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

Form 10-K

(Mark One)

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

For the fiscal year ended **May 31, 2024**

☐ **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: **000-50612**

UNIQUE LOGISTICS INTERNATIONAL, INC.
(Exact Name of registrant as specified in its charter)

Nevada	**01-0721929**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
154-09 146th Ave, Jamaica, NY	**11434**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **Tel: (718) 978-2000**

Securities registered under Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of exchange on which registered
None	None	None

Securities registered under Section 12(g) of the Act:

Common Stock, par value $0.001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of the last business day of the registrant's most recently completed second fiscal quarter ended November 30, 2023 was $6,473,048.

As of October 17, 2024, there were 799,141,770 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

ADDITIONAL INFORMATION

Descriptions of agreements or other documents contained in this report are intended as summaries and are not necessarily complete. Please refer to the agreements or other documents filed or incorporated herein by reference as exhibits. Please see the exhibit index at the end of this report for a complete list of those exhibits.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain “forward-looking statements.” All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies, goals and objectives of management for future operations; any statements concerning proposed new products and services or developments thereof; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” or other similar words, or the negative thereof. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures and risk factors we include in Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports filed on Form 8-K.

In our Form 10-K, Form 10-Q and Form 8-K filings with the Securities and Exchange Commission (the “*SEC*”), references to: (a) “Common Stock” refers to our Common Stock, $0.001 par value per share; and (b) “Unique Logistics International, Inc.,” “Unique,” “UNQL” “the Company,” “we,” “us,” “our” and similar terms refer to Unique Logistics International, Inc. and its wholly owned operating subsidiaries.

PART I

Item 1. Business.

Business Overview

Unique Logistics provides a full range of global logistics services by providing to its customers a robust international network that strategically supports the movement of its customers' goods. Acting solely as a third-party logistics provider, Unique Logistics purchases available cargo space in volume from its network of carriers (such as airlines, ocean shipping, and trucking lines) and resells that space to its customers. Unique Logistics does not own any of these ships, trucks, or aircraft and does not plan on entering the ownership model.

Operating via its subsidiaries, Unique Logistics provides a range of international logistics services that enable its customers to outsource to the Company sections of their supply chain process. Our network of trained employees and integrated information systems seamlessly manage the services that we provide to our customers. We enable our customers to share data regarding their international vendors and purchase orders with us, execute the flow of goods and information under their operating instructions, provide visibility to the flow of goods from factory to distribution center or store and when required, update their inventory records.

Unique Logistics' primary services include:

- Air freight services;
- Ocean freight services;
- Customs brokerage and compliance services;
- Warehousing and distribution services; and
- Order management.

Air Freight Services

Operating as an indirect air carrier or an airfreight consolidator, Unique Logistics provides both time savings and cost-effective air freight options to its customers. An expansive global network enables the Company to offer door to door service allowing customers to benefit from its expert staff for guidance with the physical movement of cargo and documentation compliance. Unique Logistics purchases cargo space from airlines on a volume basis and resells that space to its customers at a lower price than they would be able to negotiate themselves for their individual shipments. Through its integrated management system, the Company determines the best routing for shipments and then makes arrangements to receive the cargo into a designated warehouse. Upon receipt, we inspect and weigh the cargo, collect documentation, and process export clearance. Once cargo is cleared it is prepared for departure. Unique Logistics offers real-time tracking visibility for customers to view when an order is booked, departs, and arrives. Unique Logistics contracts with a worldwide network of airlines and other service providers to provide the best airfreight service in assisting importers to ship using the most efficient and cost-effective method. Some of the selections we offer include:

- International, domestic, deferred, express and charter services, which permit customers to choose from a menu of different priority options that secure, at different price levels, greater assurance of timely delivery;

- Port to port and door to door shipments, which provide customers the option of managing, independently, the post-arrival services such as delivery or clearance if the Company is not providing such services;
- Global blocked space agreements, which guarantee the availability of space on certain flights;
- Air and ocean combination shipment, which offer cost effective transportation using multimodal, combination movements, by one mode to an international hub, such as Dubai, UAE or Singapore, and converting to a different mode at the hub;
- Air and transload dedicated truck shipment, where arriving cargo is transferred from airline container or pallet into a truckload ready for delivery;
- Dangerous goods handling requiring qualified handling; and
- Refrigerated cargo.

Our air freight customer base is comprised of importers in various industries including fashion retail, technology and general department stores merchandise importers. The majority of shipments originate in Asian manufacturing countries. Air freight is seasonal for fashion retailers, with the period July through December being much stronger than the remainder of the year. For technology companies, the seasonal impact is less pronounced.

The Company works with its international network to ensure air freight shipping capacity is secured and planned in advance to meet our customers' requirements. We then make this capacity available to our customers at competitive prices and with the added security of availability, particularly during peak air freight shipping periods. We supplement scheduled capacity with full charter capacity to ensure that we meet customer capacity requirements throughout the year. While capacity management is critical to securing and maintaining air freight customers, the Company will try to quickly move to the position of offering additional primary services to our air freight customers.

The Company's integrated management system is built around a cloud-based software package known as Cargo Wise. The software is accessible to our offices or overseas third party associates when planning and recording the receipt of cargo and booking shipments. The Cargo Wise system assists in the creation of documentation required to plan each shipment, including management information systems that enable our operational management teams to generate reports or provide access to information to our customers so that they have daily visibility to their purchased orders. This enables shipments to be approved, planned, and routed within the available air freight capacity procured by the Company. The Cargo Wise software is part of the integrated management system that also incorporates (in some cases with interface) airline resources, congestion/market condition information, pricing databases, customer preferences in key account management databases and the trained personnel and experienced managers that make decisions as required based on the information.

Ocean Freight Services

Operating as an ocean transportation intermediary to provide ocean freight service both as a non-vessel owning common carrier ("*NVOCC*") and ocean freight forwarder, Unique Logistics provides to its customers ocean freight consolidation, direct ocean forwarding, and order management. We are a common carrier that holds itself out to the public to provide ocean transportation, issues its own house bills of lading or equivalent document, but does not operate the vessels by which ocean transportation is provided. The Company's roles and responsibilities in ocean freight services include the following:

- Selecting the most optimal ocean carriers based on both cost and service. The Company has NVOCC contracts with multiple ocean carriers and is thus able to offer its customers a choice in service;
- Entering into contract/rate agreement with clients to transport their ocean shipments. Under such contracts the customer is assured of the Company's pricing and weekly capacity to carry the customer's cargo;

- Consolidating shipments at origin/deconsolidating of freight at destination. This enables the customer to receive the economics of a consolidated container rate rather than a higher rate for less than full container load. It also makes delivery at destination more efficient;

- Arranging pick-up of shipment at origin and deliver at destination, with a factory to door service;

- Preparing and processing the documentation/clearance (customs/security) for shipments during ocean transit, in advance of arrival of shipment at destination;

- Providing ocean freight services in both major and minor trade lanes with representation in all trading nations in Americas, Asia, and Europe;

- Offering a wide array of services typically performed by multiple services providers including, but not limited to, offering options to customers on ocean carrier service choices prior to final selection and securing such space based on customer requirement; this enables our customers to delegate more of their logistics management to us whereas a more limited range of service would require the customer to deal with multiple service providers;

- Communicating on any regulation/compliance issues on exporting and importing shipments;

- Playing an intermediary role at any point of ocean transportation based on a customer's routing preferences; and

- Providing space acquisition on carrier service for committed delivery during high demand periods and providing a lower-price option in weak demand season for the greatest possible cost saving.

Some of the major industry sectors we serve in connection with our ocean freight services are home products and appliances, furniture, automotive, giftware and fashion. Our customers include retailers as well as wholesale importers. Our volumes enable us to enter into significant contracts with shipping lines to lock in capacity at prices that enable us to secure and retain customers.

Customs Brokerage and Compliance Services

Unique Logistics is a licensed United States customs broker whose mission is to ensure that its importing clients are in compliance with all required regulations. Our services help importers clear cargo with the U.S. Customs and Border Protection, including documentation collection, valuation review, product classification, electronic submission to customs and the collection and payment of duties, tariffs, and fees. Unique Logistics works with importers to develop a compliant trade program including product databases, compliance manuals and periodic internal audits. The development of product databases has become critical in the current economic environment due to increasing trade tensions and various tariffs imposed as a result. Unique Logistics also offers importers tools to improve efficiency such as reporting, visibility and trade consulting, including training seminars. Our additional services include:

- Preparation of the Import Security Filing (10+2) required to be on file 24 hours prior to shipment departure;

- Clearance and compliance with other government agencies such as the Food and Drug Administration, U.S. Department of Agriculture, Consumer Product Safety Commission and U.S. Fish & Wildlife Service;

- Focused assessment and internal audit to determine and eliminate weak areas of compliance;

- Post-entry service to change past entries and take advantage of tariff exclusions granted after the original entry was processed;

- Binding rulings to obtain pre-entry classification;

- Classification and valuation;

- Trade agreements;

- Warehouse entries to defer duty;

- Licensing and country of origin marking requirements;

- Free Trade Zone;

- Duty drawback to get duty back on items exported under certain requirements; and

- Cargo insurance coverage.

