

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40623

TWIN VEE POWERCATS CO.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-1417610
(I.R.S. Employer
Identification No.)

3101 S. US-1
Ft. Pierce, Florida
(Address of principal executive offices)

34982
(Zip Code)

(772) 429-2525
(Registrant's telephone number, including area code)

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, par value \$0.001 per share	VEEE	The Nasdaq Stock Market, LLC (The Nasdaq Capital Market)

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 preceding 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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 November xx, 2024 there were 9,520,000 shares of Common Stock, \$0.001 par value per share, outstanding.

TWIN VEE POWERCATS CO.

TABLE OF CONTENTS

	<u>Page No.</u>
<u>PART I—FINANCIAL INFORMATION</u>	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	4
<u>Condensed Consolidated Balance Sheets as of September 30, 2024 (Unaudited) and December 31, 2023</u>	4
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months ended September 30, 2024 and 2023</u>	5
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited) for the Three and Nine Months ended September 30, 2024 and 2023</u>	6
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months ended September 30, 2024 and 2023</u>	7
<u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	38
Item 4. <u>Controls and Procedures</u>	39
<u>PART II—OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	40
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
Item 3. <u>Defaults Upon Senior Securities</u>	48
Item 4. <u>Mine Safety Disclosures</u>	48
Item 5. <u>Other Information</u>	48
Item 6. <u>Exhibits</u>	49
<u>SIGNATURES</u>	50

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments, and other factors we believe are appropriate under the circumstances. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond our control), and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements. We believe these factors include, but are not limited to, those described under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements.

As a result of these and other factors, we may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

NOTE REGARDING COMPANY REFERENCES

Throughout this Quarterly Report on Form 10-Q, “Twin Vee,” “the Company,” “we” and “our” refer to Twin Vee PowerCats Co.

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TWIN VEE POWERCATS CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2024	December 31, 2023
	<i>Unaudited</i>	
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,144,929	\$ 16,497,703
Restricted cash	212,963	257,530
Accounts receivable	129,544	80,160
Marketable securities - available for sale	—	4,462,942
Inventories, net	3,343,468	4,884,761
Prepaid expenses and other current assets	548,077	463,222
Total current assets	15,378,981	26,646,318
Property and equipment, net	14,217,041	12,293,988
Operating lease right of use asset	495,744	854,990
Security deposit	48,710	51,417
Total Assets	\$ 30,140,476	\$ 39,846,713
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,957,902	\$ 2,399,026
Accrued liabilities	1,195,982	1,075,512
Contract liabilities - customer deposits	38,175	44,195
Finance lease liability - current portion	220,103	214,715
Operating lease right of use liability - current portion	431,132	482,897
Total current liabilities	3,843,294	4,216,345
Economic Injury Disaster Loan	499,900	499,900
Finance lease liability - noncurrent	2,479,742	2,644,123
Operating lease liability - noncurrent	109,329	436,730
Total Liabilities	6,932,265	7,797,098
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock: 50,000,000 authorized; \$0.001 par value; 9,520,000 shares issued and outstanding	9,520	9,520
Additional paid-in capital	38,871,551	37,848,657
Accumulated deficit	(21,491,078)	(14,346,984)
Equity attributed to stockholders of Twin Vee PowerCats Co, Inc.	17,389,993	23,511,193
Equity attributable to noncontrolling interests	5,818,218	8,538,422
Total stockholders' equity	23,208,211	32,049,615
Total Liabilities and Stockholders' Equity	\$ 30,140,476	\$ 39,846,713

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

TWIN VEE POWERCATS CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 2,901,318	\$ 8,076,545	\$ 12,504,482	\$ 24,980,902
Cost of products sold	3,046,975	7,471,034	12,170,486	21,928,093
Gross (loss) profit	<u>(145,657)</u>	<u>605,511</u>	<u>333,996</u>	<u>3,052,809</u>
Operating expenses:				
Selling, general and administrative	764,757	984,881	2,214,670	2,921,516
Salaries and wages	1,145,568	1,731,934	3,641,185	5,571,856
Professional fees	403,387	262,426	1,111,079	977,448
Impairment of property & equipment	—	—	1,674,000	—
Depreciation and amortization	440,458	341,826	1,300,697	844,665
Research and development	89,403	63,867	583,878	930,497
Total operating expenses	<u>2,843,573</u>	<u>3,384,934</u>	<u>10,525,509</u>	<u>11,245,982</u>
Loss from operations	(2,989,230)	(2,779,423)	(10,191,513)	(8,193,173)
Other income (expense):				
Dividend income	50,898	242,718	447,571	730,117
Other income (expense)	480	(6,206)	33,442	897
Interest expense	(57,034)	—	(178,922)	(113,523)
Interest income	99,418	32,648	107,297	63,078
Unrealized gain on marketable securities	8,148	42,507	5,204	45,585
Realized gain on marketable securities	—	23,747	35,210	23,747
Loss on disposal of property & equipment	(172,684)	—	(172,684)	—
Gain on sale of R&D assets	50,097	—	50,097	—
Employee Retention Credit income	—	—	—	1,267,055
Total other (expense) income	<u>(20,677)</u>	<u>335,414</u>	<u>327,215</u>	<u>2,016,956</u>
Loss before income tax	(3,009,907)	(2,444,009)	(9,864,298)	(6,176,217)
Income taxes provision	—	—	—	—
Net loss	<u>(3,009,907)</u>	<u>(2,444,009)</u>	<u>(9,864,298)</u>	<u>(6,176,217)</u>
Less: Net loss attributable to noncontrolling interests	(497,742)	(582,274)	(2,720,204)	(1,813,067)
Net loss attributed to stockholders of Twin Vee PowerCats Co., Inc.	<u>\$ (2,512,165)</u>	<u>\$ (1,861,735)</u>	<u>\$ (7,144,094)</u>	<u>\$ (4,363,150)</u>
Basic and dilutive loss per share of common stock	<u>\$ (0.26)</u>	<u>\$ (0.20)</u>	<u>\$ (0.75)</u>	<u>\$ (0.46)</u>
Weighted average number of shares of common stock outstanding	<u>9,520,000</u>	<u>9,520,000</u>	<u>9,520,000</u>	<u>9,520,000</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

TWIN VEE POWERCATS CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	<u>Common Stock</u>		<u>Paid-in</u>	<u>Accumulated</u>	<u>Noncontrolling</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Interests</u>	
For the three and nine months ended September 30, 2023						
Balance, December 31, 2022	9,520,000	\$ 9,520	\$ 35,581,022	\$ (7,154,808)	\$ 4,585,155	\$ 33,020,889
Stock-based compensation	—	—	482,964	—	—	482,964
Net loss	—	—	—	(1,166,772)	(661,693)	(1,828,465)
Balance, March 31, 2023	9,520,000	\$ 9,520	\$ 36,063,986	\$ (8,321,580)	\$ 3,923,462	\$ 31,675,388
Forza share issuance			364,886		6,564,666	6,929,552
Stock-based compensation	—	—	489,361	—	—	489,361
Net loss	—	—	—	(1,334,643)	(569,100)	(1,903,743)
Balance, June 30, 2023	9,520,000	\$ 9,520	\$ 36,918,233	\$ (9,656,223)	\$ 9,919,028	\$ 37,190,558
Stock-based compensation	—	—	464,560	—	—	464,560
Subsidiary stock repurchase	—	—	—	—	—	—
Net loss	—	—	—	(1,861,735)	(582,274)	(2,444,009)
Balance, September 30, 2023	9,520,000	\$ 9,520	\$ 37,382,793	\$ (11,517,958)	\$ 9,336,754	\$ 35,211,109
For the three and nine months ended September 30, 2024						
Balance, December 31, 2023	9,520,000	\$ 9,520	\$ 37,848,657	\$ (14,346,984)	\$ 8,538,422	\$ 32,049,615
Stock-based compensation	—	—	426,283	—	—	426,283
Net loss	—	—	—	(1,686,227)	(648,967)	(2,335,194)
Balance, March 31, 2024	9,520,000	\$ 9,520	\$ 38,274,940	\$ (16,033,211)	\$ 7,889,455	\$ 30,140,704
Stock-based compensation	—	—	317,744	—	—	317,744
Net loss	—	—	—	(2,945,701)	(1,573,495)	(4,519,196)
Balance, June 30, 2024	9,520,000	\$ 9,520	\$ 38,592,684	\$ (18,978,912)	\$ 6,315,960	\$ 25,939,252
Stock-based compensation	—	—	278,867	—	—	278,867
Net loss	—	—	—	(2,512,165)	(497,742)	(3,009,907)
Balance, September 30, 2024	9,520,000	\$ 9,520	\$ 38,871,551	\$ (21,491,078)	\$ 5,818,218	\$ 23,208,211

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

TWIN VEE POWERCATS CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities		
Net loss	\$ (9,864,298)	\$ (6,176,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	1,022,894	1,436,885
Depreciation and amortization	1,300,697	844,665
Impairment of property & equipment	1,674,000	—
Change of right-of-use asset	359,246	355,519
Gain on sale of R&D assets	(50,097)	—
Loss on disposal of property & equipment	172,564	—
Net change in fair value of marketable securities	(5,204)	(45,585)
Change in inventory reserve	(293,059)	—
Changes in operating assets and liabilities:		
Accounts receivable	(49,384)	(494,339)
Inventories	1,884,449	(4,126,506)
Prepaid expenses and other current assets	(84,855)	332,142
Accounts payable	(441,124)	1,568,127
Accrued liabilities	120,470	(275,255)
Operating lease liabilities	(379,166)	(358,525)
Contract liabilities	(6,020)	8,959
Net cash used in operating activities	<u>(4,638,887)</u>	<u>(6,930,130)</u>
Cash Flows From Investing Activities		
Security deposit	2,707	(16,650)
Realized gain on sale of marketable securities, available for sale	(35,210)	(23,747)
Net sales (purchases) of investment in marketable securities	4,503,356	(8,608,148)
Proceeds from disposition of equipment	6,000	—
Purchase of property and equipment	(5,044,742)	(2,413,119)
Net cash used in investing activities	<u>(567,889)</u>	<u>(11,061,664)</u>
Cash Flows From Financing Activities		
Proceeds from Forza Issuance of common stock	—	6,996,015
Deferred offering costs	—	(66,463)
Finance lease liabilities	(190,565)	(37,214)
Net cash (used in) provided by financing activities	<u>(190,565)</u>	<u>6,892,338</u>
Net change in cash, cash equivalents and restricted cash	(5,397,341)	(11,099,456)
Cash, cash equivalents and restricted cash at beginning of the period	16,755,233	23,501,007
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 11,357,892</u>	<u>\$ 12,401,551</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 327,879</u>	<u>\$ 113,523</u>
Non Cash Investing and Financing Activities		
Increase in the right-of-use asset and lease liability	<u>\$ 31,572</u>	<u>\$ 2,948,991</u>
Reconciliation to the Consolidated Balance Sheet		
Cash and cash equivalents	\$ 11,144,929	\$ 12,146,619
Restricted cash	212,963	254,932
Total cash, cash equivalents and restricted cash	<u>\$ 11,357,892</u>	<u>\$ 12,401,551</u>

TWIN VEE POWERCATS CO.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024

1. Organization and Summary of Significant Accounting Policies

Organization

Twin Vee PowerCats Co. (“Twin Vee” or the “Company”) was incorporated as Twin Vee Catamarans, Inc., in the state of Florida, on December 1, 2009. On April 7, 2021, the Company filed a Certificate of Conversion to register and incorporate in the state of Delaware and changed the company name to Twin Vee PowerCats Co. The Certificate of Incorporation for Twin Vee PowerCats Co. was also filed on April 7, 2021.

On September 1, 2021, the Company formed Fix My Boat, Inc., (“Fix My Boat”), a wholly owned subsidiary. Fix My Boat will utilize a franchise model for marine mechanics across the country. Fix My Boat has been inactive for the majority of 2023 and the nine months ended September 30, 2024. On July 23, 2024, Fix My Boat, Inc. was merged into Twin Vee PowerCats Co.

Forza X1, Inc. was initially incorporated as Electra Power Sports, Inc. on October 15, 2021, and subsequently changed the name to Forza X1, Inc. (“Forza X1” or “Forza”) on October 29, 2021. Prior to Forza’s incorporation on October 15, 2021, the electric boat business was operated as the Company’s Electra Power Sports™ Division. Following the Company’s initial public offering that closed on July 23, 2021 (the “IPO”), it determined in October 2021 that for several reasons, it would market the Company’s new independent line of electric boats under a new brand name (and new subsidiary).

