

**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, 2022

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)*

3101 S. US-1
Ft. Pierce, Florida
(Address of Principal Executive Offices)

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

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 7, 2022, there were 9,520,000 shares of Common Stock, \$0.001 par value per share, outstanding.

TWIN VEE POWERCATS CO.

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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, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 19,975,562	\$ 6,975,302
Accounts receivable	1,610	5,137
Marketable securities	—	2,996,960
Inventories	4,393,238	1,799,769
Deferred offering costs	10,000	105,500
Due from affiliated companies	368,093	286,922
Prepaid expenses and other current assets	1,500,153	903,756
Total current assets	26,248,656	13,073,346
Marketable securities - non current	2,910,936	3,067,137
Property and equipment, net	4,774,839	2,883,171
Operating lease right of use asset	1,264,259	1,550,530
Security deposit	25,000	25,000
Total Assets	\$ 35,223,690	\$ 20,599,184
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,927,656	\$ 1,200,861
Accrued liabilities	538,312	456,814
Contract liability – customer deposits	1,026,580	14,100
Due to affiliated companies	115,043	115,043
Operating lease right of use liability	387,993	368,602
Total current liabilities	3,995,584	2,155,420
Paycheck Protection Program Loan	—	—
Economic Injury Disaster Loan	499,900	499,900
Operating lease liability - noncurrent	949,495	1,244,164
Total Liabilities	5,444,979	3,899,484
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock: 10,000,000 authorized; \$0.001 par value; no shares issued and outstanding	—	—
Common stock: 50,000,000 authorized; \$0.001 par value; 7,020,000 and 7,000,000 shares issued and outstanding, respectively	7,020	7,000
Additional paid-in capital	29,165,138	18,710,256
Accumulated deficit	(4,447,684)	(2,017,556)
Noncontrolling interest	5,054,237	—
Total stockholders' equity	29,778,711	16,699,700
Total liabilities and stockholders' equity	\$ 35,223,690	\$ 20,599,184

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

TWIN VEE POWERCATS CO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 8,812,021	\$ 4,118,246	\$ 23,217,634	\$ 10,623,460
Cost of products sold	5,477,947	2,508,170	14,001,994	6,209,334
Gross profit	<u>3,334,074</u>	<u>1,610,076</u>	<u>9,215,640</u>	<u>4,414,126</u>
Operating expenses:				
Selling, general and administrative	707,322	512,982	2,027,387	1,090,583
Salaries and wages	2,891,863	1,222,062	7,938,954	3,197,476
Professional fees	135,311	105,384	573,592	217,592
Depreciation and amortization	172,602	31,091	372,511	132,089
Research and design	283,936	61,091	680,288	61,091
Total operating expenses	<u>4,191,034</u>	<u>1,932,610</u>	<u>11,592,732</u>	<u>4,698,831</u>
Loss from operations	(856,960)	(322,534)	(2,377,092)	(284,705)
Other income (expense):				
Other income	29,764	148	32,994	148
Interest expense	(52,878)	(50,315)	(136,434)	(85,468)
Interest income	30,958	—	63,883	—
Loss on disposal of assets	—	—	(49,990)	(254,600)
Gain from insurance recovery	—	—	—	434,724
Net change in fair value of marketable securities	(37,993)	(10,576)	(150,569)	(10,576)
Total other (expenses) income	<u>(30,149)</u>	<u>(60,743)</u>	<u>(240,116)</u>	<u>84,228</u>
Net loss before income tax	(887,109)	(383,277)	(2,617,208)	(200,477)
Income taxes provision	—	—	—	—
Net loss	<u>(887,109)</u>	<u>(383,277)</u>	<u>(2,617,208)</u>	<u>(200,477)</u>
Less: Net loss attributable to noncontrolling interests	(187,080)	—	(187,080)	—
Net loss attributed to stockholders of Twin Vee PowerCats Co, Inc.	<u>\$ (700,029)</u>	<u>\$ (383,277)</u>	<u>\$ (2,430,128)</u>	<u>\$ (200,477)</u>
Basic and dilutive loss per share of common stock	<u>\$ (0.10)</u>	<u>\$ (0.06)</u>	<u>\$ (0.35)</u>	<u>\$ (0.04)</u>
Weighted average number of shares of common stock outstanding	<u>7,013,478</u>	<u>6,282,700</u>	<u>7,004,542</u>	<u>4,769,200</u>

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

TWIN VEE POWERCATS CO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three and Nine months ended September 30, 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	—	\$ —	4,000,000	\$ 4,000	\$ 2,551,387	\$ (1,006,547)	\$ —	\$ 1,548,840
Net income	—	—	—	—	—	131,949	—	131,949
Balance at March 31, 2021	—	\$ —	4,000,000	\$ 4,000	\$ 2,551,387	\$ (874,598)	\$ —	\$ 1,680,789
Net income	—	—	—	—	—	50,851	—	50,851
Balance at June 30, 2021	—	\$ —	4,000,000	\$ 4,000	\$ 2,551,387	\$ (823,747)	\$ —	\$ 1,731,640
Common stock issued for cash	—	—	3,000,000	3,000	15,849,037	—	—	15,852,037
Stock-based compensation	—	—	—	—	86,571	—	—	86,571
Net loss	—	—	—	—	—	(383,277)	—	(383,277)
Balance at September 30, 2021	—	\$ —	7,000,000	\$ 7,000	\$ 18,486,995	\$ (1,207,024)	\$ —	\$ 17,286,971

For the Three and Nine months ended September 30, 2022

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	—	\$ —	7,000,000	\$ 7,000	\$ 18,710,256	\$ (2,017,556)	\$ —	\$ 16,699,700
Stock-based compensation	—	—	—	—	224,832	—	—	224,832
Net loss	—	—	—	—	—	(1,191,317)	—	(1,191,317)
Balance at March 31, 2022	—	\$ —	7,000,000	\$ 7,000	\$ 18,935,088	\$ (3,208,873)	\$ —	\$ 15,733,215
Stock-based compensation	—	—	—	—	301,891	—	—	301,891
Net loss	—	—	—	—	—	(538,782)	—	(538,782)
Balance at June 30, 2022	—	\$ —	7,000,000	\$ 7,000	\$ 19,236,979	\$ (3,747,655)	\$ —	\$ 15,496,324
Common stock issued for payment on behalf of parent	—	—	20,000	20	52,380	—	—	52,400
Subsidiary share issuance	—	—	—	—	9,588,172	—	5,241,317	14,829,489
Stock-based compensation	—	—	—	—	287,607	—	—	287,607
Net loss	—	—	—	—	—	(700,029)	(187,080)	(887,109)
Balance at September 30, 2022	—	\$ —	7,020,000	\$ 7,020	\$ 29,165,138	\$ (4,447,684)	\$ 5,054,237	\$ 29,778,711