Warehousing and Distribution Services

Unique Logistics operates a warehousing facility in Santa Fe Springs, California, and plans to expand such services through its own managed facilities. We lease this facility, which is 110,000 sq. ft. with storage capacity for approximately 9,000 pallets and 10 dedicated employees. Unique Logistics also provides warehousing and distribution services through third party facilities.

Warehousing and distribution services enable Unique Logistics to greatly expand its involvement in our customers' supply chain, post arrival of international shipments into the United States. By providing inventory management, order fulfillment, and other services, our customers benefit from cost savings related to space, equipment, and labor due to efficiencies of scale. Our warehousing and distribution services include:

- Transloading of cargo from incoming containers to trucks for delivery;
- Pick and pack services;
- Quality control services under customer instructions;
- Kitting;
- Storage;
- Inventory management; and
- Delivery services, including e-commerce fulfillment services.

Warehousing and distribution is a higher-margin business than air freight or ocean freight. In the case of freight service, we are primarily re-selling capacity while in warehousing and distribution we are offering services based on fixed space cost, fixed staffing and equipment cost and relatively smaller variable labor and equipment cost. The customer base includes freight customers with warehousing and distribution needs as well as customers who are exclusively warehousing and distribution service users. Such customers are in a variety of industries, including footwear, apparel, giftware, and home appliances. We bill customers under three broad categories - storage, transloading (with quick turnaround and no storage) and other warehouse services listed above. The location of our existing warehouse, within 15 miles of the Port of Los Angeles/Long Beach and 20 miles from Los Angeles Airport, is an important factor for our customers. Racking as well as bulk storage space availability enables us to handle a variety of customer requirements. In recent years, severe congestion at the terminals serving the Port of Los Angeles/Long Beach has increased the demand for transloading as well as short-term storage services at warehouses such as ours that are within a 50-mile radius of the port.

This warehouse facility is the only such facility that we currently operate. We believe, however, that warehousing, and distribution is an important opportunity for our business expansion.

Order Management

Unique Logistics offers order management services providing importers with total visibility on every order from the time placed with the supplier to door delivery. Importers send orders electronically immediately upon creation, giving the Company the ability to assist in firmly holding suppliers to shipping windows. This results in optimizing consolidation and improved on-time delivery. Order management also gives importers the power to control their supply chain by monitoring key milestone events, tracking order status, and managing delivery to their end-consumer.

Our order management services include the following features:

- Importer and vendor Electronic Data Interchange (EDI) integration;
- Key milestone notifications customized per importers' requirements;
- Vendor, booking and document management;
- Customized reporting including exception reporting for maximum efficiency;
- Consolidation management; and
- Tracking visibility in real time.

Other benefits include:

- Single data platform.
- Avoids a manual booking process.
- Eliminates unnecessary data entry.
- Document visibility and historical recordkeeping.
- Vendor key performance indicators (KPI) management.
- Live milestone updates.

Industry Overview and Competition

The global logistics industry is highly competitive, and we expect it to remain so for the foreseeable future. Although there are a large number of companies that compete or provide services in one or more segments of the logistics industry, Unique Logistics is part of a much smaller group of companies that provides a full suite of services. In each area of service, we face competition from companies operating within that service segment as well as companies that provide a wider range of global services.

The industry includes (i) specialized NVOCCs, an ocean carrier that transports goods under its own house bill of lading, or equivalent documentation, without operating ocean transportation vessels and (ii) indirect air carriers, which are persons or entities within the United States, not in possession of a Federal Aviation Administration ("*FAA*") air carrier operating certificate, that undertake to engage indirectly in air transportation of property and uses for all or any part of such transportation the services of an air carrier, freight forwarders, trucking companies, customs brokers and warehouse operators who operate within their specialized space and very often pose pricing advantages within that segment.

Our mission is to bring value to our customers through specific competitive advantages:

- Trained, experienced staff with knowledge of those areas of the world where customers are likely to require problem solving abilities.
- Trained, experienced staff with knowledge of the various supply chain segments: air, ocean, customs, warehousing and information technology integration.
- Responsive customer service and the ability to meet our customers' needs with people at the front of well-established processes.

Our customer base includes companies in a wide range of industries. Some of the major industry sectors we serve are home products and appliances, furniture, fashion retail, automotive and technology. We aim to provide a wide range of services to each customer and cross sell all of our primary services.

Ocean freight services and air freight services are the most significant revenue drivers for the Company. To distinguish our service offerings from our competitors, our primary focus is on capacity management for these services. Our volumes enable us to enter significant contracts with shipping lines to lock in capacity at prices that enable us to secure and retain customers. Similarly, our air freight capacity strategy includes rate/space agreements with scheduled airlines as well as a full air cargo charter program under which we are able to lock in capacity for our customers at contracted rates.

While capacity management is critical to establishing relations with new customers and securing existing ones, it is essential for the Company to expand its range of services to each customer. Our customer support teams work with each customer to identify the areas, such as customs brokerage, warehousing and distribution and order management, where our service offerings may create additional value-added opportunities within the customer's supply chain.

Seasonality

Historically, our own operating results, as well as the industry as a whole, have been subject to seasonal demand. With our financial year end of May 31, typically our first and second quarters are the strongest with the fourth quarter being the weakest. There are no guarantees, however, that these trends will continue. These seasonal trends are influenced by a number of factors, including weather patterns, national holidays, economic conditions, consumer demand, major product launches, as well as a number of other market forces. As many of these forces are unforeseen, there is no way for us to provide assurances that these seasonal trends will continue.

Growth Strategy

Unique Logistics has established plans to grow its business by focusing on the following key areas: (i) organic growth and expansion in existing markets; (ii) strategic acquisitions; (iii) warehousing and distribution; (iv) growth of business on the Trans-Atlantic and Latin American trade lanes; and (v) specialized services to United States companies on their overseas logistics needs in conjunction with the export and distribution of products in certain Asian markets such as India, Vietnam and China.

Organic Growth and Expansion in Existing Markets

We plan to focus on developing business domestically to drive organic growth. Since our initial formation and combination, we have significantly improved our operating efficiencies in the areas of procurement, customer service, finance, and administration. We have achieved this by consolidating our volumes, centralizing many of the functions previously handled separately by individual operating subsidiaries, and rationalizing our organizational structure, including hiring and empowering experienced executives in critical positions including the hiring of a full time Chief Operating Officer. We believe that this has resulted in much lower overhead and the ability to build a uniform marketing strategy to build market share and further Unique Logistics' brand recognition throughout the United States. Additionally, the Company will continuously assess its information technology environment based on emerging trends in logistics and customer requirements. The first step in this strategy is already in place: a single operating platform. We will continue to build add-on service tools that enhance our operating platform. One key area for technology focus will be the seamless delivery of e-commerce services from origin to consumer, with shipment visibility for both the customer and the customer's consumer.

We believe that we can expand Unique Logistics' business base, which includes three out of the 50 largest importers in the United States, by building our sales organization and the support organization to successfully deliver our brand of service.

Strategic Acquisitions

On February 21, 2023, the Company acquired all of the share capital (the "*Purchased Shares*") owned by Unique Logistics Holdings Limited, a Hong Kong corporation ("*ULHK*"), in eight subsidiaries (the "*ULHK Entities*") for $26.5 million, provided that the acquisition of the Purchased Shares in each of Unique Logistics International Co., Ltd ("*Unique-Taiwan*") and Unique Logistics International (Vietnam) Co., Ltd. ("*Unique-Vietnam*") were subject to receipt of all required governmental approvals in Taiwan and Vietnam, respectively, and the Company's acquisition of the Purchased Shares in those entities would therefore not officially close until after such approvals were obtained. (the "*ULHK Entities Acquisition*"). We obtained the required Taiwan approvals on June 1, 2023, and closed on our acquisition of the Purchased Shares in Unique-Taiwan on October 1, 2023. The Company has not yet received the required approvals in Vietnam.

At the closing of the ULHK Entities Acquisition, the Company paid $3.5 million in cash and issued promissory notes to ULHK totalling $23.0 million to purchase the Purchased Shares. Approximately $11.1 million of such promissory notes remain outstanding.

As a result of consummation of the ULHK Entities Acquisition, the Company became a party to certain agreements with the remaining stockholders of each of three of the eight ULHK Entities (Equity Investments), one located in the United Kingdom and two located in China. Each of the stockholder agreements contains restrictive negative covenants favouring the protection of the minority stockholders party thereto. The stockholder agreements require unanimous written consent of all stockholders in the applicable ULHK Entity in order for the ULHK Entity to, among other things: (i) adopt a business plan or materially change its business; (ii) change its name or amend its organizational/governing documents; (iii) issue or create any new shares, alter the rights associated with any class of equity, consolidate, sub-divide or convert any of its equity or capital, or issue securities exercisable for or convertible into shares of the ULHK Entity; (iv) enter into a merger, amalgamation, or similar transaction, acquire ownership interests in any equity or capital of any other company or undertaking, or enter into any partnership or enter into any profit-sharing agreement other than in ordinary course of business; and (v) wind up, dissolve, or otherwise terminate its existence.

Simultaneously with the closing of the ULHK Entities Acquisition, the Company purchased the remaining 458,370 shares of the ULHK Entity located in India that were owned by Frangipani Trade Services, Inc. ("*FTS*"), which resulted in the Company owning all of the share capital of this ULHK Entity, pursuant to a separate Stock Purchase Agreement between the Company and FTS. FTS is owned by the Company's President and Chief Executive Officer. In consideration for the shares, the Company issued a promissory note to FTS in the principal amount of $500,000, bearing no interest and with a maturity date of February 21, 2025.

