

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 March 31, 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-40623

TWIN VEE POWERCATS CO.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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 May 15, 2024 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. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 16,137,920	\$ 16,497,703
Restricted cash	260,107	257,530
Accounts receivable	90,871	80,160
Marketable securities	982,604	4,462,942
Inventories, net	3,889,982	4,884,761
Prepaid expenses and other current assets	417,268	463,222
Total current assets	21,778,752	26,646,318
Property and equipment, net	13,891,330	12,293,988
Operating lease right of use asset	735,562	854,990
Security deposit	48,708	51,417
Total Assets	\$ 36,454,352	\$ 39,846,713

**Liabilities and Stockholders' Equity**
**Current Liabilities:**

Accounts payable	\$ 1,494,271	\$ 2,399,026
Accrued liabilities	697,797	1,075,512
Contract liabilities	21,448	44,195
Finance lease liability	217,583	214,715
Operating lease right of use liability	465,864	482,897
<b>Total current liabilities</b>	<b>2,896,963</b>	<b>4,216,345</b>

Economic Injury Disaster Loan	499,900	499,900
Finance lease liability - noncurrent	2,589,092	2,644,123
Operating lease liability - noncurrent	327,694	436,730
<b>Total Liabilities</b>	<b>6,313,649</b>	<b>7,797,098</b>

**Commitments and contingencies (Note 11)**
**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; 9,520,000 shares issued and outstanding at March 31, 2024 and December 31, 2023	9,520	9,520
Additional paid-in capital	38,274,940	37,848,657
Accumulated deficit	(16,033,211)	(14,346,984)
Equity attributed to stockholders of Twin Vee PowerCats Co, Inc.	22,251,248	23,511,193
Equity attributable to noncontrolling interests	7,889,455	8,538,422
<b>Total stockholders' equity</b>	<b>30,140,703</b>	<b>32,049,615</b>

<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 36,454,352</b>	<b>\$ 39,846,713</b>
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 5,276,343	\$ 8,877,215
Cost of products sold	4,999,030	7,267,657
Gross profit	277,314	1,609,558
<b>Operating expenses:</b>		
Selling, general and administrative	693,954	1,022,690
Salaries and wages	1,296,269	1,737,750
Professional fees	255,325	297,717
Depreciation and amortization	425,281	218,276
Research and development	149,691	702,648
<b>Total operating expenses</b>	<b>2,820,520</b>	<b>3,979,081</b>
Loss from operations	(2,543,206)	(2,369,523)
<b>Other income (expense):</b>		
Dividend income	213,732	234,510
Other income (expense)	38,991	(1,551)
Interest expense	(66,950)	(51,938)
Interest income	2,577	22,430
Unrealized (loss) gain on marketable securities	(15,548)	8,034
Realized gain on marketable securities	35,210	—
Employee Retention Credit income	—	329,573
<b>Total other income</b>	<b>208,012</b>	<b>541,058</b>
Loss before income tax	(2,335,194)	(1,828,465)
Income taxes provision	—	—
<b>Net loss</b>	<b>(2,335,194)</b>	<b>(1,828,465)</b>
Less: Net loss attributable to noncontrolling interests	(648,967)	(661,693)
<b>Net loss attributed to stockholders of Twin Vee PowerCats Co, Inc.</b>	<b>\$ (1,686,227)</b>	<b>\$ (1,166,772)</b>
<b>Basic and dilutive loss per share of common stock</b>	<b>\$ (0.18)</b>	<b>\$ (0.12)</b>
<b>Weighted average number of shares of common stock outstanding</b>	<b>9,520,000</b>	<b>9,520,000</b>

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

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

	Common Stock		Paid-in	Accumulated	Noncontrolling	Total
	Shares	Amount	Capital	Deficit	Interests	
<b>For the three months ended March 31, 2023</b>						
<b>Balance, December 31, 2022</b>	9,520,000	\$ 9,520	\$35,581,022	\$ (7,154,808)	\$ 4,585,155	\$33,020,889
Stock-based compensation	—	—	482,964	—	—	482,964
Net loss	—	—	—	(1,166,772)	(661,693)	(1,828,465)
<b>Balance, March 31, 2023</b>	<u>9,520,000</u>	<u>\$ 9,520</u>	<u>\$36,063,986</u>	<u>\$ (8,321,580)</u>	<u>\$ 3,923,462</u>	<u>\$31,675,388</u>
<b>For the three months ended March 31, 2024</b>						
<b>Balance, December 31, 2023</b>	9,520,000	\$ 9,520	\$37,848,657	\$ (14,346,984)	\$ 8,538,422	\$32,049,615
Stock-based compensation	—	—	426,283	—	—	426,283
Net loss	—	—	—	(1,686,227)	(648,967)	(2,335,194)
<b>Balance, March 31, 2024</b>	<u>9,520,000</u>	<u>\$ 9,520</u>	<u>\$38,274,940</u>	<u>\$ (16,033,211)</u>	<u>\$ 7,889,455</u>	<u>\$30,140,703</u>

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

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

	Three Months Ended March 31,	
	2024	2023
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (2,335,194)	\$ (1,828,465)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	426,283	482,964
Depreciation and amortization	425,281	218,276
Change of right-of-use asset	119,428	118,206
Net change in fair value of marketable securities	15,548	(8,034)
Change in inventory reserve	113,252	—
Changes in operating assets and liabilities:		
Accounts receivable	(10,712)	(611,163)
Inventories	881,527	(788,455)
Prepaid expenses and other current assets	45,954	263,842
Accounts payable	(904,756)	650,441
Accrued liabilities	(377,715)	(611,553)
Operating lease liabilities	(126,069)	(119,209)
Contract liabilities	(22,747)	500
Net cash used in operating activities	<u>(1,749,920)</u>	<u>(2,232,650)</u>
<b>Cash Flows From Investing Activities</b>		
Security deposit	2,709	—
Realized gain on sale of marketable securities, available for sale	(35,210)	—
Net sales of investment in trading marketable securities	3,500,000	501,001
Purchase of property and equipment	(1,991,051)	(744,008)
Net cash provided by (used in) investing activities	<u>1,476,448</u>	<u>(243,007)</u>
<b>Cash Flows From Financing Activities</b>		
Finance lease payments	(83,735)	(2,835)
Net cash used in financing activities	<u>(83,735)</u>	<u>(2,835)</u>
Net change in cash, cash equivalents and restricted cash	(357,207)	(2,478,492)
Cash, cash equivalents and restricted cash at beginning of the year	16,755,233	23,501,007
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 16,398,027</u>	<u>\$ 21,022,515</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for income taxes	\$ —	\$ —
Cash paid for interest	<u>\$ 51,978</u>	<u>\$ 59,895</u>
<b>Non Cash Investing and Financing Activities</b>		
Increase in the right-of-use asset and lease liability	<u>\$ 31,572</u>	<u>\$ 92,405</u>
<b>Reconciliation to the Consolidated Balance Sheet</b>		
Cash and cash equivalents	\$ 16,137,920	\$ 21,022,515
Restricted cash	<u>260,107</u>	<u>—</u>

Total cash, cash equivalents and restricted cash	\$ 16,398,027	\$ 21,022,515
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**TWIN VEE POWERCATS CO.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024**

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

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

On September 1, 2021, the Company formed Fix My Boat, Inc., ("Fix My Boat"), a wholly owned subsidiary. Fix My Boat will utilize a franchise model for marine mechanics across the country. Fix My Boat has been inactive for the majority of 2023 and the three months ended March 31, 2024, however the Company anticipates focusing resources on this entity by the end of 2024.

