UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended: **March 31, 2024**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 001-40681

Worksport Ltd .
(Exact Name of Small Business Issuer as specified in its charter)

Nevada	**35-2696895**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2500 N America Dr , West Seneca , NY	**14224**
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, including area code: **(888) 554-8789**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock	WKSP	The Nasdaq Stock Market LLC
Warrants	WKSPW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 15, 2024, the Registrant had 25,594,972 shares of common stock, par value $0.0001 per share, issued and outstanding.

WORKSPORT LTD.
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Worksport Ltd.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 3,536,980	$ 3,365,778
Accounts receivable, net	156,344	463,122
Other receivable	155,327	165,865
Inventory (note 4)	6,539,846	3,631,492
Related party loan (note 8)	14,303	-
Prepaid expenses and deposits (note 5)	342,159	1,497,249
Total Current Assets	10,744,959	9,123,506
Investments (note 10)	90,731	90,731
Property and Equipment, net (note 6)	14,313,885	14,483,436
Right-Of-Use Asset, net (note 11)	803,006	917,354
Intangible Assets, net	1,338,262	1,338,889
Total Assets	$ 27,290,843	$ 25,953,916
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,261,869	$ 1,451,181
Payroll taxes payable	3,625	85,010
Related party loan (note 8)	-	2,192
Loan payable (note 12)	5,300,000	5,300,000
Current lease liability (note 11)	278,064	328,229
Total Current Liabilities	7,843,558	7,166,612
Long Term – Lease Liability (note 11)	546,566	608,761
Total Liabilities	8,390,124	7,775,373
Shareholders' Equity		
Series A & B Preferred Stock, $ 0.0001 par value, 100,100 shares authorized, 100 Series A and 0 Series B issued and outstanding, respectively (note 7)	-	-
Common stock, $ 0.0001 par value, 299,000,000 shares authorized, 24,100,201 and 20,320,503 shares issued and outstanding, respectively (note 7)	2,410	2,032
Additional paid-in capital	69,018,715	64,685,693
Share subscriptions receivable	(1,577)	(1,577)
Share subscriptions payable	1,917,585	1,814,152
Accumulated deficit	(52,027,834)	(48,313,177)
Cumulative translation adjustment	(8,580)	(8,580)
Total Shareholders' Equity	18,900,719	18,178,543
Total Liabilities and Shareholders' Equity	$ 27,290,843	$ 25,953,916

The accompanying notes form an integral part of these condensed consolidated financial statements.

Worksport Ltd.
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended March 31, 2024 and 2023
(Unaudited)

	Three Months ended March 31, 2024	Three Months ended March 31, 2023
Net Sales	$ 512,637	$ 31,925
Cost of Goods Sold	475,181	19,757
Gross Profit	37,456	12,168
Operating Expenses		
General and administrative	2,674,318	2,129,612
Sales and marketing	66,777	544,351
Professional fees	943,778	868,611
Gain on foreign exchange	(7,951)	(458)
Total operating expenses	3,676,922	3,542,116
Loss from operations	(3,639,466)	(3,529,948)
Other Income (Expense)		
Interest expense	(123,598)	(165,099)
Interest income	3,054	119,828
Rental income (note 16)	45,353	44,456
Gain on settlement of debt	-	7,493
Total other income (expense)	(75,191)	6,678
Net Loss	$ (3,714,657)	$ (3,523,270)
Loss per Share (basic and diluted)	$ (0.18)	$ (0.21)
Weighted Average Number of Shares (basic and diluted)	21,188,070	17,159,376

The accompanying notes form an integral part of these condensed consolidated financial statements.

Worksport Ltd.
Condensed Consolidated Statements of Shareholders' Equity
For the Three Months Ended March 31, 2024 and 2023
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Share Subscriptions Receivable	Share Subscription Payable	Accumulated Deficit	Cumulative Translation Adjustment	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balance at January 1, 2023	**100**	**$ 0**	**17,159,376**	**$ 1,716**	**$56,919,625**	**$ (1,577)**	**$ 591,289**	**$ (33,384,219)**	**$ (8,580)**	**$ 24,118,254**
Issuance for services and subscriptions payable	-	-	-	-	356,295	-	631,822	-	-	988,117
Net loss	-	-	-	-	-	-	-	(3,523,270)	-	(3,523,270)
Balance at March 31, 2023	**100**	**$ 0**	**17,159,376**	**$ 1,716**	**$57,275,920**	**$ (1,577)**	**$ 1,223,111**	**$ (36,907,489)**	**$ (8,580)**	**$ 21,583,101**
Balance at January 1, 2024	**100**	**$ 0**	**20,320,503**	**$ 2,032**	**$64,685,693**	**$ (1,577)**	**$ 1,814,152**	**$ (48,313,177)**	**$ (8,580)**	**$ 18,178,543**
Issuance for services and subscriptions payable	-	-	214,537	21	1,138,109	-	103,433	-	-	1,241,563
Shares issued (note 7)	-	-	2,877,161	288	3,194,913	-	-	-	-	3,195,201
Warrant exercise	-	-	688,000	69	-	-	-	-	-	69
Net loss	-	-	-	-	-	-	-	(3,714,657)	-	(3,714,657)
Balance at March 31, 2024	**100**	**$ 0**	**24,100,201**	**$ 2,410**	**$69,018,715**	**$ (1,577)**	**$ 1,917,585**	**$ (52,027,834)**	**$ (8,580)**	**$ 18,900,719**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Worksport Ltd.
Condensed Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2024 and 2023
(Unaudited)

	2024	2023
Operating Activities		
Net Loss	$ (3,714,657)	$ (3,523,270)
Adjustments to reconcile net loss to net cash from operating activities:		
Shares, options and warrants issued for services	1,241,563	1,453,617
Depreciation and amortization	383,147	194,974
Change in operating lease	1,988	(20,493)
	(2,087,959)	(1,895,172)
Changes in operating assets and liabilities (note 9)	(706,645)	(1,039,238)
Net cash used in operating activities	(2,794,604)	(2,934,410)
Cash Flows from Investing Activities		
Investments	-	(66,308)
Purchase of property and equipment	(212,969)	(1,086,921)
Net cash used in investing activities	(212,969)	(1,153,229)
Financing Activities		
Shareholder assumption of debt	(16,495)	(43,904)
Proceeds from warrant exercise	69	-
Proceeds from issuance of common share, net of issuance cost	3,195,201	-
Net cash received from financing activities	3,178,775	(43,904)
Change in cash	171,202	(4,131,543)
Cash, restricted cash and cash equivalents - beginning of period	3,365,778	14,620,757
Cash, restricted cash and cash equivalents end of period	$ 3,536,980	$ 10,489,214
Supplemental Disclosure of non-cash investing and financing Activities		
Shares issued for purchase of software	$ -	$ 72,467
Supplemental Disclosure of cash flow information		
Income tax paid	$ -	$ -
Interest paid	$ 144,020	$ 159,156

The accompanying notes form an integral part of these condensed consolidated financial statements.

Worksport Ltd.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation and Business Condition

a) Interim Financial Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments and reclassifications considered necessary in order to make the financial statements not misleading and for a fair and comparable presentation have been included and are of a normal recurring nature. Operating results for the three months period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 28, 2024.

Worksport Ltd. (together with its subsidiaries, the “Company”) was incorporated in the State of Nevada on April 2, 2003 under the name Franchise Holdings International, Inc. (“FNHI”). In May 2020, FNHI changed its name to Worksport Ltd. During the year ended December 31, 2014, the Company completed a reverse acquisition transaction (the “Reverse Acquisition”) with TruXmart Ltd. (“TruXmart”). On May 2, 2018, TruXmart legally changed its name to Worksport Ltd. (“Worksport”). Worksport designs and distributes truck tonneau covers in Canada and the United States.

b) Statement of Compliance

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) as issued by the Financial Accounting Standards Board (“FASB”).

c) Basis of Measurement

The Company’s financial statements have been prepared on the accrual basis.

d) Consolidation

The Company’s condensed consolidated financial statements consolidate the accounts of the Company. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions have been eliminated upon consolidation.

e) Functional and Reporting Currency

These condensed consolidated financial statements are presented in United States dollars (USD or US$). The functional currency of the Company and its subsidiaries are United States dollar. For purposes of preparing these condensed consolidated financial statements, transactions denominated in Canadian dollars (CAD or C$) were converted to United States dollars at the spot rate. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in the accompanying condensed consolidated statement of operations.

f) Use of Estimates

The preparation of condensed unaudited financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Going Concern

As of March 31, 2024, the Company had $ 3,536,980 in cash and cash equivalents. The Company has generated only limited revenues and has relied primarily upon capital generated from public and private offerings of its securities. Since the Company's acquisition of Worksport in fiscal year 2014, it has never generated a profit. As of March 31, 2024, the Company had an accumulated deficit of $ 52,027,834 .

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the three months ended March 31, 2024, the Company had net losses of $ 3,714,657 (2023 - $ 3,523,270). As of March 31, 2024, the Company had working capital of $ 2,901,401 (December 31, 2023 – $ 1,956,894) and had an accumulated deficit of $ 52,027,834 (December 31, 2023 - $ 48,313,177). The Company has not generated profit from operations since inception and to date has relied on debt and equity financing for continued operations. The Company's ability to continue as a going concern is dependent upon the ability to generate cash flows from operations and obtain equity and/or debt financing. The Company intends to continue funding operations through equity and debt financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements in the long term. There can be no assurance that the steps management is taking will be successful.

Despite the Company having mostly completed its purchasing of large manufacturing machinery, operational costs are expected to remain elevated and, thus, further decrease cash and cash equivalents. Concurrently, the Company intends to continue its ramp-up of manufacturing and increasing sales volumes in 2024, which should mitigate the effects of operational costs on cash and cash equivalents; this view is supported by the fact that the manufacturing facility of the Company was completed for initial production output in 2023 and has started to generate revenue in the third quarter of 2023.

The Company has successfully raised cash, and it is positioned to do so again if deemed necessary or strategically advantageous. During the year ended December 31, 2021, the Company, through its Reg-A public offering, private placement offering, underwritten public offering, and exercises of warrants, raised an aggregate of approximately $ 32,500,000 . On September 30, 2022, the Company filed a shelf registration statement on Form S-3, which was declared effective by the SEC on October 13, 2022, allowing the Company to issue up to $ 30,000,000 of common stock and prospectus supplement covering the offering, issuance and sale of up to $ 13,000,000 of common stock that may be issued and sold under an At The Market Offering Agreement dated September 30, 2022 ("ATM Agreement"), with H.C. Wainwright & Co., LLC, as the sales agent ("HCW"). Pursuant to the ATM Agreement, HCW is entitled to a commission equal to 3.0 % of the gross sales price of the shares of common stock sold. As of March 31, 2024, the Company has sold and issued 604,048 shares of common stock in consideration for net proceeds of $ 780,356 under the ATM Agreement.

On November 2, 2023, the Company consummated a registered direct offering pursuant to which the Company issued 1,925,000 shares of common stock and 1,575,000 pre-funded warrants to an institutional investor for a total net proceeds of $ 4,261,542 . Concurrently with the registered direct offering, the Company issued the same institutional investor 7,000,000 warrants in a private sale. The warrants are exercisable for 7,000,000 shares of common stock for $ 1.34 per share six months after issuance and until five and a half years from the issuance date, subject to beneficial ownership limitations as described in the warrants. The Company registered the 7,000,000 shares of common stock underlying the warrants on a Form S-1 (333-276241) which was declared effective by the SEC on December 29, 2023.

On March 20, 2024, the Company consummated a registered direct offering pursuant to which the Company issued 2,372,240 shares of common stock and 1,477,892 pre-funded warrants to the same institutional investor as in the Company's registered direct offering on November 2, 2023, for a total net proceeds of $ 2,629,083 . Concurrently with the registered direct offering, the Company issued the institutional investor 7,700,264 warrants in a private sale. The warrants are exercisable for 7,700,264 shares of common stock for $ 0.74 per share six months after issuance until five and a half years from the issuance date, subject to beneficial ownership limitations as described in the warrants. The Company registered the 7,700,264 shares of common stock underlying the warrants on a Form S-1 (333-278461) which was declared effective by the SEC on April 8, 2024.

To date, the Company's principal sources of liquidity consist of net proceeds from public and private securities offerings and cash exercises of outstanding warrants. Management is focused on transitioning towards revenue as its principal source of liquidity by growing existing product offerings as well as the Company's customer base. The Company cannot give assurance that it can increase its cash balances or limit its cash consumption and thus maintain sufficient cash balances for planned operations or future business developments. Future business development and demands may lead to cash utilization at levels greater than recently experienced. The Company may need to raise additional capital in the future. However, the Company cannot provide assurances it will be able to raise additional capital on acceptable terms, or at all.

The Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. Still, certain factors indicate the existence of a material uncertainty that cast substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. These adjustments could be material.

3. Significant Accounting Policies

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those of the Company's audited financial statements for the year ended December 31, 2023.

4. Inventory

As of March 31, 2024 and December 31, 2023, inventory consists of the following:

	March 31, 2024	December 31, 2023
Finished goods	$ 5,984,977	$ 1,717,669
Promotional items	101,660	101,660
Raw materials	453,209	1,812,163
	$ 6,539,846	$ 3,631,492

As of March 31, 2024, the value of finished goods on-hand increased due to stockpiling of hard tonneau covers, which have higher values than stockpiled soft tonneau covers, in preparation for 2024 sales campaigns.