On August 1, 2024, the Company acquired all of the share capital owned by ULHK in Unique Logistics International (Sin) Pte Ltd. ("*Unique Singapore*") pursuant to a Share Sale and Purchase Agreement between the Company and ULHK. Pursuant to the Share Sale and Purchase Agreement, the purchase price for the shares was $2,150,000, including the Company's assumption of $1,800,000 of indebtedness owed to ULHK by Unique Singapore and $350,000 in cash. The Company issued to ULHK a promissory note in the principal amount of $1,800,000 upon closing of the acquisition and the parties are negotiating with respect to the Company's issuance of a second promissory note to ULHK to cover the additional $350,000 portion of the purchase price. The principal amount under the promissory note is due in full on August 1, 2026, with interest accruing at an annual rate of 15%, payable semi-annually.

Warehousing and Distribution

Unique Logistics has a major warehousing facility in Santa Fe Springs, California and in-house management expertise (commercial as well as operational) in successfully managing such facilities. Unique Logistics has also identified a method of identifying growth opportunities by focusing on specific areas of the United States and existing well-constructed facilities where lease assumption is available with an existing customer base.

Specialized Services to U.S. Companies in Overseas Markets

Unique Logistics has several decades of experience in Asian markets such as India, Vietnam and China. Unique Logistics is constantly interacting with a United States customer base that seeks to do business in these areas but requires local expertise. We have the experience and the connections to assist United States companies with local importation, local warehousing and distribution and other local logistics and trade compliance services. We plan to continue to build on our expertise in these three specific countries to build tailored services to U.S. customers, including in business consulting pertaining to logistics and related trade services.

Government Regulations and Security

Our industry is subject to regulation and supervision by several governmental authorities.

Operations

The U.S. Department of Transportation ("*DOT*"), the FAA and the U.S. Department of Homeland Security, through the Transportation Security Administration ("*TSA*"), have regulatory authority over our air transportation services. The Federal Aviation Act of 1958, as amended, is the statutory basis for DOT and FAA authority and the Aviation and Transportation Security Act of 2001, as amended, is the basis for TSA aviation security authority.

All United States indirect air carriers are required to maintain prescribed security procedures and are subject to periodic audits by the TSA. Our overseas offices and agents are licensed as airfreight forwarders in their respective countries of operation. Our offices are licensed as an airfreight forwarder from the International Air Transport Association (IATA), a voluntary association of airlines and air transport related entities that prescribes certain operating procedures for airfreight forwarders acting as agents for its members.

The shipping of goods by sea is regulated by the Federal Maritime Commission ("*FMC*"). Our Company is licensed by the FMC to operate as an Ocean Transportation Intermediary ("*OTI*") and as a NVOCC. As a licensed OTI and NVOCC, we are required to comply with several regulations, including the filing of our tariffs.

Under Department of Homeland Security regulations, we are a qualified participant in the Customs-Trade Partnership Against Terrorism program, requiring us to be compliant with relevant security procedures in our operations.

We are licensed as a customs broker by the U.S. Customs and Border Protection Agency of the Department of Homeland Security, nationally and in each U.S. customs district in which we do business. All United States customs brokers are required to maintain prescribed records and are subject to periodic audits by U.S. Customs and Border Protection. In other jurisdictions in which we perform customs clearance services, we are licensed by the appropriate governmental authority where such license is required to perform these services.

We do not believe that current United States and foreign governmental regulations impose significant economic restraint upon our business operations. The regulations of foreign governments, however, can impose barriers to our ability to provide the full range of our business activities in a wholly or majority United States-owned subsidiary. For example, foreign ownership of a customs brokerage business is prohibited in some jurisdictions and, less frequently, the ownership of the licenses required for freight forwarding and/or freight consolidation is restricted to local entities. When we encounter this sort of governmental restriction, we work to establish a legal structure that meets the requirements of the local regulations while also providing the substantive operating and economic advantages that would be available in the absence of such regulation. This can be accomplished by creating a joint venture or exclusive agency relationship with a qualified local entity that holds the required license.

Environmental

We are subject to federal, state and local environmental laws and regulations across all of our business units. These laws and regulations cover a variety of processes, including, but not limited to: proper storage, handling and disposal of waste materials; appropriately managing wastewater and stormwater; monitoring and maintaining the integrity of underground storage tanks; complying with laws regarding clean air, including those governing emissions; protecting against and appropriately responding to spills and releases and communicating the presence of reportable quantities of hazardous materials to local responders. We have established site- and activity-specific environmental compliance and pollution prevention programs to address our environmental responsibilities and remain compliant. In addition, we have created several programs that seek to minimize waste and prevent pollution within our operations.

Employees and Human Capital

As of May 31, 2024, the Company had 113 employees including 109 full-time employees. None of our employees are represented by a union or covered by a collective bargaining agreement. We have not experienced any work stoppages and we consider our relationship with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and new employees, advisors, and consultants.

Insurance

The Company effectively maintains all industry-specific and business in general insurance policies and believes that it has appropriately addressed the potential risk of material losses. We currently have the following policies in place:

- US Customs Bonds
- Federal Maritime Commission License Bonds
- Business Insurance
- General Liability
- Commercial Property (including Business Personal Property and Business Income with Extra Expense)
- Business Auto
- Commercial Umbrella
- Worker’s Compensation and Employer’s Liability
- Employment Practices Liability Insurance
- Trade Credit Insurance
- Cyber Security
- Directors and Officers

- Combined Transit Liability
- Errors and Omissions
- Warehouse Legal Liability
- Marine Open Cargo Insurance

From time to time, the Company may also purchase credit insurance for certain customers, resulting in the risk of loss being limited to the accounts receivable not covered by credit insurance, which the Company does not believe to be significant.

Other Recent Developments – Termination of Agreement and Plan of Merger with Edify Acquisition Corp.

On December 18, 2022, we entered into an Agreement and Plan of Merger (the "*Merger Agreement*") with Edify Acquisition Corp., a Delaware corporation ("*Edify*"), and Edify Merger Sub, Inc., a Nevada corporation and a wholly-owned subsidiary of Edify ("*Merger Sub*"), pursuant to which the Company was to be merged with and into Merger Sub, with the Company surviving the merger as a wholly-owned subsidiary of Edify.

On March 10, 2023, in connection with the Merger Agreement and in order to finance the ULHK Entities Acquisition, Unique Logistics and certain of its subsidiaries as guarantors entered into a financing agreement (the "*Financing Agreement*") and related fee letter with the lenders party thereto, CB Agent Services LLC, as origination agent, and Alter Domus (US) LLC, as collateral agent and administrative agent. The Financing Agreement provided for an initial senior secured term loan in a principal amount of approximately $4.2 million and a delayed draw term loan facility in principal amount of approximately $14.8 million.

The Company, Edify and Merger Sub entered into a mutual termination agreement dated as of March 1, 2024, pursuant to which they mutually agreed to terminate the Merger Agreement effective as of such date.

In connection with the termination of the Merger Agreement, effective March 1, 2024, the parties to the Financing Agreement entered into a waiver and amendment no. 2 to financing agreement (the "*Second Waiver*"), whereby (i) the lenders, CB Agent Services and Alter Domus agreed to waive certain events of default set forth in the Financing Agreement and interest at an increased rate related to the specified events of default from the date such event(s) occurred through the March 1, 2024 effective date of the Second Waiver and (ii) the Company and its subsidiary guarantors agreed to (A) pay the administrative agent a non-refundable waiver fee in an aggregate amount of $3,000,000 and (B) issue the origination agent or its designee warrants entitling the holder thereof to purchase a number of shares of Common Stock equal to the greater of (1) 7% of enterprise value (as calculated in a manner to be mutually agreed and acceptable to the origination agent and the Company on a fully diluted basis) and (2) $7,000,000, on terms, conditions and in a form reasonably acceptable to the origination agent, and having an exercise price of $0.01 per share (collectively, the "*Warrants*").

Item 1A. Risk Factors.

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties, such as statements of our objectives, expectations, and intentions. The cautionary statements made in this Annual Report on Form 10-K should be read as applicable to all forward-looking statements wherever they appear in this report. Our actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this Annual Report on Form 10-K.

Risks Related to Unique Logistics' Industry and Business Environment

Unique Logistics' dependence on third-party service providers may adversely impact the delivery and quality of its services, and as a result its business and operating results.

As a non-asset based provider of global logistics services, Unique Logistics depends on a variety of asset-based service providers, including air, ocean and ground freight carriers, to provide equipment and services necessary to operate its business. The quality and profitability of Unique Logistics' services depend upon effective selection and oversight of its service providers, and therefore its dependence on third parties may impact the delivery and quality of its transportation and logistics services. Such third parties may not fulfill their obligations to Unique Logistics, or Unique Logistics' relationship with these parties may change, which may prevent it from meeting its commitments to its customers. In addition, if Unique Logistics is unable to secure sufficient equipment or other transportation services from third parties to meet its commitments to its customers, its operating results could be materially and adversely affected, and its customers could switch to using its competitors, either temporarily or permanently, for their transportation logistics needs. Many of these risks are beyond Unique Logistics' control, including:

- shortages in available cargo capacity or availability and continuing industry consolidation among ocean freight carriers, or changes in the financial stability or operating capabilities of carriers;
- changes by carriers and transportation companies in policies and practices such as scheduling, pricing, payment terms and frequency of service;
- changes in regulations impacting transportation;
- disruptions in the supply or cost of fuel;
- increases in taxes or the cost of labor;
- the introduction of alternative means of transporting freight; and
- unanticipated changes in freight markets.