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

On April 20, 2023, the Company formed AquaSport Co., a wholly owned subsidiary in the state of Florida in connection with the Company's plan to lease the assets of former AQUASPORT™ boat brand and manufacturing facility in White Bluff Tennessee.

**Merger**

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

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

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of Twin Vee, its wholly owned subsidiaries AquaSport Co., and Fix My Boat, Inc., ("Fix My Boat"), and its publicly traded subsidiary, Forza X1, Inc. ("Forza X1" or "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 March 31, 2024 and the results of operations and cash flows for the periods presented. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto for the year ended December 31, 2023, which are included in the Company's Annual Report on Form 10-K filed with the SEC on March 27, 2024.

During the first quarter of 2024, the Company changed the classification of production labor and related benefit costs to be included as a component of cost of sales rather than operating expenses. The Company has adjusted the income statement for the three months ended March 31, 2023 to be consistent with the accounting treatment in 2024. This resulted in an increase in cost of sales of \$1,612,272 and a corresponding decrease in operating expenses for the three months ended March 31, 2023.

**Revenue Recognition**

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

historical trends. Accrued dealer incentives are included in accrued liabilities in the accompanying condensed consolidated balance sheets.

Payment received for the future sale of a boat to a customer is recognized as a customer deposit. Customer deposits are recognized as revenue when control over promised goods is transferred to the customer. At March 31, 2024 and December 31, 2023, the Company had customer deposits of \$21,448 and \$44,195, respectively, which is recorded as contract liabilities on the condensed consolidated balance sheets. These deposits are expected to be recognized as revenue within a one-year period.

#### *Rebates and Discounts*

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

#### *Other Revenue Recognition Matters*

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

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

#### *Use of Estimates*

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates.

#### *Concentrations of Credit and Business Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of trade receivables. Credit risk on trade receivables is mitigated as a result of the Company's use of trade letters of credit, dealer floor plan financing arrangements, and the geographically diversified nature of the Company's customer base. The Company minimizes the concentration of credit risk associated with its cash by maintaining its cash with high quality federally insured financial institutions. However, cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit of \$250,000 are at risk. As of March 31, 2024 and December 31, 2023, the Company had \$ 15,562,629 and \$15,868,574, respectively, in excess of FDIC insured limits.

#### *Cash, Cash Equivalents and Restricted Cash*

Cash, cash equivalents and restricted cash include all highly liquid investments with original maturities of six months or less at the time of purchase. On March 31, 2024 and December 31, 2023, the Company had cash, cash equivalents and restricted cash of \$16,398,027 and \$16,755,233, respectively. Included within restricted cash on the Company's condensed consolidated balance sheets at March 31, 2024 and December 31, 2023 was cash deposited as collateral for irrevocable letters of credit of \$260,107 and \$257,530.

#### *Marketable Securities*

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

#### *Fair Value of Financial Instruments*

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

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

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

Company or holders of the instruments could realize in a current market exchange.

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

#### **Accounts Receivable**

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

#### **Inventories**

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

#### **Property and Equipment**

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

#### **Impairment of Long-Lived Assets**

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

#### **Advertising**

Advertising and marketing costs are expensed as incurred, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations. During the three months ended March 31, 2024 and 2023, advertising costs incurred by the Company totaled \$34,589 and \$125,039, respectively.

#### **Research and Development**

The Company expenses research and development costs relating to new product development as incurred. For the three months ended March 31, 2024 and 2023, research and development costs amounted to \$149,691 and \$702,648, respectively.

#### **Shipping and Handling Costs**

Shipping and handling costs include those costs incurred to transport product to customers and internal handling costs, which relate to activities to prepare goods for shipment. The Company has elected to account for shipping and handling costs associated with outbound freight after control over a product has been transferred to a customer as a fulfillment cost. The Company includes shipping and handling costs, including cost billed to customers, in cost of sales in the statements of operations. All manufactured boats are free on board (FOB) from the Fort Pierce manufacturing plant. Dealers are required to either pick up the boats themselves or contract with a transporter. For the three months ended March 31, 2024 and 2023, shipping and handling costs amounted to \$134,466 and \$185,532, respectively.

#### **Leases**

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

#### **Supplier Concentrations**

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

The Company is dependent on third-party equipment manufacturers, distributors, and dealers for certain parts and materials utilized in the manufacturing process. During the three months ended March 31, 2024, the Company purchased all engines and certain composite materials for its boats under supplier agreements with four vendors. Total purchases from these vendors were \$1,709,801. During the three months ended March 31, 2023, the company purchased all engines from three vendors for its boats under supplier agreements. Total purchases from these vendors were \$1,870,425.

#### **Employee Retention Credit**

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



Accounting Standards Codification 105, "Generally Accepted Accounting Principles," describes the decision-making framework when no guidance exists in US GAAP for a particular transaction. Specifically, ASC 105-10-05-2 instructs companies to look for guidance for a similar transaction within US GAAP and apply that guidance by analogy. As such, forms of government assistance, such as the ERC, provided to business entities would not be within the scope of ASC 958, but it may be applied by analogy under ASC 105-10-05-2. The Company accounted for the Employee Retention Credit as a government grant in accordance with Accounting Standards Update 2013-06, Not-for-Profit Entities (Topic 958) ("ASU 2013-06") by analogy under ASC 105-10-05-2. Under this standard, government grants are recognized when the conditions on which they depend are substantially met. For the three months ended March 31, 2024 and 2023, respectively, the Company recognized income related to the employee retention credit of \$0 and \$329,573, respectively.