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

TWIN VEE POWERCATS CO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months Ended September 30,	
	2022	2021
Cash Flows From Operating Activities		
Net loss	\$ (2,617,208)	\$ (200,477)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	814,330	86,571
Depreciation and amortization	372,511	132,089
Loss on disposal of asset	49,990	224,037
Change of right-of-use asset and lease liabilities	286,271	288,621
Net change in fair value of marketable securities	150,569	10,576
Changes in operating assets and liabilities:		
Accounts receivable	3,527	(212,908)
Inventories	(2,593,469)	(1,515,118)
Prepaid expenses and other current assets	(596,397)	(684,813)
Accounts payable	726,795	888,465
Accrued liabilities	81,498	349,269
Operating lease liabilities	(275,278)	(265,600)
Contract liabilities – customer deposits	1,012,480	155,853
Net cash used in operating activities	<u>(2,584,381)</u>	<u>(743,435)</u>
Cash Flows From Investing Activities		
Net purchases of investment in trading marketable securities	—	(6,101,461)
Net sale of investment in trading marketable securities	3,002,592	—
Proceeds from sale of property and equipment	80,000	—
Purchase of property and equipment	(2,394,169)	(1,221,826)
Net cash provided by (used in) investing activities	<u>688,423</u>	<u>(7,323,287)</u>
Cash Flows From Financing Activities		
Net proceeds from issuance of common stock	15,231,350	15,852,037
Deferred offering cost	(306,361)	—
Proceeds from Paycheck Protection Program loan	—	608,224
Advances to parent	(28,771)	—
Advances from related parties	—	33,129
Repayment to related parties	—	(339,576)
Net cash provided by financing activities	<u>14,896,218</u>	<u>16,153,814</u>
Net change in cash and cash equivalents	13,000,260	8,087,092
Cash at beginning of period	6,975,302	891,816
Cash and cash equivalents at end of period	<u>\$ 19,975,562</u>	<u>\$ 8,978,908</u>
Supplemental Cash Flow Information		
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>
Cash paid for interest	<u>\$ 121,284</u>	<u>\$ 118,906</u>
Non Cash Investing and Financing Activities		
Increase in the right-of-use asset and lease liability	<u>\$ —</u>	<u>\$ 655,726</u>
Common stock issued for payment on behalf of parent	<u>\$ 52,400</u>	<u>\$ —</u>

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

TWIN VEE POWERCATS CO.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. Organization and Summary of Significant Accounting Policies

Organization

Twin Vee PowerCats Co. (“Twin Vee”) 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.

On October 15, 2021, the Company formed Electra Power Sports, Inc., a wholly-owned subsidiary. Electra Power Sports, Inc. subsequently changed its name to Forza X1, Inc. (“Forza X1” or “Forza”) on October 29, 2021.

Principles of Consolidation

The consolidated financial statements include the accounts of Twin Vee and its wholly owned subsidiaries Fix My Boat, Inc., (“Fix My Boat”) and majority owned subsidiary, Forza X1, Inc. (“Forza X1” “Forza”), 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, 2022 and the results of operations and cash flows for the periods presented. The results of operations for the three months ended September 30, 2022 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, 2021 included in the Company’s Annual Report on Form 10-K filed with the SEC on March 31, 2022.

Use of Estimates

The preparation of 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.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less at the time of purchase. On September 30, 2022 and December 31, 2021, the Company had cash and cash equivalents of \$19,975,562 and \$6,975,302, respectively. Our cash and cash equivalents as of September 30, 2022, does include \$13,940,706, related to Forza which was generated from their IPO.

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, 2022 and December 31, 2021, the Company had \$19,023,055 and \$6,725,302, respectively, in excess of FDIC insured limits.

Marketable Securities

Our 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.

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 expenses and other current 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, which is included in contract liabilities on the consolidated balance sheet. Customer deposits are recognized as revenue when control over promised goods is transferred to the customer. At September 30, 2022 and December 31, 2021, the Company had customer deposits of \$1,026,580 and \$14,100, respectively, which is recorded as contract liabilities. 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.

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.

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, 2022, the Company purchased all engines for its boats under a supply agreement with a single vendor. For the nine months ended September 30, 2022 and 2021, total purchases to this vendor were \$4,025,956 and \$2,805,739, respectively.

2. Marketable securities

Assets and liabilities measured at fair value on a recurring basis based on Level 1 and Level 2 fair value measurement criteria as of September 30, 2022 and December 31, 2021 are as follows:

	Fair Value Measurements Using		
	Balance as of September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Marketable securities:			
Corporate bonds	\$ 2,418,689	\$ —	\$ 2,418,689
Certificates of Deposits	492,247	—	492,247
Total marketable securities	<u>\$ 2,910,936</u>	<u>\$ —</u>	<u>\$ 2,910,936</u>

	Fair Value Measurements Using		
	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Marketable securities:			
Corporate bonds	\$ 5,549,670	\$ —	\$ 5,549,670
Certificates of Deposits	514,427	—	514,427
Total marketable securities	<u>\$ 6,064,097</u>	<u>\$ —</u>	<u>\$ 6,064,097</u>

The Company's investments in US government bonds are measured based on publicly available quoted market prices for identical securities as of September 30, 2022 and December 31, 2021. The Company's investments in corporate bonds, commercial paper and certificated of deposits are measured based on quotes from market makers for similar items in active markets.

3. Inventories

At September 30, 2022 and December 31, 2021 inventories consisted of the following:

	September 30, 2022	December 31, 2021
Raw Materials	\$ 4,138,044	\$ 1,518,947
Work in Process	255,194	240,256
Finished Product	—	40,566
Total Inventory	<u>\$ 4,393,238</u>	<u>\$ 1,799,769</u>

4. Property and Equipment

At September 30, 2022 and December 31, 2021, property and equipment consisted of the following:

	September 30, 2022	December 31, 2021
Machinery and equipment	\$ 1,934,869	\$ 1,343,797
Furniture and fixtures	9,636	1,850
Leasehold improvements	959,541	786,199
Software and website development	147,334	113,120
Computer hardware and software	100,113	76,598
Boat molds	2,215,350	778,229
Vehicles	95,536	101,984
Electric prototypes and tooling	142,526	142,526
	<u>5,604,905</u>	<u>3,344,303</u>
Less accumulated depreciation and amortization	(830,066)	(461,132)
	<u>\$ 4,774,839</u>	<u>\$ 2,883,171</u>

Depreciation and amortization expense of property and equipment for the nine months ended September 30, 2022 and 2021 is \$372,511 and \$132,089, 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 our 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. We used the U.S. Treasury rate of 0.36% at September 30, 2022 and December 31, 2021.

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 and the CEO and majority shareholder of the Company’s parent 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, 2022 and December 31, 2021, supplemental balance sheet information related to leases were as follows:

	September 30, 2022	December 31, 2021
Operating lease ROU asset	\$ 1,264,259	\$ 1,550,530
Operating lease liabilities:		
Current portion	\$ 387,993	\$ 368,602
Non-current portion	949,495	1,244,164
Total	<u>\$ 1,337,488</u>	<u>\$ 1,612,766</u>

At September 30, 2022, future minimum lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31,		
2022 (excluding the nine months ended September 30, 2022)	\$	94,500
2023		396,900
2024		416,745
2025		437,582
Total lease payment		<u>1,345,727</u>
Less imputed interest		(8,239)
Total	<u>\$</u>	<u>1,337,488</u>

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

	September 30, 2022
Weighted average discount rate	0.36%
Weighted average remaining lease term (years)	3.17

6. Accrued Liabilities

At September 30, 2022 and December 31, 2021, accrued liabilities consisted of the following:

	September 30, 2022	December 31, 2021
Accrued wages and benefits	\$ 172,485	\$ 185,402
Accrued Interest	49,052	33,852
Accrued bonus	77,000	30,000
Accrued rebates	—	60,000
Accrued professional fees	73,300	10,225
Accrued operating expense	82,621	62,335
Warranty reserve	83,854	75,000
	<u>\$ 538,312</u>	<u>\$ 456,814</u>

7. 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%, monthly payments of \$2,437 to begin 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		
2022	\$	2,171
2023		8,892
2024		9,231
2025		9,583
2026 and thereafter		470,023
Total	\$	<u>499,900</u>

8. Related Party Transactions

As discussed in note 5, the Company has leased its facilities from a company owned by its CEO.