In addition, any determination that Unique Logistics' third-party carriers have violated laws and regulations could seriously damage its reputation and brand, resulting in diminished revenue and profit and increased operating costs.

Further, when market demand significantly exceeds available capacity in a given market, which was, for example, the case for various services and markets in 2021 during the post-COVID market recovery, Unique Logistics may not always be able to find acceptable transportation or other service solutions to meet its customers' needs or the routing and delivery of freight may be subject to delays that are outside of its control.

If any of these risks occur, it could have a material adverse effect on Unique Logistics' business, results of operations and financial condition.

Economic recessions and other factors that reduce freight volumes could have a material adverse impact on Unique Logistics' business.

The transportation industry historically has experienced cyclical fluctuations in financial results due to economic recessions, downturns in business cycles of customers, interest rate fluctuations, currency fluctuations, inflation pressures, and other economic factors beyond Unique Logistics' control. Deterioration in the economic environment subjects Unique Logistics' business to various risks that may have a material impact on its operating results and cause it to not reach its long-term growth goals, including the following:

- *Decrease in volumes:* a reduction in overall freight volumes in the marketplace could reduce Unique Logistics' opportunities for growth. In addition, if a downturn in Unique Logistics' customers' business cycles causes a reduction in the volume of freight shipped by those customers, its operating results could be adversely affected;

- *Credit risk and working capital:* some of Unique Logistics' customers may face economic difficulties and may not be able to pay their dues to Unique Logistics, and some may go out of business. In addition, some customers may not pay Unique Logistics as quickly as they have in the past, which could cause its working capital needs to increase;

- *Transportation provider failures:* a significant number of Unique Logistics' transportation providers may go out of business and it may be unable to secure sufficient equipment or other transportation services to meet its commitments to its customers; and

- *Expense management:* Unique Logistics may not be able to appropriately adjust its expenses to changing market demands. In order to maintain high variability in Unique Logistics' business model, it is necessary to adjust staffing levels to changing market demands. In periods of rapid change, it is more difficult to match Unique Logistics' staffing level to its business needs. In addition, Unique Logistics has other primarily variable expenses that are fixed for a period of time, and it may not be able to adequately adjust them in a period of rapid change in market demand.

In addition, volatile market conditions can create situations where rate increases charged by carriers and other service providers are implemented with little or no advance notice. Unique Logistics often cannot pass these rate increases on to its customers in the same timeframe, if at all, which could negatively impact Unique Logistics' yields and margins.

Higher carrier prices may result in decreased gross profit margin and increases in working capital.

Carriers can be expected to charge higher prices if market conditions warrant, including increased costs of fuel, labor shortages, increased shipping times due to supply chain disruption or in order to cover higher operating costs. Unique Logistics' gross profits and income from operations may decrease if it is unable to pass these cost increases on to its customers. In some instances where Unique Logistics has entered into contract freight rates with customers, if market conditions change and those contracted rates are below market rates, it may be required to provide transportation services at a loss.

Climate change, including measures to address climate change, could adversely impact Unique Logistics' business and financial results.

The long-term effects of climate change are difficult to predict and may be widespread. The potential impacts of climate change may subject Unique Logistics and its business to various risks, including physical risks (such as rising sea levels, which could affect port operations or frequency and severity of extreme weather conditions, which could disrupt its operations and damage cargo and its facilities), compliance costs and transition risks (such as increased regulation and taxation to support carbon emissions reduction investments), reputational and strategic risks due to shifts in customer demands (such as customers requiring more fuel-efficient transportation modes or transparency to carbon emissions in their supply chains), customer contractual requirements around environmental initiatives, and other adverse effects. While Unique Logistics' non-asset-based model gives it some flexibility and ability to change locations, modes, and carriers based on evolving operating conditions, such impacts may disrupt its operations by adversely affecting its ability to procure services that meet regulatory or customer requirements, depending on the availability of sufficient appropriate logistics solutions, and may negatively affect its results of operations, cash flows and financial condition. Further, there is no assurance that alternative locations, modes, and carriers that are not so affected will be available or have adequate capacity.

In addition, the increasing public and political concern over climate change has resulted and may continue to result in more legal or regulatory requirements relating to climate change, including regulating greenhouse gas emissions, restrictions on modes of transportation, alternative energy policies, and sustainability initiatives. If legislation or regulations are enacted or promulgated in any jurisdictions in which Unique Logistics operates, that impose more stringent restrictions and requirements than its current legal or regulatory obligations, Unique Logistics may experience disruptions in, or increases in the costs associated with delivering, its services, which may negatively affect its operations, operating results, cash flows, and financial condition.

Unique Logistics operates in a competitive environment.

Competition in the transportation services industry is intense and Unique Logistics expects it to remain so for the foreseeable future. Many of Unique Logistics' competitors have longer operating histories, greater name recognition, more employees, and significantly greater financial, technical, marketing, public relations and distribution resources than Unique Logistics does. The competitive environment may reduce Unique Logistics' market opportunity and require it to make changes in its pricing or marketing to maintain and extend its current brand and market position. Price concessions or the emergence of other pricing or distribution strategies of competitors may diminish Unique Logistics' revenues, impact its margins, or lead to a reduction in its market share, any of which will harm Unique Logistics' business, prospects, and results of operations.

Unique Logistics' earnings may be affected by seasonal changes in the transportation industry.

Results of operations for Unique Logistics' industry generally show a seasonal pattern as customers reduce shipments during and after the winter holiday season. Historically, income from operations and earnings are lower in the first calendar quarter (which, based on its fiscal year-end of May 31, occurs during Unique Logistics' third and fourth fiscal quarters) than in the other three quarters. Unique Logistics believes that this historical pattern has been the result of, or influenced by, numerous factors, including national holidays, weather patterns, consumer demand, economic conditions, and other similar and subtle forces. Although seasonal changes in the transportation industry have not had a significant impact on Unique Logistics' cash flow or results of operations, Unique Logistics expects this trend to continue and it cannot guarantee that the seasonal changes will not adversely impact it in the future. The transportation industry may also be significantly impacted by disruptions such as port congestion and the availability of transportation equipment, as well as factors such as labor shortages, fuel prices, shifts in consumer demand toward more locally sourced products, and regulatory changes. These disruptions may impact the growth rates within the global logistics industry and Unique Logistics' ability to provide transportation services for its customers, each of which may adversely impact its results of operations and operating cash flows.

Risks Related to Unique Logistics and its Operations

Unique Logistics relies on technology to operate its business.

Unique Logistics' continued success is dependent on its systems continuing to operate and to meet the changing needs of its customers and users. The continued automation of existing processes and usage of third-party technology and cloud network capacity will require adaptation and adjustments that may increase Unique Logistics' exposure to cybersecurity risks and system availability reliance. Unique Logistics relies on its technology staff and vendors to successfully implement changes to and maintain its operating systems in an efficient manner. If it fails to maintain, protect, update, and enhance its operating systems, Unique Logistics may be at a competitive disadvantage and lose customers.

As demonstrated by recent material and high-profile data security breaches, computer malware, viruses, and computer hacking and phishing attacks have become more prevalent, have occurred on Unique Logistics' systems in the past, and may occur on Unique Logistics' systems in the future. Previous attacks on Unique Logistics' systems have not had a material financial impact on its operations, but Unique Logistics cannot guarantee that future attacks will have little to no impact on its business.

Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, a significant impact on the performance, reliability, security, and availability of Unique Logistics' systems and technical infrastructure to the satisfaction of its users may harm Unique Logistics' reputation, impair its ability to retain existing customers or attract new customers, and expose it to legal claims and government action, each of which could have a material adverse impact on Unique Logistics' financial condition, results of operations, and growth prospects.

Difficulty in forecasting timing or volumes of customer shipments or rate changes by carriers could adversely impact Unique Logistics' margins and operating results.

Unique Logistics is not aware of any accurate means of forecasting short-term customer requirements. Long-term customer satisfaction, however, depends upon Unique Logistics' ability to meet these unpredictable short-term customer requirements. Personnel costs, Unique Logistics' single largest expense, are always less flexible in the very near term as Unique Logistics must staff to meet uncertain demand. As a result, its short-term operating results could be disproportionately affected.

A significant portion of Unique Logistics' revenues is derived from customers whose shipping patterns are tied closely to consumer demand and from customers in industries whose shipping patterns are dependent upon just-in-time shipping schedules. Therefore, the timing of Unique Logistics' revenues is, to a large degree, impacted by factors out of its control, such as a sudden change in consumer demand for retail goods, changes in trade tariffs, labor disruptions at ports, airports, terminals and rail, product launches and/or manufacturing production delays. Additionally, many customers ship a significant portion of their goods at or near the end of a quarter and, therefore, Unique Logistics may not learn of a shortfall in revenues until late in a quarter. To the extent that Unique Logistics' did not expect a shortfall in revenues or earnings, any such shortfall could have an immediate and adverse effect on the trading price of Unique Logistics Shares.