### Stock-Based Compensation

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

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### Income Taxes

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

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

### Recently Adopted Accounting Pronouncements

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

### 2. Marketable securities

	As of March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Marketable Securities</b>				
Corporate Bonds	\$ 1,002,050	\$ 12,697	\$ (32,143)	\$ 982,604
<b>Total Marketable Securities</b>	<u>\$ 1,002,050</u>	<u>\$ 12,697</u>	<u>\$ (32,143)</u>	<u>\$ 982,604</u>

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

Assets and liabilities measured at fair value on a recurring basis based on Level 1 and Level 2 fair value measurement criteria as of March 31, 2024 and December 31, 2023 are as follows:

	Fair Value Measurements Using			
	Balance as of March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Nonobservable (Level 3)
<b>Marketable securities:</b>				
Corporate Bonds	\$ 982,604	\$ —	\$ 982,604	\$ —
<b>Total marketable securities</b>	<u>\$ 982,604</u>	<u>\$ —</u>	<u>\$ 982,604</u>	<u>\$ —</u>

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Fair Value Measurements Using



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

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

### 3. Inventories

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

	March 31, 2024	December 31, 2023
Raw Materials	\$ 4,245,247	\$ 5,001,512
Work in Process	72,797	96,721
Finished Product	104,806	206,144
Total Inventory	<u>\$ 4,422,850</u>	<u>\$ 5,304,377</u>
Reserve for Excess and Obsolete	(532,868)	(419,616)
Net inventory	<u>\$ 3,889,982</u>	<u>\$ 4,884,761</u>

### 4. Property and Equipment

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

	2024	2023
Machinery and equipment	\$ 2,721,589	\$ 2,692,473
Furniture and fixtures	40,299	40,299
Land	1,119,758	1,119,758
Leasehold improvements	1,228,860	1,228,860
Software and website development	300,935	300,935
Computer hardware and software	162,682	159,342
Boat molds	6,404,888	5,871,373
Vehicles	143,360	143,360
Electric prototypes and tooling	142,526	142,526
Assets under construction	4,432,030	2,977,894
	<u>16,696,926</u>	<u>14,676,820</u>
Less accumulated depreciation and amortization	(2,805,596)	(2,382,832)
	<u>\$ 13,891,330</u>	<u>\$ 12,293,988</u>

Depreciation and amortization expense of property and equipment for the three months ended March 31, 2024 and 2023 were \$ 425,281 and \$218,276, respectively.

### 5. Leases – Related Party

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

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

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

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

	March 31, 2024	December 31, 2023
Operating lease ROU asset	\$ 682,693	\$ 779,843

March 31,

December 31,

	2024	2023
Operating lease liabilities:		
Current portion	\$ 419,948	\$ 414,364
Non-current portion	327,694	436,731
Total	<u>\$ 747,642</u>	<u>\$ 851,095</u>

At March 31, 2024, future minimum lease payments under the non-cancelable operating lease is as follows:

Year Ending December 31,	
2024 (excluding the three months ended March 31, 2024)	312,559
2025	437,582
Total lease payments	750,141
Less imputed interest	(2,499)
Total	<u>\$ 747,642</u>

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

	March 31, 2024
Weighted average discount rate	0.36%
Weighted average remaining lease term (years)	1.67

## 6. Leases

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

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

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

	March 31, 2024	December 31, 2023
Operating lease ROU asset	\$ 52,869	\$ 75,147
Operating lease liabilities:		
Current portion	\$ 45,916	\$ 68,532
Non-current portion	—	—
Total	<u>\$ 45,916</u>	<u>\$ 68,532</u>

At March 31, 2024, future minimum lease payments under the non-cancelable operating leases are as follows:

2024 (excluding the three months ended March 31, 2024)	\$ 46,453
Total lease payment	\$ 46,453
Less imputed interest	(537)
Total	<u>45,916</u>

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

	March 31, 2024
Weighted average discount rate	4%
Weighted average remaining lease term (years)	0.46

## 7. Finance Leases

### Vehicle and Equipment Lease

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

### AquaSport lease

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

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

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

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

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

	March 31, 2024	December 31, 2023
Finance lease liabilities:		
Current portion	\$ 217,583	\$ 214,715
Non-current portion	2,589,092	2,644,123
Total	<u>\$ 2,806,675</u>	<u>\$ 2,858,838</u>

At March 31, 2024, future minimum lease payments under the non-cancelable finance leases are as follows:

Year Ending December 31,		
2024 (excluding the three months ended March 31, 2024)	\$	223,688
2025		298,249
2026		296,033
2027		292,051
2028		<u>1,986,655</u>
Total lease payment		3,096,676
Less imputed interest		<u>(290,001)</u>
Total	\$	<u>2,806,675</u>

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

	March 31, 2024
Weighted average discount rate	3.07%
Weighted average remaining lease term (years)	4.17

### 8. Accrued Liabilities

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

	March 31, 2024	December 31, 2023
Accrued wages and benefits	\$ 130,592	\$ 343,511
Accrued interest	116,340	33,245
Accrued bonus	91,968	—
Accrued professional fees	35,000	—
Accrued operating expense	142,189	115,037
Accrued construction expense	—	390,825
Warranty reserve	181,709	192,894
	<u>\$ 697,798</u>	<u>\$ 1,075,512</u>

### 9. Short-term Debt

On March 31, 2024 and December 30, 2023, the Company had a line of credit with Wells Fargo and Yamaha Motor Finance for \$ 1,250,000 and \$1,250,000, respectively. On March 31, 2024 and December 31, 2023 the outstanding balance with Wells Fargo was \$ 87,506 and \$231,736, respectively. At March 31, 2024 and December 30, 2023, the outstanding balance with Yamaha Motor Finance was \$ 99,073 and \$210,674, respectively. The outstanding balances are included in account payable on the balance sheet.

#### 10. Notes Payable – SBA EIDL Loan

On April 22, 2020, the Company received an SBA Economic Injury Disaster Loan ("EIDL") in the amount of \$ 499,900. The loan is in response to the COVID-19 pandemic. The loan is a 30-year loan with an interest rate of 3.75%, interest only monthly payments of \$2,437 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 ended December 31,

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

#### 11. Related Party Transactions

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

During the three months ended March 31, 2024 and 2023, the Company received a monthly fee of \$ 46,670 and \$6,800, respectively, to provide management services and facility utilization to Forza. This income for the Company, and expense for Forza, has been eliminated in the condensed consolidated financial statements.

In August of 2022, Forza signed a six-month lease for a duplex on a property in Black Mountain, NC, to be used by its traveling employees during the construction of its new manufacturing facility, for \$2,500 per month. After the initial term of the lease, it was extended on a month-to-month basis. In August of 2023, the then president of Forza, James Leffew, purchased the property, and Forza executed a new lease agreement with Mr. Leffew on the same month-to-month terms. For the three months ended March 31, 2024 and 2023, the lease expense was \$7,500 and \$7,500, respectively.