During the nine months ended September 30, 2022, and 2021, the Company received cash of \$0 and \$33,128 from its affiliate companies, paid operating expenses of \$28,771 and \$0 on behalf of to its affiliate companies, and paid \$0 and \$339,576 to its affiliate companies, respectively.

During the nine months ended September 30, 2022, and 2021, the Company recorded management fees of \$42,225 and \$31,500, respectively, paid to its shareholder parent company.

At September 30, 2022 and December 31, 2021, advances from affiliated companies included in due to affiliated companies was \$115,043. Approximately \$93,000 of the balance is related to an equipment purchase, the remaining balance was related to startup costs for our franchise business.

During the nine months ended September 30, 2022, Twin Vee received a monthly fee of \$5,850 to provide management services and facility utilization to Forza. This income for Twin Vee, and expense for Forza, has been eliminated in the condensed consolidated financial statements.

9. 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 approximately \$11,825,000 or 68 units, and \$4,273,000 or 24 units, as of September 30, 2022, and December 31, 2021, respectively. The Company incurred no impact from repurchase events during the nine months ended September 30, 2022 and year ended December 31, 2021.

Short-term lease

In August of 2022, Forza signed a six-month lease for a duplex, to be used by its employees to minimize travel expense as it started construction on its new manufacturing facility, for \$2,200 per month, on a property in Black Mountain, North Carolina. During the nine months ended September 30, 2022, the lease expense was \$2,200.

Litigation

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

10. Stockholders' Equity

Twin Vee

Common Stock Warrants

As of September 30, 2022, 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. There was no warrant activity during the nine months ended September 30, 2022.

Equity Compensation Plan

The Company maintains an equity compensation plan (the "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 Board of Directors which has been appointed by the Board of Directors to administer the Plan. The number of awards under the Plan automatically increased on January 1, 2022. As of September 30, 2022, there were 377,090 shares remaining available for grant under this Plan.

Accounting for Stock -Based Compensation

Stock Compensation Expense

For the nine months ended September 30, 2022 and 2021, the Company recorded \$814,330 and \$86,571, respectively, of stock-based compensation expense, which is included in salaries and wages on the accompanying condensed consolidated statement of operations. Included in the \$814,330 of stock options expense for the nine months ending September 30, 2022, is Forza's stock-based compensation expense of \$158,705.

Stock Options

Under the Company's 2021 Stock Incentive 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 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, 2022:

**Nine months ended
September 30,
2022**

Expected term	5 years
Expected average volatility	49 - 50%
Expected dividend yield	—
Risk-free interest rate	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)
	Number of Options	Weighted Average Exercise Price	
Outstanding, December 31, 2021	713,612	\$ 5.13	9.54
Granted	277,500	3.84	10.00
Exercised	—	—	—
Forfeited/canceled	(7,624)	(4.10)	(9.10)
Outstanding, September 30, 2022	<u>983,488</u>	<u>\$ 4.81</u>	<u>8.94</u>
Exercisable options, September 30, 2022	<u>463,707</u>	<u>\$ 4.81</u>	<u>8.93</u>

At September 30, 2022, 519,781 Twin Vee options are unvested and expected to vest over the next five years.

Forza

Common Stock Warrants

As of September 30, 2022, the Company 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 the Company's IPO. 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. There was no warrant activity during the nine months ended September 30, 2022.

Equity Compensation Plan

The Company maintains an equity compensation plan (the "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 Board of Directors which has been appointed by the Board of Directors to administer the plan. The number of awards under the Plan will automatically increase on January 1, 2023. As of September 30, 2022, there were 683,500 shares remaining available for grant under this Plan. Stock based compensation expense is included in the Statements of Operations, under salaries and wages.

Accounting for Stock -Based Compensation

For the nine months ended September 30, 2022 and 2021, Forza recorded \$1,587,058 and \$0, respectively, of stock-based compensation expense, which is included in salaries and wages on the accompanying condensed consolidated statement of operations.

Stock Options

Under Forza's 2022 Stock Incentive Plan (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, 2022:

	Nine months ended September 30, 2022
Expected term	5 years
Expected average volatility	115%
Expected dividend yield	—
Risk-free interest rate	2.98%

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%

	Options Outstanding		Weighted Average Remaining life (years)
	Number of Options	Weighted Average Exercise Price	
Outstanding, December 31, 2021	—	\$ 0.00	0.00
Granted	816,500	5.00	10.00
Exercised	—	—	—
Outstanding, September 30, 2022	<u>816,500</u>	<u>\$ 5.00</u>	<u>9.87</u>
Exercisable options, September 30, 2022	<u>47,194</u>	<u>\$ 5.00</u>	<u>9.87</u>

At September 30, 2022, 769,306 Forza options are unvested and expected to vest over the next five years.

11. Major Customers

During the nine months ended September 30, 2022, three individual customers had sales of over 10% of our total sales, and combined these three customers represented 37% of total sales. During the nine months end September 30, 2021, five individual customers had sales of over 10% of our total sales and combined these five customers represented 67% of total sales.

12. 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 expense. The Company does not include intercompany transfers between segments for management reporting purposes.

The following table shows information by reportable segments for the three and nine months ended September 30, 2022 and 2021:

For the Nine Months Ended September 30, 2022	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 23,218,666	\$ (1,032)	\$ —	\$ 23,217,634
Cost of products sold	13,910,332	1,027	90,635	14,001,994
Operating expense	9,468,564	34,507	2,089,661	11,592,732
Loss from operations	(160,230)	(36,566)	(2,180,296)	(2,377,092)
Other expense	(181,113)	(30,059)	(28,944)	(240,116)
Net loss	\$ (341,343)	\$ (66,625)	\$ (2,209,240)	\$ (2,617,208)

For the Nine Months Ended September 30, 2021	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 10,623,460	\$ —	\$ —	\$ 10,623,460
Cost of products sold	6,209,334	—	—	6,209,334
Operating expense	4,581,634	—	117,197	4,698,831
Loss from operations	(167,508)	—	(117,197)	(284,705)
Other income (expense)	153,101	—	(68,873)	84,228
Net loss	\$ (14,407)	\$ —	\$ (186,070)	\$ (200,477)

For the Three Months Ended September 30, 2022	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 8,812,021	\$ —	\$ —	\$ 8,812,021
Cost of products sold	5,411,404	—	66,543	5,477,947
Operating expense	3,210,920	529	979,585	4,191,034
Income (loss) from operations	189,697	(529)	(1,046,128)	(856,960)
Other (expense) income	(29,671)	(3,943)	3,465	(30,149)
Net income (loss)	\$ 160,025	\$ (4,471)	\$ (1,042,663)	\$ (887,109)

For the Three Months Ended September 30, 2021	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 4,118,246	\$ —	\$ —	\$ 4,118,246
Cost of products sold	2,508,170	—	—	2,508,170
Operating expense	1,850,380	—	82,230	1,932,610
Loss from operations	(240,304)	—	(82,230)	(322,534)
Other loss	(57,452)	—	(3,291)	(60,743)
Net loss	\$ (297,756)	\$ —	\$ (85,521)	\$ (383,277)

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

	September 30, 2022	December 31, 2021
Gas-Powered Boats	\$ 4,143,587	\$ 2,547,410
Franchise	\$ —	\$ 100,196
Electric-Boats	\$ 631,252	\$ 235,565

13. Subsequent Events

The Company has evaluated all event or transactions that occurred after September 30, 2022 through November 7, 2022, which is the date that the condensed consolidated financial statements were available to be issued. During this period, there were no material subsequent events requiring recognition or disclosure, other than the ones described below.