Volatile market conditions, such as those following the onset of the COVID-19 pandemic, can create situations where carriers and other service providers implement rate increases with little or no advance notice. Unique Logistics often cannot pass these rate increases on to its customers in the same time frame, if at all. As a result, Unique Logistics' yields and margins have been and may in the future be negatively impacted by the effects of volatile market conditions.

Any reduction in international commerce or disruption in global trade may adversely impact Unique Logistics' business and operating results.

Unique Logistics provides services primarily to customers engaged in international commerce. As a result, everything that affects international trade has the potential to impact Unique Logistics' business and adversely impact its operating results. Factors that influence international trade, which are outside of Unique Logistics' control, include the following:

- currency exchange rates and currency control regulations;
- interest rate fluctuations;
- changes and uncertainties in governmental policies and inter-governmental disputes, which could result in increased tariff rates, quota restrictions, trade barriers, and other restrictions;
- changes in and application of international and domestic customs, trade, and security regulations;
- wars, strikes, civil unrest, acts of terrorism, and other conflicts;
- changes in labor and other costs;
- labor disruptions at ports, airports, terminals and rail;
- natural disasters and epidemics, pandemics, and other health emergencies;
- changes in consumer attitudes regarding goods made in countries other than their own;
- changes in the availability of credit;
- changes in the price and readily available quantities of oil and other petroleum-related products; and
- increased global concerns regarding working conditions and environmental sustainability.

The implementation of Unique Logistics' business strategy will require significant capital expenditures and additional financing.

The implementation of Unique Logistics' business strategy, including with respect to growth, will require significant expenditures of capital as well as additional financing and risks associated with interest rates. Unique Logistics may seek additional funds through equity or debt financings. Unique Logistics cannot offer any assurances that any such financings will be obtained on favorable terms, or at all. Equity financings could result in dilution to existing stockholders and debt financing could result in the imposition of significant financial and operational restrictions on Unique Logistics. Unique Logistics' inability to access adequate capital on acceptable terms could have a material adverse effect on its business, prospects, results of operations, and financial condition.

Unique Logistics derives a significant portion of its revenues from a small number of customers.

Revenue from three major customers as a percentage of the Company's total revenue was 25.0% and 19.0%, respectively, for the years ended May 31, 2024 and 2023. One customer represented 11% of 2024 revenues and no single customer represented more than 10.0% of total 2023 revenues.

The loss of one or more of these customers would reduce Unique Logistics' revenue and net income to the extent where this loss would have a material adverse effect on its business and operating results.

Unique Logistics may not successfully manage its growth.

Unique Logistics intends to continue to grow rapidly and substantially, including by organic growth and expansion in existing markets, by making strategic acquisitions and by entering new markets. Unique Logistics may experience difficulties and higher-than-expected expenses in executing this strategy as a result of, among other things, unfamiliarity with new markets and changes in revenue and business models.

Unique Logistics' growth will place a significant strain on its management as well as its operational and financial resources. Unique Logistics will need to continually improve existing procedures and controls as well as implement new transaction processing, operational and financial systems, and procedures and controls to expand, train and manage its employee base. Unique Logistics' working capital needs will increase substantially as its operations grow. Failure to manage growth effectively, or obtain necessary working capital, could have a material adverse effect on Unique Logistics' business, results of operations, cash flows, stock price, and financial condition.

Governmental, Regulatory, and Legal Risks

Unique Logistics is subject to a complex regulatory environment, and failure to comply with and adapt to these regulations could result in penalties or otherwise adversely impact its business.

Unique Logistics' business is affected by ever-increasing regulations from a number of sources in the United States and in foreign locations in which it operates. Many of these regulations are complex and require varying degrees of interpretation, including those related to trade compliance, data privacy, employment, compensation and competition, and may require changes in Unique Logistics' operating practices, influence the demand for, and the cost of providing, transportation services, and result in other unforeseen costs.

For example, in response to ongoing security threats, governments around the world are continuously enacting or updating security regulations. These regulations are multi-layered, increasingly technical in nature and characterized by a lack of harmonization of substantive requirements among various governmental authorities. Furthermore, the implementation of these regulations, including deadlines and substantive requirements, can be driven by regulatory urgencies rather than an industry's realistic ability to comply.

Failure to consistently and timely comply with any applicable regulations, or the failure, breach or compromise of Unique Logistics' policies and procedures or those of Unique Logistics' service providers or agents, may result in increased operating costs, damage to Unique Logistics' reputation, difficulty in attracting and retaining key personnel, restrictions on Unique Logistics' operations, and/or fines and penalties. Further, Unique Logistics cannot predict the impact that future regulations may have on its business, and there can be no assurance that it will be able to pass on any increased costs resulting from new or changing regulations on to its customers in the form of rate increases or surcharges, and therefore its operations, revenues, and profitability may be materially and adversely affected as a result.

Unique Logistics' contracted transportation providers are subject to increasingly stringent laws protecting the environment, including transitional risks relating to climate change, which could directly or indirectly have a material adverse effect on Unique Logistics' business.

Future and existing environmental regulatory requirements, including evolving transportation technology, in the United States and abroad could adversely affect operations and increase operating expenses, which in turn could increase Unique Logistics' purchased transportation costs. Unique Logistics may also incur expenses as a result of regulators requiring additional climate-related disclosures regarding its contracted transportation providers that may be labor-intensive to report on. Until the timing, scope, and extent of such possible regulation becomes known, Unique Logistics cannot predict its effect on its business, but if Unique Logistics is unable to pass such costs along to its customers, its business could be materially and adversely affected. Even without any new legislation or regulation, increased public concern regarding greenhouse gas emissions by transportation carriers could harm the reputations of companies operating in the transportation and logistics industries and shift consumer demand toward more locally-sourced products and away from the services that Unique Logistics provides.

Unique Logistics' international operations subject it to operational, financial, and data privacy risks.

Unique Logistics provides services within and between foreign countries on an increasing basis. Unique Logistics' business outside of the United States is subject to various risks, including:

- changes in tariffs, trade restrictions, trade agreements, and taxation;
- difficulties in managing or overseeing foreign operations and agents;
- limitations on the repatriation of funds because of foreign exchange controls;
- different liability standards;
- intellectual property laws of countries that do not protect Unique Logistics' rights in its intellectual property, including, but not limited to, Unique Logistics' proprietary information systems, to the same extent as the laws of the United States;
- issues related to non-compliance with laws, rules, and regulations in the countries in which Unique Logistics operates, including the U.S. Foreign Corrupt Practices Act and similar regulations. Failure to comply could result in reputational harm, substantial penalties, and operational restrictions; and.
- global laws and regulations regarding the collection, use, processing and transfer of personal information may impact our services by imposing restrictions on processing, increase legal claim liability and increase regulatory scrutiny and fines. These requirements continue to evolve and vary by region and regime, which increases the risk of noncompliance and impacts operations, including additional expenses and resources necessary to ensure and manage compliant operations.

The occurrence or consequences of any of these risks may restrict Unique Logistics' ability to operate in the affected region and/or decrease the profitability of its operations in that region.

As Unique Logistics continues to expand its business internationally, it is exposed to increased risk of loss from foreign currency fluctuations and exchange controls, as well as longer accounts receivable payment cycles. Foreign currency fluctuations could result in currency exchange gains or losses or could affect the book value of Unique Logistics' assets and liabilities. Furthermore, Unique Logistics may experience unanticipated changes to its income tax liabilities resulting from changes in geographical income mix and changing international tax legislation. Unique Logistics has limited control over these risks, and if it does not correctly anticipate changes in international economic and political conditions, it may not alter its business practices in time to avoid adverse effects.

We use, and may continue to expand our use of, machine learning and artificial intelligence technologies to deliver our services and operate our business.

If we fail to successfully integrate artificial intelligence ("AI") technologies into our platform and business processes, or if we fail to keep pace with rapidly evolving AI technological developments, including attracting and retaining talented AI developers and programmers, we may face a competitive disadvantage. At the same time, the use or offering of AI technologies may result in new or expanded risks and liabilities, including enhanced government or regulatory scrutiny, litigation, compliance issues, ethical concerns, confidentiality, reputational harm, and security risks. It is not possible to predict all of the risks related to the use of AI and changes in laws, rules, directives, and regulations governing the use of AI may adversely affect our ability to develop and use AI or subject us to legal liability. The cost of complying with laws and regulations governing AI could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations. Further, market demand and acceptance of AI technologies are uncertain, and we may be unsuccessful in efforts to further incorporate AI into our processes.

Investigations and litigation could require management time and or incur substantial legal costs or fines, penalties or damages, any of which could adversely impact on Unique Logistics' financial results.

As a multinational corporation, Unique Logistics is subject to formal or informal investigations from governmental authorities or others in the countries in which it does business. In addition, Unique Logistics may become subject to civil litigation with its customers, service providers and other parties with whom it does business. These investigations and litigation may require significant management time and could cause Unique Logistics to incur substantial additional legal and related costs, which may include fines, penalties or damages that could have a materially adverse impact on its financial results.