#### 12. Commitments and Contingencies

##### *Repurchase Obligations*

Under certain conditions, the Company is obligated to repurchase new inventory repossessed from dealerships by financial institutions that provide credit to the Company's dealers. The maximum obligation of the Company under such floor plan agreements totaled \$13,176,754 or 84 units, and \$10,510,252 or 69 units, as of March 31, 2024 and December 31, 2023, respectively. The Company incurred no impact from repurchase events during the three months March 31, 2024 and year ended December 31, 2023.

##### *Litigation*

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

##### *Irrevocable line of credit*

As of March 31, 2024, the Company had \$ 260,107 of restricted cash included in cash, cash equivalents and restricted cash. This amount represents a deposit to secure an irrevocable letter of credit for a supplier contract with Yamaha. These deposits are held in an interest-bearing account. As of December 31, 2023, the Company had \$257,530 of restricted cash.

#### 13. Stockholders' Equity

##### *Twin Vee*

##### *Common Stock Warrants*

As of March 31, 2024, the Company had outstanding warrants to purchase 150,000 shares of common stock issuable at a weighted-average exercise price of \$7.50 per share that were issued to the representative of the underwriters on July 23, 2021 in connection with the Company's initial public offering that closed on July 23, 2021 (the "IPO"). The representative's warrants are exercisable at any time and from time to time, in whole or in part, and expire on July 20, 2026. On March 31, 2024, pursuant to the terms of an underwriting agreement entered into on September 28, 2022 with ThinkEquity LLC, the Company issued to the underwriter warrants to purchase up to 143,750 shares of common stock. The warrants will be exercisable at a per share price of \$3.4375. There was no warrant activity during the three months ended March 31, 2024.

##### *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 units, stock appreciation rights and other stock-based awards with terms established by the Compensation

Committee of the Board of Directors which has been appointed by the Board of Directors to administer the Plan. The number of awards under the Plan automatically increased on January 1, 2024. As of March 31, 2024, there were 450,430 shares remaining available for grant under this Plan.

## Accounting for Stock -Based Compensation

### Stock Compensation Expense

For the three months ended March 31, 2024 and 2023, the Company recorded \$ 426,283 and \$482,964, respectively, of stock-based compensation expense. Stock-based compensation expense is included in salaries and wages on the accompanying condensed consolidated statement of operations.

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### 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 three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024		2023
	2024		
Expected term	5 years		4.94 - 5 years
Expected average volatility	27 - 46%		49 - 50%
Expected dividend yield	—		—
Risk-free interest rate	1.50 – 4.45%		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	Grant Date Fair value of option
	Number of Options	Weighted Average Exercise Price	Remaining life (years)	
Outstanding, December 31, 2023	1,271,016	\$ 3.99	8.04	2,213,147
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	(8,906)	(2.73)	—	(11,109)
Forfeited/canceled	(25,695)	(1.77)	—	(18,929)
Outstanding, March 31, 2024	1,236,415	\$ 4.04	3.75	2,183,109
Exercisable options, March 31, 2024	931,533	\$ 4.39	4.37	

At March 31, 2024, 304,882 Twin Vee options are unvested and expected to vest over the next four years.

### Restricted Stock Units

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

	Restricted Stock Units Outstanding		Weighted	Aggregate Intrinsic Value
	Number of Units	Weighted Average Grant – Date Fair Value Price	Average Remaining life (years)	
Outstanding, December 31, 2023	67,250	\$ 2.25	2.07	\$ 57,842
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited/canceled	(11,086)	(2.25)	—	(9,535)
Outstanding, March 31, 2024	56,164	\$ 2.25	2.35	\$ 48,307

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## Forza

### Common Stock Warrants

Forza had outstanding warrants to purchase 172,500 shares of common stock issuable at a weighted-average exercise price of \$ 6.25 per share that were issued to the representative of the underwriters on August 16, 2022 in connection with Forza's IPO. Forza also had outstanding warrants to purchase 306,705 shares of common stock issuable at a weighted-average exercise price of \$ 1.88 per share that were issued to the representative of the

underwriters on June 14, 2023 in connection with Forza's secondary offering. The representative's warrants are exercisable at any time and from time to time, in whole or in part, and expire on August 16, 2027 and June 16, 2028, respectively. There was no warrant activity during the nine months ended March 31, 2024.

### Equity Compensation Plan

Forza maintains an equity compensation plan under which it may award employees, directors and consultants' incentive and non-qualified stock options, restricted stock, stock appreciation rights and other stock-based awards with terms established by the Compensation Committee of the 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, 2024 and will automatically increase on January 1, 2025. As of March 31, 2024, there were 789,297 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 three months ended March 31, 2024 and 2023, Forza recorded \$ 293,141 and \$341,163, respectively, of stock-based compensation expense. Stock-based compensation expense is included in salaries and wages on the accompanying condensed statement of operations.

### Stock Options

Under 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 three months ended March 31, 2024:

	Three Months Ended March 31, 2024
Expected term	5 years
Expected average volatility	108 - 113%
Expected dividend yield	—
Risk-free interest rate	2.98 - 4.72%

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

	Options Outstanding		Weighted Average Remaining life (years)	Grant Date Fair value of option
	Number of Options	Weighted Average Exercise Price		
Outstanding, December 31, 2022	1,441,500	\$ 3.41	0.05	\$ 4,009,913
Granted	518,000	0.70	9.76	287,835
Exercised	—	—	—	—
Forfeited/canceled	(69,583)	1.24	9.62	(40,248)
Outstanding, December 31, 2023	1,889,917	\$ 2.75	9.36	\$ 4,257,500
Granted	—	—	0	—
Exercised	—	—	0	—
Forfeited/canceled	(396,843)	1.66	8.98	(69,413)
Outstanding, March 31, 2024	1,493,074	\$ 2.75	8.78	\$ 4,188,087
Exercisable options, March 31, 2024	748,750	\$ 3.48	8.58	—

### 14. Customer Concentration

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

During the three months ended March 31, 2024, three individual dealers represented over 10% of the Company's total sales, and combined they represented 49% of total sales. During the three months ended March 31, 2023, two individual dealers represented over 10% of the Company's total sales, and combined they represented 44% of total sales.

### 15. Segment

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

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

The Company evaluates the performance of its reportable segments based on net sales and operating income. Net sales for business segments are generally based on the sale of boats and the sale of franchises. Income (loss) from operations for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment. Operating income for each segment excludes other income and expenses. The Company does not include intercompany transfers between segments for management reporting purposes.

