# Q3 2026 - Earnings Call

## Prepared Remarks

For the quarterly period ended: September 30, 2026

Call date: November 10, 2026

Nasdaq: WKSP

Speakers: Steven Rossi, CEO | Jennifer Kartychak, CFO

Target runtime: Approximately 15–17 minutes, followed by Q&A

### 01 INTRODUCTION

*Steven Rossi — Founder & Chief Executive Officer*

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

Today we'll discuss our results for the quarter ended September 30, 2026, the discipline and efficiency gains that are increasingly enabling us to fund our own growth, and the next steps for our product portfolio. Our remarks follow the accompanying slides. We'll then open the line for analyst questions.

You can find our earnings release and Form 10-Q for the quarter ended September 30, 2026, on the Worksport investor relations website: www.investors.worksport.com/#reports

### 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*

We'll cover:

- Q3 performance, liquidity and capital resources
- Financial results, monthly sales, and backlog
- Inventory manufacturing and conversion
- Product portfolio outlook
- TerraVis Energy's AetherLux certification & next steps
- Strategic priorities

## 04 Q3 PERFORMANCE

*Steven Rossi — Founder & Chief Executive Officer*

**Q3 was the strongest revenue quarter in Worksport's history, and our second consecutive quarterly sales record.** Net sales reached approximately $7.2 million, up 38% from Q2 and 44% from a year ago.

What makes this quarter ***especially encouraging*** is the way the business supported that growth. Gross margin remained above 30%, operating expenses stayed close to Q2's level, and inventory converted to revenue by approximately $2.5 million. The business shifted from a high revenue concentration of B2C sales to now a more even split of B2B and B2C sales. Achieving this, while increasing revenues and keeping margin stable is something management believes strengthens the foundation of future growth.

Cash use came down sharply in the quarter. Operating cash use was approximately $0.4 million, helped by favorable working-capital timing, so we don't view it as a quarterly run rate. What we do see as durable is the improvement in the core business. Revenue grew 44% year over year to $7.2 million and gross profit rose about 40%, while total operating expenses came down by roughly $740,000. Together, that narrowed our net loss by 27%. With inventory already in place to support COR, SOLIS and NEXUS, our focus now is turning that volume into margin. We'll continue to use our credit facility and the capital markets as needed while we target closing the remaining gap to profitability.

On our last call, we committed to three things: convert inventory, turn distribution access into repeat orders, and grow sales volume faster than our operating cash requirements. This quarter gives shareholders concrete progress against those commitments. Inventory decreased by $2.5 million during a record sales quarter, and sales grew 38% alongside relatively flat operating expenses. Large distributor reorders during Q3 grew by a factor of 7 and resulted in a nearly equal contribution of net sales from both of our sales channels. Much of this quarter's improvements in operating cash came from working capital as that inventory converted, and Jennifer will elaborate on that success. The work ahead is to keep narrowing the underlying cash gap, so that cash generation holds up without relying on inventory release.

## 05 LIQUIDITY AND CAPITAL RESOURCES

*Steven Rossi — Founder & Chief Executive Officer*

The most important liquidity development this quarter is how much of our own operating needs the business covered. Operating cash use was approximately $0.4 million, and the working capital we converted during the quarter allowed us to reduce the balance on our credit line.

In August we also completed a warrant inducement, which brought in about $2.3 million. That is the main reason cash ended the quarter at $2.5 million. We view it as balance-sheet strength, not what carried the quarter's operations.

Several things that required capital over the past two years are now largely behind us. Our phase-one manufacturing equipment is in place, and investing cash flow was about $0.3 million through nine months, compared with $1.1 million last year. We were released from a roughly $2.7 million equipment purchase obligation. Inventory has been essentially flat this year after last year's build. And our credit facility has renewed through July 2028.

Our goal is to make outside financing a choice rather than a necessity. The path is the one we've been describing: more volume through the plant we've already built, better margin on that volume, and disciplined spending. Q3 is an early sign that path is working.

Jennifer, over to you.