Risks Related to Unique Logistics' Acquisition Strategy

Unique Logistics' past acquisitions, as well as any acquisitions that Unique Logistics may complete in the future, may be unsuccessful or result in other risks or developments that adversely affect Unique Logistics' financial condition and results.

While it intends for its acquisitions to enhance its competitiveness and profitability, Unique Logistics cannot be certain that its past or future acquisitions will be accretive to earnings or otherwise meet its operational or strategic expectations. Special risks, including accounting, regulatory, compliance, information technology or human resources issues, may arise in connection with, or as a result of, the acquisition of an existing company, including the assumption of unanticipated liabilities and contingencies, difficulties integrating acquired businesses, possible management distractions, or the inability of the acquired business to achieve the levels of revenue, profit, productivity or synergies Unique Logistics anticipates or otherwise perform as Unique Logistics expects on the timeline contemplated. Unique Logistics is unable to predict all of the risks that could arise as a result of its acquisitions.

In addition, if the performance of Unique Logistics' reporting segments or an acquired business varies from Unique Logistics' projections or assumptions, or if estimates about the future profitability of Unique Logistics' reporting segments or an acquired business change, Unique Logistics' revenues, earnings or other aspects of its financial condition could be adversely affected.

Unique Logistics may incur risks related to acquisition financing.

Unique Logistics has a limited amount of financial resources and its ability to make additional acquisitions without securing additional financing from outside sources is limited. In order to continue to pursue its acquisition strategy, Unique Logistics may be required to obtain additional financing. Unique Logistics may obtain such financing through a combination of traditional debt financing, the placement of debt and equity securities, or financing in exchange for accounts receivable, as under Unique Logistics' current revolving credit facility. Unique Logistics may finance some portion of its future acquisitions by either issuing equity or by using shares of Common Stock for all or a portion of the purchase price for such businesses. In the event that the Common Stock does not attain or maintain a sufficient market value, or potential acquisition candidates are otherwise unwilling to accept shares of Common Stock as part of the purchase price for the sale of their businesses, Unique Logistics may be required to use more of its cash resources, if available, in order to fund its acquisitions. If Unique Logistics does not have sufficient cash resources, it will not be able to complete acquisitions and its growth could be limited unless it is able to obtain additional capital through debt or equity financing. The terms of the Financing Agreement require that the Company obtain the consent of its lenders prior to securing additional debt financing. As a result, Unique Logistics' ability to obtain additional debt financing could be constrained if it is unable to secure such consent.

Unique Logistics may be required to incur a significant amount of indebtedness in order to successfully implement its acquisition strategy.

Subject to the restrictions contained under the Financing Agreement, Unique Logistics may be required to incur a significant amount of indebtedness in order to complete future acquisitions. If it is not able to generate sufficient cash flow from the operations of acquired businesses to make scheduled payments of principal and interest on any such indebtedness, then Unique Logistics will be required to use its capital for such payments. This will restrict Unique Logistics' ability to make additional acquisitions. Unique Logistics may also be forced to sell an acquired business in order to satisfy indebtedness. Unique Logistics cannot be certain that it will be able to operate profitably once it incurs any such indebtedness or that it will be able to generate a sufficient amount of proceeds from the ultimate disposition of such acquired businesses to repay any indebtedness that it incurred to make such acquisitions.

Unique Logistics may experience difficulties integrating the operations, personnel, and assets of acquired businesses that may disrupt its business, dilute stockholder value, and adversely affect its operating results.

A core component of Unique Logistics' business plan is to continue to acquire businesses in the transportation and logistics industry. There can be no assurance that Unique Logistics will be able to identify, acquire or profitably manage businesses or successfully integrate acquired businesses into its existing business without substantial costs, delays, or other operational or financial problems. Such acquisitions also involve numerous operational risks, including:

- difficulties integrating operations, technologies, services and personnel;
- the diversion of financial and management resources from existing operations;
- the risk of entering new markets;
- the potential loss of existing or acquired strategic operating partners following an acquisition;
- the potential loss of key employees following an acquisition and the associated risk of competitive efforts from such departed personnel;
- possible legal disputes with the acquired company following an acquisition; and
- the inability to generate sufficient revenue to offset acquisition or investment costs.

As a result, if Unique Logistics fails to properly evaluate and execute any acquisitions or investments, its business and prospects may be seriously harmed.

In certain acquisitions, Unique Logistics may recognize non-cash gains or losses on changes in fair value of contingent consideration. Unique Logistics may include contingent consideration based on future financial performance as a portion of the purchase price of certain acquisitions. To the extent that an acquired operation underperforms relative to anticipated earnings levels, Unique Logistics will be able to set-off certain levels of future unpaid purchase price for such acquired operations. This will result in the recognition of a non-cash gain on the change in fair value of contingent consideration. In the alternative, to the extent that an acquired operation outperforms anticipated earnings levels, Unique Logistics will recognize a non-cash expense on the change in fair value of contingent consideration. These non-cash gains and expenses may have a material impact on Unique Logistics' financial results, and the impact could be inverse to the underlying results of the acquired operation.

Claims against Unique Logistics or other liabilities it incurs relating to any acquisition or business combination may require it to seek claims against the seller for which the seller may not indemnify it or that may exceed the seller's indemnification obligations.

There may be liabilities that Unique Logistics assumes in any acquisition or business combination that it did not discover or underestimated in the course of performing its due diligence investigation. A seller will normally have indemnification obligations to Unique Logistics under an acquisition or merger agreement, but these obligations will be subject to financial limitations, such as general deductibles and a cap, as well as time limitations. There can be no assurance that Unique Logistics' right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope, or duration to fully offset the amount of any undiscovered or underestimated liabilities. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Unique Logistics' business, results of operations, and financial condition.

Unique Logistics may face competition from parties who sell it their businesses and from professionals who cease working for it.

In connection with its acquisitions, Unique Logistics generally obtains non-solicitation agreements from the professionals it hires, as well as non-competition agreements from senior managers and professionals. The agreements prohibit such individuals from competing with Unique Logistics during the term of their employment and for a fixed period afterwards and seeking to solicit Unique Logistics' employees or clients. In some cases, but not all, Unique Logistics may obtain non-competition or non-solicitation agreements from parties who sell it their business or assets. Certain activities may be carved out of or otherwise may not be prohibited by these arrangements. Unique Logistics cannot be sure that one or more of the parties from whom it acquires assets or a business or who do not join Unique Logistics or leave its employment will not compete with it or solicit its employees or clients in the future. Even if ultimately resolved in Unique Logistics' favor, any litigation associated with the non-competition or non-solicitation agreements could be time consuming, costly and distract management's focus from locating suitable acquisition candidates and operating Unique Logistics' business. Moreover, states and foreign jurisdictions may interpret restrictions on competition narrowly and in favor of employees.

Therefore, certain restrictions on competition or solicitation may be unenforceable. In addition, Unique Logistics may not pursue legal remedies if it determines that preserving cooperation and a professional relationship with the former employee or his or her clients, or other concerns, outweigh the benefits of any possible legal recourse or the likelihood of success does not justify the costs of pursuing a legal remedy. Such persons, because they have worked for Unique Logistics or a business that it acquires, may be able to compete more effectively with Unique Logistics, or be more successful in soliciting its employees and clients, than unaffiliated third parties.

General Risk Factors

Unique Logistics' failure to continue to attract, train, or retain highly qualified personnel could harm its business.

Unique Logistics' success depends on its ability to attract, train, and retain qualified personnel, specifically those with management, customer development and general logistics industry skills. Competition for such personnel is intense. If Unique Logistics does not succeed in attracting new personnel or retaining and motivating its current personnel, its business could be harmed.

Unique Logistics' indebtedness could adversely impact its financial condition and results of operations.

Significant adverse economic and industry conditions could negatively affect Unique Logistics' ability to pay principal and interest on its debt and limit its ability to fund working capital, capital expenditures, possible acquisitions, dividends, share repurchases, or other investments. If Unique Logistics is unable to generate sufficient cash flows to satisfy its debt obligations or refinance these debt obligations with commercially acceptable terms, it may adversely impact Unique Logistics' financial position and results of operations. Further, Unique Logistics may be unable to comply with the various restrictions and covenants under its indebtedness, which may result in default and its outstanding indebtedness may become immediately due and payable and adversely impact its financial position or, as with the Second Waiver, may require us to make payments and issue securities in connection with obtaining a waiver of any such default.

Unique Logistics may be adversely impacted by changing interest rates.

We are exposed to changes in interest rates as all of our debt, except the promissory notes that we issued to ULHK in the ULHK Entities Acquisition and for the acquisition of its shares in Unique Singapore, includes variable interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies, economic conditions, and other factors beyond our control. A significant increase in interest rates could adversely impact Unique Logistics' financial position and results of operations.

Unique Logistics may be subject to negative impacts of changes in political and governmental conditions, particularly with respect to its operations in China.

Unique Logistics' operations may be subject to the influences of significant political, governmental, and similar changes and Unique Logistics' ability to respond to them, including:

- changes in political conditions and in governmental policies;
- changes in and compliance with international and domestic laws and regulations; and
- wars, civil unrest, acts of terrorism, and other conflicts, including rising tensions between the United States and China and the current conflict in the Red Sea, which is impacting the global freight market.