In an effort to retain cash and reduce expenditures and as a result of current market conditions, on July 11, 2024, Forza’s Board of Directors determined to discontinue and wind down the business related to the development and sale of electric boats utilizing its proprietary outboard electric motor. Forza explored strategic alternatives, including a potential merger with Twin Vee PowerCats Co. As part of this decision, Forza obtained an appraisal of its partially constructed facility in Monroe, NC and evaluated the carrying costs of its assets, primarily its inventory and fixed assets. Based on this analysis, Forza recorded an impairment charge of \$1,674,000 against the carrying cost of its partially constructed building at June 30, 2024. Forza has evaluated any material liabilities resulting from this action and has determined that there are no additional material liabilities to be recorded as of September 30, 2024.

On April 20, 2023, the Company formed AquaSport Co., a wholly owned subsidiary in the state of Florida in connection with the Company’s plan to lease the assets of former AQUASPORT™ boat brand and manufacturing facility in White Bluff, Tennessee. On July 30, 2024, AquaSport Co. was merged into Twin Vee PowerCats Co.

Merger

On December 5, 2022, pursuant to the terms of the Agreement and Plan of Merger, dated as of September 8, 2022 (the “Merger Agreement”), by and between Twin Vee PowerCats Co. and Twin Vee PowerCats, Inc., a Florida corporation (“TVPC”), TVPC was merged with and into the Company (the “Merger”).

As TVPC did not meet the definition of a business under ASC 805, the merger was not accounted for as a business combination. The Merger was accounted for as a recapitalization of Twin Vee PowerCats, Co., effected through the exchange of TVPC shares for Twin Vee PowerCats, Co. shares, and the cancellation of Twin Vee PowerCats, Co. shares held by TVPC. Upon the effective date of the Merger, December 5, 2022, the Company accounted for the Merger by assuming TVPC’s net liabilities. Twin Vee PowerCats, Co.’s financial statements reflect the operations of TVPC. prospectively and were not restated retroactively to reflect the historical financial position or results of operations of TVPC.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Twin Vee, its wholly owned subsidiaries as of September 30, 2024, AquaSport Co., and Fix My Boat, Inc., and its publicly traded subsidiary, Forza X1, collectively referred to as the “Company”. The Company’s net loss excludes losses attributable to noncontrolling interests. The Company reports noncontrolling interests in consolidated entities as a component of equity separate from the Company’s equity. All inter-company balances and transactions are eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial statements and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X of the United States Securities and Exchange Commission (“SEC”). Accordingly, they do not contain all information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements.

In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of September 30, 2024 and the results of operations and cash flows for the periods presented. The results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto for the year ended December 31, 2023, which are included in the Company’s Annual Report on Form 10-K filed with the SEC on March 27, 2024.

During the first quarter of 2024, the Company changed the classification of production labor and related benefit costs to be included as a component of cost of sales rather than operating expenses. The Company has adjusted the statement of operations for the three and nine months ended September 30, 2023 to be consistent with the accounting treatment in 2024. This resulted in an increase in cost of products sold of \$1,929,720 and \$4,866,739 and a corresponding decrease in operating expenses for the nine and three months ended September 30, 2023, respectively.

Revenue Recognition

The Company’s revenue is derived primarily from the sale of boats, motors and trailers to its independent dealers. The Company recognizes revenue when obligations under the terms of a contract are satisfied and control over promised goods is transferred to the dealer. For the majority of sales, this occurs when the product is released to the carrier responsible for transporting it to a dealer. The Company typically receives payment within five business days of shipment. Revenue is measured as the amount of consideration it expects to receive in exchange for a product. The Company offers dealer incentives that include wholesale rebates, retail rebates and promotions, floor plan reimbursement or cash discounts, and other allowances that are recorded as reductions of revenues in net sales in the statements of operations. The consideration recognized represents the amount specified in a contract with a customer, net of estimated incentives the Company reasonably expects to pay. The estimated liability and reduction in revenue for dealer incentives is recorded at the time of sale. Subsequent adjustments to incentive estimates are possible because actual results may differ from these estimates if conditions dictate the need to enhance or reduce sales promotion and incentive programs or if dealer achievement or other items vary from historical trends. Accrued dealer incentives are included in accrued liabilities in the accompanying condensed consolidated balance sheets.

Payment received for the future sale of a boat to a customer is recognized as a customer deposit. Customer deposits are recognized as revenue when control over promised goods is transferred to the customer. At September 30, 2024 and December 31, 2023, the Company had customer deposits of \$38,175 and \$44,195, respectively, which is recorded as contract liabilities on the condensed consolidated balance sheets. These deposits are expected to be recognized as revenue within a one-year period.

Rebates and Discounts

Dealers earn wholesale rebates based on purchase volume commitments and achievement of certain performance metrics. The Company estimates the amount of wholesale rebates based on historical achievement, forecasted volume, and assumptions regarding dealer behavior. Rebates that apply to boats already in dealer inventory are referred to as retail rebates. The Company estimates the amount of retail rebates based on historical data for specific boat models adjusted for forecasted sales volume, product mix, dealer and consumer behavior, and assumptions concerning market conditions. The Company also utilizes various programs whereby it offers cash discounts or agrees to reimburse its dealers for certain floor plan interest costs incurred by dealers for limited periods of time, generally ranging up to nine months. These floor plan interest costs are treated as a reduction in the revenue recognized on the sale at an amount estimated at the time of sale.

Other Revenue Recognition Matters

Dealers generally have no right to return unsold boats. Occasionally, the Company may accept returns in limited circumstances and at the Company's discretion under its warranty policy. The Company may be obligated, in the event of default by a dealer, to accept returns of unsold boats under its repurchase commitment to floor financing providers, who are able to obtain such boats through foreclosure. The repurchase commitment is on an individual unit basis with a term from the date it is financed by the lending institution through the payment date by the dealer, generally not exceeding 30 months.

The Company has excluded sales and other taxes assessed by a governmental authority in connection with revenue-producing activities from the determination of the transaction price for all contracts. The Company has not adjusted net sales for the effects of a significant financing component because the period between the transfer of the promised goods and the customer's payment is expected to be one year or less.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP 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 financial statements and the reported amounts of expenses during the reporting period. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates.

Concentrations of Credit and Business Risk

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of trade receivables. Credit risk on trade receivables is mitigated as a result of the Company's use of trade letters of credit, dealer floor plan financing arrangements, and the geographically diversified nature of the Company's customer base. The Company minimizes the concentration of credit risk associated with its cash by maintaining its cash with high quality federally insured financial institutions. However, cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit of \$250,000 are at risk. As of September 30, 2024 and December 31, 2023, the Company had \$10,414,162 and \$15,868,574, respectively, in excess of FDIC insured limits.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash include all highly liquid investments with original maturities of six months or less at the time of purchase. On September 30, 2024 and December 31, 2023, the Company had cash, cash equivalents and restricted cash of \$11,357,892 and \$16,755,233, respectively. Included within restricted cash on the Company's condensed consolidated balance sheets at September 30, 2024 and December 31, 2023 was cash deposited as collateral for irrevocable letters of credit of \$212,963 and \$257,530, respectively.

Marketable Securities

The Company's investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income.

Fair Value of Financial Instruments

The Company follows accounting guidelines on fair value measurements for financial instruments measured on a recurring basis, as well as for certain assets and liabilities that are initially recorded at their estimated fair values. Fair value is defined as the exit price, or the amount that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date. The Company uses the following three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs to value its financial instruments:

- Level 1: Observable inputs such as unadjusted quoted prices in active markets for identical instruments.
- Level 2: Quoted prices for similar instruments that are directly or indirectly observable in the marketplace.
- Level 3: Significant unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires a significant judgment or estimation.

Financial instruments measured as fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires it to make judgments and consider factors specific to the asset or liability. The use of different assumptions and/or estimation methodologies may have a material effect on estimated fair values. Accordingly, the fair value estimates disclosed, or initial amounts recorded may not be indicative of the amount that the Company or holders of the instruments could realize in a current market exchange.

The carrying amounts of cash equivalents approximate their fair value due to their liquid or short-term nature, such as accounts receivable and payable, and other financial instruments in current assets or current liabilities.

Accounts Receivable

The Company's Accounts Receivable is derived from third party financing arrangements that its dealers utilize to finance the purchase of its boats. This "floorplan financing" is collateralized by the finished boat, and cash payment is received within 3-5 days of the finance company's approval of the dealer's purchase. At the end of a reporting period, some payment(s) may not yet have been received from the financing company, which creates a temporary account receivable that will be satisfied in just a few days. As such, the Company's Accounts Receivable at any point in time are 100% collectable, and no valuation adjustment is necessary. Therefore, there is no allowance for credit losses on the Company's balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value, with cost determined using the average cost method on a first-in first -out basis. Net realizable value is defined as sales price, less cost of completion, disposable and transportation and a normal profit margin. Production costs, consisting of labor and overhead, are applied to ending finished goods inventories at a rate based on estimated production capacity. Excess production costs are charged to cost of products sold. Provisions have been made to reduce excess or obsolete inventories to their net realizable value. Provisions for excess and obsolete inventories at September 30, 2024 and December 31, 2023 were \$126,557 and \$419,616, respectively.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and amortization, using the straight-line method over the assets' useful life. Leasehold improvements are amortized over the shorter of the assets' useful life or the lease term. The estimated useful lives of property and equipment range from three to five years. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from their respective accounts, and the resulting gain or loss is included in results of operations. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

Impairment of Long-Lived Assets

Management assesses the recoverability of its long-lived assets when indicators of impairment are present. If such indicators are present, recoverability of these assets is determined by comparing the undiscounted net cash flows estimated to result from those assets over the remaining life to the assets' net carrying amounts. If the estimated undiscounted net cash flows are less than the net carrying amount, the assets would be adjusted to their fair value, based on appraisal or the present value of the undiscounted net cash flows. An impairment charge of \$1,674,000 was recorded against the Forza building under construction in the second quarter of 2024 based on a third-party appraisal.

Advertising

Advertising and marketing costs are expensed as incurred, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations. During the three months ended September 30, 2024 and 2023, advertising costs incurred by the Company totaled \$24,196 and \$129,592, respectively. During the nine months ended September 30, 2024 and 2023, advertising costs incurred by the Company totaled \$151,776 and \$374,059, respectively.

Research and Development

The Company expenses research and development costs relating to new product development as incurred. For the three months ended September 30, 2024 and 2023, research and development costs amounted to \$89,403 and \$63,867, respectively. For the nine months ended September 30, 2024 and 2023, research and development costs amounted to \$583,878 and \$930,497, respectively.

Shipping and Handling Costs

Shipping and handling costs include those costs incurred to transport product to customers and internal handling costs, which relate to activities to prepare goods for shipment. The Company has elected to account for shipping and handling costs associated with outbound freight after control over a product has been transferred to a customer as a fulfillment cost. The Company includes shipping and handling costs, including cost billed to customers, in cost of sales in the statements of operations. All manufactured boats are free on board (FOB) from the Fort Pierce manufacturing plant. Dealers are required to either pick up the boats themselves or contract with a transporter. For the three months ended September 30, 2024 and 2023, shipping and handling costs amounted to \$57,149 and \$144,388, respectively. For the nine months ended September 30, 2024 and 2023, shipping and handling costs amounted to \$261,927 and \$540,155, respectively.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company’s leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company calculates the associated lease liability and corresponding ROU asset upon lease commencement using a discount rate based on a credit-adjusted secured borrowing rate commensurate with the term of the lease. The operating lease ROU asset also includes any lease payments made and is reduced by lease incentives. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expenses for lease payments is recognized on a straight-line basis over the lease term.

Supplier Concentrations

The Company is dependent on the ability of its suppliers to provide products on a timely basis and on favorable pricing terms. The loss of certain principal suppliers or a significant reduction in product availability from principal suppliers could have a material adverse effect on the Company. Business risk insurance is in place to mitigate the business risk associated with sole suppliers for sudden disruptions such as those caused by natural disasters.

The Company is dependent on third-party equipment manufacturers, distributors, and dealers for certain parts and materials utilized in the manufacturing process. During the nine months ended September 30, 2024, the Company purchased all engines and certain composite materials for its boats under supplier agreements with five vendors. Total purchases from these vendors were \$4,414,169. During the nine months ended September 30, 2023, the Company purchased all engines from three vendors for its boats under supplier agreements. Total purchases from these vendors were \$5,654,582.