On October 3, 2022, the Company issued and sold to ThinkEquity LLC, as the underwriter in a firm commitment underwritten public offering (the “Offering”) pursuant to the term of an underwriting agreement that the Company entered into with ThinkEquity LLC on September 28, 2022 (the “Underwriting Agreement”), an aggregate of 2,500,000 shares of the Company’s common stock, par value \$0.001 per share, at a public offering price of \$2.75 per share, for gross proceeds of \$6,875,000, before deducting underwriting discounts, commissions and offering expenses. Pursuant to the Underwriting Agreement, the Company has also issued to the underwriter warrants to purchase up to 143,750 shares of Common Stock.

On October 7, 2022, Forza signed a two-year lease agreement, on a warehouse facility to begin building out its prototype boats. The monthly rent will be \$6,600 the first year and \$6,798 the second year.

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, 2021 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 catamaran boats. We believe our company has been an innovator in the recreational and commercial power catamaran industry. We currently have 8 gas-powered models in production ranging in size from our 24-foot, dual engine, center console to our newly designed 40-foot offshore 400 GFX. 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. Twin Vee's home base operations in Fort Pierce Florida is a 7.5-acre facility with several buildings totaling over 75,000 square feet. We employed approximately 160 people on September 30, 2022, some of whom have been with our company for over twenty years.

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 name; (ii) our electric-powered boat segment which is developing fully electric boats, through our wholly 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 through our wholly owned subsidiary, Fix My Boat, Inc., a Delaware corporation.

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 21 independent boat dealers in 26 locations across North America and the Caribbean who resell our boats to the end user Twin Vee 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.

Due to the growing demand for sustainable, environmentally friendly electric and alternative fuel commercial and recreational vehicles, our majority owned subsidiary, Forza X1, Inc., is designing and developing a line of electric-powered catamaran boats ranging in size from 18-feet to 28-feet. Forza's initial two models, the FX1 Dual Console and FX1 Center Console, are being designed to be 24-foot in length, have an 8' beam or width and utilize a catamaran hull surface to reduce drag and increase run times. The initial launch of FX1 will include our proprietary single electric outboard motor. Our electric boats are being designed as fully integrated electric boats including the hull, outboard motor and control system. To date, we have completed the design of the 25-foot FX1 dual console model, including hull, deck and small parts. This design has gone from an intellectual concept in CAD to fiberglass and foam plugs, fiberglass molds and, finally, working boat parts in just over one year. On October the 28th, the running surface of the boat and all major components were tested successfully for several hours on the Indian River Lagoon in Fort Pierce, Florida. While the motor and control systems have been successfully trialed previously, this was the first voyage that included all major components, production batteries, fully functioning "alpha" engine design, control system - including 22" Garmin screen, and Osmosis telematics unit. The performance of the boat exceeded all expectations and will provide a great baseline for improvements, iterations, and design enhancements. We anticipate revenues from the sale of these fully integrated electric boats and motors to commence in late 2023. Forza X1 will continue to build prototype engines and boats for the next six to nine months.

Through the first nine months of 2022, we continued to experience strong sales for our products. Our company's objectives have been to add new, larger boat models to our GFX lineup, expand our dealers and distribution network, and increase unit production to fulfill our customer and dealer orders. We have made significant progress on all fronts in the first nine months ended September 30, 2022, we started production on our new 260GFX and we unveiled our 400GFX at our dealer meeting in July of 2022, we have added to our dealer network, we now have 21 dealers and 26 locations. We have increased our production by 69%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, which has increased our net revenue up 119% for the nine months ended September 30, 2022. For the three months ended September 30, 2022, our net revenue increased 114% compared to the three months ended September 30, 2021. While net sales growth has been significant, the investments we are making also increases our labor, operating, sales and general administration costs. Our manufacturing process is labor intensive, and with the addition of new models to our production line we have added staff and expanded our training program.

As we move forward, we anticipate our operating income to be moderate toward breakeven for our core gas-powered boat segment, however, our electric boat division will continue to incur losses as we continue to develop our fully integrated electric boats, which includes research and development efforts.

Recent Developments

On August 16, 2022, Forza issued and sold to ThinkEquity LLC, as the underwriter in a firm commitment underwritten initial public offering (the "Forza IPO") pursuant to the term of an underwriting agreement that it entered into with ThinkEquity LLC on August 11, 2022 (the "Forza Underwriting Agreement"), an aggregate of 3,450,000 shares of Forza's common stock, par value \$0.001 per share, at an initial public offering price of \$5.00 per share, for gross proceeds of \$17,250,000, before deducting underwriting discounts, commissions and offering expenses. Pursuant to the Forza Underwriting Agreement, Forza also issued to the underwriter warrants to purchase up to 172,500 shares of Common Stock. After the Forza IPO, Forza was no longer a wholly owned subsidiary of the Company.

On October 3, 2022, we issued and sold to ThinkEquity LLC, as the underwriter in a firm commitment underwritten public offering (the "Offering") pursuant to the term of an underwriting agreement that we entered into with ThinkEquity LLC on September 28, 2022 (the "Underwriting Agreement"), an aggregate of 2,500,000 shares of our Common Stock at a public offering price of \$2.75 per share, for gross proceeds of \$6,875,000, before deducting underwriting discounts, commissions and offering expenses. Pursuant to the Underwriting Agreement, we also issued to the underwriter warrants to purchase up to 143,750 shares of Common Stock.

We continue adding new models to our lineup. We are now adding 3 new STX Sport Tournament models and 4 new, completely unique, special models that we have been designing and will be launching under a new boat brand named LFG Marine Group. LFG Marine will be a 100% owned division within Twin Vee. These initial models are geared more toward the freshwater market but can also be used and enjoyed in the saltwater environment.

The LFG Marine Group will have its own website, its own marketing but the boats will be designed, manufactured, and shipped from our Twin Vee, factory in Fort Pierce, Florida to existing and new dealers. Our initial LFG models will include a 25-foot muti hull center console, 25-foot dual console, 25-foot deck boat and a new 22-foot single engine mono hull. All of these models are past the design stage and the tooling is being completed. The 25-foot dual console is currently being completed in the factory and should be in the water within 2-3 weeks. We anticipate that revenue from LFG boat sales will begin in Q1 of 2023.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

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

	Three Months Ended		Change	% Change
	September 30,			
	2022	2021		
Net sales	\$ 8,812,021	\$ 4,118,246	4,693,775	114%
Cost of products sold	\$ 5,477,947	\$ 2,508,170	2,969,777	118%
Gross profit	\$ 3,334,074	\$ 1,610,076	1,723,998	107%
Operating expenses	\$ 4,191,034	\$ 1,932,610	2,258,424	117%
Operating loss	\$ (856,960)	\$ (322,534)	(534,426)	166%
Net loss	\$ (877,109)	\$ (383,277)	(503,832)	131%
Net loss per common share: Basic and Diluted	\$ (0.10)	\$ (0.06)	(0.04)	64%
Weighted average number of common shares outstanding: Basic and diluted	7,013,478	6,282,700		

Net Sales and Cost Sales

Our net sales increased \$4,693,775, or 114% to \$8,812,021 for the three months ended September 30, 2022 from \$4,118,246 for the three months ended September 30, 2021. This increase was due to an increase in the number of boats sold during the three months ended September 30, 2022. The number of our boats sold during the three months ended September 30, 2022 increased 65% over the three months ended September 30, 2021, due to our increased production plan, enabling us to produce more boats during the quarter. Additionally, we have increased our sale prices and reduced discounts and rebates, to help offset the increases in operating expenses described below, in addition to increased costs of product parts and components and our increased inventory that we are maintaining to protect against supply chain shortages.

