Worksport Ltd.

Second Quarter 2026 Earnings Call

Prepared Remarks

For the quarterly period ended	June 30, 2026
Filed	August 11, 2026
Nasdaq	WKSP
Speakers	Steven Rossi, CEO | Jennifer Kartychak, CFO
Target runtime	Approx. 20-25 minutes prepared remarks, followed by Q&A

01 INTRODUCTION

Steven Rossi — Founder & Chief Executive Officer

Good afternoon, everyone, and thank you for joining Worksport's Second Quarter 2026 earnings call. I'm Steven Rossi, Founder and Chief Executive Officer. With me is Jennifer Kartychak, our Chief Financial Officer.

Jennifer was appointed Chief Financial Officer effective May 1, following Michael Johnston's resignation at the end of April. She had served as our Vice President of Finance since January and started working with the company in 2023, so this is a continuation rather than a transition. This is her second earnings call in the role, and I am glad to have her here with me today.

Our Quarterly Report on Form 10-Q for the period ended June 30, 2026 was filed today and will be available on the SEC's website and on our investor-relations website, along with these remarks and the accompanying presentation. Our remarks will follow the slides. We will then open the line for questions.

02 SAFE HARBOR STATEMENT

Steven Rossi — Founder & Chief Executive Officer

During this call, we will make forward-looking statements, including statements regarding our expectations for financial and business trends, our market position, our go-to-market and growth initiatives, and our product programs and their expected benefits. These statements are predictions based on our current beliefs, expectations and assumptions. Because they 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 our control. Actual results may differ materially, and you should not place undue reliance on them. These statements are subject to the risks discussed in our SEC filings, including our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. They speak only as of today's date, and we assume no obligation to update them except as required by law. Any supplemental operating metric discussed today should be considered together with, and not as a substitute for, the underlying GAAP results.

03 AGENDA

Steven Rossi — Founder & Chief Executive Officer

- Q2 2026 scorecard
- The WKSP platform
- Liquidity and capital resources
- Financial review
- Inventory strategy
- Commercial execution
- 2026 outlook and cash-flow framework

04 Q2 2026 SCORECARD

Steven Rossi — Founder & Chief Executive Officer

We are entering a phase where scale efficiencies are becoming evident. In Q2 2026: quarter-to-date revenue grew sequentially by 58% while total operating expenses declined by 17%, and cash used in operations declined by 58%. Our results reflect improved operating leverage and a more efficient cost structure. We are beginning to generate revenue more efficiently, with a greater proportion of sales converting into operating cash flow.

The following Q2 2026 financial results support our positive scaling dynamics:

- Net sales were approximately $5.2 million. This is the strongest quarterly result in Worksport's history, up 27% year over year and 58% sequentially.
- Gross profit was approximately $1.6 million, up approximately 52% year over year and 93% sequentially, with gross margin expanding to approximately 32% from approximately 26% in Q1 2026.
- Operating expenses were approximately $5.5 million, down approximately 17% from Q1 2026. Operating expenses as a percentage of net sales declined from 128% to 68% during the same time period.
- Net cash used in operating activities was approximately $3.4 million, **an improvement of 58%** from $8.2 million in Q1 2026.

The quarter also strengthened as it progressed. June was our strongest revenue month on record at approximately $2.1 million, with monthly gross profit rising during the quarter to 35% in June. We believe June is a strong indicator or our ability to scale the business as it continues to expand in both the consumer direct and commercial sales channels.

This quarter, we focused on improving our operating cash-burn, and we made good traction. Jennifer will provide more insight on factors contributing to our improvements. We will also speak to how we intend to convert our strong operational progress into sustainable operating cash-flow breakeven. What Q2 2026 established is that the cost base and the revenue line can move in opposite directions in the same quarter. Moving forward, we intend to continue targeting increased revenue with efficient cost bases.

