

Workspport Ltd. Quarter 3 2025 - Prepared Remarks

Slide 1 – Introduction

Steven Rossi, Workspport Founder & CEO:

Good morning, everyone, and thank you for joining Workspport's Quarter 3 (Q3) 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 from attending analysts. Let's begin.

Slide 2 – Safe Harbor Statement

During this call we will make forward-looking statements, including statements regarding our financial outlook for the full year 2025 and 2026; our expectations regarding financial and business trends; impacts from the macroeconomic environment, our market position, opportunities, go-to-market initiatives, growth strategy and business aspirations; and product initiatives and the expected benefits of such initiatives. These statements are only predictions that are based on our current beliefs, expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Actual results or events may differ materially. Therefore, you should not rely on any of these forward-looking statements. These forward-looking statements are subject to risks and other factors that could affect our performance and financial results, which we discuss in detail in our filings with the SEC, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other SEC filings. The forward-looking statements made in this earnings call are made only as of today's date. Workspport assumes no obligation to update any forward-looking statements we may make on today's webinar.

Slide 3 – Agenda

Today's call will cover:

1. Q3 2025 Key Performance Outcomes
2. Production Scaling & Operational Execution
3. Tariff Environment & Cost Management
4. SOLIS & COR Commercial Launch Roadmap
5. R&D Next Steps, including AetherLux

6. Cash & Capital Strategy
7. 2025–2026 Outlook & Path to Cash Flow Positivity
8. Key Takeaways & Q&A

With that, let's move into the numbers. Mike will walk us through the Q3 2025 financial highlights.

Slide 4- Q3 2025 Key Performance Outcomes

Michael Johnston, CFO:

Thanks, Steven. Q3 was another solid step forward in Worksport's growth journey. Our third consecutive quarter of growth. Net sales reached **\$5.0 million**, representing **61% growth year-over-year** and **22% sequential growth** from Q2's net sales of \$4.1 million.

Gross margin continued to expand—**31.3% this quarter**, compared to **7.9% in Q3 last year** and **26.4% in Q2 of 2025**—demonstrating the impact of operational efficiencies and a stronger product mix.

Our **net loss of \$4.9 million** reflects an ongoing expansion of product offerings and commitment to investing in scaling our manufacturing ahead of commercialization milestones. While our revenues and margins are getting stronger, we continue to invest in growth in brand and corporate awareness. We believe it will position us to reflect operational cash flow positivity and profitability in 2026.

We ended the quarter with \$3.8 million in cash, and an additional \$3.3 million available on our line of credit. Total working capital was \$6.3 million.

Importantly, total indebtedness reduced to **\$2.9 million**, down from **\$5.3 million at year-end 2024**—a meaningful strengthening of our financial stability. Overall, Q3 demonstrates that our revenue growth and margin expansion are structural, with some future facing expenditure. In Q4 our expenditure profile is projected begin transitioning from investment mode toward long-term profitability.

Slide 5- Q3 2025 – Revenue Growth Drivers

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

Q3 net sales reached **\$5.0 million**, up from **\$3.1 million** a year ago.

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

Our strength this quarter came from:

- Strong continued growth from the **AL4 hard cover**(launched in Late Q1 2025)

- Expanded relationships with **several national distributors** and a **major national retail auto chain**
- Continued growth in our **dealer, jobber, and e-commerce channels**

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 Workspoint is on a path toward **profitability in 2026**. More on the upcoming product lines later.

Slide 6- Q3 2025 – Margin Expansion

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

Q3 gross profit was **\$1.6 million**, a **31.3% margin**, up sharply from **7.9% Q4 of 2024** and **26.4% in Q2 this year**. Year-to-date gross margin is **26.7%**, compared to **10.5%** in 2024.

Key drivers include:

- 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

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.

Slide 7- Q3 2025: Operating Expenses & Loss Bridge

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. We completed our offering in October 2025.

Operationally, we supported **60% revenue growth** from Q3 of 2024 to Q3 of 2025 while increasing **G&A only 20%**, showing improved scalability and cost discipline. This path includes the following factors:

Breakdown of operating expenses for Q3 2025:

- **R&D: \$0.3 million** – lower year-over-year as we move past core tonneau cover development.
- **G&A: \$3.0 million** – supporting higher volumes, compliance, and facilities.
- **Sales & Marketing: \$2.4 million** – the main driver of growth spending, focused on channel activation, brand marketing, and investor awareness.
- **Professional Fees: \$0.7 million** – advisory, compliance, and stock-based items.

