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, 2023

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: 001-41469

FORZA X1, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**87-3159685**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3101 S. US-1 Ft. Pierce, Florida	**34982**
(Address of principal executive offices)	*(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	FRZA	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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of May 9, 2023, there were 10,450,000 shares of Common Stock, $0.001 par value per share, outstanding.

FORZA X1, INC.

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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, "Forza," "the Company," "we" and "our" refer to Forza X1, Inc.

FORZA X1, INC.
Condensed Balance Sheets
(Unaudited)

	March 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,683,000	$ 12,767,199
Inventories	42,829	—
Due from Twin Vee	129,371	—
Prepaid expenses and other current assets	366,983	519,735
Total Current Assets	11,222,183	13,286,934
Operating lease right of use asset	140,658	162,069
Security deposit	7,517	7,517
Property and equipment, net	1,021,674	765,406
Total Assets	$ 12,392,032	$ 14,221,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 49,555	$ 99,028
Accrued liabilities	77,169	92,767
Finance leases - current portion	16,830	—
Operating lease right of use liability	87,789	86,245
Contract liabilities - customer deposits	5,800	5,300
Due to Twin Vee	—	169,851
Total Current Liabilities	237,143	453,191
Finance leases - noncurrent	72,739	—
Operating lease liability - noncurrent	45,916	68,532
Total Liabilities	355,798	521,723
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Common stock: 25,000,000 authorized; $0.001 par value; 10,450,000 shares issued and outstanding	10,450	10,450
Additional paid in capital	18,118,548	17,777,385
Accumulated deficit	(6,092,764)	(4,087,632)
Total Stockholders' Equity	12,036,234	13,700,203
Total Liabilities and Stockholders' Equity	$ 12,392,032	$ 14,221,926

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

FORZA X1, INC.
Condensed Statements of Operations
(Unaudited)

	Three months ended March 31,	
	2023	**2022**
Net sales	$ —	$ —
Cost of products sold	49,941	11,078
Gross loss	(49,941)	(11,078)
Operating expenses:		
Selling, general and administrative	354,662	77,865
Salaries and wages	862,764	182,286
Research and development	702,648	215,670
Professional fees	124,040	19,078
Depreciation	35,696	7,737
Total operating expenses	2,079,810	502,636
Loss from operations	(2,129,751)	(513,714)
Other income (expense):		
Interest expense	(291)	(601)
Interest income	—	23
Dividend income	124,910	—
Total other income (expense)	124,619	(578)
Income before income tax	(2,005,132)	(514,292)
Income taxes provision		
Net loss	$ (2,005,132)	$ (514,292)
Basic and diluted (loss) per common share	$ (0.19)	$ (0.07)
Weighted average common shares outstanding basic and diluted	10,450,000	7,000,000

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

FORZA X1, INC.
Condensed Statements of Stockholders' Equity
(Unaudited)

For the Three months end March 31, 2023 and 2022

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount			
Balance, January 1, 2022	700,000	$ 7,000	$ 1,993,500	$ (457,551)	$ 1,542,949
Net loss	—	—	—	(514,292)	(514,292)
Balance, March 31, 2022	700,000	$ 7,000	$ 1,993,500	$ (971,843)	$ 1,028,657
Balance, January 1, 2023	10,450,000	$ 10,450	$ 17,777,385	$ (4,087,632)	$ 13,700,203
Stock-based compensation	—	—	341,163	—	341,163
Net loss	—	—	—	(2,005,132)	(2,005,132)
Balance, March 31, 2023	10,450,000	10,450	$ 18,118,548	$ (6,092,764)	$ 12,036,234

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

FORZA X1, INC.
Condensed Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash Flows From Operating Activities		
Net loss	$ (2,005,132)	$ (514,292)
Adjustments to reconcile net loss:		
Depreciation	35,696	7,737
Stock based compensation	341,163	—
Change of right-of-use asset	21,411	—
Inventories	(42,829)	—
Prepaid expenses and other current assets	152,752	68,602
Accounts payable	(49,473)	23,645
Contract liabilities - customer deposits	500	(11,229)
Accrued liabilities	(15,598)	—
Operating lease liabilities	(21,072)	—
Net cash used in operating activities	(1,582,582)	(425,537)
Cash Flows From Investing Activities		
Purchase of property and equipment	(199,599)	(39,870)
Net cash used in investing activities	(199,559)	(39,870)
Cash Flows From Financing Activities		
Deferred offering costs	—	(116,394)
Finance lease liabilities	(2,836)	—
Repayments of advances from parent	(409,505)	(600,557)
Advances from parent	110,283	18,151
Net cash used in financing activities	(302,058)	(698,800)
Net change in cash and cash equivalents	(2,084,199)	(1,164,207)
Cash and cash equivalents at beginning of period	12,767,199	1,803,285
Cash and cash equivalents at end of period	$ 10,683,000	$ 639,078
Supplemental Cash Flow Information		
Cash paid for income taxes	$ —	$ —
Cash paid for interest	$ 291	$ 601
Non Cash Financing Activities		
Finance lease	$ 92,405	$ —