05 THE WKSP PLATFORM

Steven Rossi — Founder & Chief Executive Officer

We continue to evolve into a diversified platform with multiple products serving multiple channels and generating multiple revenue streams. As we scale, we are mindful of prioritizing our organizational strength.

- Our core economic engine is the hard-folding tonneau cover, manufactured at our ISO 9001:2015-certified facility in West Seneca, New York. We launched our newest tonneau cover, NEXUS, in Q2 2026
- Our near-term growth levers include distributor onboarding, distribution reorders, expanding e-commerce, and conversion of inventory into working capital.
- We will continue making new product innovations for our products. and we will pursuing larger partnerships for our energy products:
- Our SOLIS solar tonneau cover and COR portable energy system are an emerging commercial option that extends the truck bed from a covered platform into a mobile power system.
- Our AetherLux heat pump system, through our subsidiary Terravis Energy, is a very exciting strategic opportunity that is expected to be certified in the second half of 2026

We prioritize and emphasize operational excellence ahead of additional growth vectors. Our core business strategy must be executed with discipline, and our results in Q2 2026 support our commitment to the success of our platform.

06 LIQUIDITY AND CAPITAL RESOURCES: LIQUIDITY AND GOING CONCERN

Steven Rossi — Founder & Chief Executive Officer

I will address liquidity directly, and then I will go through our recent business updates.

At June 30, 2026, we held approximately $1.2million of cash and cash equivalents. Separately, we had about $820,000 of remaining availability on our revolving line of credit, which is borrowing capacity, not cash. We reported an inventory balance of $12M, which we expect to be a strong source for additional liquidity, and will discuss further below.

Our Q2 Form 10-Q continues to disclose substantial doubt about our ability to continue as a going concern. While this disclosure reflects uncertainties associated with our current liquidity and capital resources, management has implemented a clear plan focused on revenue growth, margin expansion, disciplined cost management and active analysis of additional financing opportunities. We remain focused on executing our strategy and strengthening our financial position. Our plan for closing that gap is the same plan we are executing operationally: convert inventory into sales and cash, grow gross profit faster than recurring cash costs, and improve marketing productivity.

07 LIQUIDITY AND CAPITAL RESOURCES: CAPITAL STRATEGY AND DILUTION

Steven Rossi — Founder & Chief Executive Officer

Our objective during the first half of 2026 was to strategically support growth initiatives that we believe will create value over time. Our strategy included funding working capital and operations to support scaling, and we are now well positioned to convert inventory to working capital efficiently in the second half of the year.

We continue to prioritize a reduction in our reliance on dilutive capital as gross profit expands and operating cash flow improves. Our greatest source of liquidity, inventory, is being managed during the balance of the year. We are strategically producing our products to function in a just-in-time environment such that we maximize our use of raw materials while minimizing our concentration risk of inventory build-up. More on this subject to come. To align my incentives further with the stock, I elected to receive previously accrued and unpaid bonus compensation of $125,000 in stock at market closing prices. I continue to believe the future of the Company reflects strong value, as we continue to actively target cash flow positivity.

With that, I will hand the call to Jennifer.

08   FINANCIAL REVIEW: REVENUE AND CHANNELS

Jennifer Kartychak — Chief Financial Officer

Thank you, Steven, and good afternoon, everyone.

Net sales for Q2 2026 were $5.2 million compared with $4.1 million in Q2 2025 and $3.3 million in Q1 2026 — growth of approximately 27% year over year and 58% sequentially. First-half net sales were $8.5 million, or about 11,574 units.

The shape of the mostly recently completed quarter matters as much as the total. Monthly net sales during Q2 2026 were approximately $1.4 million in April, $1.7 million in May, and $2.1 million in June — each month larger than the one before it. June 2026 was the strongest revenue month in our Company's history. That progression reflected stronger production output, broader product availability and channel execution rather than any single order.

