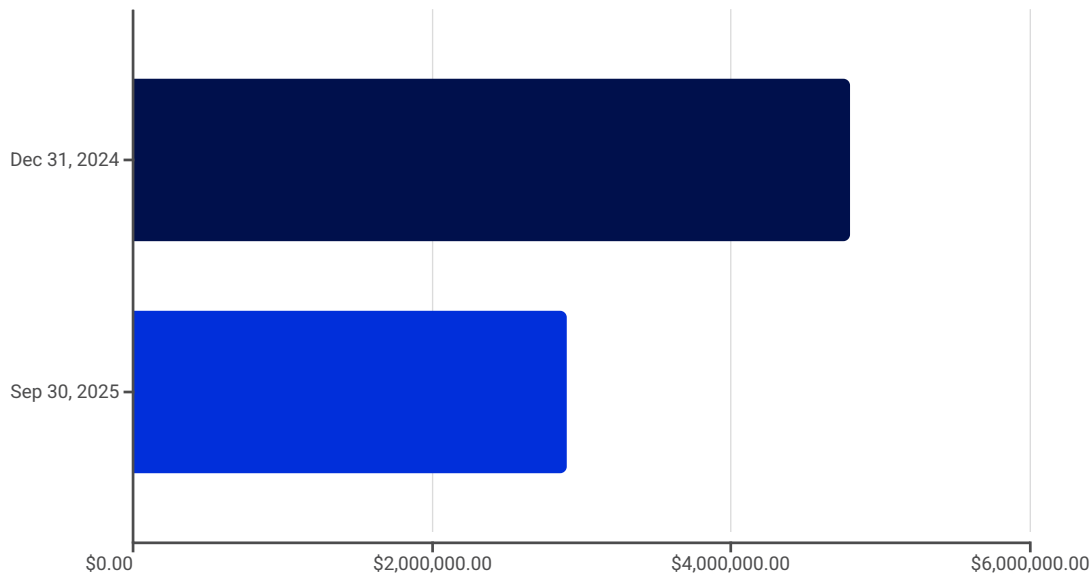
\$7.1 million from warrant exercises, Series C preferred stock issuance, and common stock issuance

- 📌 We anticipate Workspport's need for cash provided by financing activities to decrease in 2026, given our **projected path to cash-flow-positivity**.

Strengthened Balance Sheet

We continue to improve our leverage profile while managing our obligations.

Total Indebtedness Reduction



As of September 30, 2025

Total indebtedness: \$2.9 million (down from \$4.8M on December 31, 2024)

- Revolving credit facility: \$1.6 million
- Other term debt: \$1.3 million

Availability on revolving credit facility: \$3.3 million unused, providing additional liquidity and flexibility to support our strategic priorities.

Revenue, Margin, Expenses - Management's Take

Our path to profitability is becoming clearer each quarter, supported by stronger unit economics and upcoming revenue catalysts.



Gross Margin

Now consistently above 30%, up from under 10% last year, showing true structural improvement in profitability



Operating Leverage

Year-to-date revenue up 60%+ while G&A rose only 20%, signaling scalability



Revenue Scale

Annualized sales run-rate approaching \$20M positions us closer to breakeven

Importantly, much of R&D investment over the last few years is now at the finish line. With the HD3 tonneau cover line launching in Q4, and the SOLIS and COR systems set for **commercial orders in late 2025**, these are not cost centers anymore—they are our **next revenue engines**.

As these products enter production and sales channels, we expect sustained gross margins in the **35%+ range**, continued expense efficiency, and a clear trajectory toward cash flow positivity in 2026. We are building this profitability bridge—step by step, product by product.

Production Scaling & Operational Excellence

In Q3, we've built a scalable, ISO 9001:2015-certified manufacturing base. Q3's 31.3% gross margin is the financial proof of that operational capability.

2,499

Tonneau Covers Produced

In a 4-week stretch from early to late July 2025—more than double our March 2025 total monthly output

50%

Q4 Production Increase

Expected increase compared to Q3, benefiting margins and meeting market demand

Better Utilization

Improved use of U.S. production facility capacity

Fixed-Cost Absorption

Enhanced efficiency in overhead allocation

Quality Focus

Maintained high standards while scaling

Distribution Ready

Throughput sufficient to support national distributors and dealers

Achieved without proportional headcount increases, validating process efficiency.