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

1. Organization and Summary of Significant Accounting Policies

Organization

Forza X1, Inc. ("Forza") was initially incorporated as Electra Power Sports, Inc. on October 15, 2021, but subsequently changed its name to Forza X1, Inc. on October 29, 2021. The Company's parent company was incorporated in the State of Florida as Twin Vee Catamarans, Inc. on December 1, 2009, and reincorporated in Delaware on April 7, 2021, as Twin Vee PowerCats Co. ("Twin Vee").

Basis of Presentation

The accompanying unaudited condensed 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 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, 2023 and the results of operations and cash flows for the periods presented. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited condensed financial statements should be read in conjunction with the financial statements and related notes thereto for the year ended December 31, 2022 included in the Company's 10-K filed with the SEC on March 28, 2023.

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 useful life of fixed assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less at the time of the purchase. On March 31, 2023 and December 31, 2022, the Company had cash and cash equivalents of $10,683,000 and $12,767,199, respectively.

Concentrations of Credit and Business Risk

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, 2023 and December 31, 2022, the Company had $10,271,464 and $12,446,216, respectively, in excess of FDIC insured limits.

2. Property and Equipment

At March 31, 2023 and December 31, 2022, property and equipment consisted of the following:

	March 31, 2023	December 31, 2022
Building - construction in progress	25,071	10,031
Equipment	195,148	59,806
Computer hardware and software	38,847	37,016
Software and website development	90,396	35,572
Furniture and fixtures	2,152	—
Vehicles	48,825	—
Prototype	142,526	142,526
Molds and fixtures	562,916	528,966
	1,105,881	813,917
Less accumulated depreciation	(84,207)	(48,511)
	$ 1,021,674	$ 765,406

Depreciation expense of property and equipment of $35,696 and $7,737 for the three months ended March 31, 2023 and 2022, respectively.

3. 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. We used the U.S. Treasury rate of 0.33% at December 31, 2022.

The Company leases a warehouse facility, and the land upon which the warehouse is located 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 will increase three percent (3%) on October 15, 2023.

At March 31, 2023 and December 31, 2022, supplemental balance sheet information related to leases were as follows:

	March 31, 2023	December 31, 2022
Operating lease ROU asset	$ 140,658	$ 162,069

	March 31, 2023	December 31, 2022
Operating lease liabilities:		
Current portion	$ 87,789	$ 86,245
Non-current portion	45,916	68,532
	$ 133,705	$ 154,777

At March 31, 2023, future minimum lease payments under the non-cancelable operating leases are as follows:

Years Ending December 31,

2023	$ 68,552
2024	61,937
Total lease payment	$ 130,489

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

	March 31, 2023
Weighted average discount rate	4%
Weighted average remaining lease term (years)	1.58

	Three Months Ended March 31, 2023
Operating lease cost	$ 22,550
Total lease cost	$ 22,550

The Company has finance leases for a vehicle and a forklift. The Company entered into the forklift lease in January of 2023, it is a 60-month lease at a 7.5% interest rate. The Company entered into the vehicle lease in February of 2023, it is a 60-month lease at a 3% interest rate. The current portion of the lease liabilities was $16,830 for the three months ended March 31, 2023, and the non-current portion was $72,739.

4. Related Party Transaction

As of March 31, 2023 and December 31, 2022, the Company had current liabilities of $0 and $169,851, respectively, due to Twin Vee. Prior to the Company's initial public offering ("IPO"), Twin Vee funded the Company's working capital needs, primarily for prototyping, consulting services, rent, interest and payroll. As of March 31, 2023 and December 31, 2022 the Company had current assets of $129,371 and $0, respectively, due from Twin Vee, due to intercompany transactions.

Associated with amounts advanced and due to Twin Vee, for the three months ended March 31, 2023 and 2022, the Company recorded interest expense of $426 and $601, respectively, based on a rate of 6% interest on the Company's average monthly balance.