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.

Slide 08 – Cash Flows & Cash Burn

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

- **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. We also incurred one-time expenses related to the Reg-A marketing efforts.
- **Investing cash outflow: \$485 thousand** (machinery, tooling, intangibles).
- **Financing inflows: \$7.1 million**
 - Warrant exercises
 - Issuance of Series C preferred stock and warrants in connection with Reg A units offering
 - Net repayments on revolving credit facility
 - Issuance of common stock

Slide 9 - Long-Term Debt Position (Quantified)

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

As of **September 30, 2025**:

- **Total indebtedness (current + long-term): \$2.9 million** (down from \$4.8M on December 31, 2025).
 - 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.

Slide 10- 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 generated from production activities.
- **Operating leverage:** while year-over-date revenue is up more than **60%**, G&A has risen only about **20%**, signaling scalability across our product offerings

- **Revenue scale:** applying current margins to an annualized sales run-rate approaching **\$20 million** positions us meaningfully 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**.

We anticipate Workspore's need for cash provided by financing activities to decrease in 2026, given our projected path to cash-flow-positivity. Now, back to Steven for key insights into business operations.

Slide 11- Production Scaling & Operational Execution

Steven Rossi (CEO):

Thanks, Mike. 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. It is expected to only improve from here.

- **We produced 2,499 tonneau covers** in a 4-week stretch from early to late July 2025 – more than double our March 2025 total monthly output. In Q4, we expect to increase production by 50% compared to Q3. An increase in production will benefit our margins and selling the demand we have meticulously invested in creating in the market over the last year.
- Achieved without proportional headcount increases, validating process efficiency.
- Q3 margins confirm:
 - Better utilization of U.S. production facility,
 - Improved fixed-cost absorption,
 - Continued focus on quality, and
 - Throughput sufficient to support national distributors and dealers.

Slide 12- Tonneau Business as the Profit Engine

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

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

- Proven ability to increase margins with scale, **35% percent plus gross margins** at current volumes, with margins projected to grow further.
- As production scales, the tonneau division can:
 - **Absorb a significant share of fixed overhead**
 - **Reduce reliance on external capital**
 - **Generate 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."

Slide 13- Tariff Impact & Management

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.

1. **U.S. Manufacturing Advantage**
 - The majority of tonneau production value is **U.S.-based**, reducing exposure compared to our import-heavy competitors.
2. **Cost Containment**
 - Historical 5–10% material cost pressure has been **offset** through:
 - Efficiency gains,
 - Scale-driven overhead absorption,
 - Pricing discipline.
3. **Competitive Position**
 - Tariffs often impact imported competing products more severely.
 - Our **domestic footprint**, brand marketing and product quality is a clear differentiator, especially if trade frictions continue.
4. **COR & SOLIS Consideration**
 - While some components are globally sourced,
 - Tariff exposure is **modeled into pricing and margin forecasts**, with flexibility to adjust mix and pricing as needed. Further,
 - The **November 10, 2025 tariff suspension** provides additional near-term relief and validates our proactive planning."

Slide 14- SOLIS & COR Launch: From Investment to Revenue Pipeline

HD3: 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.

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.

Slide 15- Innovation Pipeline: SOLIS & COR

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**.

Highlighting some of our recent announcements:

- **The official launch date** for the SOLIS Solar Tonneau & COR Portable Energy System is **November 28, 2025**. Customers will be able to place initial orders with expected delivery in late December 2025, and early January 2026.
- **COR Starter Kit** is priced at \$949, and includes the Workspport COR HUB and one COR Battery; The SOLIS System starting has a starting price of \$1,999. It will go up to \$2499 depending on the model size.
- Our **initial rollout plan includes: 1,000 COR units, 900 additional battery packs**, with a **limited SOLIS release**, representing roughly **\$2.5 million** in near-term initial revenue opportunity, with scaling planned through 2026.