Employee Retention Credit

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law providing numerous tax provisions and other stimulus measures, including an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC.

Accounting Standards Codification 105, “Generally Accepted Accounting Principles,” describes the decision-making framework when no guidance exists in US GAAP for a particular transaction. Specifically, ASC 105-10-05-2 instructs companies to look for guidance for a similar transaction within US GAAP and apply that guidance by analogy. As such, forms of government assistance, such as the ERC, provided to business entities would not be within the scope of ASC 958, but it may be applied by analogy under ASC 105-10-05-2. The Company accounted for the Employee Retention Credit as a government grant in accordance with Accounting Standards Update 2013-06, Not-for-Profit Entities (Topic 958) (“ASU 2013-06”) by analogy under ASC 105-10-05-2. Under this standard, government grants are recognized when the conditions on which they depend are substantially met. For the nine months ended September 30, 2024 and 2023, the Company recognized income related to the employee retention credit of \$0 and \$1,267,055, respectively.

Stock-Based Compensation

The Company recognizes stock-based compensation costs for its restricted stock measured at the fair value of each award at the time of grant, as an expense over the period during which an employee is required to provide service. Compensation cost is recognized over the service period for the fair value of awards that vest.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is entirely dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The Company files income tax returns in the U.S. federal jurisdiction and various states.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosures of significant expenses that are regularly provided to the chief operating decision maker and included within each reported segment measure of segment profit or loss. The update also required disclosure regarding the chief operating decision maker and expands interim segment disclosure requirements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU-2023-07 on its consolidated financial statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements.

2. Marketable securities

As of September 30, 2024, the Company had no marketable securities. The Company's investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income.

	As of 12/31/2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable Securities				
Corporate Bonds	\$ 4,473,033	\$ 50,878	\$ (60,969)	\$ 4,462,942
Total Marketable Securities	<u>\$ 4,473,033</u>	<u>\$ 50,878</u>	<u>\$ (60,969)</u>	<u>\$ 4,462,942</u>

	Fair Value Measurements Using			
	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Non-observable Inputs (Level 3)
Marketable securities:				
Corporate Bonds	\$ 4,462,942	\$ —	\$ 4,462,942	\$ —
Total marketable securities	<u>\$ 4,462,942</u>	<u>\$ —</u>	<u>\$ 4,462,942</u>	<u>\$ —</u>

The Company's investments in corporate bonds, commercial paper and certificates of deposits are measured based on quotes from market makers for similar items in active markets.

3. Inventories

At September 30, 2024 and December 31, 2023, inventories consisted of the following:

	September 30, 2024	December 31, 2023
Raw Materials	\$ 3,206,838	\$ 5,001,512
Work in Process	119,339	96,721
Finished Product	143,848	206,144
Total Inventory	\$ 3,470,025	\$ 5,304,377
Reserve for Excess and Obsolete	(126,557)	(419,616)
Net inventory	\$ 3,343,468	\$ 4,884,761

4. Property and Equipment

At September 30, 2024 and December 31, 2023, property and equipment consisted of the following:

	September 30, 2024	December 31, 2023
Machinery and equipment	\$ 2,609,701	\$ 2,692,473
Furniture and fixtures	36,816	40,299
Land	1,119,758	1,119,758
Leasehold improvements	1,228,860	1,228,860
Software and website development	300,934	300,935
Computer hardware and software	118,267	159,342
Boat molds	7,091,748	5,871,373
Vehicles	143,360	143,360
Electric prototypes and tooling	142,526	142,526
Assets under construction	5,049,667	2,977,894
	17,841,637	14,676,820
Less accumulated depreciation and amortization	(3,624,596)	(2,382,832)
	\$ 14,217,041	\$ 12,293,988

Depreciation and amortization expense of property and equipment for the three months ended September 30, 2024 and 2023 were \$440,458 and \$341,826, respectively. Depreciation and amortization expense of property and equipment for the nine months ended September 30, 2024 and 2023 were \$1,300,697 and \$844,665, respectively.

5. Leases – Related Party

Operating right of use (“ROU”) assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating right of use assets represent the Company’s right to use an underlying asset and is based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, the Company estimates incremental secured borrowing rates corresponding to the maturities of the leases. The Company used the U.S. Treasury rate of 0.36% at September 30, 2024 and December 31, 2023.

The Company’s office lease contains rent escalations over the lease term. The Company recognizes expense for this office lease on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the Company’s right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term.

The Company leases its office and warehouse facilities, and the land which are located at 3101 S US-1, Fort Pierce, Florida (the “Property”) from Visconti Holdings, LLC. Visconti Holdings, LLC is a single member LLC that holds the ownership of the property, and its sole member is Joseph C. Visconti, the CEO of the Company. The Company entered into the lease on January 1, 2020, and as amended January 1, 2021, the lease has a term of five years. The current base rent payment is \$30,000 per month including property taxes and the lease required a \$25,000 security deposit. The base rent will increase five percent (5%) on the anniversary of each annual term.

At September 30, 2024 and December 31, 2023, supplemental balance sheet information related to the lease was as follows:

	September 30, 2024	December 31, 2023
Operating lease ROU asset	\$ 488,115	\$ 779,843
	September 30, 2024	December 31, 2023
Operating lease liabilities:		
Current portion	\$ 431,132	\$ 414,363
Non-current portion	109,329	436,730
Total	<u>\$ 540,461</u>	<u>\$ 851,095</u>
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Operating lease cost	<u>\$ 97,336</u>	<u>\$ 96,971</u>
	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease cost	<u>\$ 291,728</u>	<u>\$ 290,648</u>

At September 30, 2024, future minimum lease payments under the non-cancelable operating lease is as follows:

Year Ending December 31,	
2024 (excluding the nine months ended September 30, 2024)	104,186
2025	437,583
Total lease payments	541,769
Less imputed interest	(1,308)
Total	\$ 540,461

	September 30,	
	2024	
Weighted average discount rate		0.36%
Weighted average remaining lease term (years)		1.25

6. Leases

Operating ROU assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating right of use assets represent the Company's right to use an underlying asset and is based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, the Company estimates incremental secured borrowing rates corresponding to the maturities of the leases. The Company used the U.S. Treasury rate of 4% at December 31, 2022.

The Company leases a warehouse facility, and land which are located at 150 Commerce Street, Old Fort, North Carolina (the "Property") from NC Limited Liability Company. The Company entered into the lease on October 7, 2022, the lease has a term of two years. The current base rent payment is \$7,517 per month including property taxes, insurance, and common area maintenance. The lease required a \$7,517 security deposit. The base rent increased three percent (3%) on October 15, 2023.

At September 30, 2024 and December 31, 2023, supplemental balance sheet information related to leases were as follows:

	September 30,	December 31,
	2024	2023
Operating lease ROU asset	\$ 7,629	\$ 75,147
	September 30,	December 31,
	2024	2023
Operating lease liabilities:		
Current portion	\$ —	\$ 68,532
Non-current portion	—	—
Total	\$ —	\$ 68,532

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease cost	\$ 68,665	\$ 68,665
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Operating lease cost	\$ 22,888	\$ 22,888

7. Finance Leases

Forza Vehicle and Equipment Lease

The Company has finance leases for a vehicle, two forklifts, and a copy machine. Forza entered into the vehicle lease in February of 2023, with an asset value of \$48,826, which is recorded in net property and equipment on the balance sheet, it is a 60-month lease at a 3% interest rate. Forza entered into the first forklift lease in January of 2023, with an asset value of \$43,579, which is recorded in net property and equipment on the balance sheet. It is a 60-month lease at a 7.5% interest rate. Forza entered into the second forklift lease in July of 2023, with an asset value of \$35,508, which is recorded in net property and equipment on the balance sheet. It is a 60-month lease at a 5.0% interest rate. Forza entered into the copier lease in July of 2023, with an asset value of \$14,245, which is recorded in net property and equipment on the balance sheet. It is a 60-month lease at a 7.0% interest rate.

AquaSport lease

On April 20, 2023 Twin Vee incorporated AquaSport Co., a wholly owned subsidiary, in the state of Florida in connection with its plan to lease the AQUASPORT™ boat brand and manufacturing facility in White Bluff, Tennessee. On May 5, 2023, Twin Vee and AquaSport Co. entered into an agreement (the “Agreement”) with Ebbtide Corporation (“Ebbtide”) providing AquaSport Co. with the right to acquire assets, AQUASPORT™ boat brand, trademarks, 150,000-square-foot manufacturing facility situated on 18.5 acres in White Bluff Tennessee, related tooling, molds, and equipment to build five Aquasport models ranging in size from 21 to 25-foot boats (the “AquaSport Assets”).

Under the Agreement, the Company has the right to purchase the AquaSport Assets from Ebbtide for \$3,100,000 during the five-year term of the Agreement (or extension period), less credit for a \$300,000 security deposit paid by the Company and \$16,000 a month for any rent paid under the Agreement by AquaSport Co. to Ebbtide. AquaSport Co. will lease the AquaSport Assets from Ebbtide under the Agreement at a monthly rent of \$22,000 with the option to acquire the AquaSport Assets. The lease is for a term of five years, commencing June 1, 2023 at a 2.93% interest rate, with one option to renew the lease for an additional five years. In the event AquaSport Co. commits three payment Events of Default (as defined in the Agreement) within any consecutive two-year period or commits any other material Event of Default that is not cured timely and remains uncured, Ebbtide may terminate AquaSport Co.’s rights under the Agreement to acquire the AquaSport Assets. In addition, Ebbtide has the right to terminate the Agreement if an Event of Default occurs. AquaSport Co.’s obligations under the Agreement have been guaranteed by the Company.

Finance leases for AquaSport Co. are recorded in property and equipment, net on the balance sheet.

	September 30 2024	December 31, 2023
Land	\$ 1,000,000	\$ 1,000,000
Building	100,000	100,000
Equipment	2,000,000	2,000,000

At September 30, 2024 and December 31, 2023, supplemental balance sheet information related to finance leases were as follows:

	September 30, 2024	December 31, 2023
Finance lease liabilities:		
Current portion	\$ 220,103	\$ 214,715
Non-current portion	2,479,742	2,644,123
Total	<u>\$ 2,699,845</u>	<u>\$ 2,858,838</u>

At September 30, 2024, future minimum lease payments under the non-cancelable finance leases are as follows:

Year Ending December 31,		
2024 (excluding the nine months ended September 30, 2024)	\$	75,670
2025		298,248
2026		296,030
2027		292,928
2028		<u>2,023,534</u>
Total lease payment		2,986,410
Less imputed interest		<u>(286,565)</u>
Total	\$	<u>2,699,845</u>

The following summarizes other supplemental information about the Company's finance lease:

	September 30, 2024
Weighted average discount rate	3.02%
Weighted average remaining lease term (years)	3.63

8. Accrued Liabilities

At September 30, 2024 and December 31, 2023, accrued liabilities consisted of the following:

	September 30, 2024	December 31, 2023
Accrued wages and benefits	\$ 86,987	\$ 343,511
Accrued interest	93,923	33,245
Accrued bonus	329,468	—
Accrued professional fees	29,130	—
Accrued operating expense	470,320	115,037
Accrued construction expense	—	390,825
Warranty reserve	186,154	192,894
	<u>\$ 1,195,982</u>	<u>\$ 1,075,512</u>

9. Short-term Debt

On September 30, 2024 and December 31, 2023, the Company had lines of credit with Wells Fargo and Yamaha Motor Finance for \$1,250,000 and \$1,000,000, respectively. On September 30, 2024 and December 31, 2023, the outstanding balance with Wells Fargo was \$102,885 and \$231,736, respectively. At September 30, 2024 and December 31, 2023, the outstanding balance with Yamaha Motor Finance was \$230,513 and \$210,674, respectively. The outstanding balances are included in accounts payable on the consolidated balance sheet.

10. Notes Payable – SBA EIDL Loan

On April 22, 2020, the Company received an SBA Economic Injury Disaster Loan (“EIDL”) in the amount of \$499,900. The loan is in response to the COVID-19 pandemic. The loan is a 30-year loan with an interest rate of 3.75%, interest only monthly payments of \$2,437 began October 22, 2022, under the EIDL program, which is administered through the SBA. Under the guidelines of the EIDL, the maximum term is 30 years; however, terms are determined on a case-by-case basis based on each borrower’s ability to repay and carry an interest rate of 3.75%. The EIDL loan has an initial deferment period wherein no payments are due for thirty months from the date of disbursement. The EIDL loan may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The proceeds from this loan must be used solely as working capital to alleviate economic injury caused by the COVID-19 pandemic.