Pursuant to a management agreement with Twin Vee, dated October 2021, and a subsequent agreement dated September 2022, for various management services, the Company paid $5,000 monthly through August of 2021, and $6,800 monthly thereafter for management fee associated with the use of shared management resources. The September 2022 agreement has a term of one year and will expire on August 31, 2023. For the three months ended March 31, 2023 and 2022, the Company recorded management fees of $20,400 and $15,000, respectively, pursuant to a management agreement with Twin Vee, for various management services.

For the three months ended March 31, 2023 and 2022 the Company recorded rent expense of approximately $10,200 and $2,550, respectively, associated with its month- to-month arrangement to utilize certain space at Twin Vee's facility. The Company incurred $850 per month for rent expense for approximately 1,000 square feet, from January of 2021 through August 2022, in September of 2022 the month-to-month rent was adjusted to $3,400 per month, as the number of test boats had increased from 1 to 5, and the Company required additional space, approximately 4,100 square feet. The Company's use of Twin Vee's facilities does vary based on the number of prototype units on property and in process. The Company's corporate headquarters are located at Twin Vee's location, however a number of its employees and consultants work remotely.

During the three months ended March 31, 2023 and 2022, the Company repaid advancements from Twin Vee of $409,505 and $600,557, respectively, and had advancements from Twin Vee of $110,283 and $18,151, respectively.

5. Accrued Liabilities

At March 31, 2023 and December 31, 2022, accrued liabilities consisted of the following:

	March 31, 2023	December 31, 2022
Accrued wages and benefits	$ 47,910	$ 56,581
Accrued operating expense	29,259	36,186
Total	$ 77,169	$ 92,767

6. Liquidity

As of March 31, 2023, the Company had cash and cash equivalents and working capital of $10,683,000 and $10,985,040, respectively, compared to $12,767,199 and $12,833,743, respectively, on December 31, 2022. The Company has incurred a net loss of $2,005,132 and $514,292 for the three months ended March 31, 2023 and 2022, respectively. Losses have principally occurred as a result of the research and development efforts coupled with no operating revenue.

The Company has no current source of revenue and may seek additional equity and/or debt financing. A successful transition to attaining profitable operations is dependent upon achieving a level of positive cash flows adequate to support the Company's cost structure.

7. Commitments and Contingencies

Short-term lease

In August of 2022, the Company signed a six-month lease for a duplex, to be used by its employees to minimize travel expense as it started construction on its new manufacturing facility, for $2,200 per month, on a property in Black Mountain, North Carolina. During the three months ended March 31, 2023, the lease expense was $2,200.

Litigation

The Company is currently involved in a civil litigation in the normal course of business, the Company does not consider this to be material.

8. Stockholders' Equity

Common Stock Warrants

As of March 31, 2023, the Company had outstanding warrants to purchase 172,500 shares of common stock issuable at a weighted-average exercise price of $6.25 per share that were issued to the representative of the underwriters on August 16, 2022 in connection with the Company's IPO. The representative's warrants are exercisable at any time and from time to time, in whole or in part, and expire on August 16, 2027. There was no warrant activity during the three months ended March 31, 2023.

Equity Compensation Plan

The Company maintains an equity compensation plan (the "Plan") under which it may award employees, directors and consultants' incentive and non-qualified stock options, restricted stock, stock appreciation rights and other stock-based awards with terms established by the Compensation Committee of the Board of Directors which has been appointed by the Board of Directors to administer the plan. The number of awards under the Plan automatically increased on January 1, 2023. As of March 31, 2023, there were 568,750 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

Stock Compensation Expense - For the three months ended March 31, 2023 and 2022, the Company recorded $341,163 and $0, respectively, of stock-based compensation expense which is included in salaries and wages on the accompanying condensed statement of operations.

Forza's 2022 Stock Incentive Plan (the "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 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, 2023:

	Three months ended March 31, 2023
Expected term	5 years
Expected average volatility	111 - 115%
Expected dividend yield	—
Risk-free interest rate	2.98-3.62%

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

	Options Outstanding				Weighted Average Remaining life (years)		
	Number of Options		Weighted Average Exercise Price				Fair value of option
Outstanding, December 31, 2021	—	$	—		—	$	—
Granted	1,441,500		3.41		10.00		4,009,913
Exercised	—		—				
Forfeited/canceled	—		—		—		—
Outstanding, December 31, 2022	1,441,500	$	3.41		10.00	$	4,009,913
Granted	—		—		—		—
Exercised	—		—				
Forfeited/canceled	(36,944)		1.33		9.74		—
Outstanding, March 31, 2023	1,404,556	$	3.46		9.51	$	4,009,913
Exercisable options, March 31, 2023	240,583	$	4.21		9.44		

9. Subsequent Events

The Company has evaluated all events or transactions that occurred after March 31, 2023 through May 9, 2023, which is the date that the condensed financial statements were available to be issued. During this period, there were no material subsequent events requiring recognition or disclosure.