The following table shows information by reportable segments for the three months ended March 31, 2024 and 2023:

For the three months ended March 31, 2024

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 5,276,343	\$ —	\$ —	\$ 5,276,343
Cost of products sold	4,969,458	—	29,572	4,999,030
Operating expense	1,533,981	772	1,285,767	2,820,520
Loss from operations	(1,227,096)	(772)	(1,315,339)	(2,543,207)
Other income (expense)	63,139	(2,629)	147,502	208,012
Net income (loss)	\$ (1,163,957)	\$ (3,401)	\$ (1,167,837)	\$ (2,335,194)

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For the three months ended March 31, 2023

	Gas-Powered Boats	Franchise	Electric Boat and Development	Total
Net sales	\$ 8,877,215	\$ —	\$ —	\$ 8,877,215
Cost of products sold	7,217,716	—	49,941	7,267,657
Operating expense	1,898,151	1,121	2,079,809	3,979,081
Loss from operations	(238,652)	(1,121)	(2,129,750)	(2,369,523)
Other income (expense)	420,501	(4,062)	124,619	541,058
Net income (loss)	\$ 181,849	\$ (5,183)	\$ (2,005,131)	\$ (1,828,465)

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

	March 31, 2024	December 31, 2023
Gas-Powered Boats	\$ 8,907,117	\$ 8,825,027
Franchise	\$ —	\$ —
Electric-Boats	\$ 4,984,213	\$ 3,468,961

## 16. Subsequent Events

The Company has evaluated all events or transactions that occurred after March 31, 2024 through May 15, 2024, 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 those described below.

On April 4, 2024, the Company appointed Michael P. Dickerson as Chief Financial & Administrative Officer of Twin Vee PowerCats Co.

On April 9, 2024, the Board of Directors of Forza X1, Inc. appointed Michael P. Dickerson as Interim Chief Financial & Administrative Officer of Forza X1, Inc.

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

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

### OVERVIEW

We are a designer, manufacturer and marketer of recreational and commercial power boats. We believe our company has been an innovator in the recreational and commercial power catamaran industry. We currently have 13 gas-powered models in production ranging in size from our 20-foot mono hull, single engine, center console to our newly designed 40-foot offshore 400 GFX catamaran, quad engines. While our twin-hull catamaran running surface, known as a symmetrical catamaran hull design, adds to the Twin Vee ride quality by reducing drag, increasing fuel efficiency, and offering users a stable riding boat, our new mono hull line addresses the largest portion of the overall market.

We have organized our business into three operating segments: (i) our gas-powered boat segment which manufactures and distributes gas-powered boats under the Twin Vee and AquaSport names; (ii) our electric-powered boat segment which is developing fully electric boats, through our publicly owned subsidiary, Forza X1, Inc., a Delaware corporation ("Forza") and (iii) our franchise segment which is developing a standard product offering and will be selling franchises across the United States 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 23 independent boat dealers in 37 locations across North America and the Caribbean who resell our boats to the end user Twin Vee and AquaSport customers. We continue recruiting efforts for high quality boat dealers and seek to establish new dealers and distributors domestically and internationally to distribute our boats as we grow our production and introduce new models. Our gas-powered boats are currently outfitted with gas-



powered outboard combustion engines.

During the first quarter of 2024, we experienced a significant reduction in demand for our products, as has been experienced throughout the boating industry. Total units sold in the quarter were 32 compared to 54 in the first quarter of 2023, a 41% reduction, in line with the 41% reduction in revenue over the same period. Our company's objectives have been to add new, larger boat models including a new line of GFX2 models, expand our dealers and distribution network, and increase unit production to fulfill our customer and dealer orders. We have also added our monohull line, shipping our first model of the monohull, the 22-foot, in February of 2023. The combination of fewer but larger Twin Vee units combined with the new monohull models resulted in a flat average selling price in the first quarter of 2024 compared to the prior year quarter.

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

The slower-than-expected adoption rates have led to cautious consumer spending and investment in EV technology, directly impacting the Company's market. Specifically, the electric boat segment has experienced even more sluggish growth than the automotive sector. In addition, while Forza's electric boats are still in the development stage, many of the larger players in the boat industry, such as Mercury Marine, have completed their development efforts and have brought their electric outboard motors to market. Despite these challenges, we have managed to sustain operations through strategic adjustments, including cost management and a focus on strategic partnerships. We have implemented measures that have reduced cash burn and conserved cash reserves while seeking to leverage our technological advancements through strategic collaborations and partnerships to enhance shareholder value. We have responded to the industry challenges by tightening our financial reins to mitigate the impacts of reduced demand with a view toward long-term sustainability.

#### Recent Developments

On March 4, 2024, Carrie Gunnerson, our Chief Financial Officer notified us of her decision to resign, effective May 31, 2024, from her position as the our Chief Financial Officer to pursue another opportunity. Ms. Gunnerson informed the Company that she will support and ensure a smooth transition. Ms. Gunnerson did not advise us of any disagreement with us on any matter relating to our operations, policies or practices.

On March 6, 2024, James Leffew, the Chief Executive Officer of the Forza X1, Inc. notified Forza of his decision to resign, effective immediately, from his position as Forza's Chief Executive Officer. Mr. Leffew informed Forza that he will support and ensure a smooth transition. Mr. Leffew did not advise Forza of any disagreement with Forza on any matter relating to its operations, policies or practices.

On April 9, 2024, our Board of Directors appointed Michael P. Dickerson to serve as our Chief Financial & Administrative Officer.. Mr. Dickerson, age 57, has 35 years of corporate experience in senior and executive level finance and operational roles, including finance & accounting, treasury, investor relations & corporate communications, risk management and other related roles.

#### **Results of Operations**

##### **Comparison of the Three Months Ended March 31, 2024 and 2023**

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

	<b>Three Months Ended March 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
Net sales	\$ 5,276,343	\$ 8,877,215	\$ (3,600,872)	(41%)
Cost of products sold	\$ 4,999,030	\$ 7,267,657	\$ (2,268,627)	(31%)
Gross profit	\$ 277,314	\$ 1,609,558	\$ (1,332,244)	(83%)
Operating expenses	\$ 2,820,520	\$ 3,979,081	\$ (1,158,561)	(29%)
Loss from operations	\$ (2,543,206)	\$ (2,369,523)	\$ (173,683)	7%
Other expense	\$ (208,012)	\$ (541,058)	\$ 333,046	(62%)
Net loss	\$ (2,335,194)	\$ (1,828,465)	\$ (506,729)	28%
Basic and dilutive income per share of common stock	\$ (0.18)	\$ (0.12)	\$ (0.05)	45%
Weighted average number of shares of common stock outstanding	9,520,000	9,520,000		

#### **Net Sales and Cost of Sales**

Our net sales decreased by \$3,600,872, or 41% to \$5,276,343 for the three months ended March 31, 2024 from \$8,877,215 for the three months ended March 31, 2023. This decrease was due to a decrease in the number of boats sold during the three months ended March 31, 2024 and the mix of boats sold, including the addition of a monohull line of boats, which have a much lower average price than our dual-hull boats. The number of boats sold during the three months ended March 31, 2024 decreased 39% compared to the three months ended March 31, 2023.