As part of the EIDL loan, the Company granted the SBA a continuing security interest in and to any and all collateral to secure payment and performance of all debts, liabilities and obligations of the Company to the SBA under the EIDL loan. The collateral includes substantially all tangible and intangible personal property of the Company.

A summary of the minimum maturities of term debt follows for the years set forth below.

Year ended December 31,

2024	—
2025	—
2026	—
2027	6,611
2028 and thereafter	493,289
Total	<u>\$ 499,900</u>

11. Related Party Transactions

As discussed in Note 5, the Company has leased its Fort Pierce, Florida facilities from a company owned by its CEO.

During the nine months ended September 30, 2024, the Company received a variable monthly fee averaging \$42,169, to provide management services and facility utilization to Forza. This income for the Company, and expense for Forza, has been eliminated in the condensed consolidated financial statements. During the nine months ended September 30, 2023, this fee was \$6,800 per month.

In August of 2022, Forza signed a six-month lease for a duplex on a property in Black Mountain, NC, to be used by its traveling employees during the construction of its new manufacturing facility, for \$2,500 per month. After the initial term of the lease, it was extended on a month-to-month basis. In August of 2023, the then president of Forza, James Leffew, purchased the property, and Forza executed a new lease agreement with Mr. Leffew on the same month-to-month terms. For the nine months ended September 30, 2024 and 2023, the lease expense was \$7,500 and \$12,500, respectively.

12. Commitments and Contingencies

Repurchase Obligations

Under certain conditions, the Company is obligated to repurchase new inventory repossessed from dealerships by financial institutions that provide credit to the Company's dealers. The maximum obligation of the Company under such floor plan agreements totaled \$12,404,194 or 72 units, and \$10,510,252 or 69 units, as of September 30, 2024 and December 31, 2023, respectively. The Company incurred no impact from repurchase events during the nine months ended September 30, 2024 and year ended December 31, 2023.

Litigation

The Company is currently involved in various civil litigation in the normal course of business none of which is considered material.

Irrevocable line of credit

As of September 30, 2024, the Company had \$212,963 of restricted cash included in cash, cash equivalents and restricted cash. This amount represents a deposit to secure an irrevocable letter of credit for a supplier contract with Yamaha. These deposits are held in an interest-bearing account. As of December 31, 2023, the Company had \$257,530 of restricted cash.

13. Stockholders' Equity

Twin Vee

Common Stock Warrants

As of September 30, 2024, the Company had outstanding warrants to purchase 150,000 shares of common stock issuable at a weighted-average exercise price of \$7.50 per share that were issued to the representative of the underwriters on July 23, 2021 in connection with the Company's initial public offering that closed on July 23, 2021 (the "IPO"). The representative's warrants are exercisable at any time and from time to time, in whole or in part, and expire on July 20, 2026. On October 3, 2022, pursuant to the terms of an underwriting agreement entered into on September 28, 2022 with ThinkEquity LLC, the Company issued to the underwriter warrants to purchase up to 143,750 shares of common stock. The warrants are exercisable at a per share price of \$3.4375. There was no warrant activity during the nine months ended September 30, 2024.

Equity Compensation Plan

The Company maintains an equity compensation plan (the "Twin Vee Plan") under which it may award employees, directors and consultants' incentive and non-qualified stock options, restricted stock units, stock appreciation rights and other stock-based awards with terms established by the Compensation Committee of the Board of Directors which has been appointed by the Board of Directors to administer the Twin Vee Plan. The number of awards under the Twin Vee Plan automatically increased on January 1, 2024. As of September 30, 2024, there were 52,022 shares remaining available for grant under the Twin Vee Plan.

Accounting for Stock -Based Compensation

Stock Compensation Expense

For the three months ended September 30, 2024 and 2023, the Company recorded \$104,708 and \$132,453, respectively, of stock-based compensation expense. For the nine months ended September 30, 2024 and 2023, the Company recorded \$371,779 and \$421,798, respectively, of stock-based compensation expense. Stock-based compensation expense is included in salaries and wages on the accompanying condensed consolidated statement of operations.

Stock Options

Under the Company's 2021 Stock Incentive Plan (the Twin Vee Plan) the Company has issued stock options. A stock option grant gives the holder the right, but not the obligation, to purchase a certain number of shares at a predetermined price for a specific period of time. The Company typically issues options that vest pro rata on a monthly basis over various periods. Under the terms of the Twin Vee Plan, the contractual life of the option grants may not exceed ten years.

The Company utilizes the Black-Scholes model to determine fair value of stock option awards on the date of grant. The Company utilized the following assumptions for option grants during the nine months ended September 30, 2024 and 2023:

	Nine months ended September 30,	
	2024	2023
Expected term	6.01 years	4.94 - 5 years
Expected average volatility	86.7%	49 - 50%
Expected dividend yield	—	—
Risk-free interest rate	4.2%	1.50 – 2.96%

The expected volatility of the option is determined using historical volatilities based on historical stock price of comparable boat manufacturing companies. The Company estimated the expected life of the options granted based upon historical weighted average of comparable boat manufacturing companies. The risk-free interest rate is determined using the U.S. Department of the Treasury yield curve rates with a remaining term equal to the expected life of the option. The Company has never paid a dividend, and as such the dividend yield is 0.0%

	Options Outstanding		Weighted Average Remaining life (years)	Fair value of option
	Number of Options	Weighted Average Exercise Price		
Outstanding, December 31, 2022	1,283,571	\$ 4.14	8.95	2,256,233
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	(44,394)	(5.40)	—	(101,960)
Forfeited/canceled	(25,000)	—	—	—
Outstanding, September 30, 2023	<u>1,214,177</u>	<u>\$ 4.13</u>	<u>8.21</u>	<u>4,410,507</u>

Exercisable options, September 30, 2023

821,100	\$ 4.41	8.61
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	Options Outstanding		Weighted Average Remaining life (years)	Grant Date Fair value of option
	Number of Options	Weighted Average Exercise Price		
Outstanding, December 31, 2023	1,271,016	\$ 3.99	8.04	2,213,147
Granted	1,222,000	0.61	—	550,352
Exercised	—	—	—	—
Expired	(338,887)	(3.87)	—	(578,867)
Forfeited/canceled	(120,930)	(2.97)	—	(153,829)
Outstanding, September 30, 2024	<u>2,033,199</u>	<u>\$ 2.04</u>	<u>8.72</u>	<u>2,030,803</u>

Exercisable options, September 30, 2024

773,614	\$ 4.16	7.31
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At September 30, 2024, 1,259,585 Twin Vee options are unvested and expected to vest over the next four years.

Restricted Stock Units

Under the Company's 2021 Stock Incentive Plan the Company has issued restricted stock units ("RSUs"). RSUs are granted with fair value equal to the closing market price of the Company's common stock on the business day of the grant date. An award may vest completely at a point in time (cliff-vest) or in increments over time (graded-vest). Generally, RSUs vest over three years.

	Restricted Stock Units Outstanding		Weighted Average Remaining life (years)	Aggregate Intrinsic Value
	Number of Units	Weighted Average Grant – Date Fair Value Price		
Outstanding, December 31, 2023	67,250	\$ 2.25	2.07	\$ 40,350
Granted	87,300	0.84	—	52,380
Exercised	—	—	—	—
Forfeited/canceled	(55,124)	(1.31)	—	(33,074)
Outstanding, September 30, 2024	99,426	\$ 1.53	1.88	\$ 59,655

Forza

Common Stock Warrants

Forza had outstanding warrants to purchase 172,500 shares of common stock issuable at a weighted-average exercise price of \$6.25 per share that were issued to the representative of the underwriters on August 16, 2022 in connection with Forza's IPO. Forza also had outstanding warrants to purchase 306,705 shares of common stock issuable at a weighted-average exercise price of \$1.88 per share that were issued to the representative of the underwriters on June 14, 2023 in connection with Forza's secondary offering. The representative's warrants are exercisable at any time and from time to time, in whole or in part, and expire on August 16, 2027 and June 16, 2028, respectively. There was no warrant activity during the nine months ended September 30, 2024.

Equity Compensation Plan

Forza maintains an equity compensation plan under which it may award employees, directors and consultants' incentive and non-qualified stock options, restricted stock, stock appreciation rights and other stock-based awards with terms established by the Compensation Committee of the Forza Board of Directors which has been appointed by the Forza Board of Directors to administer the Forza 2022 Stock Incentive Plan (the "Forza Plan"). The number of awards under the Forza Plan automatically increased on January 1, 2024 and will automatically increase on January 1, 2025. As of September 30, 2024, there were 1,698,714 shares remaining available for grant under the Forza Plan. Stock based compensation expense is included in the Statements of Operations, under salaries and wages.

Accounting for Stock -Based Compensation

For the three months ended September 30, 2024 and 2023, Forza recorded \$174,159 and \$332,107, respectively, of stock-based compensation expense. For the nine months ended September 30, 2024 and 2023, Forza recorded \$651,115 and \$1,015,087, respectively, of stock-based compensation expense. Stock-based compensation expense is included in salaries and wages on the accompanying condensed statement of operations.

Stock Options

Under the Forza Plan, Forza has issued stock options. A stock option grant gives the holder the right, but not the obligation, to purchase a certain number of shares at a predetermined price for a specific period of time. Forza typically issues options that vest pro rata on a monthly basis over various periods. Under the terms of the Forza Plan, the contractual life of the option grants may not exceed ten years.

Forza utilizes the Black-Scholes model to determine fair value of stock option awards on the date of grant. Forza utilized the following assumptions for option grants during the nine months ended September 30, 2024:

	Nine Months Ended September 30, 2024
Expected term	5 years
Expected average volatility	108 - 113%
Expected dividend yield	—
Risk-free interest rate	2.98 - 4.72%

The expected volatility of the option is determined using historical volatilities based on historical stock price of comparable boat manufacturing companies. Forza estimated the expected life of the options granted based upon historical weighted average of comparable boat manufacturing companies. The risk-free interest rate is determined using the U.S. Department of the Treasury yield curve rates with a remaining term equal to the expected life of the option. Forza has never paid a dividend, and as such the dividend yield is 0.0%.

	<u>Options Outstanding</u>		<u>Weighted Average Remaining life (years)</u>	<u>Grant Date Fair value of option</u>
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>		
Outstanding, December 31, 2022	1,441,500	\$ 3.41	0.05	\$ 4,009,913
Granted	518,000	0.70	9.76	287,835
Exercised	—	—		
Forfeited/canceled	(69,583)	1.24	9.62	(40,248)
Outstanding, December 31, 2023	<u>1,889,917</u>	<u>\$ 2.72</u>	<u>9.36</u>	<u>\$ 4,257,500</u>
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited/canceled	(791,843)	1.39	8.85	(2,266,938)
Outstanding, September 30, 2024	<u>1,098,074</u>	<u>\$ 2.75</u>	<u>8.28</u>	<u>\$ 1,990,562</u>
Exercisable options, September 30, 2024	<u>893,972</u>	<u>\$ 3.38</u>	<u>8.11</u>	<u>—</u>

14. Customer Concentration

Significant dealers are those that account for greater than 10% of the Company's revenues and purchases.

During the three months ended September 30, 2024, four individual dealers represented over 10% of the Company's total sales, and combined they represented 67% of total sales. During the three months ended September 30, 2023, two individual dealers represented over 10% of the Company's total sales, and combined they represented 35% of total sales. During the nine months ended September 30, 2024, three individual dealers represented over 10% of the Company's total sales, and combined they represented 38% of total sales. During the nine months ended September 30, 2023, there was one significant dealer who represented 20% of total sales.

15. Segment

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments.

The Company reported its financial performance based on the following segments: Gas-powered Boats, Franchise and Electric Boats.

The Company evaluates the performance of its reportable segments based on net sales and operating income. Net sales for business segments are generally based on the sale of boats and the sale of franchises. Income (loss) from operations for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment. Operating income for each segment excludes other income and expenses. The Company does not include intercompany transfers between segments for management reporting purposes. Inasmuch as we determined to discontinue and wind down Forza's business related to the development and sale of electric boats utilizing its proprietary outboard electric motor, the Company does not anticipate having an electric boat segment in the future.