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. This discussion may contain 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 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, 2022 filed with the SEC on March 28, 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

Forza X1 Business

We aim to be among the first to develop and manufacture electric boats targeting the recreational market. Our mission is to inspire the adoption of sustainable recreational boating by producing stylish electric sport boats. We are focused on the creation and implementation of marine electric vehicle ("EV") technology to control and power our electric boats utilizing our proprietary outboard electric motor. Our electric boats are being designed as fully integrated electric boats including the hull, outboard motor, and control system.

We believe that the boating industry will follow in the footsteps of the electrification of the automotive industry by creating electric boats that meet or exceed the traditional boating consumer's expectations of price, value and run times. In other words, electric boats must offer a similar experience when compared to traditional gas-powered boats in terms of size, capability, and price point.

To date, Forza X1 has built-out and tested multiple units, including: three FX-style catamarans, two baycats, one deck boat and three 22-foot center console monohulls. The engine design and lower units and the control systems are continuously improved in each iteration. The monohull has been upgraded to a two-battery system and we have tested the system in a variety of conditions and operating environments. The batteries and engines are liquid-cooled and unique improvements to the heat exchanges have improved performance. We continue to improve our user interface through the Garmin control screen to provide well-designed pages showing operating characteristics and important control parameters. Additionally, our telematics unit has been adjusted to provide a better and easier to use interface. The telematics software is available on the Apple app store under the name Forza Connect.

We continue to anticipate revenues from the sale of these fully integrated electric boats and motors to commence in late 2023 and early 2024. Forza X1 will continue to build prototype engines and boats for the next six to nine months.

We plan to market and sell our model offerings in a variety of ways. One way will be to operate in a fundamentally different manner and structure than traditional marine manufacturers and boat dealers by adopting a direct-to-consumer sales model. We are building a dedicated web and app-based platform for sales, deliveries, and service operations to change the traditional boat buying and marine service experience through technological innovation, ease of use, and flexibility. We intend to employ an integrated, digital-first strategy that is convenient and transparent for our customers and efficient and scalable to support our growth. Additionally, to support those looking for a more traditional way of purchasing a boat, or to accompany trade-ins, financing needs, and training, we will also market our boats through a partnership with One Water, one of the largest dealership networks in the United States. We believe our approach will enable us to provide the best of both worlds to prospective customers and support our mission to electrify recreational boating for mass production.

Recently, we have engaged with several high-profile marine manufacturers and are offering our electrification expertise and hardware packages as a service. We are in the design phase to provide our solution to a nationally recognized boat manufacturer and are expected to build-out two demonstration units for their late summer open house & dealer meeting. We are also in the process of creating a robust Forza website and a media day has been scheduled for July 7th in West Palm Beach, Florida.

The North Carolina factory plans are proceeding apace with clearing of the land 100% complete and rough grading about 90% complete. We are in the building design phase and have chosen a design-build contractor. We have also leased factory space that we have upfitted for use as an engine and wire harness fabrication and test facility, we started engine production and wire fabrication in March of 2023. We have produced about ten motors to date, including our new Alpha 2 version powered by a Cascadia Motion electric motor. We are currently developing a stacking motor design for up to 300HP.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 and 2022

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

	Three months ended March 31,			
	2023	2022	Change	% Change
Net sales	$ —	$ —	—	—
Cost of products sold	$ 49,941	$ 11,078	38,863	351%
Gross loss	$ (49,941)	$ (11,078)	(38,863)	351%
Operating expenses	$ 2,079,810	$ 502,636	1,577,174	314%
Loss from operations	$ (2,129,751)	$ (513,714)	(1,616,037)	315%
Other income (expense)	$ 124,619	$ (578)	125,197	(21,660%)
Net loss	$ (2,005,132)	$ (514,292)	(1,490,840)	290%
Net loss per common share: Basic and Diluted	$ (0.19)	$ (0.07)	(0)	161%
Weighted average number of shares of common stock outstanding	10,450,000	7,000,000	3,450,000	