## 06 FINANCIAL RESULTS – REVENUE

*Jennifer Kartychak — Chief Financial Office*

Thank you, Steven. Third-quarter net sales were approximately $7.2 million, compared with $5.2 million in Q2 and $5.0 million a year ago. That is our fifth consecutive quarter of double-digit year-over-year revenue growth.

Through September, net sales were approximately $15.8 million, up 39% from the same period last year. In nine months, we have generated nearly as much revenue as the $16.1 million we reported for all of 2025.

Both channels contributed to the sequential increase. Direct-to-consumer sales grew approximately 48%, and B2B sales grew approximately 26%. Because direct sales grew faster, B2B represented approximately 41% of quarterly net sales, compared with 45% in Q2.

The mix moved the other way as the quarter closed. In September, B2B and distribution accounted for about half of monthly sales, compared with 40% in June. That is the progress we committed to on our last call: turning distributor access into recurring demand.

Having both channels gives us flexibility in how we reach customers and what it costs to reach them.

## 07 FINANCIAL RESULTS – MONTHLY NET SALES AND BACKLOG

*Jennifer Kartychak — Chief Financial Officer*

The monthly progression helps explain the quarter. Preliminary net sales were approximately $2.2 million in July, $2.3 million in August, and $2.7 million in September. Each month since January has exceeded the month before, and September is our strongest month to date.

Demand also ran ahead of shipments. Third quarter sales orders were approximately $7.9 million, about $0.6 million more than we invoiced. As a result, estimated backlog increased to approximately $740,000 at September 30, from approximately $117,000 at the end of June. Backlog was lower at the end of August, as September’s record shipments filled orders already on hand.

## 08 FINANCIAL RESULTS – GROSS PROFIT

*Jennifer Kartychak — Chief Financial Officer*

Gross profit was approximately $2.2 million, up approximately 40% year over year and **about $540,000 from Q2**. Gross margin was 30.3%, compared with 31.3% a year ago and 31.5% in Q2. For the first nine months, gross margin improved to 29.8% from 26.8%.

Our margin was modestly lower than Q2, reflecting higher material and landed costs, including tariffs, and a larger share of sales contributed by B2B. We also consider the cost of customer outreach to secure a sale. B2B generally carries a lower gross margin than B2C sales but lower marketing cost per unit, and sales and marketing fell to 25% of net sales from 47% a year ago.

If we continue to increase volume while maintaining healthy margins and spending discipline, our goal is to convert more of that additional gross profit into operating cash flow.

## 09 FINANCIAL RESULTS – EXPENSES AND NET LOSS

*Jennifer Kartychak — Chief Financial Officer*

Operating expenses were $5.6 million, down 12% from $6.4 million a year ago and flat when compared with Q2. **Operating expenses represented about 77% of sales, down from 127% a year ago.**

Over the past few years we built our operating base, including our West Seneca facility and team, to be a strong foundation for the volume we believe would come. This quarter, sales are beginning to fill out that profile. Sequentially, sales increased 38% while total operating expenses were relatively unchanged. We don’t consider that work finished, and we’re actively looking for ways to make our spending more efficient.

Sales and marketing expense declined to $1.8 million from $2.4 million a year ago. That decline came from investor relations and awareness programs, where we spent approximately $1.0 million less than in the prior-year quarter. Customer-facing marketing increased by approximately $0.5 million, supporting a 44% increase in net sales. We’re directing more of our marketing budget toward the activities that generate sales.

General and administrative expense was $3.6 million, down from $3.7 million a year ago. Research and development expense was $213,000, down from $301,000, as NEXUS and AL4 moved from development into production.

Operating loss narrowed 28% year over year to approximately $3.4 million. Net loss was $3.6 million, compared with $4.9 million a year ago and $4.0 million in Q2. Loss per share was 26 cents, compared with 75 cents a year ago. That per-share improvement also reflects a higher weighted-average share count.