The following table shows information by reportable segments for the three and nine months ended September 30, 2024 and 2023:

For the three months ended September 30, 2024

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 2,901,318	\$ —	\$ —	\$ 2,901,318
Cost of products sold	3,035,053	—	11,922	3,046,975
Operating expense	1,990,512	610	852,451	2,843,573
Loss from operations	(2,124,247)	(610)	(864,373)	(2,989,230)
Other income (expense)	10,857	(205)	(31,329)	(20,677)
Net loss	\$ (2,113,390)	\$ (815)	\$ (895,702)	\$ (3,009,907)

For the three months ended September 30, 2023

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 8,057,986	\$ —	\$ 18,559	\$ 8,076,545
Cost of products sold	7,459,413	—	11,621	7,471,034
Operating expense	2,124,980	988	1,258,966	3,384,934
Loss from operations	(1,526,407)	(988)	(1,252,028)	(2,779,423)
Other income (expense)	133,885	(4,185)	205,714	335,414
Net loss	\$ (1,392,522)	\$ (5,173)	\$ (1,046,314)	\$ (2,444,009)

For the nine months ended September 30, 2024

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 12,504,482	\$ —	\$ —	\$ 12,504,482
Cost of products sold	12,102,151	—	68,335	12,170,486
Operating expense	5,469,191	1,537	5,054,781	10,525,509
Loss from operations	(5,066,860)	(1,537)	(5,123,116)	(10,191,513)
Other income (expense)	104,284	(5,092)	228,023	327,215
Net loss	\$ (4,962,576)	\$ (6,629)	\$ (4,895,093)	\$ (9,864,298)

For the nine months ended September 30, 2023

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 24,962,343	\$ —	\$ 18,559	\$ 24,980,902
Cost of products sold	21,825,735	—	102,358	21,928,093
Operating expense	6,326,098	2,386	4,917,498	11,245,982
Loss from operations	(3,189,490)	(2,386)	(5,001,297)	(8,193,173)
Other income (expense)	1,563,128	(12,369)	466,197	2,016,956
Net loss	\$ (1,626,362)	\$ (14,755)	\$ (4,535,100)	\$ (6,176,217)

Property and equipment, net, classified by business were as follows:

	September 30, 2024	December 31, 2023
Gas-Powered Boats	\$ 9,828,812	\$ 8,825,027
Franchise	\$ —	\$ —
Electric-Boats	\$ 4,388,229	\$ 3,468,961

16. Subsequent Events

On November 7, 2024, the Company received written notification from The Nasdaq Stock Market LLC (“Nasdaq”) granting the Company’s request for a 180-day extension to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance may be achieved automatically and without further action if the closing bid price of the Company’s common stock is at or above \$1.00 for a minimum of ten consecutive business days at any time prior to May 5, 2025, Nasdaq will notify the Company when it determines that the Company has regained compliance with the Minimum Bid Price Requirement and the matter will be closed.

On November 11, 2024, the Company held its 2024 Annual Meeting of Stockholders (the “Annual Meeting”). At the Annual Meeting, the Company’s stockholders approved the issuance of shares of the Company’s common stock to Forza stockholders pursuant to the terms of the Agreement and Plan of Merger, dated as of August 12, 2024, by and between Forza, the Company and Twin Vee Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Company.

The Company has evaluated all events or transactions that occurred after September 30, 2024 through November 14, 2024, which is the date that the condensed financial statements were available to be issued. During this period, there were no additional material subsequent events.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q. This discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and notes thereto. You should also review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q and under Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

OVERVIEW

We are a designer, manufacturer and marketer of recreational and commercial power boats. We believe our company has been an innovator in the recreational and commercial power catamaran industry. We currently have 13 gas-powered models in production ranging in size from our 22-foot mono hull, single engine, center console to our newly designed 40-foot offshore 400 GFX catamaran, quad engines. While our twin-hull catamaran running surface, known as a symmetrical catamaran hull design, adds to the Twin Vee ride quality by reducing drag, increasing fuel efficiency, and offering users a stable riding boat, our new mono hull line addresses the largest portion of the overall market.

Historically, we have organized our business into three operating segments: (i) our gas-powered boat segment which manufactures and distributes gas-powered boats under the Twin Vee and AquaSport names; (ii) our electric-powered boat segment which is developing fully electric boats, through our publicly owned subsidiary, Forza X1, Inc., a Delaware corporation ("Forza") and (iii) our franchise segment which is developing a standard product offering and will be selling franchises across the United States. Inasmuch as we determined to discontinue and wind down Forza's business related to the development and sale of electric boats utilizing its proprietary outboard electric motor, we do not anticipate having an electric boat segment in the future.

Our gas-powered boats allow consumers to use them for a wide range of recreational activities including fishing, diving and water skiing and commercial activities including transportation, eco tours, fishing and diving expeditions. We believe that the performance, quality and value of our boats position us to achieve our goal of increasing our market share and expanding the power catamaran boating market. We currently primarily sell our boats through a current network of 23 independent boat dealers in 37 locations across North America and the Caribbean who resell our boats to the end user Twin Vee and AquaSport customers. We continue recruiting efforts for high quality boat dealers and seek to establish new dealers and distributors domestically and internationally to distribute our boats as we grow our production and introduce new models. Our gas-powered boats are currently outfitted with gas-powered outboard combustion engines.

During the third quarter of 2024, we have continued to experience a significant reduction in demand for our products, as has been experienced throughout the boating industry. Total units sold in the quarter were 20 compared to 66 in the third quarter of 2023, a 70% reduction, compared to a 64% reduction in revenue over the same period. This difference is due to the average selling price per unit in each quarter. Sales per unit for the third quarter of 2024 was approximately \$145,065 compared to \$122,371 the prior year quarter as the company has focused more on larger boats in the current year. The Company's objectives have been to add new, larger boat models including a new line of GFX2 models, expand our dealers and distribution network, and increase unit production to fulfill our customer and dealer orders.

Due to the growing demand for sustainable, environmentally friendly electric and alternative fuel commercial and recreational vehicles, Forza, entered the business of designing and developing a line of electric-powered boats. Our electric boats are being designed as fully integrated electric boats including the hull, outboard motor and control system. To date, Forza X1 has built-out and tested multiple Forza company units, including: three offshore-style catamarans, two bay boat-style catamarans, one deck boat and three 22-foot center console (F22) monohulls. The past year has seen a marked deceleration in the global demand for recreational marine vehicles, influenced heavily by economic uncertainties and shifting consumer priorities. This slowdown reflects broader trends affecting the recreational vehicle industries at large, including electric vehicles (EVs). Notably, the global shift towards EV adoption has been much slower than initially anticipated. Several leading automotive manufacturers have adjusted their strategies, accordingly, including halting the construction of dedicated EV factories.

The slower-than-expected adoption rates have led to cautious consumer spending and investment in EV technology, directly impacting the Company's market. Specifically, the electric boat segment has experienced even more sluggish growth than the automotive sector. In addition, many of the larger players in the boat industry, such as Mercury Marine, have completed their development efforts and have brought their electric outboard motors to market. Despite these challenges, we have managed to sustain operations through strategic adjustments, including cost management and a focus on strategic partnerships. We have implemented measures that have reduced cash burn and conserved cash reserves while seeking to leverage our technological advancements through strategic collaborations and partnerships to enhance shareholder value. We have responded to the industry challenges by tightening our financial reins to mitigate the impacts of reduced demand with a view toward long-term sustainability. In an effort to further retain cash and reduce expenditures and as a result of current market conditions, on July 11, 2024, the Board of Directors of Forza determined to discontinue and wind down its business related to the development and sale of electric boats utilizing its proprietary outboard electric motor.

Recent Developments

On July 12, 2024, Karl Zimmer was appointed as our President.

On August 12, 2024, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Forza and Twin Vee Merger Sub, Inc., a Delaware corporation and our wholly owned subsidiary ("Merger Sub"), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Forza will merge with and into Merger Sub, with Forza surviving the merger (the "Merger"). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended. Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each outstanding share of Forza common stock (other than any shares held by us), will be converted into the right to receive 0.61166627 shares (the "Exchange Ratio") of our common stock, any fractional shares to be rounded down to the nearest whole share of common stock, for an aggregate of 5,355,000 shares of our common stock. Each outstanding stock option exercisable for shares of Forza common stock that is outstanding at the Effective Time, whether vested or unvested, will be assumed by us and converted into a stock option to purchase the number of shares of our common stock that the holder would have received if such holder had exercised such stock option for shares of Forza common stock prior to the Merger and exchanged such shares for our common stock in accordance with the Exchange Ratio. Each outstanding warrant to purchase shares of Forza common stock will be assumed by us and converted into a warrant to purchase the number of shares of our common stock that the holder would have received if such holder had exercised such warrant for shares of Forza common stock prior to the Merger and exchanged such shares for shares of our common stock in accordance with the Exchange Ratio, subject to adjustment for any reverse stock split. In addition, at the Effective Time the 7,000,000 shares of Forza common stock held by us will be cancelled.

The completion of the Merger by each of us and Forza is subject to customary conditions, including (1) (A) adoption of the Merger Agreement by Forza’s stockholders (which approval shall include a majority of the shares present in person or by proxy at the Forza annual meeting excluding shares held by us) and (B) approval by our shareholders of the issuance of our shares of common stock to the Forza stockholders, (2) authorization for listing on the Nasdaq Capital Market of the shares of our common stock to be issued in the Merger, subject to official notice of issuance, (3) effectiveness of the registration statement on Form S-4 for our common stock to be issued in the Merger, and (4) the absence of any order, injunction, decree or other legal restraint preventing the completion of the Merger or making the completion of the Merger illegal. Each party’s obligation to complete the Merger is also subject to certain additional customary conditions, including subject to certain exceptions, the accuracy of the representations and warranties of the other party and performance in all material respects by the other party of its obligations under the Merger Agreement. In our capacity as a principal stockholder of Forza, we have agreed to vote the shares of Forza common stock held by us for the approval and adoption of the Merger only if a majority of the other stockholders of Forza present in person or by proxy at the Forza annual meeting vote to approve and adopt the Merger.

The Merger Agreement contains certain termination rights for both Forza and the Company. In addition, either the Company or Forza may terminate the Merger Agreement if the Merger is not consummated by December 1, 2024. On November 11, 2024, we held our 2024 Annual Meeting of Stockholders (the “Annual Meeting”). At the Annual Meeting, our stockholders approved the issuance of shares of our common stock to Forza stockholders pursuant to the terms of the Merger Agreement. We believe that all closing conditions will be met and anticipate consummating the Merger in the near future.

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023

The following table provides certain selected financial information for the periods presented:

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net sales	\$ 2,901,318	\$ 8,076,545	\$ (5,175,227)	(64%)
Cost of products sold	\$ 3,046,975	\$ 7,471,034	\$ (4,424,059)	(59%)
Gross (loss) profit	\$ (145,657)	\$ 605,511	\$ (751,168)	(124%)
Operating expenses	\$ 2,843,573	\$ 3,384,934	\$ (541,361)	(16%)
Loss from operations	\$ (2,989,230)	\$ (2,779,423)	\$ (209,807)	(8%)
Other (expense) income	\$ (20,677)	\$ 335,414	\$ (356,091)	(106%)
Net loss	\$ (3,009,907)	\$ (2,444,009)	\$ (565,898)	(23%)
Basic and dilutive income per share of common stock	\$ (0.26)	\$ (0.20)	\$ (0.06)	(31%)
Weighted average number of shares of common stock outstanding	9,520,000	9,520,000		

Net Sales and Cost of Sales

Our net sales decreased by \$5,175,227, or 64% to \$2,901,318 for the three months ended September 30, 2024 from \$8,076,545 for the three months ended September 30, 2023. This decrease was due to a decrease in the number of boats sold during the three months ended September 30, 2024 and the mix of boats sold. The number of boats sold during the three months ended September 30, 2024 decreased 70% compared to the three months ended September 30, 2023.

Gross Profit

Gross profits (losses) decreased by \$751,168 or 124% to \$(145,657) for the three months ended September 30, 2024 from \$605,511 for the three months ended September 30, 2023. Gross profit as a percentage of sales, for the three months ended September 30, 2024 and 2023, was -5.0% and 7.5% respectively. On a sequential basis, gross profit declined \$348,997 while sales declined \$1,425,503, reflecting our efforts to reduce our cost structure and limit cash burn during this economic downturn in the marine industry. We continue to right size the workforce and drive efficiency in all parts of our cost structure.