Gross Profit

Gross profits increased by \$1,723,998, or 107% to \$3,334,074 for the three months ended September 30, 2022 from \$1,610,076 for the three months ended September 30, 2021. Gross profit as a percentage of sales, for the three months ended September 30, 2022 and 2021 was 38% and 39% respectively.

Total Operating Expenses

Our total operating expenses for the three months ended September 30, 2022 and 2021 were \$4,191,034 and \$1,932,610 respectively. Operating expenses as a percentage of sales were 48% compared to 47% in the prior year. Our total operating expenses, for our gas-powered boat segment, for the three months ended September 30, 2022 and 2021 were \$3,210,921 and \$1,850,513 respectively. Our gas-powered segment, operating expenses as a percentage of sales were 36% compared to 45% in the prior year, showing a 9% improvement quarter over quarter. Our total operating expenses, for Forza, our electric powered boat and development segment, for the three months ended September 30, 2022 and 2021 were \$979,584 and \$0 respectively.

Selling, general and administrative expenses increased by approximately 38%, or \$194,339 to \$707,321 for the three months ended September 30, 2022, compared to \$512,982 for the three months ended September 30, 2021. A significant portion of this increase, \$101,724 was due increased costs in liability and workman's compensation insurance. These insurance charges increase based on your employment level and sales revenue, both of which, have increased significantly quarter over quarter. Another \$42,551 was due to Forza now carrying cost of being publicly traded. Our sales and marketing expenses for the quarter increased \$40,188, the majority of this increase was due to hosting a dealer meeting in 2023, which we did not due in 2022. Our travel expense increased approximately \$26,662, this is due to Forza's remote workforce being required to travel for development and testing.

Salaries and wages related expenses increased by approximately 137%, or \$1,669,801 to \$2,891,863 for the three months ended September 30, 2022, compared to \$1,222,062 for the three months ended September 30, 2021. Of the increase in salaries and wages of \$1,216,037 was the result of aggressively ramping up of production, which required increasing our production staff and adding mid-level staff, as well as the staffing of our Forza segment, which account for \$698,967 of the increase. Included in salaries and wage related expenses for the three months ended September 30, 2022 was stock based compensation expense of \$287,607 due to the issuance of options to employees. We have added a full package of benefits for our employees, in order to retain our quality employees, which resulted in an increase in salaries and wages of \$90,113. The remaining increase in salaries and wages during the three months ended September 30, 2022 is associated with taxes.

Research and design expenses increased by \$222,845 to \$283,936 for the three months ended September 30, 2022, from \$61,091 for the three months ended September 30, 2021. Part of the use of proceeds from our IPO, was the development of an electric boat and an electric motor.

Professional fees increased by 28%, or \$29,927 to \$135,311 for the three months ended September 30, 2022, compared to \$105,384 for the three months ended 2021. This increase was also due to the additional costs we incurred associated with Forza being public. We engaged the services of an outside financial consultant, as well as an audit firm for quarterly reporting and SEC legal counsel to fulfill our public company reporting obligations.

Depreciation and amortization expense increased by 455%, or \$141,511 to \$172,602 for the three months ended September 30, 2022, compared to \$31,091 for the three months ended 2021. This increase is due to the addition of fixed assets, primarily molds, to increase our production levels and throughput.

Our other (expenses) decreased by 50%, or \$30,594 to an expense of \$30,149 for the three months ended September 30, 2022, compared to \$60,743 for the three months ended, 2021. Our interest income increased for the quarter by 30,958, compared to 2021, accounting for the change.

Net Loss

Net loss for the three months ended September 30, 2022 was \$887,109, compared to \$383,277 for the three months ended September 30, 2021. Our electric segment, which does not generate any revenue, at this time, incurred a loss of \$1,042,663, for the three months ended September 30, 2022, related to research and design. Our gas-powered segment had income of \$160,025 for the three months ended September 30, 2022. Basic and dilutive loss per share of common stock for the three months ended September 30, 2022, was (\$0.10) compared to (\$0.06) for the three months ended September 30, 2021.

Comparison of the Nine Months Ended September 30, 2022 and 2021

	Nine months Ended September 30,		Change	% Change
	2022	2021		
Net sales	\$ 23,217,634	\$ 10,623,460	12,594,174	119%
Cost of products sold	\$ 14,001,994	\$ 6,209,334	7,792,660	125%
Gross profit	\$ 9,215,640	\$ 4,414,126	4,801,514	109%
Operating expenses	\$ 11,592,732	\$ 4,698,831	6,893,901	147%
Loss from operations	\$ (2,377,092)	\$ (284,705)	(2,092,387)	735%
Other income (expense)	\$ 240,116	\$ (84,228)	324,344	(385%)
Net loss	\$ (2,617,208)	\$ (200,477)	(2,416,731)	1,205%
Basic and dilutive loss per share of common stock	\$ (0.37)	\$ (0.04)	(0.33)	789%
Weighted average number of shares of common stock outstanding	7,004,542	4,769,200		

Net Sales and Cost Sales

Our net sales increased by \$12,594,174, or 119% to \$23,217,634 for the nine months ended September 30, 2022 from \$10,623,460 for the nine months ended September 30, 2021. We attribute the large increase due to strong demand for our product, coupled with our increase in production. The number of our boats sold during the nine months ended September 30, 2022 increased 69% over the number of our boats sold during the nine months ended September 30, 2021, due to our increased production plan that we focused on since the third quarter of 2021. Additionally, we have increased our sale prices and reduced discounts and rebates and introduced new larger models to help offset the increases in operating expenses described below, in addition to increased costs of product parts and components and our increased inventory that we are maintaining to protect against supply chain shortages. Our average revenue per unit for the nine months ended September 30, 2022 increased approximately 35% over revenue per unit for the nine months ended September 30, 2021.

Gross Profit

Gross profit increased by \$4,801,514 or 109% to 9,215,640 for the nine months ended September 30, 2022 from \$4,414,126 for the nine months ended September 30, 2021. Gross profit as a percentage of net sales for the nine months ended September 30, 2022, was 40% as compared to 42% for the same period in fiscal 2021.

Total Operating Expenses

Our total operating expenses for the nine months ended September 30, 2022 and 2021 were \$11,592,732 and \$4,698,831 respectively. Operating expenses as a percentage of sales were 50% compared to 44% in the prior year. Our total operating expenses, for our gas-powered boat segment, for the nine months ended September 30, 2022 and 2021 were \$9,520,918 and \$4,581,634 respectively. Our gas-powered segments, operating expenses as a percentage of sales were 41% compared to 43% in the prior year, showing a 2% improvement quarter over quarter. Our total operating expenses, for Forza, our electric powered boat and development segment, for the nine months ended September 30, 2022 and 2021 were \$2,037,307 and \$1,046,129 respectively. Forza operating expenses as a percentage of consolidated sales were 9%.