In terms of strategic positioning:

- **SOLIS** is a margin-accretive product leveraging our tonneau expertise to enter the premium **solar tonneau cover** product channel.
- **COR** is 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.

Slide 16- R&D Next Steps

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

SOLIS & COR

FOR SOLIS & COR we are planning to:

- Finalize launch execution and early customer feedback loop.
- Optimize BOM and logistics for margin enhancement post-launch. Explore rapid scale cost savings.
- Expand integrations and form factors based on usage data. Expanding the COR platform for multiple product lines.

Tonneau Covers

- Growing the HD3 product
- Launching a “HD4” equivalent cover, labelled internally as the “The Workspout B2”. We expect this B2 to be extremely well received in all markets. More details will come later in 2026.
- Incremental product improvements to maintain quality, compatibility, and margin strength.

AetherLux

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

Slide 17- Operating Leverage Roadmap

Bringing it together, our operating model priorities for 2025 into 2026 as follows:

1. **Obtain and sustain 35%+ gross margins**
 - Maintain manufacturing efficiency and pricing discipline.
2. **Slow OpEx growth as a percentage of net sales.**
 - Especially in Sales & Marketing.
 - Treat Q3’s elevated spending as **peak investment**, not the new baseline.
3. **Improve working capital turns**
 - Monetize existing inventory and further align production scale with growing demand.
4. **Layer new products onto our existing cost-stabilized offerings.**
 - Tonneau, SOLIS, and COR share infrastructure, amplifying leverage.

Our priorities support our transition from capital-funded mindset to operations-funded growth.

Slide 18- Risk Management & Mitigation

We are clear-eyed about the 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:

- 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 compliment 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.

Passing it to Mike with our updated FY 2025 Outlook and Guidance.

Slide 19- 2025–2026 Outlook

Michael Johnston, CFO:

2025 Revenue Framework

- Q3 2025 has an ARR of \$20.4 million. A substantive leap from \$8.5 million in 2024.
- Q4 2025 expected to benefit from:
 - Continued tonneau growth and channel expansion.
 - Initial **SOLIS™ & COR™** orders commencing **November 28, 2025**, with early but measured contribution.
- We project year end revenues of \$17.0 to \$21.0 million (depending on when the revenue recognition for the COR and SOLIS fall).

2026 Growth Drivers

- We believe the base case for our U.S. Tonneau Cover net sales will be **\$27.0 to \$35.0 million next year**. Further, we believe SOLIS and COR product lines can lead to additional net sales in the **tens of millions**. We will update our shareholders on guidance after this product is rolled out later this year.
- 2026 will have the full-year impact of:
 - U.S.-made tonneau platform cover scale with ~35-40%+ target gross margins.
 - First full-year commercialization of the **COR** portable power system and **SOLIS** solar tonneau covers.
- Selective progress on **AetherLux** as a complementary clean-tech platform, aligned with defined technical and commercial milestones.
- Focused OpEx discipline: **OpEx growth below revenue growth** to unlock operating leverage.

Slide 20- Path to Cash Flow Positivity

Path to Cash Flow Positivity

Target: Operating cash flow positivity during 1H 2026, driven by:

- Stable **35%+** gross margins.
- **Increasing sales will lead to higher utilization** of existing manufacturing and distribution infrastructure (no major step-up in fixed cost).
- Tighter control of G&A Sales & Marketing and Professional Fees, with spend tied to measurable **ROI**.
- **Launch of HD3, SOLIS, and COR product lines are new margin sources.**

Now, back to Steve with our concluding remarks.

Slide 21- Concluding Remarks:

Steven Rossi, CEO:

We've:

- Built a high-margin U.S. manufacturing platform, with rapid revenue growth
- Established nationwide distribution,
- Positioned SOLIS, COR, and AetherLux on top of that foundation.

Our focus now is precise: **disciplined execution toward sustainable cash flow and profitability.**

Chart 1: Worksport Revenue Growth

Chart 2: Worksport Margin Growth

Chart 3: Worksport New Products Set to Improve 2026 Profitability.

Michael Johnston (CFO): Thank you everyone. – This concludes our prepared remarks. Operator, please open the line for questions.

Slide 22- Question & Answer Session

Operator: Worksport 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@worksport.com with their questions and we will get back to you.

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