5. Prepaid expenses and deposits

As of March 31, 2024 and December 31, 2023, prepaid expenses and deposits consist of the following:

	March 31, 2024	December 31, 2023
Consulting, services, and advertising	$ 59,009	$ 5,215
Deposits	283,150	1,492,034
	$ 342,159	$ 1,497,249

As of March 31, 2024, prepaid expenses and deposits consists of $ 59,009 (December 31, 2023 - $ 5,215) in prepaid consulting, services, and advertising for third party consultants through the issuance of shares and stock options. Amounts in deposits relate to prepayments for manufacturing components and finished goods.

6. Property and Equipment

As of March 31, 2024 and December 31, 2023, major classes of property and equipment consist of the following:

	March 31, 2024	December 31, 2023
Equipment	$ 2,955,303	$ 2,784,098
Manufacturing equipment	3,248,180	3,260,679
Furniture	154,065	146,049
Product molds	524,476	524,476
Computers	96,056	84,070
Leasehold improvements	895,593	861,332
Building	6,079,410	6,079,410
Land	2,239,405	2,239,405
Automobile	168,497	168,497
Less accumulated depreciation	(2,047,100)	(1,664,580)
	$ 14,313,885	$ 14,483,436

7. Shareholders' Equity (Deficit)

During three months ended March 31, 2024, the following transactions occurred:

During the three months ended March 31, 2024, the Company sold 504,921 shares of common stock for a total net proceeds of $ 566,118 . The sale of shares was in connection with the shelf registration statement on Form S-3 effective on October 13, 2022, allowing the Company to issue up to $ 30,000,000 of common stock and prospectus supplement covering the offering, issuance and sale of up to $ 13,000,000 of common stock that may be issued and sold under an At The Market Offering Agreement dated as of September 30, 2022.

The Company recognized consulting expense of $ 407,621 to share subscriptions payable from restricted shares and stock options to be issued. As of March 31, 2024, the Company issued 214,537 restricted shares with a value of $ 304,188 .

During the three months ended March 31, 2024, the Company closed a sale of 2,372,240 shares of common stock for net proceeds of $ 1,535,591 . In association with the sale of common stock, the Company issued 1,477,892 pre-funded warrants and 7,700,264 warrants totaling proceeds of $ 1,093,492 . Refer to note 14.

Refer to note 15 for additional shareholders' equity (deficit) details.

During three months ended March 31, 2023, the following transactions occurred:

The Company recognized consulting expense of $ 631,822 to share subscriptions payable from restricted shares and stock options to be issued. As of March 31, 2023, the restricted shares have not been issued.

Refer to note 15 for additional shareholders' equity (deficit) details.

As of March 31, 2024, the Company was authorized to issue 299,000,000 shares of its common stock with a par value of $ 0.0001 . All shares were ranked equally with regard to the Company's residual assets. During the three months ended March 31, 2024, the Company was authorized to issue 100 shares of its Series A and 100,000 Series B Preferred Stock with a par value of $ 0.0001 . Series A preferred Stock have voting rights equal to 299 shares of common stock, per share of preferred stock. Series B preferred Stock have voting rights equal to 10,000 shares of common stock, per share of Preferred Stock.

8. Related Party Transactions

During the three months ended March 31, 2024, the Company recorded salaries expense of $ 121,752 (2023 - $ 121,410) for the Company's CEO. During the three months ended March 31, 2024, the Company recorded salaries expense of $ 77,155 (2023 - $ 76,938) to an officer and director of the Company. As of March 31, 2024, the Company has a receivable of $ 14,303 (December 31, 2023 – payable of $ 2,192) from the CEO.

9. Changes in Cash Flows from Operating Assets and Liabilities

The changes to the Company's operating assets and liabilities for the three months ended March 31, 2024 and 2023 are as follows:

	2024	2023
Decrease (increase) in accounts receivable	$ 306,778	$ (38,013)
Decrease (increase) in other receivable	10,538	(4,523)
Decrease (increase) in inventory	(2,908,354)	(257,423)

Decrease (increase) in prepaid expenses and deposits	1,155,090	(742,590)
Increase (decrease) in taxes payable	(81,385)	10,110
Increase (decrease) in accounts payable and accrued liabilities	810,688	(6,799)
	$ (706,645)	$ (1,039,238)

10. Investments

a) During the year ended December 31, 2019, the Company entered into an agreement to purchase 10,000,000 shares of a privately owned US-based mobile phone development company for $ 50,000 – representing a 10 % equity stake. The shares have been issued to the Company. As of March 31, 2024, and December 31, 2023, the Company had advanced a total of $ 24,423 and is advancing tranches of capital as required by the Company.

b) During the three months ended March 31, 2024, $ 66,308 ($ 90,000 CAD) of the Company's Guaranteed Investment Certificate ("GIC") matured and the Company received $ 3,054 ($ 4,129 CAD) in interest income. During the same period, the Company reinvested the principal amount of $ 66,308 ($ 90,000 CAD) in a GIC. The GIC bears a variable interest rate and will mature on February 27, 2025 . The anticipated earned interest on the GIC at maturity is $ 3,167 ($ 4,275 CAD).

11. Operating Lease Obligations

During the year ended December 31, 2019, the Company signed a lease agreement for warehouse space to commence on August 1, 2019 and end on July 31, 2022 with monthly lease payments of $ 2,221 . During the year ended December 31, 2021, the Company entered into a second lease agreement for warehouse space to commence on June 1, 2021 and end on May 31, 2024 with monthly lease payments of $ 19,910 .

During the year ended December 31, 2022, the Company signed a lease agreement for approximately 20,296 square feet to be used as its primary corporate office and R&D facility pursuant to a five-year lease, dated June 1, 2022 , for a variable rate averaging $ 22,101 per month over the lifetime of the lease. The Company also pays approximately $ 4,418 in additional fees per month, which varies year to year.

During the year ended December 31, 2023, the Company signed a lease agreement for office space to be used as an R&D facility pursuant to a one-year lease with an option to extend the lease for an additional year, dated June 1, 2023, for a monthly rent of $ 3,350 .

The Company has accounted for its leases upon adoption of ASC 842 whereby it recognizes a lease liability and a right-of-use asset at the date of initial application beginning January 1, 2019. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 10 %. The Company has measured the right-of-use asset at an initial amount equal to the lease liability.

The Company's right-of-use asset and lease liability as of March 31, 2024, and December 31, 2024, are as follows:

	March 31, 2024	December 31, 2023
Right-of-use asset	$ 803,006	$ 917,354
Current lease liability	$ 278,064	$ 328,229
Long-term lease liability	$ 546,566	$ 608,761

The following is a summary of the Company's total lease costs:

	March 31, 2024	March 31, 2023
Operating lease cost	$ 133,796	$ 126,034

The following is a summary of cash paid during the three months ended March 31, 2024 and 2023 for amounts included in the measurement of lease liabilities:

	March 31, 2024	March 31, 2023
Operating cashflow	$ 135,784	$ 122,156

The following are future minimum lease payments as of March 31, 2024:

2025	$ 343,496
2026	278,352
2027	279,815
2028	46,863
Total future minimum lease payments	948,526
Less: amount representing interest	(123,896)
Present value of future payments	824,630
Current portion	278,064
Long term portion	$ 546,566

12. Loan payable

a) On May 4, 2022, the Company, as the guarantor, and Worksport New York Operations Corporation ("Worksport New York"), as the borrower (the "Borrower") entered into a secured loan agreement (the "Loan Agreement") with an external banking entity (the "Lender") relating to the Company's purchase of a 152,847 square-foot building situated on two parcels of land aggregating 18 acres of land located in West Seneca, New York (collectively, the "Property") for a total purchase price of $ 8,150,000 on May 6, 2022. Under the terms of the Loan Agreement, the Borrower procured a total principal sum of $ 5,300,000 , bearing an interest rate of the prime rate plus 2.25 % annually, for the Company's purchase of the Property and covering associated costs. To ensure the loan's servicing over its duration, the Company allocated $ 667,409 into a specially designated account. By the close of March 31, 2024, this account's balance had changed to $ 558,358 , which is recorded under cash and cash equivalents in the accompanying financial statements. As of March 31, 2024, the outstanding principal and the accrued interest was an aggregate of $ 5,347,479 . This outstanding balance and accrued interest are due on August 10, 2024. The Company disclosed the material terms of the Loan Agreement in a Current Report on Form 8-K filed with the Securities and Exchange Commission on May 11, 2022.

On February 4, 2024, the Company and Worksport New York entered into a Forbearance Agreement with the Lender in connection with the Loan Agreement. Pursuant to the Forbearance Agreement, the Lender agreed to forbear from commencing an action for judgement of foreclosure and sale, seeking an appointment of a receiver or collecting default accrued interest under the Loan until the occurrence of a Termination Event (as defined in the Forbearance Agreement) and the Company and Worksport waived all defenses in connection with the Worksport New York failure to maintain 1.20 to 1.0 debt service coverage ratio of net operating income to debt service under the Loan for each of the trailing twelve (12) months ended December 31, 2023, and the indirect sale of equity securities of Worksport New York as a result of the Company's sale equity securities in November 2023 (the "Existing Defaults"). Pursuant to the Forbearance Agreement, the definition of "Permitted Transfers" in the Loan Agreement was amended to include the transfer of direct or indirect interest in the Company solely through a stock sale for capital raising purposes, subject to certain conditions, including no occurrence of an Events of Default (other than the Existing Defaults), change in ownership or control of the Company, no new 10% or greater owners, and no involvement of Sanctioned Persons. The Borrower must provide prior notice to Lender and satisfactory reporting of the results of the capital raise.

On May 14, 2024, the Company successfully negotiated an extension of the maturity date for its $5.3 million Loan Agreement (Note 12) that was originally due on May 20th, 2024. The Company entered into an agreement with the lender to extend the maturity date to August 10th, 2024. See "Note 17 Subsequent Events."

b) During the year ended December 31, 2020, the Company received $ 28,387 ($ 40,000 CAD) interest-free from the Government of Canada as part of the COVID-19 small business relief program. Repaying the balance of the loan on or before December 31, 2023 resulted in loan forgiveness of 25 percent (25 %). As of September 30, 2022, the Company made the repayment of $ 28,387 ($ 40,000 CAD) and, as of February 14, 2023, received the forgiven debt of $ 7,493 ($ 10,000 CAD). As at March 31, 2024 and December 31, 2023, there are no amounts owing, and the loan has been fully settled.

13. Loss per Share

For the three months ended March 31, 2024, loss per share is $ 0.18 (basic and diluted) compared to that of the three months ended March 31, 2023, of $ 0.21 (basic and diluted) using the weighted average number of shares of 21,188,070 (basic and diluted) and 17,159,376 (basic and diluted), respectively.

There are 299,000,000 shares authorized with 24,100,201 and 17,159,376 shares issued and outstanding, as at March 31, 2024 and 2023, respectively. The computation of loss per share is based on the weighted average number of shares outstanding during the period in accordance with ASC Topic No. 260, "Earnings Per Share." Shares underlying the Company's outstanding warrants and convertible promissory notes were excluded due to the anti-dilutive effect they would have on the computation. As of March 31, 2024, the Company has 20,118,080 warrants convertible to 20,418,080 common shares, 357,018 restricted stock to be issued, and 5,132,656 stock options exercisable for 5,132,656 common shares for a total underlying common shares of 25,907,754 . As of March 31, 2023, the Company has 3,939,924 warrants convertible to 4,239,924 common shares, 2,815,212 restricted stock to be issued, 700,000 performance stock units and 1,195,106 stock options exercisable for 1,195,106 common shares for a total underlying common shares of 8,950,242 .

14. Warrants

During the three months ended March 31, 2024, in connection with the sale of 2,372,240 shares of common stock, the Company also sold 1,477,892 pre-funded warrants and issued 7,700,264 warrants exercisable for a total of 7,700,264 shares of common stock for $ 0.0001 and $ 0.74 , respectively, per share. The Company received net proceeds of $ 1,093,492 associated with the sale of the pre-funded warrants. The pre-funded warrants are immediately exercisable until all of the pre-funded warrants are exercised.

During the year ended December 31, 2023, in connection with the sale of 1,925,000 shares of common stock the Company in a registered direct offering, the Company also sold 1,575,000 pre-funded warrants and 7,000,000 warrants exercisable for 7,000,000 shares of common stock for $ 0.0001 and $ 1.34 , respectively, per share. The Company received net proceeds of $ 2,110,342 associated with the sale of the pre-funded warrants. During the same period 887,000 pre-funded warrants were exercised for 887,000 shares of common stock for $ 89 . During the three months ended March 31, 2024, the remaining 688,000 pre-funded warrants were exercised for 688,000 shares of common stock for $ 69 .

During the year ended December 31, 2023, the Company and a stock options holder agreed to cancel all 400,000 stock options in exchange for extending the exercisable period of 300,000 warrants to December 31, 2024. Later in the year ended December 31, 2023, the expiration date for these warrants was extended to December 31, 2026, and the stock option holder was issued an additional 400,000 restricted stock units.