Selling, general and administrative expenses increased by 86% or \$936,804 to \$2,027,387 for the nine months ended September 30, 2022, from \$1,090,583. A significant portion of the increase, \$405,191, resulted from expenses incurred in connection with being a publicly traded company, which we did not incur for the majority of the prior period. Our insurance increased by \$223,977 over the prior period, due to our increased wages and sales level. Our state taxes increased by \$122,769. Our advertising and marketing increased \$46,527, primarily due to hosting a dealer sales meeting in 2022, which we did not host in 2021, over concerns regarding Covid. We also have experienced moderate increases several accounts totaling \$49,880 of the increase. Selling, general and administrative expenses associated specifically to Forza, our electric boat and development segment, totaled \$267,657.

Salaries and wage related expenses increased by 148% or \$4,741,478 to \$7,938,954 for the nine months ended September 30, 2022 from \$3,197,476 for the nine months ended September 30, 2021. We have been aggressively working on increasing production, and this included increasing our production staff as well as adding mid-level staff, resulting in an increase of \$3,365,308 of additional salaries and wage expense for the nine months ended September 30, 2022 as compared to for the nine months ended September 30, 2021, \$698,967 can be directly associated with Forza, for our electric boat and development segment. Included in salaries and wage related expenses for the nine months ended September 30, 2022 was stock based compensation expense of \$814,330 due to the issuance of options to employees, \$158,705 was directly associated with Forza, for our electric boat and development segment. We have added a full package of benefits for our employees, to retain our quality employees, which resulted in an increase of \$315,566. The remaining increase of salaries and wages related expenses during the nine months ended September 30, 2022 is associated with taxes and benefits.

Research and design expenses, for Forza, our electric boat and development segment, for the nine months ended September 30, 2022, and 2021 were \$680,288 and \$61,091, respectively. Part of the use of proceeds from our IPO, was the development of an electric boat and an electric motor.

Professional fees for the nine months ended September 30, 2022 and 2021 were \$573,592 compared to \$217,591, respectively. This increase is also due to the expenses incurred from being a public company. We engaged the services of an outside financial consultant, as well as an audit firm for quarterly reporting and SEC legal counsel in order to fulfill our public company reporting obligations.

Depreciation and amortization expenses for the nine months ended September 30, 2022 and 2021 were \$372,511 and \$132,089, respectively. This increase is due to the addition of fixed assets, primarily molds, to increase our production levels and throughput.

Our other expenses increased by 385%, or \$324,344 to \$240,116 for the nine months ended September 30, 2022, compared to other income of \$84,228 for the nine months ended September 30, 2021. The majority of the increase was due to a net gain from insurance recoveries of \$180,124, in 2021, which we did not receive in 2022, an increase in interest expense of \$50,966 and our net loss in fair value of marketable securities was \$150,569 compared to \$10,576 during the nine months ended September 30, 2021. The increase in expenses was also offset by an increase of interest income of \$63,883, and other income of \$32,994.

Net Loss

Net loss for the nine months ended September 30, 2022 was \$2,617,208, compared to \$200,477 for the nine months ended September 30, 2021. Forza, which represents our electric boat and development segment, which does not generate any revenue, at this time, incurred a loss of \$2,156,886, for the nine months ended September 30, 2022, related to research and design. Our gas-powered segment incurred a net loss of \$393,697, or 1.7% of net sales, for the nine months ended September 30, 2022. This loss was due to our aggressive ramp up in production. Basic and dilutive loss per share of common stock for the nine months ended September 30, 2022, was (\$0.37) compared to (\$0.04) for the nine months ended September 30, 2021.

Liquidity and Capital Resources

The primary sources of funds for the nine months ended September 30, 2022 were cash from operations and proceeds from our IPO, the Forza IPO and our follow on offering consummated in October 2022. Forza raised gross proceeds of \$17,250,000 from the Forza IPO and gross proceeds of \$6,875,000 from our follow on offering consummated in October 2022. Our primary use of cash was related to increasing inventory levels to meet the high level of demand coupled with the current supply chain challenges and our investment into our electric boat segment. With uncertainty on component availability, prolonged lead time and rising prices, we have been bringing in inventory far earlier than in previous years. With our increased levels of inventory, increased revenues, and increased operating costs, we have also experienced an increase in our accounts payable. Our electric boat segment currently does not generate revenue and incurred a loss of \$2,156,886 for the nine months ended September 30, 2022.

To date, Twin Vee has spent approximately \$2,500,00 on the funding of the development on our electric boats. The proceeds raised from the initial public offering of the common stock of Forza X1, will be used to build a manufacturing facility, purchase equipment, inventory and working capital.

The following table provides selected financial data about us as of September 30, 2022 and December 31, 2021.

	September 30, 2022	December 31, 2021	Change	% Change
Cash and cash equivalents	\$ 19,975,562	\$ 6,975,302	13,000,260	186.4%
Marketable securities	\$ 2,910,936	\$ 6,064,097	(3,153,161)	(52.0%)
Current assets	\$ 26,248,656	\$ 13,073,346	13,175,310	100.8%
Current liabilities	\$ 3,995,584	\$ 2,155,420	1,840,164	85.4%
Working capital	\$ 22,253,072	\$ 10,917,926	11,335,146	103.8%

As of September 30, 2022, we had sufficient cash and cash equivalents to meet ongoing expenses for at least twelve months from the date of the filing of this Quarterly Report on Form 10-Q. Included in cash and cash equivalents for the three and nine months ended September 30, 2022 is proceeds from the Forza IPO. As of September 30, 2022, we had \$22,886,498 of cash, cash equivalents and marketable securities, total current assets of \$26,248,656, and total assets of \$35,223,690. Our total liabilities were \$5,444,979. Our total liabilities were comprised of current liabilities of \$3,995,584 which included accounts payable and accrued liabilities of \$2,465,968, due to affiliated companies of \$115,043 and current portion of operating lease right of use liability of \$387,993, and long-term liabilities of \$1,449,395. As of December 31, 2021, we had \$13,039,399 of cash, cash equivalents and marketable securities, total current assets of \$13,073,346 and total assets of \$20,599,184. Our total current liabilities were \$2,155,420 and total liabilities of \$3,899,484 which included long-term operating lease liabilities for the lease of our facility.

Accumulated deficit was \$4,501,181 as of September 30, 2022 compared to accumulated deficit of \$2,017,556 as of December 31, 2021.

Our working capital increased by \$11,335,146 to \$22,253,072 as of September 30, 2022, compared to \$10,917,926 on December 31, 2021, due primarily to the Forza IPO.

We believe that our cash and cash equivalents will provide sufficient resources to finance operations for the next 12 months. In addition to cash, cash equivalents and marketable securities, 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 as well as proceeds from our IPO.