Operating Expenses

Operating expenses for the three months ended March 31, 2022 increased by $1,577,174 to $2,079,810 as compared to $502,636 for the three months ended March 31, 2022. Operating expenses include salaries, selling and general and administrative, research and development, professional fees and depreciation. Research and development fees for the three months ended March 31, 2023 were $702,648 compared to $215,670 for the three months ended March 31, 2022. As we have moved to prototype and testing of our electric motors and control systems on boats, our expense have increase compared to the same period a year ago when we were in the early stages of development. Salaries and wages for the three months ended March 31, 2023 were $862,764 compared to $182,286 for the three months ended March 31, 2022, and were related to the design of our fully electric motor, control system and boat. Our staffing has increased from 6 during the first quarter of 2022 to 15 during the first quarter of 2023. For the three months ended March 31, 2023 salaries and wages included $341,163 of stock option expense, compared to $0 for the three months ended March 31, 2022. Our expenses for selling, general and administrative for the months ended March 31, 2023, were $354,662 and $77,865 for the three months ended March 31, 2022. Professional fees for the three months ended March 31, 2023 were $124,040 and $19,078 for the three months ended March 31, 2022. Now that we are publicly traded our professional fees have significantly increased to meet the requirements or the SEC. During the three months ended March 31.2022, we did not incur the related expense, as such our professional fees were only $19,078. Depreciation for the three months ended March 31, 2023 was $35,696 compared to $7,737 for the three months ended March 31, 2022, this is due to the addition of assets, we would anticipate continued increases as we purchase equipment and molds.

Other expense and income

Interest expense was $291 and $601, respectively for the three months ended March 31, 2023 and 2022.

Dividend and Interest income was $124,910 and $23, respectively for the three months ended March 31, 2023 and 2022. These proceeds from our IPO have been invested resulting in the increase in dividend income.

Liquidity and Capital Resources

The following table provide selected financial data as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022	Change	% Change
Cash and cash equivalents	$ 10,683,000	$ 12,767,199	(2,084,199)	(16.3%)
Current assets	$ 11,222,183	$ 13,286,934	(2,064,751)	(15.5%)
Current liabilities	$ 237,143	$ 453,191	(216,048)	(47.7%)
Working capital	$ 10,985,040	$ 12,833,743	(1,848,703)	(14.4%)

As of March 31, 2023, we had cash and cash equivalents, and working capital of $10,683,000 and $10,985,040, respectively, compared to $12,767,199 and $12,833,743, respectively, on December 31, 2022. We have incurred and expect to continue to incur significant costs in pursuit of our financing and construction of our new manufacturing facility. Our management plans to use the proceeds from the IPO to finance these expenses. We believe that our current capital resources will be sufficient to fund our operations and growth initiative for at least 18 months following the date of this Quarterly Report on Form 10-Q. The Company expects to continue to incur net losses, and we anticipate that our quarterly loss rate will increase, as we move into building and testing additional prototypes, we will have significant cash outflows for at least the next 12 months.

	Three Months Ended March 31,			
	2023	2022	Change	% Change
Cash used in operating activities	$ (1,582,582)	$ (425,537)	(1,157,045)	272%
Cash used in investing activities	$ (199,559)	$ (39,870)	(159,689)	401%
Cash used in financing activities	$ (302,058)	$ (698,800)	396,742	-57%
Net Change in Cash	$ (2,084,199)	$ (1,164,207)	(919,992)	79%

Cash Flow from Operating Activities

During the three months ending March 31, 2023 and 2022, we generated negative cash flows from operating activities of $1,582,582 and $425,537, respectively. During the three months ending March 31, 2023 and 2022, we had a net loss of $2,005,132, and $514,292, respectively. During the three months ending March 31, 2023 our cash used in operating activities was impacted by an increase of inventories of $42,829 and decrease of $49,473 for accounts payable, $15,598 of accrued liabilities and $21,072 of operating lease liabilities. During the three months ending March 31, 2023 our cash provided by operating activities was impacted by a decrease of prepaid expenses of $152,752 and an increase of $500 in contract liabilities – customer deposits and by non-cash expenses of $398,270, of which $341,163 was due to stock based compensation, $35,696 of depreciation and $21,411 for the change of right-of use asset.

Cash Flows from Investing Activities

For the three months ended March 31, 2023 and 2022, we used $199,559, and $39,870 in investing activities for the purchase of property and equipment, primarily for molds.

Cash Flows from Financing Activities

During the three months ended March 31, 2023 and 2022, net cash used in financing activities was $302,058, and $698,800, respectively. During the three months ended March 31, 2023, we had cash advances from Twin Vee of $110,283, which were offset by repayments of advances of $409,505. Additional cash from financing activities of $2,836 was due from equipment financing. During the three months ended March 31, 2022 we had cash advances from Twin Vee of $18,151, which were offset by repayments of advances of $600,557. Additional cash used in financing for the three months ended March 31,2022, was $116,394 for deferred offering costs.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based on four financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, that results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimated under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our financial statements included elsewhere in the Quarterly Report on Form 10-Q, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving managements judgements and estimates.