#### **Gross Profit**

Gross profits decreased by \$1,332,244 or 83% to \$277,313 for the three months ended March 31, 2024 from \$1,609,558 for the three months ended March 31, 2023. Gross profit as a percentage of sales, for the three months ended March 31, 2024 and 2023, was 5% and 18% respectively. The model mix has changed significantly in the first quarter compared to the prior year, shifting from our traditional catamarans to our new 220 monohulls. This has put downward pressure on our gross profits for the quarter. We have recently entered into the monohull market which is highly competitive. As we move forward the model mix between monohull and catamarans is expected to continue to have an impact on our gross profit. We did take actions to significantly reduce production labor and reduce discretionary spending which has favorably impacted the results of operations for the quarter ended March 31, 2024.

## Total Operating Expenses

During the three months ended March 31, 2024, we also took actions to significantly reduce operating expenses. Our total operating expenses for the three months ended March 31, 2024 and 2023 were \$2,820,520 and \$3,979,081 respectively. Operating expenses as a percentage of sales were 52.4% compared to 44.8% in the prior year. Our total operating expenses, for our gas-powered boat segment, for the three months ended March 31, 2024 and 2023 were \$1,533,981 and \$1,898,151 respectively. As a percentage of net sales, for the three months ended March 31, 2024 and 2023, operating expenses for our gas-powered segment were 29.1% and 21.4%, respectively. Our total operating expenses for Forza, our electric powered boat and development segment, for the three months ended March 31, 2024 and 2023 were \$1,285,767 and \$2,079,809, respectively.

Selling, general, and administrative expenses decreased by approximately 32%, or \$328,736 to \$693,954 for the three months ended March 31, 2024, compared to \$1,022,690 for the three months ended March 31, 2023. The largest drivers of the decrease were reductions in sales and marketing expenses, hiring costs and travel and entertainment costs and office supplies. Sales and marketing expenses decreased by \$88,513, from \$125,039 for the three months ended March 31, 2023, to \$36,526 for the three months ended March 31, 2024. Hiring expenses declined \$49,463 for the three months ended March 31, 2024 to \$1,610 compared to \$51,073 in the first quarter of 2023. Travel and entertainment expenses declined \$72,823 in the first quarter of 2024 to \$41,262 compared to \$114,085 in the first quarter of 2023. Office supplies expenses declined \$38,084 in the first quarter of 2024 to \$3,991 compared to \$42,075 in the first quarter of 2023.

Salaries and wage related expenses decreased 25%, or \$441,481 to \$1,296,269 for the three months ended March 31, 2024, compared to \$1,737,750 for the three months ended March 31, 2023. The majority of the decrease is due to reductions in staffing levels at Forza, as well as the staffing of Aquasport. Included in salaries and wage related expenses for the three months ended March 31, 2024 was stock-based compensation expense of \$426,283, Forza's portion of that expense being \$293,141. In total, stock-based compensation expense decreased by \$56,682 or 11.7% as compared to the prior year period.

Research and development expenses declined by \$552,957, or 79%, to \$149,691 for the three months ended March 31, 2024, from \$702,648 for the three months ended March 31, 2023. Part of the use of proceeds from Forza's initial public offering ("IPO") was the development of an electric boat and an electric motor, the expense for which was higher in the early phases of development.

Professional fees decreased by 14%, or \$42,392 to \$255,325 for the three months ended March 31, 2024, compared to \$297,717 for the three months ended March 31, 2023. This decrease was due primarily to higher legal and consulting expenses in the prior year related to the Forza development.

Depreciation and amortization expense increased by 95%, or \$207,005 to \$425,281 for the three months ended March 31, 2024, as compared to \$218,276 for the three months ended March 31, 2023. This increase is due to the addition of fixed assets, primarily molds, to increase our production levels and throughput.

Other income decreased by \$333,046 to \$208,012 for the three months ended March 31, 2024, as compared to \$541,058 for the three months ended, March 31, 2023. This decrease was due to the first quarter 2023 recognition of income from the Employee Retention Credit of \$329,573.

## Net Loss

Net loss for the three months ended March 31, 2024 was \$2,355,194, as compared to \$1,828,465 for the three months ended March 31, 2023, an increase of \$506,729. Our electric segment, which does not generate any revenue at this time, incurred a loss of \$1,167,837 for the three months ended March 31, 2024, related mostly to staffing costs, and to a lesser extent, research and development. Our gas-powered segment incurred a loss of \$1,163,957 for the three months ended March 31, 2024, due largely to the rapid decline in orders for new boats during the first quarter which resulted in a right-sizing of the production labor pool during the first quarter. Basic and dilutive loss per share of common stock for the three months ended March 31, 2024 was (\$0.18), as compared to (\$0.12) for the three months ended March 31, 2023.

## Liquidity and Capital Resources

A primary source of funds for the year ended December 31, 2023 and through March 31, 2024 was net cash received from our secondary offering, as well as Forza's initial public and secondary offering and revenue generated from operations. Our primary use of cash was related to funding the expansion of our operations through capital improvements, as well as molds for the expansion of Aquasport and Twin Vee models. With reduced demand offsetting uncertainty on certain component availability, prolonged lead time and rising prices, we had been selectively reducing inventory levels. Our priority over the next several months is to expand the Twin Vee GFX 2 lineup which will require additional investment in molds and machinery.

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

	March 31, 2024	December 31, 2023	Change	% Change
Cash, cash equivalents and restricted cash	\$ 16,137,920	\$ 16,497,703	\$ (359,783)	(2.2%)
Marketable securities	\$ 982,604	\$ 4,462,942	\$ (3,480,338)	(78.0%)
Current assets	\$ 21,778,752	\$ 26,646,318	\$ (4,867,566)	(18.3%)
Current liabilities	\$ 2,896,963	\$ 4,216,345	\$ (1,319,383)	(31.3%)
Working capital	\$ 18,881,789	\$ 22,429,972	\$ (3,548,183)	(15.8%)

As of March 31, 2024, we had \$16,137,920 of cash, cash equivalents, and restricted cash, \$982,604 of marketable securities, total current assets of \$21,778,752, and total assets of \$36,454,352. Our total liabilities were \$6,313,649. Our total liabilities were comprised of current liabilities of \$2,896,963 which included accounts payable and accrued liabilities of \$2,192,068, leases liability of \$683,447, contract liability of \$21,448 and long-term liabilities of \$3,416,686. As of December 31, 2023, we had \$16,497,703 of cash, cash equivalents, and restricted cash, \$4,462,942 of marketable securities, total current assets of \$26,646,318 and total assets of \$39,846,713. Our total current liabilities were \$4,216,345 and total liabilities of \$7,797,098 which included long-term finance and operating leases liabilities of \$3,080,853.