Tonneau Business: The Profit Engine

After years of strategic investment, our hard folding tonneau cover division is now Workspport's near-term economic engine.

U.S. Manufacturing Advantage

U.S.-made with rising brand recognition and multi-channel distribution

Proven Margin Expansion

35%+ gross margins at current volumes, with margins projected to grow further as production scales

Self-Funding Growth

Absorbs significant share of fixed overhead, reduces reliance on external capital, generates cash to fund clean-tech initiatives



"The tonneau cover product offerings provide the financial backbone on which COR, SOLIS, and AetherLux are being built, giving Workspport a strong and self-funded foundation for growth."

Tariff Impact & Competitive Advantage

We continue to operate in a dynamic tariff and trade environment. While tariffs remain a headwind, **they are manageable** and, in the tonneau cover market, increasingly serve as a **competitive tailwind** for Workspport.



U.S. Manufacturing Advantage

The majority of tonneau production value is U.S.-based, reducing exposure compared to our import-heavy competitors



Cost Containment

Historical 5–10% material cost pressure offset through efficiency gains, scale-driven overhead absorption, and pricing discipline



Competitive Position

Tariffs often impact imported competing products more severely. Our domestic footprint, brand marketing and product quality is a clear differentiator



COR & SOLIS Consideration

Tariff exposure is modeled into pricing and margin forecasts. The November 10, 2025 tariff suspension provides additional near-term relief



HD3 Launch: Expanding Our Tonneau Lineup

As of **October 21, 2025**, the Workspport HD3 tonneau cover is now in production. With initial sales expected to begin to B2B customers in November 2025, followed by sales to online customers later this year.

HD3 Heavy-Duty Tonneau Cover

The HD3 is a heavy-duty tonneau cover designed for commercial and fleet applications. Building on the AL3, it features upgraded materials, seals, and latching for maximum durability.

While available through all channels, its primary focus is driving growth in our wholesale and B2B channels, adding a new revenue stream and completing our U.S.-made tonneau cover lineup.

SOLIS & COR: From Investment to Revenue

After years of engineering, tooling, certification, and partnership investment, SOLIS and COR are now set to be released for orders later this month. What has been pure operating and capital expense is expected to become a visible, high-margin revenue stream beginning in late Q4 2025 and scaling through 2026.

Launch Date

November 28, 2025

Customers will be able to place initial orders with expected delivery in late December 2025 and early January 2026

Pricing

COR Starter Kit: \$949 (includes COR HUB and one COR Battery)

SOLIS System: \$1,999 to \$2,499 depending on model size

Initial Rollout

1,000 COR units, 900 additional battery packs, with a limited SOLIS release

Representing roughly **\$2.5 million** in near-term initial revenue opportunity

SOLIS & COR Strategic Positioning

SOLIS Solar Tonneau

A margin-accretive product leveraging our tonneau expertise to enter the premium solar tonneau cover product channel.

COR Portable Energy System

A modular portable energy system designed as a recurring revenue platform, driving stable, cash flow-positive sales across work, overlanding, emergency, and industrial markets.

Together, these two platforms transform Workspport from a single-product channel manufacturer into a multi-market clean-tech company with recurring, scalable revenue potential.



R&D Roadmap: 2026 & Beyond

In 2026, we aim to transition R&D from heavy foundational build to **commercial optimization and platform leverage**.

1

SOLIS & COR Optimization

- Finalize launch execution and early customer feedback loop
- Optimize BOM and logistics for margin enhancement post-launch
- Expand integrations and form factors based on usage data
- **Expand the COR platform** for multiple product lines

2

Tonneau Cover Expansion

- Growing the HD3 product
- Launching "HD4" equivalent cover, labeled internally as "**The Workspport B2**"
- Incremental product improvements to maintain quality, compatibility, and margin strength

3

AetherLux Development

- Advance pilots and partnerships with leading institutions to validate performance and use-cases
- Finalize and **select manufacturing partner**
- Focus spend on projects with **clear commercialization path** and potential 2026+ impact

Operating Leverage Roadmap

Our operating model priorities for 2025 into 2026 support our transition from capital-funded mindset to operations-funded growth.