Cash Flow

	Nine Months Ended			
	September 30,			
	2022	2021	\$ Change	% Change
Cash used in operating activities	\$ (2,584,381)	\$ (743,435)	(1,840,946)	248%
Cash provided by (used in) investing activities	\$ 688,423	\$ (7,323,287)	8,011,710	(109%)
Cash provided by financing activities	\$ 14,896,218	\$ 16,153,814	(1,257,596)	(8%)
Net Change in Cash	\$ 13,000,260	\$ 8,087,092	4,913,168	61%

	Years Ended			
	December 31,			
	2021	2020	\$ Change	% Change
Cash provided by (used in) operating activities	\$ (1,947,539)	\$ 364,648	(2,312,187)	(634%)
Cash used in investing activities	\$ (8,037,264)	\$ (200,452)	(7,836,812)	3,910%
Cash provided by financing activities	\$ 16,068,289	\$ 512,046	15,556,243	3,038%
Net Change in Cash	\$ 6,975,302	\$ 891,816	6,083,486	682%

Cash Flow from Operating Activities

For the nine months ended September 30, 2022, net cash flows used in operating activities was \$2,584,381 compared to \$743,435 during the nine months ended September 30, 2021. We have increased inventory levels by \$2,593,469, due to supply chain delays that continue to impact lead time and parts availability, this is further emphasized by our production ramp up. Accounts payable decreased \$726,795. Our accrued liabilities decreased \$81,498, primarily due to accrued rebate being paid out. Our net loss from operation was \$2,617,208, was decreased by non-cash expenses of \$1,236,831, primarily due to stock-based compensation of \$814,330, change of right-of-use asset and lease liabilities of \$286,271, loss on disposal of assets of \$49,990, net change in fair value of marketable securities of \$150,569 and depreciation of \$372,511.

Cash Flow from Investing Activities

During the nine months ended September 30, 2022, we provided \$688,423 in investment activities, compared to \$7,323,287 used during the nine months ended September 30, 2021. We invested \$2,394,169 in the purchase of property and equipment, primarily for new model boat molds of approximately \$1,437,000, leasehold improvements of approximately \$173,000, new production equipment of approximately \$591,000, and new computers, software and furniture of approximately \$66,000. We had proceeds from the sale of property of approximately \$80,000, and proceeds from the sale of marketable securities of \$3,002,592.

Cash Flows from Financing Activities

For the nine months ended September 30, 2022, net cash provided by financing activities was approximately \$14,896,218, compared to \$16,153,814 for the nine months ended September 30, 2021. The cash flow from financing activities for the nine months ended September 30, 2022 included net proceeds of \$15,231,350 from the Forza IPO.

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

We account for revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606 which was adopted at the beginning of fiscal year 2018 using the modified retrospective method. We did not recognize any cumulative-effect adjustment to retained earnings upon adoption as the effect was immaterial.

Payment received for the future sale of a boat to a customer is recognized as a customer deposit, which is included in contract liabilities on the balance sheet. 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 have been made 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.

Paycheck Protection Program

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, we determined it most appropriate to account for the Paycheck Protection Program ("PPP") loan proceeds as an in-substance government grant by analogy to International Accounting Standards 20 ("IAS 20"), *Accounting for Government Grants and Disclosure of Government Assistance*. Under the provisions of IAS 20, "a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." IAS 20 does not define "reasonable assurance"; however, based on certain interpretations, it is analogous to "probable" as defined in FASB ASC Subtopic 450-20-20 under U.S. GAAP, which is the definition we have applied to our expectations of PPP loan forgiveness. Under IAS 20, government grants are recognized in earnings on a systematic basis over the periods in which we recognize costs for which the grant is intended to compensate (i.e., qualified expenses). Further, IAS 20 permits for the recognition in earnings either (1) separately under a general heading such as other income, or (2) as a reduction of the related expenses. We have elected to recognize government grant income separately within other income to present a clearer distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and forgiveness.

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 Securities and Exchange Commission 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, 2022. 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 SEC's rules and forms. 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, 2022, 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, to devise and implement effective disclosure controls and procedures over internal controls.

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 Controller and a Staff Accountant; we have selected and are working on implementing a robust operating system and we are utilizing the assistance of outside advisors where appropriate.

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, 2022, controls and procedure have been implemented to remediate the material weakness, however testing of controls continues.

Changes in Internal Control over Financial Reporting

During the nine months ended September 30, 2022, we hired additional staff in our finance department and have developed and refined our controls and other procedures that are designed 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.

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, 2021. 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, 2021.

Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.

Our operations and performance depend on global, regional and U.S. economic and geopolitical conditions. Increasing inflation has raised operating costs for many businesses and, in the future, could impact demand or pricing of our boats or employee wages. Russia’s invasion and military attacks on Ukraine have triggered significant sanctions from U.S. and European leaders. These events are currently escalating and creating increasingly volatile global economic conditions. Resulting changes in U.S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a “trade war.” Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition.

The above factors, including a number of other economic and geopolitical factors both in the U.S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following:

- effects of significant changes in economic, monetary and fiscal policies in the U.S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes;
- a global or regional economic slowdown in any of our market segments;
- changes in government policies and regulations affecting the Company or its significant customers;
- industrial policies in various countries that favor domestic industries over multinationals or that restrict foreign companies altogether;

- new or stricter trade policies and tariffs enacted by countries, such as China, in response to changes in U.S. trade policies and tariffs;
- postponement of spending, in response to tighter credit, financial market volatility and other factors;
- rapid material escalation of the cost of regulatory compliance and litigation;
- difficulties protecting intellectual property;
- longer payment cycles;
- credit risks and other challenges in collecting accounts receivable; and
- the impact of each of the foregoing on outsourcing and procurement arrangements.

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. At September 30, 2022, our top three dealers accounted for 37% of our total boats sold. 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 quality of our network of dealers would have a material adverse effect on our business, financial condition, and results of operations.

Our success depends, in part, upon the financial health of our dealers and their continued access to financing.

Because we sell nearly all of our gas-powered products through dealers, their financial health is critical to our success. Our business, financial condition, and results of operations may be adversely affected if the financial health of the dealers that sell our products suffers. Their financial health may suffer for a variety of reasons, including a downturn in general economic conditions, rising interest rates, higher rents, increased labor costs and taxes, compliance with regulations, and personal financial issues. In addition, the more inventory of our boats that any dealer acquires, the greater the risk that the dealer is affected by the foregoing. During the nine months ended September 30, 2022, the dealers have significantly increased their inventory of our boats.

In addition, our dealers require adequate liquidity to finance their operations, including purchases of our products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These sources of financing are vital to our ability to sell products through our distribution network. Access to financing generally facilitates our dealers' ability to purchase boats from us, and their financed purchases reduce our working capital requirements. If financing were not available to our dealers, our sales and our working capital levels would be adversely affected.

We may be required to repurchase inventory of certain dealers.

Many of our dealers have floor plan financing arrangements with third-party finance companies that enable the dealers to purchase our products. In connection with these agreements, we may have an obligation to repurchase our products from a finance company under certain circumstances, and we may not have any control over the timing or amount of any repurchase obligation nor have access to capital on terms acceptable to us to satisfy any repurchase obligation. This obligation is triggered if a dealer defaults on its debt obligations to a finance company, the finance company repossesses the boat, and the boat is returned to us. Our obligation to repurchase a repossessed boat for the unpaid balance of our original invoice price for the boat is subject to reduction or limitation based on the age and condition of the boat at the time of repurchase, and in certain cases by an aggregate cap on repurchase obligations associated with a particular floor plan financing program. To date, we have not been obligated to repurchase any boats under our dealers' floor plan financing arrangements, and we are not aware of any applicable laws regulating dealer relations which govern our relations with the dealers or would require us to repurchase any boats. However, there is no assurance that a dealer will not default on the terms of a credit line in the future. The risk that a dealer may default, and we may be required to repurchase a vehicle increases as dealers acquire more inventory of our boats. Our maximum obligation under such floor plan agreements totaled approximately \$11,825,000 or 68 units, and \$4,273,000 or 24 units, as of September 30, 2022, and December 31, 2021, respectively. In addition, applicable laws regulating dealer relations may also require us to repurchase our products from our dealers under certain circumstances, and we may not have any control over the timing or amount of any repurchase obligation nor have access to capital on terms acceptable to us to satisfy any repurchase obligation. If we were obligated to repurchase a significant number of units under any repurchase agreement or under applicable dealer laws, our business, operating results and financial condition could be adversely affected.