The accumulated deficit was \$16,033,213 as of March 31, 2024 compared to accumulated deficit of \$14,346,984 as of December 31, 2023.

Our working capital decreased by \$3,548,183 to \$18,881,789 as of March 31, 2024, compared to \$22,429,972 on December 31, 2023 primarily due to continued development efforts at Forza which is a non-revenue generating entity at the moment, the ongoing construction of the new Forza manufacturing facility and investments in molds for new boat designs.

We believe that our cash, cash equivalents, and marketable securities will provide sufficient resources to finance operations for the next 24 months from the date of the filing of this Quarterly Report on Form 10-Q. In addition to cash, 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. We do anticipate Forza's expenses to increase during the next two years as it constructs its planned manufacturing facility in McDowell, North Carolina, the cost of which we

expect will be paid for through the proceeds of Forza's public offerings, and certain grant funding, provided the conditions to receipt of the grant funding are met, of which there can be no assurance.

## Cash Flow

	Three Months Ended March 31,		Change	% Change
	2024	2023		
Cash used in operating activities	\$ (1,749,920)	\$ (2,232,650)	\$ 482,730	22%
Cash provided by (used in) investing activities	\$ 1,476,448	\$ (243,007)	\$ (1,719,455)	(708%)
Cash provided by (used in) financing activities	\$ (83,735)	\$ (2,835)	\$ (80,900)	2,854%
Net Change in Cash	\$ (357,207)	\$ (2,478,491)	\$ 2,121,284	(86%)

### Cash Flow from Operating Activities

For the three months ended March 31, 2024, net cash flows used in operating activities was \$1,749,920 compared to \$2,232,650 during the three months ended March 31, 2023. This use of cash was due primarily to a \$2,335,194 net loss and a reduction in accounts payable, accrued liabilities and operating lease obligations partially offset by a \$881,527 reduction in inventory levels and depreciation and amortization of \$425,281 and stock-based compensation of \$426,283 since December 31, 2023.

### Cash Flow from Investing Activities

During the three months ended March 31, 2024, cash provided by investing activities was \$1,476,448, due primarily to net sales of marketable securities partially offset by investments in property, plant and equipment. This compares to a use of cash in investing activities of \$243,007 in the three months ended March 31, 2023.

### Cash Flows from Financing Activities

For the three months ended March 31, 2024, net cash used in financing activities was approximately \$83,735 compared to net cash used in financing activities of \$2,835 for the three months ended March 31, 2023.

## 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

The Company's revenue is derived primarily from the sale of boats, motors and trailers to its independent dealers. The Company recognizes revenue when obligations under the terms of a contract are satisfied and control over promised goods is transferred to the dealer. For the majority of sales, this occurs when the product is released to the carrier responsible for transporting it to a dealer. The Company typically receives payment within five business days of shipment. Revenue is measured as the amount of consideration it expects to receive in exchange for a product. The Company offers dealer incentives that include wholesale rebates, retail rebates and promotions,

floor plan reimbursement or cash discounts, and other allowances that are recorded as reductions of revenues in net sales in the statements of operations. The consideration recognized represents the amount specified in a contract with a customer, net of estimated incentives the Company reasonably expects to pay. The estimated liability and reduction in revenue for dealer incentives is recorded at the time of sale. Subsequent adjustments to incentive estimates are possible because actual results may differ from these estimates if conditions dictate the need to enhance or reduce sales promotion and incentive programs or if dealer achievement or other items vary from historical trends. Accrued dealer incentives are included in accrued liabilities in the accompanying consolidated balance sheets.

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

### Use of Estimates

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

### Inventories

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

Provisions are made when necessary to reduce excess or obsolete inventories to their net realizable value.

#### *Impairment of Long-Lived Assets*

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

#### *Product Warranty Costs*

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

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

#### *Leases*

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

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

#### *Deferred Income Taxes and Valuation Allowance*

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

#### **OFF-BALANCE SHEET ARRANGEMENTS**

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

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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

#### **ITEM 4. CONTROLS AND PROCEDURES.**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. We have adopted and maintain disclosure controls and procedures (as defined Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is collected, recorded, processed, summarized, and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such a date, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting, related to not yet having retained sufficient staff or engaged sufficient outside consultants with appropriate experience in GAAP presentation, especially of complex instruments.

##### **Remediation Plan**

Management has developed and is executing a remediation plan to address the previously disclosed material weaknesses, due to inadequate staffing levels. We have retained a full-time Senior Staff Accountant and we have implemented a robust ERP system. We intend to put a Controller in place during 2024.

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 March 31, 2024, controls and procedures have been implemented to

remediate the material weakness, however testing of controls continues.

## **Changes in Internal Control over Financial Reporting**

We have incurred additional turnover of accounting and finance personnel, and are currently in the process of hiring additional accounting staff and developing and refining our controls and other procedures to ensure that information required to be disclosed by us in the reports that we file with the SEC are recorded, processed, summarized, and reported within the time periods specified in SEC rules and in accordance with GAAP. Other than as set forth in this paragraph, there have been no changes in internal control over financial reporting during the three months ended March 31, 2024 that has materially affected or is reasonable likely to materially affect our control over financial reporting.

## **PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

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

### **ITEM 1A. RISK FACTORS.**

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

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

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

On May 10, 2024, we received written notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying us that for the preceding 30 consecutive business days (March 28, 2024 through May 9, 2024), our common stock did not maintain a minimum closing bid price of \$1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2). The notice has no immediate effect on the listing or trading of the Company's common stock and the common stock will continue to trade on The Nasdaq Capital Market under the symbol "VEEE."

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a compliance period of 180 calendar days, or until November 6, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance is generally achieved by meeting the price requirement for a minimum of 10 consecutive business days. However, Nasdaq may, in its discretion, require a company to satisfy the applicable price-based requirement for a period in excess of 10 consecutive business days, but generally no more than 20 consecutive business days, before determining that a company has demonstrated an ability to maintain long-term compliance.

If, however, we do not achieve compliance with the Minimum Bid Price Requirement by November 6, 2024, we may be eligible for additional time to comply. In order to be eligible for such additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and must notify Nasdaq in writing of our intention to cure the deficiency during the second compliance period.