We sold 7,010 units: 2,957 through B2B and 4,053 through B2C, generating approximately $2.3 million and $2.9 million of net sales respectively. Our mix between sales channels was consistent between Q1 and Q2 2026. The mix matters because B2B carries a lower gross margin but a materially lower marketing cost per unit, and the balance between the two is what determines both blended margin and cash efficiency. Having both channels gives us direct customer insight and wholesale reach at the same time.

09   FINANCIAL REVIEW: GROSS MARGIN

Jennifer Kartychak — Chief Financial Officer

Gross profit was $1.6 million, compared with $1.1 million in Q2 2025 and approximately $850,000 in Q1 2026 — an increase of approximately 52% year over year and approximately 93% sequentially.

Gross margin was approximately 32%, compared with 26% in Q2 2025 and approximately 26% in Q1 2026. Gross profit rose from approximately 26% in March 2026 to 35% in June 2026.

The improvement was driven by higher sales volume, efficiencies in overhead absorption and product mix. These gains offset higher input and landed costs, including tariff pressure. That is worth emphasizing: we expanded margin more than five points against a rising cost base. Sustaining gross margin at its current run rate as volume increases and sales channel mix shifts is a principal objective for the back half of 2026.

10 FINANCIAL REVIEW: OPERATING EXPENSES AND NET LOSS

Jennifer Kartychak — Chief Financial Officer

- Total operating expenses were about $5.5 million, up approximately 16% year over year. However, operating expense as a percentage of sales decreased 9 percentage points year over year. In addition, operating expense decreased approximately $1.1 million, or 17%, from Q1 2026.
- Research and development expense was $214,000. AL4 and NEXUS have moved out of development and into production, which is why this expense caption fell $91,000, or approximately 30%, year over year — spend converted into product we are now selling.
- General and administrative expense was about $3.5 million, up approximately 15% year over year. As a percentage of net sales, general and administrative expense decreased by approximately 7 percentage points year over year. Further, this expense caption declined by approximately $690,000, or 16%, from Q1 2026.
- Sales and marketing expense was $1.7 million, up approximately 31% year over year. However, sales and marketing expense as a percentage of net sales only increased 1% compared with net sales increase of 27%. Further, this expense caption decreased approximately $449,000, or 21%, from Q1 2026 — the first evidence of the marketing discipline we committed to during our Q1 2026 earnings call.

Net loss was $3.97 million, compared with $3.73 million in Q2 2025 and $5.83 million in Q1 2026. That is a 32% sequential improvement, and a 6% reduction in net loss year over year. Loss per share improved to $(0.33) from $(0.71) in the prior-year quarter.

The year-over-year comparison is the one that keeps our attention: revenue growth alone has not yet outrun our recurring cost base. The sequential comparison is the one that shows the mechanism working. Our objective for the second half is straightforward — focus on gross profit expanding at a rate faster than operating cash requirements, creating a path to positive operating cash flow.

11 FINANCIAL REVIEW: CASH FLOW

Jennifer Kartychak — Chief Financial Officer

Net cash used in operating activities in Q2 2026 was $3.4 million, compared with $8.2 million in Q1 2026 and approximately $3.1 million in Q2 2025 — a 58% sequential reduction**.** For the first half of 2026, operating cash use was $11.7 million, compared with $6.9 million in the prior-year period, an increase of approximately 68%.

The Q2 2026 bridge is straightforward. We began with the net loss of $3.97 million. Approximately $1.1 million is related to non-cash items, principally stock-based compensation and depreciation and amortization, leaving a loss before working-capital movements of approximately $2.74 million. Working capital used approximately $555,000 — a substantial normalization from the roughly $3.6 million consumed in Q1 2026, and the clearest sign that the balance-sheet build phase is believed to be behind us.

Cash and cash equivalents were $1.2 million at June 30, 2026, compared with $567,000 at March 31, 2026 and $5.9 million at December 31, 2025.