Controls and Procedures

We are not currently required to maintain an effective system of internal controls as defined by Section 404 of the Sarbanes-Oxley Act. We will be required to comply with the internal control over financial reporting requirements of the Sarbanes-Oxley Act for the twelve-month period ending December 31, 2023. Only in the event that we are deemed to be a large accelerated filer or an accelerated filer, and no long qualify as an emerging growth company, would we be required to comply with the independent registered public accounting firm attestation requirement. Further, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") required 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 useful life of fixed assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less at the time of purchase. On March 31, 2023, the Company had cash and cash equivalents of $10,683,000 and on December 31, 2022, the Company had cash and cash equivalents of $12,767,199.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives of property and equipment range from three to seven years. Upon sale or retirement, the cost and related accumulated depreciation and amortization are 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.

Research and Development

Research and development costs are expensed when incurred. Such costs for the three months ended March 31, 2023 were $702,648 compared to $215,670 for the period ending March 31, 2022.

Advertising Costs

Advertising and marketing costs are expensed as incurred. For the three months ended March 31, 2023 and 2022, advertising and marketing costs incurred by the Company totaled $12,556 and $2,485, respectively. Advertising and marketing costs are included in selling and general and administrative expenses in the accompanying statements of operations.

Income Taxes

The Company is a C Corporation under the Internal Revenue Code and a similar section of the state code.

All income tax amounts reflect the use of the liability method under accounting for income taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising primarily from differences between financial and tax reporting purposes.

Deferred income taxes, net of appropriate valuation allowances, are determined using the tax rates expected to be in effect when the taxes are actually paid. Valuation allowances are recorded against deferred tax assets when it is more likely than not that such assets will not be realized. When an uncertain tax position meets the more likely than not recognition threshold, the position is measured to determine the amount of benefit or expense to recognize in the financial statements.

In accordance with U.S GAAP, the Company follows the guidance in FASB ASC Topic 740, Accounting for Uncertainty in Income Taxes. At March 31, 2022, the Company does not believe it has any uncertain tax positions that would require either recognition or disclosure in the accompanying financial statements.

The Company's income tax returns are subject to review and examination by federal, state and local governmental authorities.

Recent Accounting Pronouncements

All newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

OFF-BALANCE SHEET ARRANGEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (Principal Executive Officer) and our interim Chief Financial Officer (Principal Financial Officer), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. We have adopted and maintain disclosure controls and procedures (as defined Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2023 our Chief Executive Officer and our interim Chief Financial Officer concluded that, as of such a date, our disclosure controls and procedures were not effective at the reasonable assurance level, due to the material weaknesses in our internal control over financial reporting, as further described below.

Previously Reported Material Weakness

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, we previously identified material weaknesses in our internal control over financial reporting relating to lack of segregation of duties We have not yet retained sufficient staff or engaged sufficient outside consultants with appropriate experience in GAAP presentation, especially of complex instruments, to devise and implement effective disclosure controls and procedures, or internal controls. Significant progress has been made, we have hired additional staff and are in the process of training, the required procedures and controls have been implemented. We will be testing these controls over the coming months to verify that the material weakness has been remediated. We continue to work with outside consultants with the appropriate experience to aid in the remedy these weaknesses. As such, the auditor provided us with a letter stating that our internal controls with respect to the financial close and financial reporting do not include a sufficient process to reconcile the accounts to supporting records and an independent review process to ensure U.S. GAAP financial statements are free from error. We have determined that these control deficiencies constituted material weaknesses in our internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our condensed financial statements would not be prevented or detected on a timely basis. These deficiencies could result in additional misstatements to our condensed financial statements that would be material and would not be prevented or detected on a timely basis.

Remediation Plan

Management has developed and is executing a remediation plan to address the previously disclosed material weaknesses. We are actively engaged in the remediation of each of the outstanding material weaknesses, including the retention of a full-time controller and utilizing the assistance of outside advisors where appropriate.

To remediate the existing material weaknesses, additional time is required to demonstrate the effectiveness of the remediation efforts. The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2023, we did experience turnover in our finance department and are working on rehiring and retraining staff. We continue to develop and refined our controls and other producers that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC are recorded, processed, summarized and reported within the time periods specified in SEC rules and in accordance with GAAP.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

Investing in our securities involves a high degree of risk. You should consider carefully the following risks and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2022, together with all the other information in this Quarterly Report on Form 10-Q, including our condensed 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, 2022. 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, 2022.