Unique Logistics has a customer base in the United States that is significantly dependent on trade and commerce with China (including Hong Kong). Moreover, as a result of the ULHK Entities Acquisitions Unique Logistics has majority owned subsidiaries in China and Hong Kong. Geopolitical factors may compel United States companies to shift their purchases and sales from China to other parts of the world. Such transition may be disruptive to the business of Unique Logistics. While its diverse network of subsidiaries and independent agents mitigates the risk, somewhat, of losing business in the long term, there is a significant risk that production may shift to areas of the globe where Unique Logistics cannot effectively service its customers.

Should relations between China and United States deteriorate significantly, Unique Logistics faces the following additional risks:

- loss of revenue in its China and Hong Kong based companies;
- inability to repatriate local profits from these companies;
- impairment of assets in China and Hong Kong, including non-recovery of local trade receivables;
- security of its local employees, including any expatriate employees; and
- security of data and confidential information in its offices.

Unique Logistics may be subject to negative impacts of catastrophic events.

A disruption or failure of Unique Logistics' systems or operations in the event of a major earthquake, weather event, cyber-attack, heightened security measures, actual or threatened, terrorist attack, strike, civil unrest, pandemic, or other catastrophic event could cause delays in providing services or performing other critical functions. A catastrophic event that results in the destruction or disruption of any of Unique Logistics' critical business or information systems could harm Unique Logistics' ability to conduct normal business operations and adversely impact its operating results.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

From time to time, the Company is subject to attempted cyber-attacks and other cybersecurity risks. The nature of our business requires that we store and exchange electronically with appropriate parties and systems personally identifiable information that may be targeted in an attempted cybersecurity breach. In addition, our business is heavily reliant on various information technology and application systems that may be impacted by a malicious cyber-attack. These cyber incidents may cause lost revenues or increased expenses stemming from reputational damage and fines related to breach of personally identifiable information, inability to use certain systems for a period of time, loss of financial assets, remediation and litigation costs and increased cybersecurity protection costs. We have developed and continue to invest in a variety of controls to prevent, detect and appropriately react to such cyber-attacks including periodically testing our systems' security and access controls. However, cybersecurity risks continue to become more complex and broad ranging, and our internal controls provide only a reasonable, not absolute, assurance that we will be able to protect ourselves from significant cyber-attack incidents. By outsourcing certain business and administrative functions to third parties, we may be exposed to an enhanced risk of data security breaches. Any breach of data security could damage our reputation and/or result in monetary damages, which, in turn, could have a material adverse effect on the Company's results of operations, liquidity and financial condition.

The Company maintains an Enterprise Risk Management ("ERM") program, which includes processes for key risk identification, mitigation efforts, and day-to-day management of risks, including cybersecurity risks. The ERM program is administered by our risk management committee, consisting of the Company's Chief Executive Officer, Chief Financial Officer, and Vice President, Compliance & Risk Management, and involves our outsourced global cybersecurity team, which possesses significant knowledge and expertise in cybersecurity risks.

Our global cybersecurity team ensures that the cybersecurity risks identified through the ERM program are incorporated into our overall cybersecurity program. We have put into place programs to address key cybersecurity risks including layered coverage with focus areas and practices designed to address network and endpoint security, application security, and security operations. We have processes in place to oversee and identify risks from cybersecurity threats associated with the use of third-party technology including third-party risk management, process and partner intake risk assessments, and dedicated procurement functions. These processes help mitigate the risks associated with utilizing external technology platforms and help prevent disruptions to our business operations.

We consistently involve our external cybersecurity experts to assess our cybersecurity program, risk management, and relevant internal controls. Although we have not experienced a material cyber-attack, we maintain insurance coverage to specifically address cybersecurity risks. The coverage provides protection up to $1 million above a deductible of $50,000 for various cybersecurity risks including liability, business interruptions, cybercrimes and privacy breach related incidents.

Our business continuity program follows industry standards for disaster recovery practices. Our program includes multiple components that act as an additional line of defense among them are regular functional recovery and tabletop exercises; cybersecurity exercises; protected backups for critical data; recovery time objectives; and recovery point objectives including achievability metrics, application criticality, program audit and maintenance, awareness and training, business impact analysis, and risk evaluation and controls.

Cybersecurity Governance

The Board of Directors is tasked with oversight of the Company's cybersecurity, information governance, and privacy programs.

All tasks related to assessing and managing the Company's material risks from cybersecurity threats are delegated to the risk management committee that oversees our ERM program, which includes cyber-related risk items. In addition, our risk management committee receives quarterly reports on cybersecurity from our global cybersecurity team that has experience and expertise supporting mitigation of the potential cybersecurity threats facing our organization and vulnerabilities facing our technology infrastructure and potential cybersecurity threats.

All members of our management team have been provided sufficient training to obtain an understanding of cybersecurity risks and exposures. The management team is actively promoting the Company's cybersecurity policies and procedures, and leading discussions and mitigations of cybersecurity risks in the areas of their responsibilities.

Item 2. Properties.

Unique Logistics' corporate headquarters is located at 154-09 146th Avenue, Jamaica, NY 11434. We lease this space, consisting of 2,219 square feet, pursuant to a lease agreement that expires on April 30, 2029.

We lease 37 properties around the world, which we use as office space and, with respect to our leased property in Santa Fe Springs, California, as office and warehouse space. We consider our Sante Fe property, at 110,791 square feet, to be the only significant property that Unique Logistics leases.

We use our leased properties for office and warehouse purposes, and we believe that our current warehouse and office spaces are adequate for our immediate needs. We may require additional space as we expand our business activities. We do not foresee any significant difficulties in obtaining additional facilities if and when we require them.

Item 3. Legal Proceedings.

The Company is not currently involved in any disputes and does not have any litigation matters pending that it believes could have a material effect on its financial condition or results of operations.

From time to time, however, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of our business. Litigation is subject to inherent uncertainties, and an adverse result in any such matters may arise from time to time that may harm our business.

Item 4. Mine Safety Disclosures.

Not Applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is currently traded on the Pink tier of the OTC Markets Group under the trading symbol "UNQL."

Holders of Common Equity

As of August 31, 2024, there were 72 stockholders of record of the Common Stock.

Dividends

We have not paid any cash dividends to our shareholders. The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Unregistered Sales of Equity Securities and Use of Proceeds

We did not issue any securities during the year ended May 31, 2024, that were not registered under the Securities Act of 1933, as amended, and were not previously disclosed in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information as of May 31, 2024 with respect to our compensation plans under which equity securities may be issued.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2020 Equity Incentive Plan	-	-	-
Total	-	-	-

Transfer Agent

Securities Transfer Corporation ("SCT") is the transfer agent for the Common Stock. The principal office of STC is located at 2901 N Dallas Parkway Suite 380 Plano, Texas 75093, and its telephone number is (469) 633-0101.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Business Overview and Recent Developments

The Company is a global logistics and freight forwarding company.

Unique Logistics provides a range of international logistics services that enable its customers to outsource to the Company sections of their supply chain process. Our global network of trained employees and integrated information systems seamlessly manage the services we provide. We enable our customers to share data regarding their international vendors and purchase orders with us, execute the flow of goods and information under their operating instructions, provide visibility to the flow of goods from factory to distribution center or store and, when required, update their inventory records.

Our range of services can be categorized as follows:

- Air freight services
- Ocean freight services
- Customs brokerage and compliance services
- Warehousing and distribution services
- Order management

As discussed above (See "Item 1. Business — Growth Strategy — Strategic Acquisitions"), on February 21, 2023, the Company completed the acquisition of all of the share capital owned by ULHK in eight subsidiaries for $26.5 million. In addition to the acquisition of the shares in the ULHK Entities, Unique Logistics acquired two companies that are owned by two of the ULHK Entities. Acquisition of these entities is expected to have a material favorable impact on revenues and consolidated income of the Company going forward.

Market and Business Trends, Impact on the Company

Unique Logistics' fiscal year 2024, which commenced on June 1, 2023, can be considered a tale of two halves. The shipping industry continued to experience weak demand during the first half of the year, particularly from importers, due to remaining high inventory levels and excess carrier capacity. Carriers increased their capacity to meet surging demand for space by ocean freight and air freight from United States importers during the second half of calendar 2021 as retailers increased inventory and the United States began to emerge from the most onerous restrictions connected to the COVID-19 pandemic. The resulting extremely competitive conditions in the industry led to continued transportation rates that were low compared to pre-COVID levels, resulting in decreased revenue and gross margins both for the Company and in the industry generally.

Beginning in November 2023, however, demand started to increase, and at the same time, the attacks on ships in the Red Sea that began in October 2024, requiring re-routing of vessels traveling from Asia to Europe and the East Coast of the United States lengthened ocean transit times and created equipment displacement and shortages, resulting in increased freight rates but lower shipping volumes. As the Company was unable to respond to such price increases for approximately 30-45 days, this decreased our gross margins during this period. These conditions also resulted in growth in airfreight volume beginning in March 2024, with importers looking to build up depleted inventory and seeking an alternative to ocean freight shipping. Air freight volumes were already on an elevated trend driven by Chinese e-commerce shipments and the Red Sea situation added to this volume as shippers converted ocean shipments to air. Ocean freight pricing eventually began to increase as well due to the increased demand, but not until June 2024, that is, after our 2024 fiscal year-end.