12 INVENTORY STRATEGY

Jennifer Kartychak — Chief Financial Officer

Inventory consists of raw materials that have already been purchased, work-in-process, and finished goods. Converting this inventory into sales represents the largest internal source of working capital available to the company without the need to raise external financing. Net inventory was $12.1 million at June 30, 2026, up $2.5 million from year-end. Inventory included approximately $6.6 million of raw materials, $4.6 million of finished goods, and $845,000 of work in process. We are actively optimizing new production against growing sales channels, and expect our materials and finished goods components to meaningfully reduce during Q3.

We are optimizing our inventory with the following initiatives:

- Procurement: We are actively managing procurement requirements for our raw materials against our forecast projections. First-half 2026 procurement of approximately $8.1 million was front-loaded to support production requirements for expanded sales channels, with approximately $1.0 million of those purchases still in accounts payable at June 30, 2026. That spend, including amounts outstanding at the end of Q2 2026, are now complete.
- Production: The process to manufacture our hard tonneau covers is managed against demonstrated sell-through and distributor reorder cadence rather than launch forecasts.
- Fulfillment: Finished goods of $4.6 million or approximately 6,800 covers, is the balance most directly convertible in the near term. We manage fulfillment by product family and sales channel with the goal to sell more than what is produced in a given month. Working capital conversion is the measure we will report against. For insight, in July we sold ~30% more covers than we made, and that continues to be the goal for Q3, 2026.

We are prepared to take questions on inventory aging and the split between inventory supporting confirmed orders versus forecast demand.

13 COMMERCIAL EXECUTION: NEXUS AND THE CORE BUSINESS

Steven Rossi — Founder & Chief Executive Officer

Thank you, Jennifer.

NEXUS entered commercial production on April 13, 2026 with sales shortly after, making Q2 2026 its first quarter in our product portfolio. Its proprietary single-side operating system allows a person to secure and release the NEXUS tonneau cover without walking around the pickup truck — a practical solution to a real complaint. The real-world utility of NEXUS creates a differentiated premium product for our customers.

The product launch followed the shape you want to see. Following its introduction, NEXUS achieved $1.0M in cumulative net sales across all sales channels in about 10 weeks. Margin contribution increased across both sales channels during Q2 2026. A product went from first unit to contributing meaningful margin inside a single quarter. The focus now is to maximize margin capture through manufacturing efficiencies and channel expansion, including established sales cadence.

Into July, NEXUS sales continue to grow, with nexus related sales orders commanding nearly $1.5million dollars.

14 COMMERCIAL EXECUTION: DISTRIBUTION

Steven Rossi — Founder & Chief Executive Officer

Two distribution partners were added in Q2 2026, one at the end of April, and the other in June. Both distribution partners had orders fulfilled during the quarter.

Meyer Distributing joined in June 2026 as our first multinational distribution partner, bringing a substantially larger North American wholesale network serving dealers, installers and aftermarket resellers. That is the widest wholesale access this company has had. Tri-State Enterprises began carrying our products, including NEXUS, broadening our reach across four U.S. states.

These matter because distributor-driven sales in our commercial channel, including repeat orders, expands reach while reducing our blended marketing burden per unit. We plan to focus on creating distributor programs during the second half of 2026 that emphasize active order frequency.

Our filing also describes conversations with three additional major distributors. We remain focused on achieving successful contractual arrangements to maximize our distribution network of nationwide U.S. dealers. I want to characterize those accurately: they are opportunities at present, and we will announce updates as they are available.

15 COMMERCIAL EXECUTION: SOLIS, COR AND AETHERLUX

Steven Rossi — Founder & Chief Executive Officer

SOLIS integrates solar generation directly into a tonneau-cover platform. COR is a modular portable-energy system that pairs with SOLIS or operates on its own. Together they extend the truck bed from storage into a power source.