RISKS RELATED TO OUR BUSINESS

There is substantial doubt about our ability to continue as a going concern. Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.

The report of our independent registered public accounting firm contains a note stating that the accompanying financial statements have been prepared assuming we will continue as a going concern. During the three months ended March 31, 2023 and 2022, we incurred a net loss of $2,012,649 and $514,292, respectively and used cash in operations of $1,582,582 and $425,537, respectively. During the year ended December 31, 2022, we incurred a net loss of $3,630,081 and used cash in operations of $3,377,621. For the periods October 15, 2021 through December 31, 2021 (Successor) and January 1, 2021 through October 14, 2021 (Predecessor), we incurred a net loss of $270,630 and $186,921, respectively. For the period October 15, 2021 through December 31, 2021 (Successor), we used cash in operations of $317,131. For the period January 1, 2021 through October 14, 2021 (Predecessor), we had cash provided by operations of $13,024. Losses have principally occurred as a result of the research and development efforts coupled with no operating revenue. Losses have principally occurred as a result of the research and development efforts coupled with no operating revenue. Until we begin generating revenue, there is doubt about our ability to continue as a going concern through December 31, 2023.

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

Our operations and performance depend on global, regional and U.S. economic and geopolitical conditions. General worldwide economic conditions have experienced significant instability in recent years including the recent global economic uncertainty and financial market conditions. Russia's invasion and military attacks on Ukraine have triggered significant sanctions from U.S. and European leaders and financial markets around the world experienced volatility following the invasion of Ukraine by Russia in February 2022. Resulting changes in U.S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a "trade war." Furthermore, if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition. The uncertain financial markets, disruptions in supply chains, mobility restraints, and changing priorities as well as volatile asset values could impact our business in the future. The COVID-19 outbreak and government measures taken in response to the pandemic have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such boats and other recreational components and supplies, have spiked, while demand for other goods and services, such as travel, have fallen. The future progression of the pandemic and its effects on our business and operations are uncertain. Further, although we have not experienced material adverse effects on our business due to increasing inflation, it has raised operating costs for many businesses and, in the future, could impact demand for our products, foreign exchange rates or employee wages. Inflation rates, particularly in the United States and United Kingdom, have increased recently to levels not seen in years, and increased inflation may result in increases in our operating costs (including our labor costs), reduced liquidity and limits on our ability to access credit or otherwise raise capital. In addition, the Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation, which coupled with reduced government spending and volatility in financial markets may have the effect of further increasing economic uncertainty and heightening these risks. Actual events involving reduced or limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Although we did not have any cash or cash equivalent balances on deposit with Silicon Valley Bank, uncertainty and liquidity concerns in the broader financial services industry remain and the failure of Silicon Valley Bank and its potential near- and long-term effects on our vendors, suppliers, and investors, may also adversely affect our operations and stock price. We currently maintain our cash assets at certain financial institutions in the U.S. in amounts that are in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit of $250,000. In the event of a failure of any financial institutions where we maintain our deposits or other assets, we may incur a loss to the extent such loss exceeds the FDIC insurance limitation, which could have a material adverse effect upon our liquidity, financial condition and our results of operations.

We are actively monitoring the effects these disruptions and increasing inflation could have on our operations.

These conditions make it extremely difficult for us to accurately forecast and plan future business activities. In addition, the outbreak of a pandemic could disrupt our operations due to absenteeism by infected or ill members of management or other employees, or absenteeism by members of management and other employees who elect not to come to work due to the illness affecting others in our office or laboratory facilities, or due to quarantines. Pandemics could also impact members of our Board of Directors resulting in absenteeism from meetings of the directors or committees of directors and making it more difficult to convene the quorums of the full Board of Directors or its committees needed to conduct meetings for the management of our affairs.

Our outstanding common stock is substantially controlled by our management.

Twin Vee PowerCats, Co. currently owns 67% of our outstanding common stock. Joseph Visconti, who currently serves as our Executive Chairman and Chief of Product Development is also the Chairman of the Board and Chief Executive Officer of our parent company, Twin Vee PowerCats Co., and is also the Chairman of the Board and Chief Executive Officer of Twin Vee PowerCats Co. Mr. Visconti beneficially owns 25.84 % of the outstanding stock of Twin Vee PowerCats Co. As a result, Mr. Visconti is deemed to beneficially own 17% of Forza X1. As a result of these holdings, Mr. Visconti does and will have significant influence over our management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. Therefore, Twin Vee PowerCats Co. will have substantial influence over any election of our directors and our operations. It should also be noted that for the most part, authorization to modify our amended and restated certificate of incorporation, as amended, requires only majority stockholder consent and approval to modify our amended and restated bylaws requires authorization of only a majority of the board of directors. This concentration of ownership could also have the effect of delaying or preventing a change in our control. Accordingly, our Executive Chairman and Chief of Product Development could cause us to enter into transactions or agreements that we would not otherwise consider. In addition, this concentration of ownership may delay or prevent a change in our control and might affect the market price of our common stock, even when a change in control may be in the best interest of all stockholders. Furthermore, the interests of this concentration of ownership may not always coincide with our interests or the interests of other stockholders.