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

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

#### ***We have incurred losses for the quarter ended March 31, 2024 and the year ended December 31, 2023, and could continue to incur losses in the future.***

For the year ended December 31, 2023, we incurred a loss from operations of \$11,987,299 and a net loss of \$9,782,196. For the three months ended March 31, 2024, we incurred a loss from operations of \$2,543,208 and a net loss of \$2,335,195. As of March 31, 2024, we had an accumulated deficit of approximately \$16,046,082. There can be no assurance that expenses will not continue to increase in future periods or that the cash generated from operations in future periods will be sufficient to satisfy our operating needs and to generate income from operations and net income.

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

A significant portion of our sales of our gas-powered boats are derived from our network of independent dealers. We typically manufacture our gas-powered boats based upon indications of interest received from dealers who are not contractually obligated to purchase any boats. While our dealers typically have purchased all of the boats for which they have provided us with indications of interest, it is possible that a dealer could choose not to purchase boats for which it has provided an indication of interest (e.g., if it were to have reached the credit limit on its floor plan), and as a result we once experienced, and in the future could experience, excess inventory and costs. For the three months ended March 31, 2024, three individual dealers represented over 10% of the Company's total sales, or 49% in total. For the three months ended March 31, 2023, two individual

dealers represented over 10% of our sales, and combined they represented 48% of total sales. The loss of a significant dealer could have a material adverse effect on our financial condition and results of operations. The number of dealers supporting our products and the quality of their marketing and servicing efforts are essential to our ability to generate sales. Competition for dealers among other boat manufacturers continues to increase based on the quality, price, value, and availability of the manufacturers' products, the manufacturers' attention to customer service, and the marketing support that the manufacturer provides to the dealers. We face intense competition from other boat manufacturers in attracting and retaining dealers, affecting our ability to attract or retain relationships with qualified and successful dealers. Although our management believes that the quality of our products in the performance sport boat industry should permit us to maintain our relationships with our dealers and our market share position, there can be no assurance that we will be able to maintain or improve our relationships with our dealers or our market share position. In addition, independent dealers in the boating industry have experienced significant consolidation in recent years, which could result in the loss of one or more of our dealers in the future if the surviving entity in any such consolidation purchases similar products from a competitor. A substantial deterioration in the number of dealers or the quality of our network of dealers would have a material adverse effect on our business, financial condition, and results of operations.

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

A few dealers have in the past, and may in the future, account for a significant portion of our revenues in any one year or over a period of several consecutive years. For the three months ended March 31, 2024, three individual dealers represented over 10% of the Company's total sales, that dealer representing 49% of total sales. The loss of business from a significant dealer could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

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

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

As of March 31, 2024, we do not yet have effective disclosure controls and procedures, or internal controls over all aspects of our financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and in accordance with GAAP. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. We will be required to expend time and resources to further improve our internal controls over financial reporting, including by expanding our staff. However, we cannot assure you that our internal control over financial reporting, as modified, will enable us to identify or avoid material weaknesses in the future.

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

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

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

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

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

***(a) Unregistered Sales of Equity Securities.***

None.

***(b) Use of Proceeds.***

On July 23, 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 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.

Further, we originally anticipated that we would acquire waterfront property for a testing center in Fort Pierce, the price of real estate in Florida has prohibited us from moving forward. Therefore, we decided to use the \$3,500,000 of funds to build additional manufacturing space at our Fort Pierce location.

The remaining planned use of proceeds has not changed since the initial public offering.

**(c) Issuer Purchases of Equity Securities.**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

Not Applicable.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not Applicable.

**ITEM 5. OTHER INFORMATION.**

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

On May 10, 2024, we received written notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying us that for the preceding 30 consecutive business days (March 28, 2024 through May 9, 2024), our common stock did not maintain a minimum closing bid price of \$1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2). The notice has no immediate effect on the listing or trading of the Company's common stock and the common stock will continue to trade on The Nasdaq Capital Market under the symbol "VEEE."

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a compliance period of 180 calendar days, or until November 6, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance is generally achieved by meeting the price requirement for a minimum of 10 consecutive business days. However, Nasdaq may, in its discretion, require a company to satisfy the applicable price-based requirement for a period in excess of 10 consecutive business days, but generally no more than 20 consecutive business days, before determining that a company has demonstrated an ability to maintain long-term compliance.

If, however, we do not achieve compliance with the Minimum Bid Price Requirement by November 6, 2024, we may be eligible for additional time to comply. In order to be eligible for such additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and must notify Nasdaq in writing of our intention to cure the deficiency during the second compliance period.

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

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

None.

**(c) Insider Trading Arrangements**

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "nonRule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 6. EXHIBITS.**

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

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated September 8, 2022, by and between Twin Vee PowerCats Co. and Twin Vee PowerCats, Inc. (Incorporated by reference to the Exhibit 2.1 to the Company's Form 8-K, File No. 001-40623, filed with the Securities and Exchange Commission on September 9, 2022).</u></a>
2.2	<a href="#"><u>Form of Support Agreement, by and between Twin Vee PowerCats Co. and Twin Vee PowerCats, Inc.'s directors, officers and certain stockholders (Incorporated by reference to the Exhibit 2.2 to the Company's Form 8-K, File No. 001-40623, filed with the Securities and Exchange Commission on September 9, 2022).</u></a>



3.1	<a href="#">Articles of Incorporation filed with the Secretary of State of the State of Florida, dated December 1, 2009 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.2	<a href="#">Articles of Amendment to the Articles of Incorporation, filed with the Secretary of State of the State of Florida on January 22, 2016 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.3	<a href="#">Articles of Amendment to the Articles of Incorporation, filed with the Secretary of State of the State of Florida on April 12, 2016 (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.4	<a href="#">Article of Conversion filed with the Secretary of State of the State of Florida, dated April 7, 2021 (incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.5	<a href="#">Certificate of Conversion filed with the Secretary of State of the State of Delaware on April 7, 2021 (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.6	<a href="#">Certificate of Incorporation filed with the Secretary of State of the State of Delaware on April 7, 2021 (incorporated by reference to Exhibit 3.6 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
3.7	<a href="#">Bylaws (incorporated by reference to Exhibit 3.7 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 8, 2021 (File No. 333-255134))</a>
10.1	<a href="#">Employment Agreement by and between Twin Vee PowerCats Co. and Michael P. Dickerson (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2024 (File No. 001-40623))</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1*	<a href="#">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.</a>
32.2*	<a href="#">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.</a>
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: May 15, 2024

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

Date: May 15, 2024

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

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

I, Joseph C. Visconti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Twin Vee PowerCats Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

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

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

I, Michael Dickerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Twin Vee PowerCats Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

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

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**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 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph C. Visconti, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: May 15, 2024

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

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**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 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Dickerson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: May 15, 2024

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

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