Total Operating Expenses

During the three months ended September 30, 2024 and 2023, operating expenses were \$2,843,573 and \$3,384,934, respectively. Operating expenses as a percentage of sales was 98.0% compared to 41.9% in the prior year. Operating expenses, for the gas-powered boat segment, for the three months ended September 30, 2024 and 2023 were \$1,990,512 and \$2,124,980, respectively. As a percentage of net sales, for the three months ended September 30, 2024 and 2023, operating expenses for our gas-powered segment were 68.6% and 26.4%, respectively. Our total operating expenses for Forza, our electric powered boat and development segment, for the three months ended September 30, 2024 and 2023 were \$852,451 and \$1,258,966, respectively.

Selling, general, and administrative expenses decreased by approximately 22%, or \$220,124 to \$764,757 for the three months ended September 30, 2024, compared to \$984,881 for the three months ended September 30, 2023. The decrease was primarily due to reductions in marketing, advertising, dealer meeting and travel expenses.

Salaries and wage related expenses decreased 34%, or \$586,366 to \$1,145,568 for the three months ended September 30, 2024, compared to \$1,731,934 for the three months ended September 30, 2023. The majority of the decrease is due to reductions in staffing levels at Forza. Included in salaries and wage related expenses for the three months ended September 30, 2024 was stock-based compensation expense of \$278,867, Forza's portion of that expense being \$174,159. In total, stock-based compensation expense decreased by \$185,693 or 40% as compared to the prior year period.

Research and development expenses increased by \$25,536 to \$89,403 for the three months ended September 30, 2024, from \$63,867 for the three months ended September 30, 2023. This increase was due primarily to the charges for an inventory allowance related to R&D inventory at Forza, partially offset by lower R&D activity.

Professional fees increased by 51% or \$140,961 to \$403,387 for the three months ended September 30, 2024, compared to \$262,426 for the three months ended September 30, 2023. This increase was due primarily to higher legal and consulting expenses in the current year related to exploration of strategic options at Forza and the Merger between Twin Vee and Forza.

Depreciation and amortization expense increased by 29%, or \$98,632 to \$440,458 for the three months ended September 30, 2024, as compared to \$341,826 for the three months ended September 30, 2023. This increase is due to the addition of fixed assets, primarily molds, to increase our production levels and throughout.

Other income decreased by \$356,091 to a loss of \$20,677 for the three months ended September 30, 2024, as compared to \$355,414 for the three months ended September 30, 2023. This decrease was due primarily to a reduction in dividend and interest income from lower cash balances and a loss on disposal of assets in the third quarter of 2024.

Net Loss

Net loss for the three months ended September 30, 2024 was \$3,009,907, as compared to \$2,444,009 for the three months ended September 30, 2023, an increase in loss of \$565,898. Our electric segment, which did not generate any revenue at this time, incurred a loss of \$895,702 for the three months ended September 30, 2024, related mostly to staffing costs and professional fees. Our gas-powered segment incurred a loss of \$2,113,800 for the three months ended September 30, 2024, due largely to the rapid decline in orders for new boats during 2024. Basic and dilutive loss per share of common stock for the three months ended September 30, 2024 was \$(0.26), as compared to \$(0.20) for the three months ended September 30, 2023.

Comparison of the Nine Months Ended September 30, 2024 and 2023

The following table provides certain selected financial information for the periods presented:

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net sales	\$ 12,504,482	\$ 24,980,902	\$ (12,476,420)	(50%)
Cost of products sold	\$ 12,170,486	\$ 21,928,093	\$ (9,757,607)	(44%)
Gross profit	\$ 333,996	\$ 3,052,809	\$ (2,718,813)	(89%)
Operating expenses	\$ 10,525,509	\$ 11,245,982	\$ (720,473)	(6%)
Loss from operations	\$ (10,191,513)	\$ (8,193,173)	\$ (1,998,340)	(24%)
Other income	\$ 327,215	\$ 2,016,956	\$ (1,689,741)	(84%)
Net loss	\$ (9,864,298)	\$ (6,176,217)	\$ (3,688,081)	(60%)
Basic and dilutive income per share of common stock	\$ (0.75)	\$ (0.46)	\$ (0.29)	(63%)
Weighted average number of shares of common stock outstanding	9,520,000	9,520,000		

Net Sales and Cost of Sales

Our net sales decreased by \$12,476,420, or 50% to \$12,504,482 for the nine months ended September 30, 2024 from \$24,980,902 for the nine months ended September 30, 2023. This decrease was due to a decrease in the number of boats sold during the first nine months of 2024 and the mix of boats sold. The number of boats sold during the nine months ended September 30, 2024 decreased 61% compared to the nine months ended September 30, 2023.

Gross Profit

Gross profits decreased by \$2,178,813 or 89% to \$333,996 for the nine months ended September 30, 2024 from \$3,052,809 for the nine months ended September 30, 2023. Gross profit as a percentage of sales, for the nine months ended September 30, 2024 and 2023, was 2.7% and 12.2% respectively. Through continuous efficiency improvements, the company was partially able to offset the impact of fixed cost deleveraging in the production facility as revenues declined 50% over the same period last year. We continue to right size the workforce and drive efficiency in all parts of our cost structure.

Total Operating Expenses

During the nine months ended September 30, 2024, operating expenses were \$10,525,509 and included an impairment charge of \$1,674,000 related to the Forza impairment of property & equipment in the second quarter of 2024. Before the impact of this charge, operating expenses for the nine months ended September 30, 2024 and 2023 were \$8,851,509 and \$11,245,982, respectively, and as a percentage of sales were 70.8% compared to 45.0% in the prior year. Our total operating expenses for our gas-powered boat segment, for the nine months ended September 30, 2024 and 2023 were \$5,469,191 and \$11,192,837, respectively, and as a percentage of revenues were 43.7% and 44.8%, respectively. Our total operating expenses for Forza, our electric powered boat and development segment, for the nine months ended September 30, 2024 and 2023 were \$5,054,781 and \$4,917,498, respectively.

Selling, general, and administrative expenses decreased by approximately 24.2%, or \$706,846 to \$2,214,670 for the nine months ended September 30, 2024, compared to \$2,921,516 for the nine months ended September 30, 2023. The largest drivers of the decrease were reductions in sales and marketing expenses, hiring costs and office supplies, primarily resulting from the decline in R&D activity at Forza between periods.

Salaries and wage related expenses decreased 34.7%, or \$1,930,671 to \$3,641,185 for the nine months ended September 30, 2024, compared to \$5,571,856 for the nine months ended September 30, 2023. The majority of the decrease is due to reductions in staffing levels at Forza, as well as the staffing of Aquasport. Included in salaries and wage related expenses for the nine months ended September 30, 2024 was stock-based compensation expense of \$1,022,894, Forza's portion of that expense being \$651,115. In total, stock-based compensation expense decreased by \$413,991 or 28.8% as compared to the prior year period.

Research and development expenses decreased by \$346,619, or 37.3%, to \$583,878 for the nine months ended September 30, 2024, from \$930,497 for the nine months ended September 30, 2023. This decrease was due primarily to lower R&D activity in the Forza electric motor segment.

Professional fees increased by 13.7% or \$133,631 to \$1,111,079 for the nine months September 30, 2024, compared to \$977,448 for the nine months ended September 30, 2023 primarily due to merger related legal and related expenses incurred during the third quarter of 2024.

Depreciation and amortization expense increased by 54%, or \$456,032 to \$1,300,697 for the nine months ended September 30, 2024, as compared to \$844,665 for the nine months ended September 30, 2023. This increase is due to the addition of fixed assets, primarily building additions and molds, to increase our production levels and support and throughput.

Other income decreased by \$1,689,741 to \$327,215 for the nine months ended September 30, 2024, as compared to \$2,016,956 for the nine months ended September 30, 2023. This decrease was due primarily to the first half of 2023 recognition of income from the Employee Retention Credit of \$1,267,055 and a reduction in income generating investment amounts.

Net Loss

Net loss for the nine months ended September 30, 2024 was \$9,864,298, as compared to \$6,176,217 for the nine months ended September 30, 2023, an increase in the net loss of \$3,688,081. Our electric segment, which did not generate any revenue, incurred a loss of \$4,846,882 for the nine months ended September 30, 2024, related mostly to staffing costs and research and development. Our gas-powered segment incurred a loss of \$4,962,576 for the nine months ended September 30, 2024, due largely to the rapid decline in orders for new boats during the first nine months of 2024. Basic and dilutive loss per share of common stock for the nine months ended September 30, 2024 was (\$0.75), as compared to (\$0.46) for the nine months ended September 30, 2023.

Liquidity and Capital Resources

A primary source of funds for the year ended December 31, 2023 and through September 30, 2024 was net cash received from our secondary offering, as well as Forza's initial public and secondary offering and revenue generated from operations. Our primary use of cash was related to funding the expansion of our operations through capital improvements, as well as molds for the expansion of Aquasport and Twin Vee models. With reduced demand, we have been reducing inventory levels. Our priority over the next several months is to continue to reduce production costs and labor to match market demand, complete the Twin Vee facility expansion and efficiency project, complete the addition of a wire harness assembly cell, continue to expand the Twin Vee GFX 2 lineup, and develop and introduce a new Twin Vee BayCat line of boats, which will require additional investment in molds and machinery.

The following table provides selected financial data about us as of September 30, 2024 and December 31, 2023.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>Change</u>	<u>% Change</u>
Cash and cash equivalents	\$ 11,144,929	\$ 16,497,703	\$ (5,352,774)	(32.4%)
Restricted cash	\$ 212,963	\$ 257,530	\$ (44,567)	(17.3%)
Current assets	\$ 15,378,981	\$ 26,646,318	\$ (11,267,337)	(42.3%)
Current liabilities	\$ 3,843,294	\$ 4,216,345	\$ (373,051)	(8.8%)
Working capital	\$ 11,535,687	\$ 22,429,973	\$ (10,894,286)	(48.6%)

As of September 30, 2024, we had \$11,357,892 of cash, cash equivalents, and restricted cash, total current assets of \$15,356,981 and total assets of \$30,140,476. Our total liabilities were \$6,932,265. Our total liabilities were comprised of current liabilities of \$3,843,294 which included accounts payable and accrued liabilities of \$3,153,884, leases liability of \$651,235, contract liability of \$38,175 and long-term liabilities of \$3,088,971. As of December 31, 2023, we had \$16,497,703 of cash, cash equivalents, and restricted cash, \$4,462,942 of marketable securities, total current assets of \$26,646,318 and total assets of \$39,846,713. Our total current liabilities were \$4,216,345 and total liabilities of \$7,797,098 which included long-term finance and operating leases liabilities of \$3,080,853.

The accumulated deficit was \$21,491,078 as of September 30, 2024 compared to accumulated deficit of \$14,346,984 as of December 31, 2023.

Our working capital decreased by \$10,894,286 to \$11,535,687 as of September 30, 2024, compared to \$22,429,972 on December 31, 2023 primarily due to continued development efforts at Forza which was a non-revenue generating entity, the ongoing construction of the new manufacturing facilities in North Carolina and Ft. Pierce, Florida, and investments in molds for new boat designs.

We believe that our cash and cash equivalents will provide sufficient resources to finance operations for the next 24 months from the date of the filing of this Quarterly Report on Form 10-Q. In addition to cash and cash equivalents, we anticipate that we will be able to rely, in part, on cash flows from operations in order to meet our liquidity and capital expenditure needs in the next year. We expect Forza's expenses to decrease as it curtails its operation and the potential sale of its partially constructed manufacturing facility in McDowell, North Carolina, the cost of which we expect will be paid for through the proceeds of Forza's public offerings, provided the conditions to receipt of the grant funding are met, of which there can be no assurance.

Cash Flow

	Nine Months Ended September 30,		Change	% Change
	2024	2023		
Cash used in operating activities	\$ (4,638,887)	\$ (6,930,130)	\$ 2,291,243	33%
Cash provided by (used in) investing activities	\$ (567,889)	\$ (11,061,664)	\$ 10,493,775	95%
Cash provided by (used in) financing activities	\$ (190,565)	\$ 6,892,338	\$ (7,082,903)	(103%)
Net Change in Cash	\$ (5,397,341)	\$ (11,099,456)	\$ 5,702,115	51%

Cash Flow from Operating Activities

For the nine months ended September 30, 2024, net cash flows used in operating activities was \$4,638,887 compared to \$6,930,130 during the nine months ended September 30, 2023. The use of cash for the nine months ended September 30, 2024 was due primarily to a \$9,864,298 net loss partially offset by a \$1,591,390 reduction in net inventory levels and depreciation and amortization of \$1,300,697, stock-based compensation of \$1,022,894, and an impairment of property & equipment of \$1,674,000 since December 31, 2023. For the nine months ended September 30, 2023, net cash flows used in operating activities was \$6,930,130. We increased inventory levels by \$4,126,506, due to opening the AquaSport production facility and adding two additional engine suppliers. Accounts receivable increased by \$494,339, and accounts payable increased by \$1,568,127. Our accrued expenses decreased by \$275,255 and prepaid expenses decreased by \$332,142. Our net loss from operation was \$6,176,217, and was decreased by non-cash expenses of \$2,591,485, the largest of these being stock-based compensation of \$1,436,885, change of right-of-use asset and leases liabilities of \$355,519, and depreciation of \$844,665.