We may need to raise additional capital that may be required to grow our business, and we may not be able to raise capital on terms acceptable to us or at all.

Operating our business and maintaining our growth efforts will require significant cash outlays and advance capital expenditures and commitments. Our current plans also involve constructing a 100,000 square foot state-of-the-art manufacturing facility dedicated to developing and manufacturing our FX series electric boats, the cost of which is uncertain. Although the proceeds of our initial public offering should be sufficient to fund our operations, if cash on hand and cash generated from operations and from our initial public are not sufficient to meet our cash requirements, we will need to seek additional capital, potentially through debt or equity financings, to fund our growth. We cannot assure you that we will be able to raise needed cash on terms acceptable to us or at all. Financing may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may be lower than the price per share of our common stock paid by existing holders. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of common stock. If new sources of financing are required, but are insufficient or unavailable, we will be required to modify our growth and operating plans based on available funding, if any, which would harm our ability to grow our business.

We do not yet have adequate 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. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources.

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

We do not yet have effective disclosure controls and procedures, or internal controls over all aspects of our financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and in accordance with GAAP. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. We 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 have not yet retained sufficient staff or engaged sufficient outside consultants with appropriate experience in GAAP presentation, especially of complex instruments, to devise and implement effective disclosure controls and procedures, or internal controls. We will be required to expend 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.

(c) Use of Proceeds.

On August 16, 2022, we closed ours initial public offering of 3,000,000 shares of our common stock at a public offering price of $5.00 per share and an additional 450,000 shares of common stock upon exercise of the over-allotment option, generating gross proceeds of $17,250,000 (the "IPO") pursuant to our Registration Statement on Form S-1 (as amended) (File No. 333-261884), which was declared effective by the SEC on August 11, 2022. After deducting underwriting discounts and commissions of approximately $1.3 million, and other offering expenses payable by us of approximately $1.3 million, we received approximately $14.7 million in net proceeds from our initial public offering. ThinkEquity, a division of Fordham Financial Management, Inc. acted as the representative of the several underwriters for the offering.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus, dated August 11, 2022, which was filed with the SEC on August 15, 2022 pursuant to Rule 424(b) under the Securities Act. The primary use of the net proceeds from our initial public offering continues to be, as follows: (i) approximately $8.0 million for the acquisition of property and the development of a manufacturing plant to build, design and manufacture our new line of electric boats; (ii) approximately $2.0 million for ramp up of production and inventory; (iii) approximately $2.6 million for working capital.

No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries. Pending the uses described, we have invested the net proceeds in our operating cash account.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

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

EXHIBIT INDEX

Exhibit No.	**Description of Exhibit**
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K (File No. 001-41469), filed with the Securities and Exchange Commission on August 16, 2022)
3.2	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.2 to the Registrant’s Current Report on Form 8-K (File No. 001-41469), filed with the Securities and Exchange Commission on August 16, 2022)
31.1*	Certification by principal executive officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by principal financial officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	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.

FORZA X1, INC.

Date: May 9, 2023	By:	/s/ Jim Leffew Jim Leffew *Chief Executive Officer* *(Principal Executive Officer)*
Date: May 9, 2023	By:	/s/ Carrie Gunnerson Carrie Gunnerson *Interim Chief Financial Officer* *(Principal Financial and Accounting Officer)*

Exhibit 31.1

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, Jim Leffew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forza X1, Inc.;

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 financing 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 9, 2023

By: /s/ Jim Leffew
Name: Jim Leffew
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Carrie Gunnerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forza X1, Inc.;

2. Based on my knowledge, his 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 9, 2023

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

Exhibit 32.1

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

In connection with the Quarterly Report of Forza X1, Inc. (the “Registrant”) on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jim Leffew, 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 9, 2023

By: /s/ Jim Leffew
Name: Jim Leffew
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Forza X1, Inc. (the "Registrant") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carrie Gunnerson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 9, 2023	By:	/s/ Carrie Gunnerson
		Name: Carrie Gunnerson
		Title: Interim Chief Financial Officer
		(Principal Financial and Accounting Officer)