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 will be subject to the reporting requirements of the Exchange Act, and the Sarbanes-Oxley Act. We expect that the requirements of these rules and regulations will 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.

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 have added to our staffing levels and implemented additional control. In early 2023 we will have a new operating system in place that will further strengthen the financial reporting process. 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.

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.

Forza X1 may not receive the anticipated grant funding.

On July 28, 2022, Forza received notice that the North Carolina Economic Investment Committee has approved a Job Development Investment Grant (“JDIG”) providing for reimbursement to it of up to \$1,367,100 over a twelve-year period to establish a new manufacturing plant in McDowell County, North Carolina. The receipt of grant funding is conditioned upon Forza investing over \$10.5 million in land, buildings and fixtures, infrastructure and machinery and equipment by the end of 2025 and us creating as many as 170 jobs. Forza is currently in negotiations for a new site to build the Forza factory in North Carolina. There can be no assurance that the negotiations will be successful. If unsuccessful, Forza will not meet the conditions necessary to receive the grant funding and will be subject to the limited capacity at our factory that we allow Forza, in our discretion, to use. There can be no assurance that Forza X1 will meet the conditions necessary to receive the grant funding.

Our planned fully electric sport boat has not yet been developed, and even if developed, interest in it may not develop.

Forza’s electric boats are being designed as fully integrated electric boats, including the hull, outboard motor and control system; however, Forza has not completed the final assembly of its electric boat into a fully integrated product. There can be no assurance that Forza will be able to complete development of the FX1 when anticipated, if at all, that Forza will be able to mass produce the FX1 or that the anticipated features or services to be included in the FX1 will create substantial interest or a market, and therefore our anticipated FX1 product, its sales and growth for our product may not develop as expected, or at all. For example, in May 2021 we experienced a small fire in connection with the sea trial of a prototype of our electric boat which resulted in a six-month delay in our design timetable as we implemented changes to the design for outboard electric motor system as a result of the fire. We cannot guarantee that similar events will not occur in the future, or that we will be able to contain such events without damage or delay. Even if such a market for the FX1 sport boat develops, there can be no assurance that we would be able to maintain that market.

Forza’s operations to date have been primarily limited to finalizing the design and engineering of our electric sport boat as well as organizing and staffing Forza in preparation for launching the FX1 electric boat. As such, we have not yet demonstrated, and the success of Forza is wholly dependent upon, its ability to commercialize its products. The successful commercialization of any products will require us to perform a variety of functions, including:

- completing the design and testing for the FX1 sport boat and our proprietary outboard electric motor;
- manufacturing the FX1 sport boats;
- developing a vertically integrated direct-to-consumer distribution system; and
- conducting sales and marketing activities.

We cannot be certain that our business strategy for our electric-powered boats will be successful or that we will successfully address these risks. In the event that we do not successfully address these risks, our business, prospects, financial condition, and results of operations could be materially and adversely affected, and we may not have the resources to continue or expand the business operations of our electric-powered boats business.

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

(a) Unregistered Sales of Equity Securities.

None.

(b) Use of Proceeds.

On July 22, 2021, we closed our initial public offering pursuant to which we offered and sold 3,000,000 shares of our common stock at an offering price of \$6.00 per share (for aggregate gross proceeds of \$18,000,000), pursuant to our Registration Statement on Form S-1 (as amended) (File No. 333-255134), which was declared effective by the SEC on July 20, 2021, as amended by the Registration Statement on Form S-1 MEF (File No. 333-258058) filed with the SEC on July 20, 2021 and effective as of the date of filing. After deducting underwriting discounts and commissions of approximately \$1,260,000, and other offering expenses payable by us of approximately \$1,567,150, we received approximately \$15,849,037 in net proceeds from our initial public offering. ThinkEquity LLC (formerly known as ThinkEquity, a division of Fordham Financial Management, Inc.) acted as the representative of the several underwriters for the offering. We also granted a 45-day option to the representative of the underwriters to purchase up to 450,000 additional shares of common stock solely to cover over-allotments, if any, which expired unexercised.

At the time of the initial public offering, the primary use of the net proceeds was as follows: (i) approximately \$1,500,000 for production and marketing of our larger fully equipped boats.; (ii) approximately \$2,500,000 for the design, development, testing, manufacturing and marketing of our new line of electric boats; (iii) approximately \$6,000,000 for the design, development, testing, manufacturing and marketing of our fully electric propulsion system; (iv) approximately \$3,500,000 for acquisition of waterfront property and development of the Electra Power Sports- EV Innovation & Testing Center, in Fort Pierce, Florida to build, design and manufacture our electric propulsion systems and (v) the balance for working capital.

It was originally anticipated that we would retrofit a gas-powered boat with an electric motor that would be designed by us and that we would also sell the motors to other third-party boat manufacturers to retrofit their boats. The retrofitting would require extensive development, testing and manufacturing of multiple variations of electric motors. However, consumer preference in the electric marine market was and is trending towards a single purchase of a fully integrated electric boat rather than a retrofitted existing gas and diesel fuel powered boat with electric outboard motors and battery packs. Therefore, we decided not to continue designing electric motors for retrofitting, resulting in us no longer needing any funding for the design, development, testing, manufacturing and marketing of our fully electric propulsion system and instead those funds are anticipated to be used for working capital needs. The remaining planned use of proceeds has not changed since the initial public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None.

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
1.1	Underwriting Agreement, dated August 11, 2022, by and between Forza X1, Inc. and ThinkEquity LLC (incorporated by reference to Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2022 (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 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 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 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 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 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 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 with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Current Report Form 8-K filed with the Securities and Exchange Commission on August 17, 2022 (File No. 001-40623))
10.2	Transition Services Agreement, dated August 16, 2022, by and between Forza X1, Inc. and Twin Vee PowerCats Co. (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2022 (File No. 001-40623))
10.3	Forza X1, Inc. 2022 Stock Incentive Plan and form of Incentive Plan Option Agreement, Non-Qualified Stock Option Agreement, and Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2022 (File No. 001-40623))
10.4	Employment Agreement, dated August 16, 2022, by and between Forza X1, Inc. and Joseph C. Visconti (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2022 (File No. 001-40623))
10.5	Amendment, dated August 22, 2022, to Employment Agreement, dated October 1, 2021, by and between Twin Vee PowerCats Co. and Carrie Gunnerson (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on August 22, 2022 (File No. 001-40623))
10.6	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 Exhibit 2.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on September 9, 2022 (File No. 001-40623))
10.7	Amendment to Employment Agreement between Twin Vee PowerCats Co. and Joseph Visconti, effective as of October 20, 2022 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on October 21, 2022 (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 8, 2022

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

Date: November 8, 2022

By: /s/ Carrie Gunnerson
Carrie Gunnerson
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 13-a-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 8, 2022

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, Carrie Gunnerson, 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 8, 2022

By: /s/ Carrie Gunnerson
Name: Carrie Gunnerson
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, 2022 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 8, 2022

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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carrie Gunnerson, 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 8, 2022

By: /s/ Carrie Gunnerson
Name: Carrie Gunnerson
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)