Cash Flow from Investing Activities

During the nine months ended September 30, 2024, cash used in investing activities was \$567,889, due primarily to net sales of marketable securities partially offset by investments in property, plant and equipment. This compares to a use of cash in investing activities of \$11,061,664 in the nine months ended September 30, 2023 resulting from the investment of cash received from the Forza stock issuance into marketable securities and the purchase of property and equipment.

Cash Flows from Financing Activities

For the nine months ended September 30, 2024, net cash used in financing activities was approximately \$190,565 from finance lease obligations compared to net cash provided by financing activities of \$6,892,338 in the nine months ended September 30, 2023, primarily from the issuance of Forza common stock.

CRITICAL ACCOUNTING ESTIMATES

We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as “critical” because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used, which would have resulted in different financial results.

Our management’s discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates based on historical experience and make various assumptions, which management believes to be reasonable under the circumstances, which form the basis for 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 notes to our condensed consolidated financial statements contained herein contain a summary of our significant accounting policies. We consider the following accounting policies critical to the understanding of the results of our operations:

Revenue Recognition

Our revenue is derived primarily from the sale of boats, motors and trailers to its independent dealers. We recognize revenue when obligations under the terms of a contract are satisfied and control over promised goods is transferred to the dealer. For the majority of sales, this occurs when the product is released to the carrier responsible for transporting it to a dealer. We typically receive payment within five business days of shipment. Revenue is measured as the amount of consideration it expects to receive in exchange for a product. We offer dealer incentives that include wholesale rebates, retail rebates and promotions, floor plan reimbursement or cash discounts, and other allowances that are recorded as reductions of revenues in net sales in the statements of operations. The consideration recognized represents the amount specified in a contract with a customer, net of estimated incentives we reasonably expect to pay. The estimated liability and reduction in revenue for dealer incentives is recorded at the time of sale. Subsequent adjustments to incentive estimates are possible because actual results may differ from these estimates if conditions dictate the need to enhance or reduce sales promotion and incentive programs or if dealer achievement or other items vary from historical trends. Accrued dealer incentives are included in accrued liabilities in the accompanying consolidated balance sheets.

Payment received for the future sale of a boat to a customer is recognized as a customer deposit. Customer deposits are recognized as revenue when control over promised goods is transferred to the customer.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States "U.S. GAAP" requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. Included in those estimates are assumptions about allowances for inventory obsolescence, useful life of fixed assets, warranty reserves and bad-debt reserves.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. Net realizable value is defined as sales price less cost of completion, disposable and transportation and a normal profit margin. Production costs, consisting of labor and overhead, are applied to ending finished goods inventories at a rate based on estimated production capacity. Excess production costs are charged to cost of products sold. Provisions are made when necessary to reduce excess or obsolete inventories to their net realizable value.

Impairment of Long-Lived Assets

Management assesses the recoverability of its long-lived assets when indicators of impairment are present. If such indicators are present, recoverability of these assets is determined by comparing the undiscounted net cash flows estimated to result from those assets over the remaining life to the assets' net carrying amounts. If the estimated undiscounted net cash flows are less than the net carrying amount, the assets would be adjusted to their fair value, based on appraisal or the present value of the undiscounted net cash flows.

Product Warranty Costs

As required by FASB ASC Topic 460, *Guarantees*, we are including the following disclosure applicable to our product warranties.

We accrue for warranty costs based on the expected material and labor costs to provide warranty replacement products. The methodology used in determining the liability for warranty cost is based upon historical information and experience. Our warranty reserve is calculated as the gross sales multiplied by the historical warranty expense return rate.

Leases

We adopted FASB Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (“Topic 842”), using the modified retrospective adoption method with an effective date of January 1, 2019. This standard requires all lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments.

Under Topic 842, we applied a dual approach to all leases whereby we are a lessee and classify leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by us. Lease classification is evaluated at the inception of the lease agreement.

Deferred Income Taxes and Valuation Allowance

We account for income taxes under ASC 740 “Income Taxes.” Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that we will not realize tax assets through future operations.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “SEC”). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. We have adopted and maintain disclosure controls and procedures (as defined Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is collected, recorded, processed, summarized, and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such a date, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting, related to not yet having retained sufficient staff or engaged sufficient outside consultants with appropriate experience in GAAP presentation, especially of complex instruments.

Remediation Plan

Management has developed and is executing a remediation plan to address the previously disclosed material weaknesses, due to inadequate staffing levels. We have retained a full-time Senior Staff Accountant as well as a part-time staff accountant and we have implemented a robust ERP system. We will continue to evaluate our needs as business conditions warrant.

To remediate the existing material weaknesses, additional time is required to demonstrate the effectiveness of the remediation efforts. The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As of September 30, 2024, controls and procedures have been implemented to remediate the material weakness, however testing of controls continues.

Changes in Internal Control over Financial Reporting

We have incurred additional turnover of accounting and finance personnel, and are currently in the process of hiring additional accounting staff and developing and refining our controls and other procedures to ensure that information required to be disclosed by us in the reports that we file with the SEC are recorded, processed, summarized, and reported within the time periods specified in SEC rules and in accordance with GAAP. Other than as set forth in this paragraph, there have been no changes in internal control over financial reporting during the three months ended September 30, 2024 that has materially affected or is reasonable likely to materially affect our control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A. RISK FACTORS.

Investing in our securities involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and notes thereto. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in our Annual Report on Form 10-K for the year ended December 31, 2023. Except as disclosed below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a de-listing of our common stock.

The shares of our Common Stock are listed for trading on The Nasdaq Capital Market under the symbol "VEEE." If we fail to satisfy the continued listing requirements of The Nasdaq Capital Market, such as the corporate governance requirements, the stockholder's equity requirement, or the minimum closing bid price requirement, The Nasdaq Capital Market may take steps to de-list our Common Stock. Such a de-listing or even notification of failure to comply with such requirements would likely have a negative effect on the price of our Common Stock and would impair your ability to sell or purchase our Common Stock when you wish to do so. In the event of a de-listing, we would take actions to restore our compliance with The Nasdaq Capital Market's listing requirements, but we can provide no assurance that any such action taken by us would allow our Common Stock to become listed again, stabilize the market price, improve the liquidity of our Common Stock, prevent our Common Stock from dropping below The Nasdaq Capital Market minimum bid price requirement, or prevent future non-compliance with The Nasdaq Capital Market's listing requirements.

On May 10, 2024, we received written notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying us that for the preceding 30 consecutive business days (March 28, 2024 through May 9, 2024), our common stock did not maintain a minimum closing bid price of \$1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we had a compliance period of 180 calendar days, or until November 6, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2).

Since we did not achieve compliance with the Minimum Bid Price Requirement by November 6, 2024, we were eligible for additional time to comply. Nasdaq granted us until May 6, 2025 in order to cure the deficiency.

We intend to actively monitor the bid price of our common stock and will consider available options to regain compliance with the Nasdaq listing requirements, including such actions as effecting a reverse stock split to maintain our Nasdaq listing.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as “covered securities.” Because our Common Stock is listed on The Nasdaq Capital Market, it is a covered security. Although the states are preempted from regulating the sale of covered securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if we were to be delisted from The Nasdaq Capital Market, our Common Stock would cease to be recognized as a covered security and we would be subject to regulation in each state in which we offer our securities.

We have incurred losses for the nine months ended September 30, 2024 and the year ended December 31, 2023, and could continue to incur losses in the future.

For the year ended December 31, 2023, we incurred a loss from operations of \$11,987,299 and a net loss of \$9,782,196. For the nine months ended September 30, 2024, we incurred a loss from operations of \$10,191,513 and a net loss of \$9,864,298. As of September 30, 2024, we had an accumulated deficit of \$21,491,078. There can be no assurance that expenses will not continue to increase in future periods or that the cash generated from operations in future periods will be sufficient to satisfy our operating needs and to generate income from operations and net income.

We depend on our network of independent dealers for our gas-powered boats, face increasing competition for dealers, and have little control over their activities.

A significant portion of our sales of our gas-powered boats are derived from our network of independent dealers. We typically manufacture our gas-powered boats based upon indications of interest received from dealers who are not contractually obligated to purchase any boats. While our dealers typically have purchased all of the boats for which they have provided us with indications of interest, it is possible that a dealer could choose not to purchase boats for which it has provided an indication of interest (e.g., if it were to have reached the credit limit on its floor plan), and as a result we once experienced, and in the future could experience, excess inventory and costs. For the nine months ended September 30, 2024, three individual dealers each represented over 10% of our total sales, or 38% in total. For the nine months ended September 30, 2023, one individual dealer represented over 10% of our sales, and that dealer represented 20% of total sales. The loss of a significant dealer could have a material adverse effect on our financial condition and results of operations. The number of dealers supporting our products and the quality of their marketing and servicing efforts are essential to our ability to generate sales. Competition for dealers among other boat manufacturers continues to increase based on the quality, price, value, and availability of the manufacturers’ products, the manufacturers’ attention to customer service, and the marketing support that the manufacturer provides to the dealers. We face intense competition from other boat manufacturers in attracting and retaining dealers, affecting our ability to attract or retain relationships with qualified and successful dealers. Although our management believes that the quality of our products in the performance sport boat industry should permit us to maintain our relationships with our dealers and our market share position, there can be no assurance that we will be able to maintain or improve our relationships with our dealers or our market share position. In addition, independent dealers in the boating industry have experienced significant consolidation in recent years, which could result in the loss of one or more of our dealers in the future if the surviving entity in any such consolidation purchases similar products from a competitor. A substantial deterioration in the number of dealers or the quality of our network of dealers would have a material adverse effect on our business, financial condition, and results of operations.

The loss of one or a few dealers could have a material adverse effect on us.

A few dealers have in the past, and may in the future, account for a significant portion of our revenues in any one year or over a period of several consecutive years. For the nine months ended September 30, 2024, three individual dealers each represented over 10% of our total sales, those dealers combined represented 38% of total sales. The loss of business from a significant dealer could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have identified weaknesses in our internal controls, and we cannot provide assurances that these weaknesses will be effectively remediated or that additional material weaknesses will not occur in the future.

As a public company, we are subject to the reporting requirements of the Exchange Act, and the Sarbanes-Oxley Act. The requirements of these rules and regulations continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting.

As of September 30, 2024, we do not yet have effective disclosure controls and procedures, or internal controls over all aspects of our financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and in accordance with GAAP. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. We will be required to expend time and resources to further improve our internal controls over financial reporting, including by expanding our staff. However, we cannot assure you that our internal control over financial reporting, as modified, will enable us to identify or avoid material weaknesses in the future.

We will be required to expend time and resources to further improve our internal controls over financial reporting, including by expanding our staff. However, we cannot assure you that our internal control over financial reporting, as modified, will enable us to identify or avoid material weaknesses in the future.

We are in the process of hiring additional staff and providing them with the required training, we continue to engage outside consultants with appropriate experience in GAAP presentation, especially of complex instruments, to devise and implement effective disclosure controls and procedures, or internal controls. We will be required to spend time and resources hiring and engaging additional staff and outside consultants with the appropriate experience to remedy these weaknesses. We cannot assure you that management will be successful in locating and retaining appropriate candidates; that newly engaged staff or outside consultants will be successful in remedying material weaknesses thus far identified or identifying material weaknesses in the future; or that appropriate candidates will be located and retained prior to these deficiencies resulting in material and adverse effects on our business.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business, including increased complexity resulting from our international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of management reports and independent registered public accounting firm audits of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures, and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock.

Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and operating results and cause a decline in the market price of our common stock.

RISKS RELATED TO THE MERGER

All of the Twin Vee and Forza executive officers and most of their directors have conflicts of interest that may influence them to support or approve the Merger without regard to your interests.