As of March 31, 2024, the Company has the following warrants outstanding:

Exercise price		Number outstanding	Remaining Contractual Life (Years)	Expiry date
$	6.05	130,909	0.34	August 3, 2024
$	6.05	3,446,515	0.35	August 6, 2024
$	2.40	62,500	0.97	March 20, 2025
$	4.00	300,000	2.75	December 31, 2026
$	1.34	7,000,000	5.09	May 2, 2029
$	0.74	7,700,264	5.48	September 20, 2029
$	0.0001	1,477,892	N/A	Never
		20,118,080		

The average remaining contractual life of outstanding warrants that expire is 3.97

	March 31, 2024			December 31, 2023		
	Number of warrants		Weighted average price	Number of warrants		Weighted average price
Balance, beginning of year	11,627,924	$	2.78	3,939,924	$	5.84
Issuance	9,178,156	$	0.62	8,575,000	$	1.09
Exercise	(688,000)	$	0.0001	(887,000)	$	0.0001
Balance, end of period	20,118,080	$	1.89	11,627,924	$	2.78

15. Stock Options and Performance Share Units

Under the Company's 2015, 2021 and 2022 Equity Incentive Plans, the number of shares of common stock reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding shares of common stock of the Company, have a maximum term of 10 years, and vest at the discretion of the Board of Directors.

All equity-settled, share-based payments are ultimately recognized as an expense in the statement of operations with a corresponding credit to "Additional Paid in Capital." If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different than that estimated on vesting.

Performance Share Units

On May 1, 2023, the Company and Steven Rossi reached an agreement to modify 1,600,000 restricted stock units and 400,000 performance stock units issued on November 11, 2022, and December 29, 2021, respectively, and replace them with 2,000,000 stock options, as described below.

On November 11, 2022, 700,000 performance stock units ("PSUs") granted on December 29, 2021, as described below, were modified to include new terms pertaining to the PSU vesting schedule. On December 29, 2021, the Company granted 400,000 and 300,000 performance stock units ("PSUs") to the Company's Chief Executive Officer and a director, respectively.

Stock Options

The Company uses the Black-Scholes option pricing model to determine fair value of stock options on the grant date.

During the three months ended March 31, 2024, Company issued 68,800 stock options to employees with an exercise price ranging from $ 0.57 to $ 1.41 and an expiration from January 31, 2029 to March 21, 2034.

During the year ended December 31, 2023, the Company issued 1,500,000 stock options to Steven Rossi. The stock options have an exercise price of $ 1.44 and an expiration date of October 31, 2033 .

During the year ended December 31, 2023, the Company issued 12,100 and 25,000 stock options to employees with an exercise price of $ 1.70 and $ 1.44 , respectively. The stock options will expire 10 years from the grant date.

During the year ended December 31, 2023, the Company issued 321,150 stock options to employees, consultants and directors with an exercise price ranging from $ 2.55 to $ 4.20 which will expire at various points though August 23, 2033. During the year ended December 31, 2023, 49,500 stock options were cancelled upon the departure of employees.

During the year ended December 31, 2023, the Company issued 2,000,000 stock options to Steven Rossi. The stock options have an exercise price of $ 1.74 and an expiration date of May 1, 2033 .

During the year ended December 31, 2023, the Company issued 75,000 stock options to an employee with an exercise price of $ 2.43 and expiring on May 18, 2033 .

During the year ended December 31, 2023, the Company issued 65,000 stock options to employees and a consultant with an exercise price of $ 1.53 and expiring on March 14, 2033 . During the year ended December 31, 2023, 15,000 stock options were cancelled upon the departure of employees.

During the year ended December 31, 2023, the Company issued 85,106 stock options to an employee with an exercise price of $ 1.53 and expiring on March 14, 2033 .

During the year ended December 31, 2023, the Company issued 300,000 stock options to a consultant with an exercise price of $ 1.66 and expiring on January 30, 2028 .

During the year ended December 31, 2023, the Company issued 360,000 stock options to directors with an exercise price of $ 1.66 and expiring on January 30, 2033 .

	March 31, 2024		December 31, 2023	
	Number of stock options	**Weighted average price**	**Number of stock options**	**Weighted average price**
Balance, beginning of year	5,063,856	$ 1.96	785,000	$ 4.74
Granted	68,800	$ 1.17	4,743,356	$ 1.80
Cancelled	-	$ -	(464,500)	$ (5.02)
Balance, end of period	5,132,656	$ 1.95	5,063,856	$ 1.96

	Range of Exercise prices	Outstanding	Weighted average life (years)	Weighted average exercise price	Exercisable on March 31, 2024
Stock options	$ 0.57 - 5.50	5,132,656	8.39	$ 1.95	1,250,625

As of March 31, 2024 and December 31, 2023, Terravis Energy Inc., a wholly owned subsidiary of the Company, has the following options outstanding:

	March 31, 2024		December 31, 2023	
	Number of stock options	**Weighted average price**	**Number of stock options**	**Weighted average price**
Balance, beginning of year	1,350,000	$ 0.01	1,350,000	$ 0.01
Granted	-	$ -	-	$ -
Balance, end of period	1,350,000	$ 0.01	1,350,000	$ 0.01

	Range of Exercise prices	Outstanding	Weighted average life (years)	Weighted average exercise price	Exercisable on March 31, 2024
Stock options	$ 0.01	1,350,000	8.03	$ 0.01	1,350,000

16. Rental Income

During the year ended December 31, 2022, the Company entered into a sublease agreement for its warehouse in Mississauga, Ontario, Canada. The sublease commenced on September 15, 2022 , and will end on May 31, 2024 at $ 15,515 ($ 19,992 CAD) per month.

During the three months ended March 31, 2024, the Company recognized rental income of $ 45,353 (2023 - $ 44,456).

17. Subsequent Events

The Company has evaluated subsequent events through May 15, 2024. The following events occurred after the three months ended March 31, 2024:

- On April 29, 2024, 13,300 stock options issued during the three months ended March 31, 2024 were forfeited with the termination of the employee with the Company.

- 16,667 RSU units were granted onto a Contractor on May 1, 2024 in consideration for services rendered in Q1 2024.

- On May 6, 2024, 1,477,892 pre-funded warrants issued during the three months ended March 31, 2024 were exercised for 1,477,892 shares of common stock for $ 148 .

- On May 8, 2024, the Company announced its receipt of a major grant from New York State Excelsior Jobs Program worth up to $ 2.8 million. The grant, following a strategic low-cost power award from New York Power Authority (NYPA) in April 2024, signifies additional state-level investment in the Company's expanding operations. With growth exceeding NY State's forecasts, the Company expects to create up to or over 280 new jobs from 2025 to 2030 and if achieved will receive cash benefits for the creation of these jobs, amounting to $2.8 million received over the next 10 years.

- On May 14, 2024, the Company and Worksport New York Operations Corporation ("Worksport New York") entered into an Omnibus Amendment of Loan Documents (the "Loan Amendment") with Northeast Bank (the "Lender") in connection with that certain secured loan agreement, dated May 4, 2022 (the "Loan Agreement"), by and among the Company, as the guarantor (the "Guarantor"), Worksport New York, as the borrower (the "Borrower"), and the Lender in connection with the Company's purchase of its 152,847 square foot facility and 18 acres of land in West Seneca, New York on May 6, 2022 for a total purchase price of $ 8,150,000 . Pursuant to the Loan Amendment, effective as of May 10, 2024, the Lender extended the initial maturity date of the Loan from May 10, 2024 to August 10, 2024 (the "Extended Maturity Date"). The Company also agreed to pay the Lender an extension fee of $ 106,000 (the "Extension Fee") which was deemed fully earned as of the date of the Loan Amendment. However, the Lender agreed to postpone payment of the Extension Fee until the occurrence of (i) the Loan not being repaid in full by or on the Extended Maturity Date; or (ii) Loan being accelerated following an Event of Default or Termination Date (as defined in the Forbearance Agreement). If the Loan is repaid in full on or prior to the Extended Maturity Date, the Lender has agreed to waive the Extension Fee. In addition to the Extension Fee, the Company agreed to pay the Lender an exit fee of $ 106,000 (the "Exit Fee") in the event the Loan is not repaid in full on or prior to the Extended Maturity Date or if the Loan has been accelerated following an Event of Default or in connection with a Termination Event (as defined in the Forbearance Agreement). If the Loan is repaid in full on or prior to the Extended Maturity Date (and not as a result of an acceleration following a Termination Event), the Company will not be required to pay the Exit Fee.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section and other parts of this Quarterly Report on Form 10-Q ("Form 10-Q") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and actual results may differ significantly from the results discussed in the forward-looking statements. All forward-looking statements in this Form 10-Q are made based on current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. In evaluating these statements, various factors, uncertainties, and risks should be specifically considered that could affect future results or operations. These factors, uncertainties and risks may cause actual results to differ materially from any forward-looking statement set forth in this Form 10-Q. These risks and uncertainties described and other information contained in the reports filed with or furnished to the SEC should be carefully considered before making any investment decision with respect to the Company's securities. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Unless otherwise stated, all information presented herein is based on the Company's fiscal calendar, and references to particular years, quarters, months or periods refer to the Company's fiscal years ended December 31st and the associated quarters, months and periods of those fiscal years. Each of the terms "Company" and "Worksport" as used herein refers collectively to Worksport Ltd. and its subsidiaries, unless otherwise stated.

The following discussion should be read in conjunction with the Company's Annual Report Form 10-K for the fiscal year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission (the "SEC") and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q.

Overview

Worksport Ltd., through its subsidiaries, designs, develops, manufactures, and owns the Intellectual Property on a portfolio of tonneau cover, solar integration, portable power station, and NP (Non-Parasitic), Hydrogen-based green energy products and solutions for the automotive aftermarket accessories, power storage, residential heating, and electric vehicle-charging industries. We seek to provide consumers with next-generation automotive aftermarket accessories while capitalizing on growing consumer interest in clean energy solutions and power grid independence.

Rising Popularity of Electric Vehicles

Electric Vehicles (EVs) have been exponentially increasing in consumer interest, whether that interest takes the form of vehicle pre-orders, sales, or investments. As we begin marketing our Worksport SOLIS and COR, we plan to market the SOLIS as a must-have accessory for electric light duty vehicle owners while simultaneously riding the coattails of EV popularity to promote our other products (COR and conventional tonneau covers) to the very large population of Americans that have an interest in EVs without the funds to purchase them. Further, participating in the EV space allows us to target consumers with an interest in cutting-edge technologies – a great market in which to promote our COR.

Regulatory Environment Favoring Electric Vehicles

The Build Back Better Bill was a strong indication of upcoming and favorable USA regulations. Many regulations that improve North America's EV charging infrastructure or provide grants to businesses operating in the EV space will benefit us. While we are primarily focused on the light duty vehicle market, our energy products are particularly useful for electric light duty pickup trucks and, therefore, are positioned to benefit greatly from any bill that increases the prevalence of such vehicles.

Limited Competitive Landscape

Our conventional tonneau covers are engineered for enhanced user experience and resistance to wear-and-tear, making them strong and competitive products in an otherwise consolidated and saturated market. The Worksport COR, however, operates in a much wider yet unsaturated market. The global Portable Power Station market is quickly growing, and the competitive landscape is far from consolidated. The solar tonneau cover market is in its infancy, and it's a market in which we have first-mover advantage. To ensure we do not fall behind future competitors, we are highly focused on protecting our intellectual property both domestically and abroad.

Business Developments

The following highlights recent material developments in our business in the three months ended March 31, 2024:

- On March 28, 2024, we announced receipt of solar panels required to begin production of the highly anticipated SOLIS Solar Tonneau Cover. This milestone marks a significant step forward, allowing the Company to begin initial production of the SOLIS Solar Tonneau Cover.
- On February 23, 2024, we announced a new arrangement with Dix Performance North, Canada's leading wholesaler of aftermarket car and truck products, for Dix to include our tonneau covers in their catalog. This strategic alliance is expected to make the Company's range of covers widely available throughout Canada, accelerate our growth, and contribute to significant sales and revenue increases.
- On February 7, 2024, we announced a collaboration with Infineon Technologies AG (FSE: IFX / OTCQX: IFNNY) pursuant to which we will use Infineon's GaN power semiconductors GS-065-060-5-B-A in the converters for our portable power stations to increase efficiency and power density.
- On January 3, 2024, we announced our strategic arrangement with NeuronicWorks Inc., a Toronto-based high-tech custom electronic product development and manufacturing company, to manufacture and assemble our COR battery system in preparation for the system's anticipated Alpha release.

Key Factors Affecting our Performance

As a result of a number of factors, our historical results of operations may not be comparable to our results of operations in future periods, and our results of operations may not be directly comparable from period to period. Set forth below is a brief discussion of the key factors impacting our results of operations.

COVID-19

The outbreak of the coronavirus, specifically identified as "COVID-19," resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions – many of which have deeply impacted capital markets.

As a safety precaution, we created a policy such that any personnel exposed to an infectious disease or virus was not to report to the office until the completion of a variable length quarantine. While this resulted in fewer personnel working in our offices or labs on a given day, it likely prevented further contamination and sick leave. We do not believe this policy has impacted revenue nor timelines towards upcoming product launches; however, supply chain issues caused by COVID-19 did result in higher cost of goods sold during 2021 and 2022. While freight costs have since returned to pre-COVID-19 levels, 2021 freight costs were, in some cases, more than four times higher than those shortly before COVID-19.