Sustain 35%+ Gross Margins

Maintain manufacturing efficiency and pricing discipline



Improve Working Capital Turns

Monetize existing inventory and further align production scale with growing demand



Slow OpEx Growth

Especially in Sales & Marketing. Treat Q3's elevated spending as peak investment, not the new baseline



Layer New Products

Tonneau, SOLIS, and COR share infrastructure, amplifying leverage onto existing cost-stabilized offerings

Risk Management & Mitigation

We are clear-eyed about the key risks and have strategies in place to address them.

Key Risks

- Ongoing net losses & going concern language in our 10-Q, reflecting reliance on external capital and execution risk
- Tariff and supply chain volatility, particularly for globally sourced components
- Launch risk for SOLIS & COR: timing, adoption, and margin realization
- Equity and warrant overhang impacting shareholder perception

Mitigation Strategies

- Tighten spend to initiatives with **measurable ROI**
- Maintain and **selectively use** diversified capital sources (e.g., ATM, warrants, **indebtedness**)
- **Stage** clean-tech production and inventory to complement demand signals
- Communicate **transparently** about **milestones** and capital deployment

□ Given the continued growth and healthy margins in our tonneau cover business, we are confident in our ability to manage tariff-related cost inflation while **advancing toward near-term cash flow positivity** and maintaining our 2026 profitability target.

2025–2026 Outlook



2026 Full-Year Impact

U.S.-Made Tonneau Platform
Full-year scale with **~35-40%+** target gross margins

AetherLux Progress
Selective progress as a complementary clean-tech platform, aligned with defined technical and **commercial milestones**

COR & SOLIS Commercialization
First full-year of COR portable power system and SOLIS solar tonneau covers

OpEx Discipline
OpEx growth below revenue growth to unlock **operating leverage**

Path to Cash Flow Positivity

1H 2026

Projecting: Operating cash flow positivity during first half of 2026



Stable Margins

Maintain 35%+ gross margins



Infrastructure Leverage

Increasing sales with higher utilization of existing manufacturing and distribution infrastructure



Cost Control

Tighter control of G&A, Sales & Marketing, and Professional Fees with spend tied to measurable ROI



New Revenue Streams

Launch of **HD3, SOLIS, and COR** as new margin sources

Key Takeaways



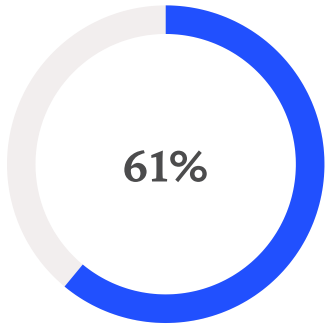
- **High-Margin U.S. Manufacturing**
Built a **scalable platform** with rapid revenue growth and 30%+ margins

- **Nationwide Distribution**
Established strong relationships with national distributors and retail chains

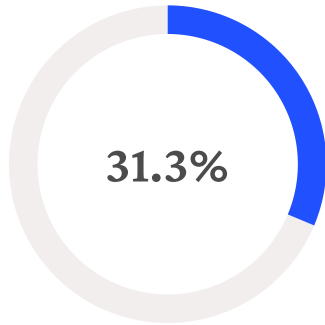
- **Clean-Tech Platform Ready**
SOLIS, COR, and AetherLux positioned on top of our foundation

- **Clear Path Forward**
Disciplined execution toward sustainable cash flow and profitability

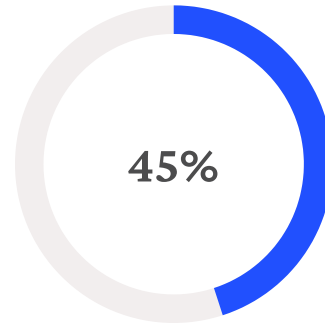
Financial Performance Highlights



Revenue Growth
Q3 2025 vs Q3 2024



Gross Margin
Up from 7.9% year-over-year



Debt Reduction
Total indebtedness down since year-end 2024

Question & Answer Session

Workspport is now opening the floor for Q&A. We welcome live questions from the analysts attending the call.

- Investors attending the call are encouraged to email investors@workspport.com with their questions and we will get back to you.