All of the Twin Vee and Forza officers will be employed by the combined company and several of each of their directors will continue to serve on the Board of Directors of the combined company following the consummation of the Merger. In addition, all of the Twin Vee and Forza officers and most of their directors have a direct or indirect financial interest in both Forza and Twin Vee. These interests, among others, may influence such executive officers and directors of Twin Vee and Forza to support or approve the Merger.

The Exchange Ratio is not adjustable based on the market price of Twin Vee Common Stock so the Merger consideration at the closing may have a greater or lesser value than it had at the time the Merger Agreement was signed.

The parties to the Merger Agreement have set the Exchange Ratio for the Forza Common Stock and the Exchange Ratio is not adjustable. Any changes in the market price of Twin Vee Common Stock or Forza Common Stock will not affect the number of shares holders of Forza Common Stock will be entitled to receive upon consummation of the Merger. Therefore, if the market price of Twin Vee Common Stock declines from the market price on the date of the Merger Agreement prior to the consummation of the Merger, Forza stockholders could receive Merger consideration with considerably less value. Similarly, if the market price of Twin Vee Common Stock increases from the market price on the date of the Merger Agreement prior to the consummation of the Merger, Forza stockholders could receive Merger consideration with considerably more value than their shares of Forza Common Stock and the Twin Vee stockholders immediately prior to the Merger will not be compensated for the increased market value of the Twin Vee Common Stock. If the market price of Forza Common Stock declines from the market price on the date of the Merger Agreement prior to the consummation of the Merger, Forza stockholders could receive Merger consideration with considerably more value. Similarly, if the market price of Forza Common Stock increases from the market price on the date of the Merger Agreement prior to the consummation of the Merger, Forza stockholders could receive Merger consideration with considerably less value than their shares of Forza Common Stock and the Forza stockholders immediately prior to the Merger will not be compensated for the increased market value of the Forza Common Stock. The Merger Agreement does not include a price-based termination right. Because the Exchange Ratio does not adjust as a result of changes in the value of Twin Vee Common Stock, for each one percentage point that the market value of Twin Vee Common Stock rises or declines, there is a corresponding one percentage point rise or decline, respectively, in the value of the total Merger consideration issued to the Forza stockholders.

The Merger may be completed even though material adverse changes may result from the announcement of the Merger, industry-wide changes and other causes.

In general, either Twin Vee or Forza can refuse to complete the Merger if there is a material adverse change affecting the other party between August 12, 2024, the date of the Merger Agreement, and the closing. However, certain types of changes do not permit either party to refuse to complete the Merger, even if such change could be said to have a material adverse effect on Twin Vee or Forza, including:

- general business or economic conditions affecting the industries in which Twin Vee or Forza operate;
- acts of war, armed hostilities or terrorism;
- changes in financial, banking or securities markets;
- the taking of any action required to be taken by the Merger Agreement;
- with respect either party, the announcement or pendency of the Merger Agreement or any related transactions; or
- with respect to either party, any change in their or the other party's stock price or trading volume stock.

If adverse changes occur and Twin Vee and Forza still complete the Merger, the combined company stock price may suffer. This in turn may reduce the value of the Merger to the stockholders of Twin Vee and Forza.

The combined company's stock price is expected to be volatile, and the market price of its common stock may drop following the Merger.

The market price of the combined company's common stock could be subject to significant fluctuations following the Merger especially when the shareholder base is increased. Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of the combined company's common stock.

In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the combined company's profitability and reputation.

The market price of the combined company's common stock may decline as a result of the Merger.

The market price of the combined company's common stock may decline as a result of the Merger if the combined company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by Twin Vee or Forza or investors, financial or industry analysts.

The combined company may not experience the anticipated strategic benefits of the Merger.

The respective managements of Twin Vee and Forza believe that the Merger would provide certain strategic benefits that may not be realized by each of the companies operating as standalones. There can be no assurance that these anticipated benefits of the Merger will materialize or that if they materialize will result in increased stockholder value or revenue stream to the combined company.

Twin Vee and Forza stockholders may not realize a benefit from the Merger commensurate with the ownership dilution they will experience in connection with the Merger.

If the combined company is unable to realize the full strategic and financial benefits currently anticipated from the Merger, Twin Vee and Forza securityholders will have experienced substantial dilution of their ownership interests in their respective companies without receiving any commensurate benefit, or only receiving part of the commensurate benefit to the extent the combined company is able to realize only part of the strategic and financial benefits currently anticipated from the Merger.

If the conditions to the Merger are not met, the Merger will not occur.

Even if the Merger is approved by the stockholders of Twin Vee and Forza, specified conditions must be satisfied or waived in order to complete the Merger, including, among others:

- the filing and effectiveness of a registration statement under the Securities Act in connection with the issuance of Twin Vee Common Stock in the Merger;
- the respective representations and warranties of Twin Vee and Forza, shall be true and correct in all material respects as of the date of the Merger Agreement and the closing;

- no material adverse effect with respect to Twin Vee or Forza or its subsidiaries shall have occurred since the date of the Merger Agreement and the closing of the Merger;
- performance or compliance in all material respects by Twin Vee and Forza with their respective covenants and obligations in the Merger Agreement;
- Forza and Twin Vee shall have obtained any consents and waivers of approvals required in connection with the Merger, including for Twin Vee approval of its stockholders of the issuance of the Twin Vee Common Stock pursuant to the terms of the Merger Agreement and for Forza approval of its stockholders of the Merger and the Merger Agreement; and
- no material adverse effect with respect to Twin Vee or Forza or their subsidiaries shall have occurred since the date of the Merger Agreement.

These and other conditions are described in detail in the Merger Agreement. Twin Vee and Forza cannot assure you that all of the conditions to the Merger will be satisfied. If the conditions to the Merger are not satisfied or waived, the Merger will not occur or will be delayed, and Twin Vee and Forza each may lose some or all of the intended benefits of the Merger.

Twin Vee and Forza will incur substantial expenses whether or not the Merger is completed.

Twin Vee and Forza have incurred, and will continue to incur, substantial expenses related to the Merger whether or not the Merger is completed.

Twin Vee will assume all of Forza's outstanding liabilities if the Merger is completed.

By operation of law, Twin Vee will assume all of Forza's outstanding liabilities if the Merger is completed.

During the pendency of the Merger, Twin Vee and Forza may not be able to enter into a business combination with another party at a favorable price because of restrictions in the Merger Agreement, which could adversely affect their respective businesses.

Covenants in the Merger Agreement impede the ability of Twin Vee and Forza to make acquisitions, subject to certain exceptions relating to fiduciary duties, or complete other transactions that are not in the ordinary course of business pending the closing of the merger. As a result, if the Merger is not completed, the parties may be at a disadvantage to their competitors during that period. In addition, while the Merger Agreement is in effect, each party is generally prohibited from soliciting, initiating, encouraging or entering into certain extraordinary transactions, such as a merger, sale of assets or other business combination outside the ordinary course of business, with any third-party, subject to certain exceptions. Any such transactions could be favorable to such party's stockholders.

Certain provisions of the Merger Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement.

The terms of the Merger Agreement prohibit each of Twin Vee and Forza from soliciting alternative takeover proposals or cooperating with persons making unsolicited takeover proposals, except in certain circumstances where the Twin Vee Board of Directors or Forza Board of Directors, as applicable, determines in good faith, after consultation with its financial advisor and outside legal counsel, that an unsolicited alternative takeover proposal constitutes or is reasonably likely to result in a superior takeover proposal and that failure to take such action would be reasonably likely to result in a breach of the fiduciary duties of the Forza Board of Directors.

Twin Vee's business and stock price may be adversely affected if the acquisition of Forza is not completed.

Twin Vee's acquisition of Forza is subject to several customary conditions, including the effectiveness of a registration statement under the Securities Act in connection with the issuance of Twin Vee Common Stock in the Merger and the approvals of the transaction by the stockholders of Forza and Twin Vee.

If Twin Vee's acquisition of Forza is not completed, Twin Vee could be subject to a number of risks that may adversely affect Twin Vee's business and stock price, including:

- the current market price of shares of Twin Vee Common Stock reflects a market assumption that the acquisition will be completed;
- Twin Vee must pay costs related to the Merger; and
- Twin Vee would not realize the benefits it expects from acquiring Forza.

If Twin Vee's acquisition of Forza is not completed, Forza could be subject to a number of risks that may adversely affect Twin Vee's business and stock price, including:

- the current market price of shares of Forza Common Stock reflects a market assumption that the acquisition will be completed;
- Forza must pay costs related to the Merger;
- Forza may not be able to timely effect any stock split required in order for it to maintain its Nasdaq stock listing; and
- Forza would not realize the benefits it expects from being acquired by Twin Vee.

Should the Merger not qualify as a tax-free reorganization, Forza stockholders may recognize capital gain or loss with respect to the shares of Twin vee common stock received in the Merger.

The Merger is expected to be treated as a reorganization within the meaning of Section 368 of the Code, however, neither Twin Vee nor Forza has received an Internal Revenue Services ruling to that effect. The failure of the Merger to qualify as a reorganization within the meaning of Section 368 of the Code would result in a Forza stockholder recognizing capital gain or loss with respect to the shares of Forza Common Stock surrendered for Twin Vee Common Stock received in the Merger.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

(a) Unregistered Sales of Equity Securities.

We did not sell any equity securities during the three months ended September 30, 2024 in transactions that were not registered under the Securities Act other than as previously disclosed in our filings with the SEC.

(c) Issuer Purchases of Equity Securities.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

(b) Changes to Procedures for Recommending Nominees to the Board of Directors

None.

(c) Insider Trading Arrangements

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “nonRule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS.

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index. The Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated September 8, 2022, by and between Twin Vee PowerCats Co. and Twin Vee PowerCats, Inc. (Incorporated by reference to the Exhibit 2.1 to the Company's Form 8-K, File No. 001-40623, filed with the Securities and Exchange Commission on September 9, 2022)
2.2	Form of Support Agreement, by and between Twin Vee PowerCats Co. and Twin Vee PowerCats, Inc.'s directors, officers and certain stockholders (Incorporated by reference to the Exhibit 2.2 to the Company's Form 8-K, File No. 001-40623, filed with the Securities and Exchange Commission on September 9, 2022)
2.3	Agreement and Plan of Merger, dated August 12, 2024, by and among Twin Vee PowerCats Co., Forza X1, Inc. and Twin Vee Merger Sub, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 12, 2024 (File No. 001-40623))
3.1	Articles of Incorporation filed with the Secretary of State of the State of Florida, dated December 1, 2009 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.2	Articles of Amendment to the Articles of Incorporation, filed with the Secretary of State of the State of Florida on January 22, 2016 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.3	Articles of Amendment to the Articles of Incorporation, filed with the Secretary of State of the State of Florida on April 12, 2016 (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.4	Article of Conversion filed with the Secretary of State of the State of Florida, dated April 7, 2021 (incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.5	Certificate of Conversion filed with the Secretary of State of the State of Delaware on April 7, 2021 (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.6	Certificate of Incorporation filed with the Secretary of State of the State of Delaware on April 7, 2021 (incorporated by reference to Exhibit 3.6 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
3.7	Bylaws (incorporated by reference to Exhibit 3.7 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
10.1	Employment Agreement by and between Twin Vee PowerCats Co. and Karl J. Zimmer, dated July 12, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2024 (File No. 001-40623))
31.1*	Certification by principal executive officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by principal financial officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	InlineXBRL Instance Document
101.SCH*	InlineXBRL Taxonomy Extension Schema Document
101.CAL*	InlineXBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	InlineXBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	InlineXBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TWIN VEE POWERCATS CO.

Date: November 14, 2024

By: /s/ Joseph C. Visconti
Joseph C. Visconti
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2024

By: /s/ Michael P. Dickerson
Michael P. Dickerson
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph C. Visconti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Twin Vee PowerCats Co.;
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; and
 - 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: November 14, 2024

By: /s/ Joseph C. Visconti
Name: Joseph C. Visconti
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Dickerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Twin Vee PowerCats Co.;
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; and
 - 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: November 14, 2024

By: /s/ Michael P. Dickerson
Name: Michael P. Dickerson
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Twin Vee PowerCats Co. (the "Registrant") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph C. Visconti, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2024

By: /s/ Joseph C. Visconti
Name: Joseph C. Visconti
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Twin Vee PowerCats Co. (the "Registrant") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Dickerson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2024

By: /s/ Michael P. Dickerson

Name: Michael P. Dickerson

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)