The supply chain for certain raw materials has been disproportionately, negatively impacted when compared to supply chains of other raw materials. The supply chain for power electronics, specifically, is still facing supply chain issues as a result of COVID-19, for the globe faced a simultaneous supply shock and heightened demand for these goods – increasing the prices for such raw materials while simultaneously slowing suppliers' order fulfillments. Further, due to such shortages, many suppliers of power electronics have focused their attention on large customers such as those more directly aligned within the electric vehicle supply chain as compared to companies on the outskirts of this supply chain such as Worksport. This particular result of COVID-19 primarily affects the sourcing of components for the Worksport COR. In order to mitigate these supply chain issues, we have invested more resources into sourcing power electronics in the interest of finding reliable suppliers with manageable lead times and competitive pricing.

The response of many governments to the COVID-19 pandemic has resulted in higher interest rates and destabilized equity markets – particularly among micro- or low-capitalization companies – effectively increasing the cost of and decreasing easy access to capital, which could negatively impact our short-term and long-term liquidity. These factors, combined with the consequences of possible future waves of the disease, could have a material impact on our liquidity, capital resources, operations, and business as well as those of the third parties on which we rely. The management and Board are constantly monitoring this situation to minimize potential losses.

Climate Change

Climate change threatens to cause many foreseeable as well as unforeseeable ramifications. In cautious preparation for those that are foreseeable, we have strategically begun domestic manufacturing operations in Western New York – an economically growing region not immediately threatened by climate change to the same extent as other regions and possibly one that may benefit from future population migrations within the United States of America. Further, we intend to lower our own carbon footprint by investing in energy-saving measures in our factory in West Seneca, NY. Considering climate change may also exacerbate geopolitical tensions, we are working to diversify our supply chain and lower our reliance on any particular region or country for raw materials in order to lower our exposure to climate change-induced economic or political instability.

We believe our Worksport SOLIS and Worksport COR products will be received positively by the public for their resilience to, and even increased utility as a result of, Climate Change. However, we acknowledge the potentially negative environmental impacts of poor battery recycling and increasing demand for precious metals. We are actively researching ways to lower such environmental impacts.

Inflation

Prices of certain commodity products, including raw materials, are historically volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, labor costs, competition, market speculation, government regulations, trade restrictions and tariffs. Increasing prices of the component materials for parts of our goods may impact the availability, quality and price of our products as suppliers search for alternatives to existing materials and increase the prices they charge. Our suppliers may also fail to provide consistent quality of product as they may substitute lower cost materials to maintain pricing levels. Rapid and significant changes in commodity prices may negatively affect our profit margins, and it may be difficult to mitigate worsened margins through customer pricing actions and cost reduction initiatives.

Such an inflationary environment also increases our direct cost of raw goods or processed goods for our OEM manufacturing as well as indirect costs such as overhead and rent. Due to these present and forecasted price increases and the temporary increases in ocean freight and container handling costs faced in recent periods, Worksport factors in all costs when assessing proper pricing of its goods for sale.

Additionally, as central banks and the U.S. Federal Reserve increase interest rates to combat global inflation, the cost of debt financing increases. While we currently do not have material debt other than our $5.3 million mortgage on our West Seneca facility, our mortgage's variable rate increases and decreases along with interest rates, which resulted in an increase of monthly premiums throughout 2022 and 2023. We are still susceptible to variable monthly mortgage interest costs as a result of changes in interest rates. We continue to explore debt financing options at reasonable interest rates in order to strengthen our cash position.

Rising interest rates have also resulted in a shift in institutional holdings away from micro-cap equities, which has negatively influenced our stock's trading volume. We continue to forge relationships with institutional investors and analysts in order to maintain a healthy trading volume.

Gasoline Prices and Supply Chain Issues

We faced significantly higher ocean freight, trucking, and container handling costs as well as last mile delivery costs in 2021 and 2022 than we did in previous years – all of which have increased our products' landed costs. Higher oil and gasoline prices further increased these costs, and while such prices have come down from their 2022 highs, we continue to closely monitor gasoline and shipping costs. While the Freight Rate Index has significantly increased since late 2023 as a result of Houthi attacks against cargo ships in the Red Sea and the concurrent decline in activity across the Panama Canal, the shipping routes used by the Company have not faced dramatic price hikes. Regardless, the Company is closely monitoring international shipping costs.

Our transition towards domestic manufacturing and assembly is anticipated to largely offset these higher costs, as we believe we will be less exposed to higher international shipping costs. We are also identifying North American suppliers of our products' components and will prioritize transport by rail when possible to avoid high trucking costs.

Geopolitical Conditions

In February 2022, Russia initiated significant military action against Ukraine. In response, the U.S. and certain other countries imposed significant sanctions and export controls against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations, and the U.S. and certain other countries could impose further sanctions, trade restrictions, and other retaliatory actions should the conflict continue or worsen. It is not possible to predict the broader consequences of these conflicts, including related geopolitical tensions, and the measures and retaliatory actions taken by the U.S. and other countries in respect thereof as well as whether any counter measures or retaliatory actions in response, including, for example, potential cyberattacks or the disruption of energy exports, are likely to cause regional instability and geopolitical shifts, which could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. These situations remain uncertain, and while it is difficult to predict the impact of any of the foregoing, the conflicts and actions taken in response to these conflicts could increase our costs, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition, and results of operations.

While we do not have any direct operations or significant sales in the Middle East, geopolitical tensions and ongoing conflicts in the region, particularly between Israel and Hamas, may lead to global economic instability and fluctuating energy prices that could materially affect our business. It is not possible to predict the broader consequences of the Israel-Hamas war, including related geopolitical tensions, and the measures and actions taken by other countries in respect thereof, which could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. While it is difficult to predict the impact of any of the foregoing, the Israel-Hamas war may increase our costs, disrupt our supply chain, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition and results of operations.

Foreign Currencies

We are subject to foreign exchange risk as we manufacture certain products and components in China, market extensively in both Canadian and U.S. markets, employ people residing in both the U.S. and Canada and, to date, have raised funds in Canadian Dollars. Meanwhile, we report results of operations in U.S. Dollars. Since our Canadian customers pay in Canadian Dollars, we are subject to gains and losses due to fluctuations in the USD relative to the Canadian Dollar. Our manufacturers in China are paid in USD to better avoid the relatively greater fluctuation of the Chinese Yuan. To the extent the U.S. dollar strengthens against any of these foreign currencies, the translation of these foreign currencies denominated transactions results in reduced revenue, operating expenses and net income for our operations.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2024 compared to the Three Months Ended March 31, 2023

Revenue

For the three months ended March 31, 2024, revenues from our entire line of products was $512,637, as compared to $31,925 for the three months ended March 31, 2023. Year-over-year sales increased by approximately 1,506%. For the three months ended March 31, 2024, revenue generated in Canada was $20,007, as compared to $5,522 for the same period in 2023. For the three months ended March 31, 2024, revenue generated in the United States was $492,630, compared to $26,403 for the same period in 2023, an increase of 1,766%.

Revenue increased during the three months ended March 31, 2024 compared to the same period the prior year due to increased sales of soft tonneau covers to a private label partner. The Company continues to focus on establishing new business-to-consumer and business-to-business sales channels while strengthening the support of those channels to increase customer satisfaction and enable high product turnover. For business-to-consumer channels, we have configured our product offerings in a manner conducive with cost-effective marketing, allowing us to securely invest in marketing during 2024. For business-to-business channels, we have created all necessary marketing/sales materials and policies, and we are now actively presenting our product offerings to various dealers, jobbers, and retailers across the United States and Canada. We intend to gradually increase output capacity through refined production processes and increased personnel.

Sales from online retailers of our products increased from $26,434 during the three months ended March 31, 2023, to $45,886 during the three months ended March 31, 2024. Online retailers accounted for 5% of total revenue for the three months ended March 31, 2024, compared to 83% for the three months ended March 31, 2023. Distributor sales decreased for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, with sales of $0 and $5,491, respectively. Private label sales increased from $0 for the three months ended March 31, 2023, to $466,751 for the three months ended March 31, 2024. Private label sales accounted for 91% of total revenue for the three months ended March 31, 2024. We expect to continue to grow our fields of business as we develop unique products with enhanced utility to offer to other prospective clients in the U.S. and Canadian markets.

Currently, we work closely with two distributors in Canada, and we are close to setting up a distribution network within the United States. This does not include multiple independent online retailers. We currently support a network of dealers and distributors, and we intend to continue expanding our business and online sales channels in 2024.

Cost of Sales

Cost of sales increased by 2,305%, from $19,757 for the three months ended March 31, 2023, to $475,181 for the three months ended March 31, 2024. Our cost of sales, as a percentage of sales, was approximately 93% and 62% for the three months ended March 31, 2024 and 2023, respectively. The increase in the cost of sales as a percentage of sales was primarily due to increased sales to private labels at a lower agreed upon sales price compared to online retail sales. We consistently secure a 20% gross margin on soft covers sold to private labels, as these soft covers are drop shipped from our Chinese suppliers at a fixed cost. However, our margins on domestically manufactured hard covers is dependent on the cost of raw materials, which fluctuates, as well as overhead, which is expected to decrease in future quarters as we realize manufacturing efficiencies and allocate more existing human capital and machinery resources away from design engineering and testing towards production. Our overhead per domestic unit was particularly high during the three months ended March 31, 2024 due to this allocation of resources.

We provide our distributors and online retailers an “all-in” wholesale price. This includes any import duty charges, taxes, and shipping charges. Discounts are applied if the distributor or retailer chooses to use their own shipping process. Certain exceptions apply on rare occasions where product is shipped outside the contiguous United Sates or from the United States to Canada. Volume discounts are offered to certain high-volume customers, and we also offer a “dock price” or “pickup program” whereby clients are able to pick up product directly from our stocking warehouse.

Operating Expenses

Operating expenses increased for the three months ended March 31, 2024 by $134,806, from $3,542,116 for the three months ended March 31, 2023 to $3,676,922, due to the following factors:

- General and administrative expenses increased by $544,706, from $2,129,612 in 2023 to $2,674,318 in 2024. The increase was related to increased research and development activities, increased employment of production personnel including engineers, machine operators, and assembly people, and increases in wages and salaries as we seek to expand our operations and further develop our products.
- Sales and marketing expenses decreased by $477,574, from $544,351 for 2023 to $66,777 for 2024. The decrease in sales and marketing is primarily attributable to the completion of several marketing agreements and lower cost of in-house marketing campaigns to create brand and product awareness.
- Professional fees, which include accounting, legal, and consulting fees, increased from $868,611 in 2023 to $943,778 in 2024. The increase in professional fees was due primarily to increased expenditure related to stock options and restricted stock compensation with consultants and employees.
- We realized a gain on foreign exchange of $7,951 during 2024, compared to a gain on foreign exchange of $458 for the prior period due to conversions between CAD and USD.

Other Income and Expenses

We reported other expenses for the three months ended March 31, 2024 of $75,191, compared to a gain of $6,678 for three months ended March 23, 2023. Other expenses can be attributed to increased interest expense partially offset by interest and rental income.

Net Loss

Net loss for the three months ended March 31, 2024 was $3,714,657, compared to a net loss of $3,523,270 for the three months ended March 31, 2023 – an increase of 5%. The increase in the net loss can be attributed to the increase in various operating expenses as we focus on expanding our operations, research and development, manufacturing, and supply chain.

Liquidity and Capital Resources; Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the three months ended March 31, 2024, the Company had a net loss of $3,714,657 (2023 - $3,523,270). As of March 31, 2024, the Company has working capital of $2,901,401 (December 31, 2023 - $1,956,894) and had an accumulated deficit of $52,027,834 (December 31, 2023 - $48,313,177). The Company has not generated profit from operations since inception and to date has relied on debt and equity financings for continued operations. The Company’s ability to continue as a going concern is dependent upon the ability to generate cash flows from operations and obtain equity and/or debt financing. The Company intends to continue funding operations through equity and debt financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements in the long term. There can be no assurance that the steps management is taking will be successful.

Despite the Company having mostly completed its purchasing of large manufacturing machinery, operational costs are expected to remain elevated and, thus, further decrease cash and cash equivalents. Concurrently, the Company intends to continue its ramp-up of manufacturing and increasing sales volumes in 2024, which should mitigate the effects of operational costs on cash and cash equivalents; this view is supported by the fact that the manufacturing facility of the Company was completed for initial production output in 2023 and has started to generate revenue in the third quarter of 2023.

The Company has successfully raised cash, and it is positioned to do so again if deemed necessary or strategically advantageous. During the year ended December 31, 2021, the Company, through its Reg-A public offering, private placement offering, underwritten public offering, and exercises of warrants, raised an aggregate of approximately $32,500,000. On September 30, 2022, the Company filed a shelf registration statement on Form S-3, which was declared effective by the SEC on October 13, 2022, allowing the Company to issue up to $30,000,000 of common stock and prospectus supplement covering the offering, issuance and sale of up to $13,000,000 of common stock that may be issued and sold under an At The Market Offering Agreement dated September 30, 2022 (“ATM Agreement”), with H.C. Wainwright & Co., LLC, as the sales agent (“HCW”). Pursuant to the ATM Agreement, HCW is entitled to a commission equal to 3.0% of the gross sales price of the shares of common stock sold. As of March 31, 2024, the Company has sold and issued 604,048 shares of common stock in consideration for net proceeds of $780,356 under the ATM Agreement.

On November 2, 2023, the Company consummated a registered direct offering pursuant to which it sold 1,925,000 shares of common stock and 1,575,000 pre-funded warrants to an institutional investor for a total net proceeds of $4,261,542. Concurrently with the registered direct offering, the Company issued the same institutional investor 7,000,000 warrants in a private sale. The warrants are exercisable for 7,000,000 shares of common stock for $1.34 per share six months after issuance until five and a half years from the issuance date, subject to beneficial ownership limitations as described in the warrants. The Company registered the 7,000,000 shares of common stock underlying the warrants on a Form S-1 (333-276241) which was declared effective by the SEC on December 29, 2023.