## 10 FINANCIAL RESULTS – OPERATING CASH FLOW

*Jennifer Kartychak — Chief Financial Officer*

Operating cash use was approximately $0.4 million, compared with $3.4 million in Q2. Within Q3, operating cash use was approximately $34,000 in July, $278,000 in August, and $75,000 in September. Those monthly results show how much less cash operations required through the quarter.

The bridge starts with our $3.6 million net loss. Noncash adjustments of approximately $1.3 million, primarily share based payments of approximately $835,000 and depreciation and amortization of approximately $421,000, brought cash use before working-capital movements to approximately $2.3 million. Working capital then provided approximately $2.0 million.

Inventory conversion is doing what we intended: releasing capital back into the business as sales grow. The next task is to narrow the underlying cash-flow gap through more gross profit and disciplined focus on cost efficiencies.

For the first nine months, operating cash use was $12.0 million, compared with $11.2 million a year ago. Most of that came in the first half, when we invested approximately $3.5 million in working capital, mainly the materials and supplier payments behind the launch of NEXUS and the build-out of SOLIS and COR. With that investment largely behind us, Q3 reflects a meaningfully lower cash requirement. Sustaining it depends on the operating progress and inventory discipline we have discussed.

## 11 INVENTORY PRODUCTION AND MANUFACTURING

*Jennifer Kartychak — Chief Financial Officer*

Inventory declined to $9.6 million from approximately $12.1 million in June, a reduction of about 21%, while quarterly sales grew 38%.

This is an important change in how we’re using the capital already invested in the business. Inventory supported a record sales quarter while the balance came down, releasing working capital. Just as important, the composition held steady. Raw materials were about 54% of total inventory at quarter-end, compared with 57% at year-end. That tells us the reduction wasn’t just a drawdown of finished goods that we’d need to rebuild. Our purchasing of inputs is moving with increased proximity to sales, which suggests our working-capital needs are beginning to normalize.

Our production model began to shift towards a just-in-time fulfillment model, aligning purchasing and manufacturing more closely with B2C sell-through patterns and B2B distributor reorders. The objective is to keep products available without committing more working capital to producing finished goods ahead of demand.

Our factory gives us control over that balance: what we purchase, what we build, and when we replenish finished goods. Improving those decisions supports both customer service and working capital efficiency.

Back to you, Steven.

## 12 PRODUCT PORTFOLIO OUTLOOK: HARD TONNEAU COVERS

*Steven Rossi — Founder & Chief Executive Officer*

Thanks, Jennifer. NEXUS shows what product innovation can contribute to this business. **Q3 NEXUS net sales reached approximately $4.8 million, up 150% from Q2, and represented roughly two-thirds of quarterly net sales.** We've also been watching closely how NEXUS interacts with the rest of our lineup, particularly AL4. We see the two as a good-better pairing on the same platform, not competing products. AL4 is our competitively priced hard folding cover: a proven tri-fold, flip-up design for value-focused truck owners and daily work use, sold broadly through retail and online channels. NEXUS is a premium cover. It's built on the AL4 platform and adds an auto flip-up design that opens and locks from one side of the truck, for buyers willing to pay for convenience. Because both are built on the same platform in our own factory, a customer who chooses NEXUS over AL4 is trading up within our portfolio, and we gain efficiency from shared components and production. At the segment level, hard tonneau cover sales grew 47% year over year to $7.2 million.

Our November 4 announcement points to how we could build on our growing sales channels and innovative capabilities. We signed a non-binding term sheet for a business selling a patented, American-made truck-bed accessory. If completed, the acquisition would add a complementary product that could be sold independently or bundled with our hard tonneau cover product offerings, including AL3, AL4, HD3 and NEXUS.

We already have manufacturing capacity, dealer relationships, and more than 50,000 targetable customers. Bringing a complementary product into that network could give us more to offer each customer and improve the return on our marketing investment.

The transaction remains subject to due diligence, definitive agreements, and closing conditions. Our ambition is to build a broader U.S. manufacturing business using the capabilities established by our covers. We intend to pursue that ambition with positive operating cash flow as our first financial priority.