Both entered Q2 2026 with launch and certification work substantially complete. COR's UL and CSA certification package removes a real commercialization barrier and expands the set of distributors, retailers, fleets and commercial customers that can evaluate the system. SOLIS and COR did not represent a material share of Q2 2026 revenue. Our near-term objective is product-market fit and acquisition economics that do not require customer-acquisition cost to rise in step with gross profit. We continue to develop federal, fleet and OEM-oriented opportunities, and we assume no material revenue from them in our near-term plan, however I can confirm that we believe we have made notable progress on this front.

At Terravis Energy, we received U.S. Patent No. 12,624,872 during the quarter, covering heat-pump system architecture related to ZeroFrost and designed to reduce or eliminate conventional defrost cycles. Certification work is expected to continue in the second half, subject to testing and customary certification timing. AetherLux remains pre-commercial, no procurement decision has been made, and we do not rely on AetherLux revenue to achieve our 2026 operating plan. The next gate is third-party validation and certification. We will allocate capital to it against measurable milestones and nothing else.

16 2026 OUTLOOK AND CASH-FLOW FRAMEWORK

Steven Rossi — Founder & Chief Executive Officer

We believe we may hit momentary operational cash-flow positivity within Q3 2026. At this time, we are not providing guidance of a specific calendar target for sustained operating cash-flow positivity, though we remain focused on reaching sustainable operating cash-flow breakeven in 2026. Our priority is disciplined cash generation rather than optimizing around a single quarter.

Rather than focusing on a projected date, we believe investors should focus on the underlying drivers of operating cash flow. Our path to positive operating cash flow is straightforward: grow revenue, expand gross profit, maintain disciplined control over recurring cash costs, and convert working capital more efficiently.

During Q2 2026, we made progress across all four areas simultaneously. Gross profit totaled approximately $1.7 million, compared to approximately $4.5 million of cash operating needs before working capital, resulting in an operating cash flow gap of roughly $2.9 million before working capital movements. Working capital usage accounted for an additional approximately $0.6 million during the quarter.

Viewed differently, gross profit covered approximately 32% of our recurring cash operating requirements during the quarter. Closing the remaining gap can be achieved through some combination of higher revenue, sustained or improved gross margins, disciplined recurring expenditures, and improved inventory conversion. At a 35% gross margin and using our most recent run rate of $2.1M of monthly net sales, quarterly revenue of approximately $12.9 million would fully cover our current pre-working-capital cash cost structure. Alternatively, if we expand our margin contribution by 300 basis points and recognize approximately $9.3 million of quarterly net sales, recurring cash costs would need to decline by approximately $1.2 million per quarter for us to fully cover our recurring expenditures, assuming relatively neutral working capital.

We offer these figures as sensitivity guideposts rather than revenue guidance. The key takeaway is that the gap continues to narrow, and we believe the progress achieved during the quarter demonstrates a clear trajectory toward a self-sustaining, cash flow-positive operating model.

17 CLOSING REMARKS

Steven Rossi — Founder & Chief Executive Officer

Q2 2026 showed that Worksport can generate stronger revenue, expand margin, reduce operating expenses and materially improve cash efficiency in the same quarter, against a rising input-cost base. That combination results in a business which we believe is on its way to scaling successfully.

We are aware there is still work ahead of us. We must convert our inventory and expand our commercial distribution reach while maintaining gross profit that meaningfully contribute to our operations. That is a question of execution, and it is the right question to be judged on.

So, we are committing to three things: convert inventory into cash; turn distributor access into repeat orders; and grow sales volume faster than operational cash requirements.

Thank you for your continued interest in Worksport.

This concludes our prepared remarks. Operator, please open the line for analyst questions. Our investor town hall will follow the call.

18 QUESTION & ANSWER SESSION

Operator

Worksport is now opening the floor for Q&A. We welcome live questions from analysts on the call. Investors may submit questions through the Zoom Q&A feature or by email to investors@worksport.com. Selected investor questions may also be addressed during the town hall immediately following this call.

Reg FD note: the investor town hall is a separate public forum. No information may be disclosed there that has not first been disclosed on this call, in the earnings release, or in the Form 8-K.

— END OF PREPARED REMARKS —