On March 20, 2024, the Company consummated a registered direct offering pursuant to which it sold 2,372,240 shares of common stock and 1,477,892 pre-funded warrants to the same institutional investor as in the Company’s registered direct offering on November 2, 2023, for a total net proceeds of $2,629,083. Concurrently with the registered direct offering, the Company issued the institutional investor 7,700,264 warrants in a private sale. The warrants are exercisable for 7,700,264 shares of common stock for $0.74 per share six months after issuance until five and a half years from the issuance date, subject to beneficial ownership limitations contained in the warrants. The Company registered the 7,700,264 shares of common stock underlying the warrants on a Form S-1 (333-278461) which was declared effective by the SEC on April 8, 2024.

As disclosed in the footnotes to our financial statements, on May 14, 2024, the Company and Worksport New York Operations Corporation (“Worksport New York”) entered into an Omnibus Amendment of Loan Documents (the “Loan Amendment”) with Northeast Bank (the “Lender”). This amendment pertains to the secured loan agreement dated May 4, 2022, which was originally used to finance the purchase of our facility and land in West Seneca, New York. Effective as of May 10, 2024, the Lender extended the maturity date of the loan from May 10, 2024, to August 10, 2024. This extension alleviates immediate cash flow pressures by postponing the loan repayment, allowing us to manage our resources more effectively and focus on other operational needs. As part of the Loan Amendment, we agreed to pay the Lender an extension fee of $106,000. This fee is deemed fully earned but will be waived if the loan is repaid in full on or before the new maturity date. If the loan is not repaid by the extended maturity date or is accelerated due to default, the fee will become payable. Additionally, we agreed to an exit fee of $106,000 under similar conditions. This fee will be waived if the loan is repaid on or before the new maturity date without acceleration. This loan extension demonstrates our ability to negotiate favorable terms with our creditors and underscores our commitment to maintaining strong liquidity. This strategic decision supports our long-term growth and helps us navigate the current economic and interest rate environment more effectively. The details of the Loan Amendment have been filed as an exhibit to this report and are incorporated by reference herein.

To date, the Company’s principal sources of liquidity consist of net proceeds from public and private securities offerings and cash exercises of outstanding warrants. Management is focused on transitioning towards revenue as its principal source of liquidity by growing existing product offerings as well as the Company’s customer base. The Company cannot give assurance that it can increase its cash balances or limit its cash consumption and thus maintain sufficient cash balances for planned operations or future business developments. Future business development and demands may lead to cash utilization at levels greater than recently experienced. The Company may need to raise additional capital in the future. However, the Company cannot provide assurances it will be able to raise additional capital on acceptable terms, or at all.

The Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the financial statements are issued. Still, certain factors indicate the existence of a material uncertainty that cast substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. These adjustments could be material.

Cash Flow Activities

Cash increased from $3,365,778 at December 31, 2023, to $3,536,980 at March 31, 2024 – an increase of $171,202 or 5%. The increase was primarily due to the closing of sale of shares during the three months ended March 31, 2024, raising approximately $3,200,000.

As of March 31, 2024, we had current assets of $10,744,959 (December 31, 2023 - $9,123,506) and current liabilities of $7,843,558 (December 31, 2023 – $7,166,612). As of March 31, 2024, we had working capital of $2,901,401 (December 31, 2023 – $1,956,894) and an accumulated deficit of $52,027,834 (December 31, 2023 - $48,313,177).

Operating Activities

Net cash used by operating activities for the three months ended March 31, 2024 was $2,794,604, compared to $2,934,410 in the prior period, primarily driven by a larger net loss during the three months ended March 31, 2024, and partially offset by the issuance of shares, stock options, and warrants for services.

Accounts receivable decreased at March 31, 2024 by $306,778 and increased by $38,013 in the prior period. The decrease in accounts receivable was due to the collection of accounts receivable from a private label partner.

Inventory increased at March 31, 2024 by $2,908,354, and at March 31, 2023 by $257,423, as a result of our stockpiling components for production as well as finished goods in anticipation of the launch of targeted sales campaigns expected to drive significant sales volumes in our business to consumer department. Prepaid expenses decreased by $1,155,090 at March 31, 2024, and increased by $742,590 at March 31, 2023 due to deposits used and made by us for the purchase of manufacturing equipment and inventory, respectively.

Accounts payable and accrued liabilities increased at March 31, 2024 by $810,688 compared to an decrease of $6,799 in the prior period.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 was $212,969 compared to $1,153,229 in the prior period. The decrease in investing activities was primarily attributable to higher capital expenditure on various manufacturing equipment in 2023.

Financing Activities

Net cash generated by financing activities for the three months ended March 31, 2024 was $3,178,775 compared to net cash used from financing activities of $43,904 in the prior period.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies

Our discussion and analysis of results of operations and financial condition are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis, including those related to provisions for uncollectible accounts receivable, inventories, valuation of intangible assets and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies that we follow are set forth in Note 2 to our financial statements as included in the Form 10-K filed on March 27, 2024. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the quarter covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, cannot provide absolute assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in our periodic reports filed with the SEC are prepared in accordance with generally accepted accounting principles. Management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in lawsuits, claims, investigations, and proceedings, including pending opposition proceedings involving patents that arise in the ordinary course of business. We are not presently a party to any material pending or threatened legal proceedings, nor do we have any knowledge of any such pending claims.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition, liquidity, or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, liquidity or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On February 4, 2024, the Company and Worksport New York Operations Corporation (“Worksport New York”) entered into a Forbearance Agreement with Northeast Bank (the “Lender”) in connection with that certain secured loan agreement, dated May 4, 2022 (the “Loan Agreement”), by and among the

Company, as the guarantor (the “Guarantor”), Worksport New York, as the borrower (the “Borrower”), and the Lender in connection with the Company’s purchase of its 152,847 square foot facility and 18 acres of land in West Seneca, New York on May 6, 2022 for a total purchase price of $8,150,000. Pursuant to the Forbearance Agreement, the Lender agreed to forbear from commencing an action for judgement of foreclosure and sale, seeking an appointment of a receiver or collecting default accrued interest under the Loan until the occurrence of a Termination Event (as defined in the Forbearance Agreement) and the Company and Worksport waived all defenses in connection with the Worksport New York failure to maintain 1.20 to 1.0 debt service coverage ratio of net operating income to debt service under the Loan for each of the trailing twelve (12) months ended December 31, 2023, and the indirect sale of equity securities of Worksport New York as a result of the Company’s sale equity securities in November 2023 (the “Existing Defaults”). Pursuant to the Forbearance Agreement, the definition of “Permitted Transfers” in the Loan Agreement was amended to include the transfer of direct or indirect interest in the Company solely through a stock sale for capital raising purposes, subject to certain conditions, including no occurrence of an Events of Default (other than the Existing Defaults), change in ownership or control of the Company, no new 10% or greater owners, and no involvement of Sanctioned Persons. The Borrower must provide prior notice to Lender and satisfactory reporting of the results of the capital raise. The Forbearance Agreement has been filed as an exhibit to this report and is incorporated by reference herein.

Subsequent Events

- On April 29, 2024, 13,300 stock options issued during the three months ended March 31, 2024 were forfeited with the termination of the employee.

- 16,667 RSU units were granted onto a Contractor on May 1, 2024 in consideration for services rendered in Q1 2024.

- On May 2, 2024, the Company announced a collaboration with viral marketing firm Chief of Chaos to use the latter’s strategic insight to cultivate the story behind the Company’s current and upcoming products, aiming to replicate this success by enhancing the Company’s market presence and driving significant sales through innovative, targeted marketing campaigns.

- On May 6, 2024, 1,477,892 pre-funded warrants issued during the three months ended March 31, 2024 were exercised for 1,477,892 shares of common stock for $148.

- On May 8, 2024, the Company announced its receipt of a major grant from New York State Excelsior Jobs Program worth up to $2.8 million. The grant, following a strategic low-cost power award from New York Power Authority (NYPA) in April 2024, signifies additional state-level investment in the Company’s expanding operations. With growth exceeding NY State’s forecasts, the Company expects to create up to or over 280 new jobs from 2025 to 2030 and if achieved will receive cash benefits for the creation of these jobs, amounting to $2.8 million received over the next 10 years.

- On May 14, 2024, the Company successfully negotiated an extension of the maturity date for its $5.3 million Loan Agreement originally due on May 20th, 2024. The Company entered into an agreement with the lender to extend the maturity date to August 10th, 2024.

- On May 14, 2024, the Company and Worksport New York Operations Corporation (“Worksport New York”) entered into an Omnibus Amendment of Loan Documents (the “Loan Amendment”) with Northeast Bank (the “Lender”) in connection with that certain secured loan agreement, dated May 4, 2022 (the “Loan Agreement”), by and among the Company, as the guarantor (the “Guarantor”), Worksport New York, as the borrower (the “Borrower”), and the Lender in connection with the Company’s purchase of its 152,847 square foot facility and 18 acres of land in West Seneca, New York on May 6, 2022 for a total purchase price of $8,150,000. Pursuant to the Loan Amendment, effective as of May 10, 2024, the Lender extended the initial maturity date of the Loan from May 10, 2024 to August 10, 2024 (the “Extended Maturity Date”). The Company also agreed to pay the Lender an extension fee of $106,000 (the “Extension Fee”) which was deemed fully earned as of the date of the Loan Amendment. However, the Lender agreed to postpone payment of the Extension Fee until the occurrence of (i) the Loan not being repaid in full by or on the Extended Maturity Date; or (ii) Loan being accelerated following an Event of Default or Termination Date (as defined in the Forbearance Agreement). If the Loan is repaid in full on or prior to the Extended Maturity Date, the Lender has agreed to waive the Extension Fee. In addition to the Extension Fee, the Company agreed to pay the Lender an exit fee of $106,000 (the “Exit Fee”) in the event the Loan is not repaid in full on or prior to the Extended Maturity Date or if the Loan has been accelerated following an Event of Default or in connection with a Termination Event (as defined in the Forbearance Agreement). If the Loan is repaid in full on or prior to the Extended Maturity Date (and not as a result of an acceleration following a Termination Event), the Company will not be required to pay the Exit Fee. The Loan Amendment has been filed as an exhibit to this report and is incorporated by reference herein.

Item 6. Exhibits

EXHIBIT No.	DESCRIPTION
10.1	Forbearance Agreement, dated February 14, 2024, by and among Worksport New York Operations Corporation, Worksport Ltd., and Northeast Bank
10.2	Omnibus Amendment of Loan Documents, dated May 14, 2024 and effective as of May 10, 2024, by and among Northeast Bank, Worksport New York Operations Corporation, and Worksport Ltd.
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1**	Section 906 Certifications of Chief Executive Officer
32.2**	Section 906 Certifications of Chief Financial Officer
32.3	Omnibus Amendment of Loan Documents
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

WORKSPORT LTD.

Dated: May 15, 2024	By: */s/ Steven Rossi* Steven Rossi Chief Executive Officer (Principal Executive Officer)
Dated: May 15, 2024	By: */s/ Michael Johnston* Michael Johnston Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 10.1

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (the "Agreement") made, as of February 14, 2024, by and among WORKSPORT NEW YORK OPERATIONS CORPORATION, a New York corporation, having an address at 2500 North America Drive, West Seneca, New York 14224 (the "Borrower"), WORKSPORT LTD., a Nevada corporation, having an address at 123 W. Nye Lane, Carson City, Nevada 89706 (the " Guarantor"), and NORTHEAST BANK having an address at One Marina Park Drive, Boston, Massachusetts 02210 or its successors and/or assigns (the "Lender"). Borrower, Guarantor and Lender shall hereinafter collectively be referred to as the "Parties".