## 13 PRODUCT PORTFOLIO OUTLOOK: SOLIS AND COR

*Steven Rossi — Founder & Chief Executive Officer*

SOLIS and COR are product offerings that emerged from the our hard tonneau cover product offerings. SOLIS adds solar energy generation into our hard tonneau covers, so the surface that protects the truck bed also produces power. COR stores power and works with SOLIS or independently, allowing customers to take usable energy anywhere.

We approach portable energy as an extension of a product we already know how to build, sell, and support, rather than a separate business. Meanwhile, we add energy storage solutions to our capabilities.

SOLIS net sales more than **quadrupled** from Q2 to approximately $96,000 in Q3. We believe SOLIS is among the early entrants in the solar tonneau cover market, and we are not aware of any major industry player currently offering a comparable solar-integrated truck-bed cover. The early progress of this patented, innovative product is very encouraging,  while still representing a small share of total revenue. COR's UL and CSA certifications support access to retail, fleet, and commercial channels. In September, we also made COR available on Amazon, giving customers another way to discover and purchase it.

Our focus now is to turn product availability into a repeatable sales business. We'll measure progress through customer adoption, channel development, and the cost of generating demand.

## 14 TERRAVIS ENERGY – AETHERLUX CERTIFICATION & NEXT STEPS

*Steven Rossi — Founder & Chief Executive Officer*

At TerraVis Energy, our commercial discussions include government organizations, larger distributors, and major installers as we prepare for the next stage of commercialization, which is subject to successful certification, testing, and production readiness.

For me, this is an exciting technology and significant opportunity. In cold weather climates, conventional heat pumps must manage frost buildup on the outdoor coil, resulting in defrost cycles that consume energy and interrupt heating. TerraVis Energy's patented ZeroFrost technology is designed to reduce or eliminate those cycles, addressing a limitation that customers and installers understand well.

The objective is more consistent heating when customers need it most. **A real world scaled pilot will be the next step toward demonstrating that technology in real installs and developing the installation, service, and distribution relationships needed to support it.**

Certification remains targeted for Q4 2026, with first production expected before year-end, subject to such certification, testing and production readiness. Initial pilot installations in the continental United States are targeted for Q1 2027, following certification and initial production.

We have spent years developing this technology. Seeing it move toward field deployment is a meaningful milestone for our team. We'll report on certification, production, and pilot installations as they are achieved.

## 15 STRATEGIC OUTLOOK

*Steven Rossi — Founder & Chief Executive Officer*

Q3 gives us a stronger basis for confidence in our path toward operating cash flow positivity. The cover business is generating more sales and gross profit, and inventory conversion is releasing capital that we had already committed.

The intention is to continue increasing contribution from that business without expanding spend at the same pace. We have a factory, equipment, products in production, and established routes to customers. As we make more efficient use of those resources, we can expect more gross profit to go toward closing the remaining cash-flow gap.

Our objective is sustained operating cash flow positivity. Reaching it would allow us to fund more growth internally and reduce our dependence on equity financing. Progress will depend on revenue, margins, recurring cash requirements, and working-capital discipline; we are not providing a new calendar target today.

Alongside that immediate financial priority, we are developing complementary product opportunities and preparing the AetherLux heat pump for its pilot. We will manage those programs against the resources available and the milestones they need to achieve.

## 16 CLOSING REMARKS

*Steven Rossi — Founder & Chief Executive Officer*

For me, Q3 was an important step in the business we have spent years building. We delivered our highest quarterly revenue, NEXUS became our largest product revenue contributor, and operating cash use declined substantially.

I know shareholders want that progress to continue. Our responsibility is to turn the factory, products, and customer relationships we have built into a business that can increasingly support itself. This quarter shows meaningful progress toward that goal.

Thank you to the employees who build and deliver our products, the customers and partners who choose Worksport, and the shareholders who have supported us. Jennifer and I look forward to answering your questions. Operator, please open the line.

## 17 QUESTION & ANSWER SESSION

*Operator*

Thank you, Steven. We'll now take questions from analysts.

**— END OF PREPARED REMARK**