W I T N E S S E T H :

WHEREAS, Lender has made a loan (the "Loan") to Borrower in the principal amount of Five Million Three Hundred Thousand and 00/100 Dollars ($5,300,000.00), which Loan is evidenced by (i) that certain Loan Agreement, dated as of May 4, 2022, between Borrower and Lender (the "Loan Agreement") and (ii) that certain Promissory Note, dated as of May 4, 2022, made by Borrower in favor of Lender (the " Note"), and secured by, among other things, that certain Mortgage and Security Agreement, dated as of May 4, 2022, and recorded in the Erie County Clerk's Office in Book 14501 of Mortgages at Page 4768 (the "Mortgage"), and guaranteed by Guarantor pursuant to that certain Guaranty of Payment, dated as of May 4, 2022 (the "Guaranty", together with Loan Agreement, Note, Mortgage and all other documents, instruments and agreements entered into in connection with the Loan, collectively, the "Loan Documents"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Loan Documents; and

WHEREAS, the Mortgage is now a first (1 st) priority lien upon the property commonly known as 2500 North America Drive, West Seneca, New York, as more particularly described in Schedule A-I annexed hereto, and V/L North America Drive West Seneca, New York, as more particularly described in Schedule A-2 annexed hereto (collectively, the "Premises"); and

WHEREAS, pursuant to Section 8.18 of the Loan Agreement, Borrower violated the DSCR Covenant (the " DSCR Covenant") with respect to the Calculation Date on May 10, 2023 (the "DSCR Covenant Violation"); and

WHEREAS, pursuant to a certain letter agreement dated as of August 7, 2023 between Borrower and Lender (the " Letter Agreement"), Borrower acknowledged and agreed that Borrower violated the DSCR Covenant, and Lender was willing to offer a one-time conditional waiver of the DSCR Covenant Violation, subject to Borrower's and Guarantor's compliance with the conditions set forth in the Letter Agreement and Lender submits said conditions were not timely satisfied and the one-time waiver of the DSCR Covenant Violation was not granted;

WHEREAS, subsequent to the DSCR Covenant Violation, Lender submits that Borrower then violated Section 8.6.1 of the Loan, which prohibits Borrower from selling any direct or indirect ownership interest in Borrower without the written consent of the Lender, as a result of the Guarantor, which was the sole shareholder of Borrower, raising capital via a stock sale on October 31, 2023 (the "Ownership Transfer"); and

WHEREAS, by notice of default dated November 16, 2023 (the " Notice of Default"), the Lender declared the Loan in default pursuant to Sections 10.1.1, 10.2.1(E), and 10.2.1(F) of the Loan Agreement as a result of the DSCR Covenant Violation and the Ownership Transfer; and

WHEREAS, the Lender, at the request of Borrower and Guarantor (and without obligation to do so) has agreed as hereinafter provided during the Forbearance Period (hereinafter defined) to forbear from immediately enforcing its rights in connection with the Loan Agreement, the Note, the Mortgage, the Guaranty and the other Loan Documents to move for judgment of foreclosure and sale and seek the appointment of a receiver, and to otherwise immediately enforce its rights under the Loan Documents, subject to Borrower's and Guarantor's fully and timely compliance with this Forbearance Agreement, on the express condition that Borrower and Guarantor shall satisfy the conditions set forth in this Agreement and comply with all of the terms of the Loan Agreement, the Note, the Mortgage, the Guaranty and the other Loan Documents, all as amended by this Agreement.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Borrower and Guarantor acknowledge, confirm and agree that: (i) the Loan Agreement, the Note, the Mortgage, the Guaranty and the Loan Documents are in full force and effect as of the date hereof; (ii) the covenants, agreements and obligations of Borrower and Guarantor contained in or incurred under the Loan Agreement, the Note, the Mortgage, the Guaranty and the other Loan Documents constitute the legal, valid binding obligations of Borrower and Guarantor and, as the case may be, are enforceable against the Borrower and Guarantor in accordance with the terms and conditions of the Loan Documents; (iii) the outstanding principal balance due under the Note and Mortgage is $5,300,000.00; (iv) interest thereon has been paid through December 10, 2023; (v) there is presently a balance of $675,786.81 in the Interest Reserve Account on deposit with Lender pursuant to Section 8.21 of the Loan Agreement; (vi) the Mortgage constitutes a first (1st) priority lien on the Premises; and (vii) there are no offsets or defenses to the repayment of such indebtedness.

2. The Parties, pursuant to this Agreement, shall have bound itself to comply with the requirements of this Agreement and to otherwise comply with the requirements of and perform the obligations set forth in the Loan Agreement, the Note, the Mortgage, the Guaranty and the other Loan Documents, simultaneously with the signing of this Agreement.

3. Borrower and Guarantor acknowledge that (i) the Recitals in this Agreement are true and correct in all material respects and are deemed to be incorporated herein, (ii) the DSCR Covenant Violation has occurred and constitutes an Event of Default under the Loan Documents (the "DSCR Default"), (iii) Borrower failed to timely satisfy the conditions set forth in the Letter Agreement for the one-time waiver of the DSCR Covenant Violation and therefore the DSCR Default remains in effect, and (iv) the transfer of ownership interests related to the Ownership Transfer has occurred, which Lender has deemed an Event of Default under the Loan Documents (which together with the DSCR Default shall collectively be referred to herein as the "Existing Defaults"), and Borrower hereby waives any and all defenses to said Existing Defaults. Borrower and Guarantor acknowledge and agree that with the exception to the Existing Defaults and to the best of their knowledge, no further Defaults or Events of Default exist under any of the Loan Documents. The Borrower and Guarantor acknowledge by entering this Agreement (i) the Lender does not and has not waived and is not ever obligated to waive any Default or Event of Default under the Loan Documents, including, without limitation, the Existing Defaults, subject to the terms of this Agreement; (ii) all of the Existing Defaults and the rights and remedies of Lender arising in connection therewith are hereby preserved, subject to the terms of this Agreement; and (iii) except as specifically set forth herein, nothing contained herein constitutes an amendment or modification of any terms, covenants or conditions of the Loan Documents, or a waiver of any Default or Event of Default which may hereafter occur under the Loan Documents.

4. Prior to a Termination Event (as hereinafter defined) and during the Borrower's and Guarantor's performance of the Forbearance Conditions (as hereinafter defined) and its other obligations under this Agreement, and so long as such performance persists during such period, Lender shall forebear from commencing an action for a judgment of foreclosure and sale, seeking the appointment of a receiver and/or collecting the Accrued Default

Interest (as hereinafter defined) (provided that the same shall continue to accrue pursuant to the terms of the Note), from the date the DSCR Covenant Violation occurred through the occurrence of a Termination Event (the "Forbearance Period"). All outstanding principal, together with all accrued and unpaid interest thereon (including, without limitation, the Accrued Default Interest, as applicable), as the case may be, and any and all other amounts of any nature whatsoever due hereunder and under the Loan Documents, shall be due and payable in full on the earlier of (i) the Maturity Date, (ii) the payment in full of the Loan prior to the Maturity Date or (iii) the occurrence of a Termination Event. Notwithstanding the foregoing or anything contained to the contrary herein, the Parties hereby acknowledge and agree that interest at the Default Rate, which has and shall continue to accrue from the date of the DSCR Covenant Violation (the "Accrued Default Interest"), shall only be due and payable to Lender (i) upon the occurrence of an Event of Default with exception to the Existing Defaults, (ii) upon the occurrence of a Termination Event, and/or (iii) in the event of a default by Borrower or Guarantor in the performance of any of the Forbearance Conditions or any other covenants, conditions and agreements contained in this Agreement.

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5. Lender's agreement to forbear from commencing an action for a judgment of foreclosure and sale, seeking the appointment of a receiver and/or collecting Accrued Default Interest during the Forbearance Period shall be contingent upon the satisfaction of the following conditions (the "Forbearance Conditions") in the Lender's sole but commercially reasonable determination:

(a) During the term of the Loan and during the Forbearance Period, Borrower, Guarantor and all of their Affiliates shall hereafter maintain, all operating accounts and deposit accounts with Lender, other than the certain foreign transaction accounts, as more particularly described on Schedule B annexed hereto (together, the " Excluded Accounts"), which Excluded Accounts shall not, in the aggregate, maintain a balance in excess of $400,000.00 at any time (the "Excluded Account Maximum Balance"), without the prior written consent of Lender. Borrower shall furnish to Lender monthly bank statements for the Excluded Accounts evidencing a balance less than the Excluded Account Maximum Balance;

(b) In addition to the financial reporting requirements set forth in Section 8.2 of the Loan Agreement, Borrower and Guarantor shall furnish to Lender the following financial statements, reports and information to Lender within the time periods set forth below:

i. Within thirty (30) days of each quarter end, quarterly projections including profit and loss, balance sheet, and cash flow related to Guarantor's business operations;

ii. Within thirty (30) days of each quarter end, accounts receivable, accounts payable and inventory aging schedules related to Guarantor's business operations;

iii. Within thirty (30) days of each quarter end, copies of all purchase orders related to Guarantor's business operations;

iv. Within thirty (30) days of each quarter end, profit and loss and income statements related to Guarantor's business operations.

6. Each of the following shall constitute a " Termination Event" under this Agreement:

(a) The occurrence of a monetary Event of Default or a material non-monetary Event of Default (as determined by Lender in Lender's sole but commercially reasonable discretion) under the Loan Documents (other than the Existing Defaults);

(b) Borrower shall fail to timely pay the entire unpaid principal balance of Loan, together with all accrued and unpaid interest and any other charges due thereon on or before the Maturity Date;

(c) Borrower, Guarantor and/or their Affiliates shall fail to satisfy any of the Forbearance Conditions or any other covenants, conditions and agreements contained in this Agreement;

(d) a sale and/or transfer of the direct or indirect ownership in Borrower and/or Guarantor (other than a Permitted Transfer as defined in Section 8.6.3 of the Loan Agreement, as amended by Section 7 of this Agreement); and/or

(e) any other default under this Agreement.

Lender's rights and remedies under the Loan Documents from and after the occurrence of a Default or an Event of Default shall not be diminished or affected pursuant to the above definition of Termination Event and the use of such term herein.

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7. The Parties hereby agree that the definition of " Permitted Transfers" in Section 8.6.3 of the Loan Agreement shall be amended to include the following:

(a) "The transfer of direct or indirect interest in Guarantor solely as the result of a stock sale to raise additional capital in Guarantor, provided that in all cases: (i) no Default or Event of Default shall exist under the Loan Documents (other than the Existing Defaults); (ii) the transfer shall not change the direct ownership in Borrower or the management control of Borrower; (iii) the transfer shall not result in a change of control of Guarantor such that Steven Rossi is no longer a controlling member of the Board of Directors of Guarantor; (iv) the transfer shall not result in any new individual or entity owning a 10% or greater ownership interest in Guarantor (other than those shares of Guarantor publicly traded on the NASDAQ exchange for which notice will be given to Lender if any single individual or entity holds 10% or greater of such shares) or a 10% or greater indirect ownership interest in Borrower; (v) no transferee shall be a Sanctioned Person; (vi) Borrower shall provide Lender with at least ten (10) days prior written notice of any capital raise by Guarantor (which notice may be given by email); and (vii) Borrower shall deliver to Lender satisfactory reporting of the results of such capital raise within three (3) days after the conclusion of the same."

8. Notwithstanding anything to the contrary contained herein, Borrower shall continue to make monthly payments of interest in accordance with the terms of the Note. Lender represents that the monthly payment of interest due December 10, 2023 has been made. During the Forbearance Period, Borrower shall at all times continue to maintain the Minimum Balance Requirement in the Interest Reserve in accordance with Section 8.21.2 of the Loan Agreement.

9. Upon the occurrence of a Default or an Event of a Default by Borrower and/or Guarantor during the Forbearance Period, including a default in the performance of any of the Forbearance Conditions or any other covenants and agreements contained in this Agreement, the Loan Agreement, the Note, the Mortgage and/or the other Loan Documents, Borrower shall be afforded the notice, if any, and opportunity to cure as provided for in the Loan Documents.

10. In the event the Note and Mortgage are not paid in full prior to the end of the Forbearance Period or immediately upon the occurrence of a Termination Event, the Lender shall be entitled to all remedies provided in this Agreement and the Loan Documents, including, but not limited to, collecting the Accrued Default Interest from the date of the occurrence of the DSCR Covenant Violation until the earlier date of (i) entry of the judgment of foreclosure and sale or (ii) payment in full of the Loan.

11. Until the full completion by the Borrower and/or Guarantor of the performance required of Borrower under this Agreement, the Loan Agreement, the Note, the Mortgage and the other Loan Documents throughout the Forbearance Period, Lender's acceptance of any payments is expressly without prejudice to any of the Lender's rights, does not constitute a waiver or estoppel for any purpose whatsoever.

12. The Lender agrees that, subject to the performance of Borrower and/or Guarantor, as the case may be, pursuant to the terms of this Agreement (including, without limitation, Borrower timely complying with the Forbearance Conditions), it will not commence an action to foreclose the Mortgage, seek the appointment of a receiver, or to enforce the Loan Agreement, the Note, the Guaranty or other Loan Documents, during the Forbearance Period, on the express condition that Borrower complies with all terms of the Mortgage, the Loan Agreement, the Note, the Guaranty, the other Loan Documents and this Agreement (other than the Existing Defaults). In addition, this Agreement shall automatically terminate, without further act or instrument upon the occurrence of a Termination Event.

13. Each of Borrower and Guarantor (the "Borrower Parties"), for itself and its successors and assigns, hereby waives, releases and forever discharges Lender, its agents, employees, members, managers, officers, attorneys and affiliates from all claims, damages, losses, demands, liabilities, actions, suits, causes of action, offsets, counterclaims, and defenses (collectively, "Claims") that it may now have or claim to have, whether presently known or unknown, foreseen or unforeseen, in any way arising out of or relating, directly or indirectly to any circumstances or state of facts existing on or before the date hereof and pertaining to the Loan and/or the Loan Documents, including but not limited to claims related to Lender's actions in administering the Loan or negotiating the Loan Documents and claims of lender liability, fraud, duress, illegality, usury, waiver, bad faith, interference in Borrower's business, or any nonperformance of any agreement or obligation related thereto. Each of the Borrower Parties acknowledges the possibility that unknown losses or claims may exist, or that known losses or claims may have been underestimated in amount or severity. Each of the Borrower Parties confirms that it has taken such possibility into account in determining the consideration to be given for this Agreement and in giving a full accord, satisfaction and discharge of the aforesaid Claims.

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14. Subject to the terms of this Agreement, Borrower's failure to pay any sums due pursuant to the Mortgage, the Note, the Loan Agreement, the other Loan Documents or this Agreement, and any other Defaults or Events of Default under the Mortgage, the Loan Agreement, the Note, the other Loan Documents and this Agreement, will, in each instance, entitle the Lender to pursue any and all of its remedies provided herein and as may be contained in the Loan Documents, including, but not limited to, commencing a foreclosure action under the Mortgage, including the recovery of the full amount due from Borrower and/or Guarantor (less a credit for monies paid), including interest at the Default Rate from the date of the DSCR Covenant Violation until the earlier date of (i) entry of the judgment of foreclosure and sale or (ii) payment in full of the Loan, and shall entitle Lender to the entry of a judgment for the amount due under the Mortgage and for a judgment of foreclosure and sale in foreclosure to satisfy the judgment for the amount due to Lender, to which Borrower, in such instance, hereby consents, and waives all further notice and demand. Lender shall be entitled to the entry of a judgment for all of the relief described in this Paragraph 14 upon the filing of an affidavit with the court, made by an officer of Lender, setting forth the fact of Borrower's and/or Guarantor's default under this Agreement and failure to cure. Borrower and Guarantor hereby waive any and all defenses to an action to foreclose the mortgage or to collect under the Guaranty, respectively, other than mandatory counterclaims. Borrower acknowledges, consents and agrees that upon a Default or an Event of Default by Borrower under this Agreement, the Note, the Loan Agreement, the Mortgage and/or any other Loan Documents, all rents in the possession of Borrower or its representatives or agents shall be turned over to Lender and that all rent shall be payable to Lender.

15. Guarantor confirms and approves this Agreement, and ratifies and affirms the Guaranty, and agrees that the Guaranty is in full force and effect following the execution and delivery of this Agreement. The representations and warranties of Guarantor in the Guaranty are, as of the date hereof, true and correct and Guarantor does not know of any default thereunder. The Guaranty continues to be the valid and binding obligation of Guarantor, enforceable in accordance with its terms and Guarantor has no claims or defenses to the enforcement of the rights and remedies of Lender thereunder, except as provided in the Guaranty.

16. Except as specifically modified herein, all other terms of the Mortgage, the Loan Agreement, the Note, the Guaranty and the other Loan Documents, are hereby ratified and confirmed by the Parties, and nothing contained herein shall be deemed to diminish or modify the provisions thereof or the Lender's rights under same. Whenever the terms and conditions of this Agreement shall in any way conflict with the terms and conditions of the Loan Documents, the terms and conditions of this Agreement shall control and prevail over the said Loan Documents.

17. No failure or delay on the part of the Lender to exercise any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any right, power or remedy hereunder.

18. Any notices required to be given hereunder must be made in accordance with the notice provisions set forth in the Loan Documents.

19. Each of the parties hereto hereby irrevocably waive its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement, the Loan Documents and/or the Loan.

20. **Time is of the essence** of each of Borrower's and Guarantor's obligations under this Agreement.

21. This Agreement may not be amended except in a writing signed by the parties hereto and this Agreement shall be governed by and construed in accordance with the laws of the State of New York in the event any one or more of the provisions of this Agreement shall for any reason be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

22. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, administrators, executors, successors and assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto, or their respective heirs, administrators, executors, successors and assigns, any rights, remedies, obligations or liabilities.

23. This Agreement may be executed in one or more counterparts, all of which, when taken together, shall constitute one (1) original Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Borrower, Guarantor and Lender.

BORROWER:

WORKSPORT NEW YORK OPERATIONS CORPORATION

By: */s/ Steven Rossi*

Name: Steven Rossi
Title: President

GUARANTOR:

WORKSPORT LTD.

By: */s/ Steven Rossi*
Name: Steven Rossi
Title: Chief Executive Officer

LENDER:

NORTHEAST BANK

By: */s/ Brian R. Doherty*
Name: Brian R. Doherty
Title: Managing Director

EXHIBIT 10.2

OMNIBUS AMENDMENT OF LOAN DOCUMENTS

This OMNIBUS AMENDMENT OF LOAN DOCUMENTS (this "**Amendment**") is entered into as of the 14th day of April, 2024 and made effective as of May 10, 2024 (the "**Amendment Effective Date**"), by and among **NORTHEAST BANK**, a banking corporation organized under the laws of the state of Maine ("**Bank**"), **WORKSPORT NEW YORK OPERATIONS CORPORATION**, a New York corporation, having its principal place of business at 2500 North America Drive, West Seneca, New York 14224 ("**Borrower**"), and **WORKSPORT LTD.**, a Nevada corporation, having an address at 123 W. Nye Lane, Carson City, Nevada 89706 ("**Guarantor**").

WITNESSETH:

WHEREAS, reference is hereby made to that certain loan arrangement (hereinafter, as amended from time to time, the "**Loan**") between Borrower and Bank, which is evidenced by, among other documents, instruments and agreements, that certain Loan Agreement by and between Borrower and Bank dated as of May 4, 2022 (as may be amended from time to time, the "**Loan Agreement**") and that certain Promissory Note dated as of May 4, 2022, in the aggregate original principal amount of up to $5,300,000.00 made payable by Borrower to the order of Bank (as the same by amended from time to time, the "**Note**");

WHEREAS, certain obligations of Borrower to Bank under the Loan are guaranteed by Guarantor pursuant to that certain Guaranty of Payment dated May 4, 2022 (the "**Guaranty**");

WHEREAS, Borrower, Guarantor and Bank entered into that certain Forbearance Agreement dated as of February 14, 2024 (the "**Forbearance Agreement**", and together with the Loan Agreement, the Note, the Guaranty and any and all other documents, instruments, and agreements executed in conjunction with the Loan, collectively, the "**Loan Documents**");

WHEREAS, Borrower has requested, and Bank has agreed, as more particularly set forth below, to further extend the Maturity Date of the Loan and to amend certain provisions of the Loan Documents;

WHEREAS, each party expects to realize substantial direct and/or indirect benefits as a result of this Amendment becoming effective, and agrees to reaffirm its obligations under the Loan Documents to which it is a party; and

WHEREAS, as a result of and in accordance with such request, Bank has agreed to modify and amend the Loan Documents as set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, Guarantor, and Bank agree as follows:

1. **Defined Terms.** Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Loan Agreement and the Forbearance Agreement.

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2. **Outstanding Principal Balance.** As of the Amendment Effective Date, the outstanding principal balance of the Loan is $5,300,000.00.

3. **Extension of Maturity Date, Extension Fee & Exit Fee.** Subject to the satisfaction of the conditions set forth herein, as of the Amendment Effective Date (unless otherwise set forth below), the term of the Loan is hereby extended as follows on the following terms:

   a. The Maturity Date shall now be **August 10, 2024** ("**Maturity Date**") (or such earlier date upon the acceleration of the Note by Bank) at which time all amounts outstanding under the Note and Loan Documents shall be due and payable in full. The period from the existing Maturity Date of May 10, 2024, through the extended Maturity Date of August 10, 2024, shall be referred to herein as the "**Extended Term**".

   b. In connection with the extension granted herein, Borrower shall pay to the Bank the amount of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars (the "**Extension Fee**") which shall be deemed fully earned as the date hereof. Although the Extension Fee is earned in full on the date hereof, Bank hereby agrees to defer payment of the Extension Fee until the earlier to occur of: (a) the day after the Maturity Date occurs, and the Loan is not paid in full, or (b) the date on which the Loan has been accelerated following an Event of Default or Termination Event (as defined in the Forbearance Agreement). For the sake of clarity, if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event) the Extension Fee shall be waived by Bank. It is agreed that the Exit Fee and Extension Fee are in addition to any other fees that may be due and payable in connection with the Note and other Loan Documents.

   c. In addition to the Extension Fee, and any and all other amounts due in connection with the Loan and Loan Documents, Borrower shall be required to pay an Exit Fee. For purposes of this Amendment, "**Exit Fee**" means (i) if the Loan is not repaid in full prior on or prior to the Maturity Date, or if the Loan has been accelerated following an Event of Default or in connection with a Termination Event (as defined in the Forbearance Agreement), the sum of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars or (ii) if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event), Zero and 00/100 ($0.00) Dollars.

4. **Amendments to Loan Agreement.** Effective as of the Amendment Effective Date the terms of the Loan Agreement are hereby amended as follows:

   a. The definitions of "Initial Maturity Date" and "Extended Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in their entirety and replaced with "Intentionally Omitted". All references in the Loan Documents to either the Initial Maturity Date or the Extended Maturity Date shall be replaced with a reference to the Maturity Date, as extended per the below.

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   b. The definition of "Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in its entirety and the following shall be inserted in its place:

""Maturity Date" means August 10, 2024, or such earlier date on which the final payment of principal of the Note becomes due and payable as provided in this Agreement, the Note, the Mortgage or the Loan Documents, as applicable, by declaration of acceleration, or otherwise.

c. Section 2.4 of the Loan Agreement is hereby deleted in its entirety. For the avoidance of doubt, any reference in the Loan Agreement to a "Extended Maturity Date." is hereby rendered void.

5. **Amendments to Note.** Effective as of the Amendment Effective Date, the terms of the Note are hereby amended as follows: The third paragraph of Section 4(a) shall be deleted and replaced with "Intentionally omitted". For the avoidance of doubt, during the Extended Term, Borrower shall continue to make interest only payments on each Payment Date (as defined in the Note) in accordance with the second paragraph of Section 4(a) of the Note.

6. **Representations and Warranties.** Borrower and Guarantor hereby represent, warrant and covenant to Bank, on and as of the Amendment Effective Date, that:

a. The representations and warranties contained in the Loan Documents were true and correct in all material respects at and as of the date made and are true and correct in all material respects as of the Amendment Effective Date and no Event of Default exists or will result from the execution of this Amendment;

b. Borrower and Guarantor have all requisite power and authority to execute, deliver and perform its obligations under this Amendment. This Amendment has been duly executed and delivered by Borrower and Guarantor and constitutes a legal, valid and binding obligation of Borrower and Guarantor, enforceable against Borrower and Guarantor in accordance with its terms; and

c. Borrower and Guarantor have read and understand each of the terms and conditions of this Amendment and are entering into this Amendment freely and voluntarily, without duress, after having had an opportunity for consultation with independent counsel of their own selection, and not in reliance upon any representations, warranties, or agreements made by Bank and not set forth in this Amendment.

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7. **Effect on Loan Documents.** On and after the Amendment Effective Date, any reference in any of the Loan Documents to the Loan Agreement or other Loan Documents shall mean and be a reference to the Loan Agreement or applicable Loan Document as amended hereby. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any existing default, right, power or remedy of Bank under any of the Loan Documents, nor constitute a waiver of any default or provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of Bank under the Loan Documents. Each party hereto acknowledges and agrees that, on and after the Amendment Effective Date, this Amendment shall constitute a Loan Document for all purposes under the Loan Documents.

8. **Reaffirmation; Other Agreements.** Borrower and Guarantor hereby ratify, confirm, and reaffirm each of the terms and conditions of the Loan Documents, including the Forbearance Agreement, and further acknowledge and agree that except as previously amended in writing and as specifically modified by this Amendment, all terms and conditions of the Loan Documents, including the Forbearance Agreement, shall remain in full force and effect. For the avoidance of doubt, the extended Maturity Date set forth herein shall be incorporated as the new Maturity Date under the definition of "Termination Event" set forth in Section 6(b) of the Forbearance Agreement. In the event the Loan is not paid in full prior to the end of the Forbearance Period or immediately upon the occurrence of a Termination Event, Bank shall be entitled to all remedies provided in this Forbearance Agreement and the Loan Documents, including, but not limited to, collecting the Accrued Default Interest from the date of the occurrence of the DSCR Covenant Violation, as more fully set forth in Section 10 of the Forbearance Agreement.

9. **No Actions, Claims, Etc.; Release of Claims.** Borrower and Guarantor hereby acknowledge and confirm that they have no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against Bank or Bank's officers, employees, representatives, predecessors, successors and assigns, agents, advisors, consultants, counsel or directors (each, a "**Released Person**") arising from any action by such persons, or failure of such persons to act on or prior to the date hereof. In consideration of Bank's agreements contained in this Amendment, Borrower and Guarantor hereby irrevocably release and forever discharge Bank and each Released Person of and from any and all claims, suits, actions, investigations, proceedings, demands or damages, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, common law or otherwise of any kind or character, known or unknown, which Borrower or Guarantor ever had or now has against Bank or any other Released Person which relates, directly or indirectly, to any acts or omissions of Bank or any other Released Person on or prior to the date hereof, all of them are hereby expressly WAIVED, and Borrower and Guarantor each hereby RELEASE Bank and other Released Person from any liability therefor, but excluding from the foregoing waiver and release any and all claims, suits, actions, investigations, proceedings, demands or damages, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, common law or otherwise of any kind or character, known or unknown asserted against Bank or any other Released Person and found by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct on the part of Bank or any other Released Person.

10. **Governing Law.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11. **Miscellaneous.**

a. This Amendment is binding and enforceable as of the date hereof against each party hereto and its successors and permitted assigns.

b. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

c. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as an instrument under seal as of the day and year first set forth above.

BANK:

NORTHEAST BANK

By: */s/ Brian R. Doherty*
Name: Brian R. Doherty
Title: Managing Director

[Signatures continued on following page]

BORROWER:

WORKSPORT NEW YORK OPERATIONS CORPORATION
a New York corporation

By: */s/ Steven Rossi*
Name: Steven Rossi
Title: President

GUARANTOR:

WORKSPORT LTD.
a Nevada Corporation

By: */s/ Steven Rossi*
Name: Steven Rossi
Title: President

EXHIBIT 31.1

Certification of Principal Executive Officer

I, Steven Rossi, certify that:

1. I have reviewed this Form 10-Q of Worksport Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: */s/ Steven Rossi*
Steven Rossi
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Principal Financial Officer

I, Michael Johnston, certify that:

1. I have reviewed this Form 10-Q of Worksport Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: */s/ Michael Johnston*
Michael Johnston
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Rossi, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Worksport Ltd. on Form 10-Q for the period ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Worksport Ltd. at the dates and for the periods indicated.

By: */s/ Steven Rossi*
Steven Rossi
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Johnston, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Worksport Ltd. on Form 10-Q for the period ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Worksport Ltd. at the dates and for the periods indicated.

By: */s/ Michael Johnston*
Michael Johnston
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 15, 2024

EXHIBIT 32.3

OMNIBUS AMENDMENT OF LOAN DOCUMENTS

This OMNIBUS AMENDMENT OF LOAN DOCUMENTS (this "**Amendment**") is entered into as of the 14th day of April, 2024 and made effective as of May 10, 2024 (the "**Amendment Effective Date**"), by and among **NORTHEAST BANK**, a banking corporation organized under the laws of the state of Maine ("**Bank**"), **WORKSPORT NEW YORK OPERATIONS CORPORATION**, a New York corporation, having its principal place of business at 2500 North America Drive, West Seneca, New York 14224 ("**Borrower**"), and **WORKSPORT LTD.**, a Nevada corporation, having an address at 123 W. Nye Lane, Carson City, Nevada 89706 ("**Guarantor**").

WITNESSETH:

WHEREAS, reference is hereby made to that certain loan arrangement (hereinafter, as amended from time to time, the "**Loan**") between Borrower and Bank, which is evidenced by, among other documents, instruments and agreements, that certain Loan Agreement by and between Borrower and Bank dated as of May 4, 2022 (as may be amended from time to time, the "**Loan Agreement**") and that certain Promissory Note dated as of May 4, 2022, in the aggregate original principal amount of up to $5,300,000.00 made payable by Borrower to the order of Bank (as the same by amended from time to time, the "**Note**");

WHEREAS, certain obligations of Borrower to Bank under the Loan are guaranteed by Guarantor pursuant to that certain Guaranty of Payment dated May 4, 2022 (the "**Guaranty**");

WHEREAS, Borrower, Guarantor and Bank entered into that certain Forbearance Agreement dated as of February 14, 2024 (the "**Forbearance Agreement**", and together with the Loan Agreement, the Note, the Guaranty and any and all other documents, instruments, and agreements executed in conjunction with the Loan, collectively, the "**Loan Documents**");

WHEREAS, Borrower has requested, and Bank has agreed, as more particularly set forth below, to further extend the Maturity Date of the Loan and to amend certain provisions of the Loan Documents;

WHEREAS, each party expects to realize substantial direct and/or indirect benefits as a result of this Amendment becoming effective, and agrees to reaffirm its obligations under the Loan Documents to which it is a party; and

WHEREAS, as a result of and in accordance with such request, Bank has agreed to modify and amend the Loan Documents as set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, Guarantor, and Bank agree as follows:

1. **Defined Terms.** Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Loan Agreement and the Forbearance Agreement.

2. **Outstanding Principal Balance.** As of the Amendment Effective Date, the outstanding principal balance of the Loan is $5,300,000.00.

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3. **Extension of Maturity Date, Extension Fee & Exit Fee.** Subject to the satisfaction of the conditions set forth herein, as of the Amendment Effective Date (unless otherwise set forth below), the term of the Loan is hereby extended as follows on the following terms:

    a. The Maturity Date shall now be **August 10, 2024** ("**Maturity Date**") (or such earlier date upon the acceleration of the Note by Bank) at which time all amounts outstanding under the Note and Loan Documents shall be due and payable in full. The period from the existing Maturity Date of May 10, 2024, through the extended Maturity Date of August 10, 2024, shall be referred to herein as the "**Extended Term**".

    b. In connection with the extension granted herein, Borrower shall pay to the Bank the amount of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars (the "**Extension Fee**") which shall be deemed fully earned as the date hereof. Although the Extension Fee is earned in full on the date hereof, Bank hereby agrees to defer payment of the Extension Fee until the earlier to occur of: (a) the day after the Maturity Date occurs, and the Loan is not paid in full, or (b) the date on which the Loan has been accelerated following an Event of Default or Termination Event (as defined in the Forbearance Agreement). For the sake of clarity, if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event) the Extension Fee shall be waived by Bank. It is agreed that the Exit Fee and Extension Fee are in addition to any other fees that may be due and payable in connection with the Note and other Loan Documents.

    c. In addition to the Extension Fee, and any and all other amounts due in connection with the Loan and Loan Documents, Borrower shall be required to pay an Exit Fee. For purposes of this Amendment, "**Exit Fee**" means (i) if the Loan is not repaid in full prior on or prior to the Maturity Date, or if the Loan has been accelerated following an Event of Default or in connection with a Termination Event (as defined in the Forbearance Agreement), the sum of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars or (ii) if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event), Zero and 00/100 ($0.00) Dollars.

4. **Amendments to Loan Agreement.** Effective as of the Amendment Effective Date the terms of the Loan Agreement are hereby amended as follows:

    a. The definitions of "Initial Maturity Date" and "Extended Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in their entirety and replaced with "Intentionally Omitted". All references in the Loan Documents to either the Initial Maturity Date or the Extended Maturity Date shall be replaced with a reference to the Maturity Date, as extended per the below.

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    b. The definition of "Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in its entirety and the following shall be inserted in its place:

1. **Defined Terms.** Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Loan Agreement and the Forbearance Agreement.

2. **Outstanding Principal Balance.** As of the Amendment Effective Date, the outstanding principal balance of the Loan is $5,300,000.00.

3. **Extension of Maturity Date, Extension Fee & Exit Fee.** Subject to the satisfaction of the conditions set forth herein, as of the Amendment Effective Date (unless otherwise set forth below), the term of the Loan is hereby extended as follows on the following terms:

    a. The Maturity Date shall now be **August 10, 2024** ("**Maturity Date**") (or such earlier date upon the acceleration of the Note by Bank) at which time all amounts outstanding under the Note and Loan Documents shall be due and payable in full. The period from the existing Maturity Date of May 10, 2024, through the extended Maturity Date of August 10, 2024, shall be referred to herein as the "**Extended Term**".

    b. In connection with the extension granted herein, Borrower shall pay to the Bank the amount of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars (the "**Extension Fee**") which shall be deemed fully earned as the date hereof. Although the Extension Fee is earned in full on the date hereof, Bank hereby agrees to defer payment of the Extension Fee until the earlier to occur of: (a) the day after the Maturity Date occurs, and the Loan is not paid in full, or (b) the date on which the Loan has been accelerated following an Event of Default or Termination Event (as defined in the Forbearance Agreement). For the sake of clarity, if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event) the Extension Fee shall be waived by Bank. It is agreed that the Exit Fee and Extension Fee are in addition to any other fees that may be due and payable in connection with the Note and other Loan Documents.

    c. In addition to the Extension Fee, and any and all other amounts due in connection with the Loan and Loan Documents, Borrower shall be required to pay an Exit Fee. For purposes of this Amendment, "**Exit Fee**" means (i) if the Loan is not repaid in full prior on or prior to the Maturity Date, or if the Loan has been accelerated following an Event of Default or in connection with a Termination Event (as defined in the Forbearance Agreement), the sum of One Hundred Six Thousand and 00/100 ($106,000.00) Dollars or (ii) if the Loan is repaid in full on or before August 10, 2024 (and not as a result of an acceleration following a Termination Event), Zero and 00/100 ($0.00) Dollars.

4. **Amendments to Loan Agreement.** Effective as of the Amendment Effective Date the terms of the Loan Agreement are hereby amended as follows:

    a. The definitions of "Initial Maturity Date" and "Extended Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in their entirety and replaced with "Intentionally Omitted". All references in the Loan Documents to either the Initial Maturity Date or the Extended Maturity Date shall be replaced with a reference to the Maturity Date, as extended per the below.

    b. The definition of "Maturity Date" set forth in the Exhibit A of the Loan Agreement shall be deleted in its entirety and the following shall be inserted in its place:

    ""Maturity Date" means August 10, 2024, or such earlier date on which the final payment of principal of the Note becomes due and payable as provided in this Agreement, the Note, the Mortgage or the Loan Documents, as applicable, by declaration of acceleration, or otherwise.

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    c. Section 2.4 of the Loan Agreement is hereby deleted in its entirety. For the avoidance of doubt, any reference in the Loan Agreement to a "Extended Maturity Date." is hereby rendered void.

5. **Amendments to Note.** Effective as of the Amendment Effective Date, the terms of the Note are hereby amended as follows: The third paragraph of Section 4(a) shall be deleted and replaced with "Intentionally omitted". For the avoidance of doubt, during the Extended Term, Borrower shall continue to make interest only payments on each Payment Date (as defined in the Note) in accordance with the second paragraph of Section 4(a) of the Note.

6. **Representations and Warranties.** Borrower and Guarantor hereby represent, warrant and covenant to Bank, on and as of the Amendment Effective Date, that:

    a. The representations and warranties contained in the Loan Documents were true and correct in all material respects at and as of the date made and are true and correct in all material respects as of the Amendment Effective Date and no Event of Default exists or will result from the execution of this Amendment;

    b. Borrower and Guarantor have all requisite power and authority to execute, deliver and perform its obligations under this Amendment. This Amendment has been duly executed and delivered by Borrower and Guarantor and constitutes a legal, valid and binding obligation of Borrower and Guarantor, enforceable against Borrower and Guarantor in accordance with its terms; and

    c. Borrower and Guarantor have read and understand each of the terms and conditions of this Amendment and are entering into this Amendment freely and voluntarily, without duress, after having had an opportunity for consultation with independent counsel of their own selection, and not in reliance upon any representations, warranties, or agreements made by Bank and not set forth in this Amendment.

7. **Effect on Loan Documents.** On and after the Amendment Effective Date, any reference in any of the Loan Documents to the Loan Agreement or other Loan Documents shall mean and be a reference to the Loan Agreement or applicable Loan Document as amended hereby. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any existing default, right, power or remedy of Bank under any of the Loan Documents, nor constitute a waiver of any default or provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of Bank under the Loan Documents. Each party hereto acknowledges and agrees that, on and after the Amendment Effective Date, this Amendment shall constitute a Loan Document for all purposes under the Loan Documents.

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8. **Reaffirmation; Other Agreements.** Borrower and Guarantor hereby ratify, confirm, and reaffirm each of the terms and conditions of the Loan Documents, including the Forbearance Agreement, and further acknowledge and agree that except as previously amended in writing and as specifically modified by this Amendment, all terms and conditions of the Loan Documents, including the Forbearance Agreement, shall remain in full force and effect. For the avoidance of doubt, the extended Maturity Date set forth herein shall be incorporated as the new Maturity Date under the definition of "Termination Event" set forth in Section 6(b) of the Forbearance Agreement. In the event the Loan is not paid in full prior to the end of the Forbearance Period or immediately upon the occurrence of a Termination Event, Bank shall be entitled to all remedies provided in this Forbearance Agreement and the Loan Documents, including, but not limited to, collecting the Accrued Default Interest from the date of the occurrence of the DSCR Covenant Violation, as more fully set forth in Section 10 of the Forbearance Agreement.

9. **No Actions, Claims, Etc.; Release of Claims.** Borrower and Guarantor hereby acknowledge and confirm that they have no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against Bank or Bank's officers, employees, representatives, predecessors, successors and assigns, agents, advisors, consultants, counsel or directors (each, a "**Released Person**") arising from any action by such persons, or failure of such persons to act on or prior to the date hereof. In consideration of Bank's agreements contained in this Amendment, Borrower and Guarantor hereby irrevocably release and forever discharge Bank and each Released Person of and from any and all claims, suits, actions, investigations, proceedings, demands or damages, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, common law or otherwise of any kind or character, known or unknown, which Borrower or Guarantor ever had or now has against Bank or any other Released Person which relates, directly or indirectly, to any acts or omissions of Bank or any other Released Person on or prior to the date hereof, all of them are hereby expressly WAIVED, and Borrower and Guarantor each hereby RELEASE Bank and other Released Person from any liability therefor, but excluding from the foregoing waiver and release any and all claims, suits, actions, investigations, proceedings, demands or damages, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, common law or otherwise of any kind or character, known or unknown asserted against Bank or any other Released Person and found by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct on the part of Bank or any other Released Person.

10. **Governing Law.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11. **Miscellaneous.**

    a. This Amendment is binding and enforceable as of the date hereof against each party hereto and its successors and permitted assigns.

    b. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

    c. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as an instrument under seal as of the day and year first set forth above.

BANK:

NORTHEAST BANK

By: ______________________
Name: Brian R. Doherty
Title: Managing Director

[Signatures continued on following page]

BORROWER:

WORKSPORT NEW YORK OPERATIONS CORPORATION
a New York corporation

By: ______________________
Name: Steven Rossi
Title: President

GUARANTOR:

WORKSPORT LTD.
a Nevada Corporation

By: ______________________
Name: Steven Rossi
Title: President

STATE OF §
COUNTY OF §

On the ______ day of _______________ in the year 2024 before me, the undersigned, personally appeared Steven Rossi, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to this instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which

the individual acted, executed the instrument.

My Commission Expires:

Notary Public

Affix Seal

Printed/Typed Name of Notary