Results of Operations

Revenue

For the years ended May 31, 2024, and 2023, Unique Logistics' revenue by product line was as follows:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023	$ change	% change
Revenues				
Airfreight	$ 120,835,647	$ 80,971,563	$ 39,864,084	49.2%
Ocean freight	101,713,709	181,432,206	(79,718,497)	(43.9)%
Contract logistics	2,754,104	3,217,479	(463,375)	(14.4)%
Customs brokerage and other services	37,215,964	59,997,244	(22,781,280)	(38.0)%
Total revenues	$ 262,519,424	$ 325,618,492	$ (63,099,068)	(19.4)%

For the years ended May 31, 2024, and 2023, the Company's revenue by product line, excluding the operations of the ULHK Entities acquired on February 21, 2023, were as follows:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023	$ change	% change
Revenues				
Airfreight	$ 84,680,298	$ 77,300,042	$ 7,380,256	9.5%
Ocean freight	78,626,083	176,535,202	(97,909,119)	(55.5)%
Contract logistics	2,754,104	3,217,479	(463,375)	(14.4)%
Customs brokerage and other services	30,142,642	58,495,545	(28,352,903)	(48.5)%
Total revenues	$ 196,203,127	$ 315,548,268	$ (119,345,141)	(37.8)%

The 19.4% decrease in total revenues for the year ended May 31, 2024, compared with the year ended May 31, 2023, is primarily due to decreases in ocean freight revenue and, to a lesser extent, in revenue from customs brokerage and other services, offset by an increase in air freight revenue.

The 43.9% decrease in ocean freight revenue was due to a 48.5% decrease in the pricing for such services, resulting in a 110.3% decrease in such revenue, offset by an 8.8% increase in volume that resulted in a 10.3% increase in such revenue, year over year. The year over year variations in pricing and volume was primarily attributable to the market impacts of the attacks on ships in the Red Sea during the second half of fiscal 2024.

Excluding ocean revenues of $23.1 million (net of intercompany eliminations) attributable to the acquisition of the ULHK Entities, ocean freight revenue decreased by 55.5% during the year ended May 31, 2024 compared to the year ended May 31, 2023. Such decrease is the result of decreases of 42.6% in pricing for such services, which resulted in a 76.8% decrease in revenues, and 22.4% in volume that resulted in another 23.2% reduction in revenues, year over year.

The decline in revenue from customs brokerage and other services during the year ended May 31, 2024 as compared to the year ended May 31, 2023, was a direct result of our asking customers to pay their own duties, which is typically not a profit producing activity. Payment of duties is more of a service to the customer as the Company pays for duties and gets reimbursed by the customer without making a profit.

The 49.2% increase in airfreight revenue was due to the acquisition of the ULHK Entities and the market trends discussed above, specifically, demand shifting from ocean freight to airfreight as a result of the Red Sea situation. Air freight volumes were already on an elevated trend driven by Chinese e-commerce shipments and the Red Sea situation added to the air freight volume increases. An 84.6% increase in volume resulted in a 138.9% increase in air freight revenue, offset by a 38.9% reduction in such revenue resulting from a 19.1% decrease in air freight pricing during the year ended May 31, 2024 compared to the year ended May 31, 2023. The pricing decrease in the airfreight segment is mostly due to a significant increase in global air traffic creating additional capacity for air freight.

Excluding airfreight revenues of $36.2 million (net of intercompany eliminations) attributable to the operations of the ULHK Entities, air freight revenue increased by 9.5% during the year ended May 31, 2024 compared to the year ended May 31, 2023. A 32.9% increase in volume resulted in a 284.1% increase in revenue, offset by a 184.1% reduction in such revenue as a result of a 17.6% decrease in pricing, year over year.

While not a material contributor to the decrease in revenues generally, contract logistics revenue declined by 14.4% during the year ended May 31, 2024 compared to the year ended May 31, 2023, both with and without the inclusion of the operations of the ULHK Entities, indicating that less cargo was being handled in the Company's warehouses year over year.

Costs and Operating Expenses

For the years ended May 31, 2024 and 2023, Unique Logistics' costs and operating expenses were as follows:

	For the Year Ended, May 31, 2024	For the Year Ended, May 31, 2023	$ change	% change
Costs and operating expenses:				
Airfreight	$ 113,658,342	$ 72,578,396	$ 41,079,946	56.6%
Ocean freight	87,701,339	160,572,708	(72,871,369)	(45.4)%
Contract logistics	789,912	1,045,680	(255,768)	(24.5)%
Customs brokerage and other services	29,268,044	55,280,445	(26,012,401)	(47.1)%
Salaries and related costs	22,884,389	15,378,957	7,505,432	48.8%
Professional fees	1,676,533	1,261,899	414,634	32.9%
Rent and occupancy	5,375,214	3,077,975	2,297,239	74.6%
Selling and promotion	2,448,631	2,883,916	(435,285)	(15.1)%
Depreciation and amortization	2,022,172	1,270,462	751,710	59,2%
Foreign exchange transactions, net	(312,691)	-	(312,691)	-
Other expense	2,228,788	1,880,332	348,456	18.5%

Total costs and operating expenses	$ 267,740,673	$ 315,230,770	$ (47,490,097)	(15.1)%

For the years ended May 31, 2024 and 2023, the Company's costs and operating expenses, excluding the operations of the ULHK Entities, were as follows:

	For the Year Ended, May 31, 2024	For the Year Ended, May 31, 2023	$ change	% change
Costs and operating expenses:				
Airfreight	$ 82,069,499	$ 70,906,593	$ 11,162,906	15.7%
Ocean freight	69,265,283	156,902,654	(87,637,371)	(55.9)%
Contract logistics	789,912	1,050,896	(260,984)	(24.8)%
Customs brokerage and other services	24,829,319	53,795,550	(28,966,231)	(53.8)%
Salaries and related costs	14,447,900	13,863,305	584,595	4.2%
Professional fees	1,485,205	1,225,069	260,136	21.2%
Rent and occupancy	3,350,428	2,861,807	488,621	17.1%
Selling and promotion	2,125,200	2,831,767	(706,567)	(25.0)%
Depreciation and amortization	1,803,684	1,090,915	712,769	65.3%
Other expense	1,964,876	1,704,263	260,613	15.3%
Total costs and operating expenses	$ 202,131,306	$ 306,232,819	$ (104,101,513)	(34.0)%

The $58.1 million or 20.1% decrease in cost of sales correlates with the 19.4% decrease in revenue for fiscal 2024 compared to fiscal 2023, specifically in ocean freight, contract logistics and customs brokerage.

All other operating and administrative expenses increased by $10.6 million during the year ended May 31, 2024, compared to the year ended May 31, 2023, primarily due to a $7.5 million increase in salaries and related costs, $6.9 million of which is attributable to the employees of our new subsidiaries acquired in the ULHK Entities Acquisition. The balance of this increase resulted primarily from increases in depreciation and amortization, rent and occupancy and, to a lesser extent, professional fees. The Company doesn't expect significant increases in salaries and benefits going forward and is considering actions it can implement to curtail these costs in future periods.

The 59.2% increase in depreciation and amortization was the result of recognition of approximately $6.5 million of identifiable intangible assets such as customer relations and non-compete agreements as part of the ULHK Entities Acquisition. These intangible assets are now being amortized over the useful life of the assets contributing to approximately half of the increase, with the other half being contributed by depreciation expense recorded by the ULHK Entities. Approximately half of the 74.6% increase in rent and occupancy expenses was due to an increase in the rental rates of our warehouse facility in Los Angeles and the other half to leases of the newly acquired ULHK Entities. The Company doesn't expect significant increases in rent and occupancy expenses going forward. Professional fees increased during the year ended May 31, 2024, compared to the year ended May 31, 2023 primarily due to additional legal fees incurred in connection with the now-abandoned merger transaction with Edify pursuant to the Merger Agreement that we entered into in December 2022 and terminated on March 1, 2024. Finally, selling and promotion expenses decreased by 15.1% year over year due to lower sales commissions as a result of revisions of commission-based sales targets.

Excluding costs (net of intercompany eliminations) attributable to the operations of the ULHK Entities, costs of sales decreased by 37.4% and is consistent with the 37.8% reduction in revenue for the same period.

Other operating and administrative expenses, excluding the operations of the ULHK Entities, increased by $1.6 million, primarily as a result of increases in salaries and related costs, rent expense and depreciation and amortization, offset by a decrease in selling and promotion expenses. Professional fees increased by $0.3 million primarily due to additional legal fees incurred in connection with the now-abandoned merger transaction with Edify, as discussed above. Rent expense increased due to an increase in the rental rates of our warehouse facility in Los Angeles. The 65.3% increase in depreciation and amortization was the result of our recognition of approximately $6.5 million of identifiable intangible assets such as customer relations and non-compete agreements as part of the ULHK Entities Acquisition. Selling and promotion expenses decreased by $0.7 million or 25.0% year-over-year due to lower sales commissions as a result of revisions of commission-based sales targets.

Gross Margin

Gross margin as a percentage of revenue increased from 11.1% for the year ended May 31, 2023, to 11.9% consolidated, or decreased to 9.8% when excluding the operations of the ULHK Entities, during the year ended May 31, 2024. The consolidated gross margin improvement is due to the better management of freight purchasing through diversified network and synergies achieved as a result of the acquisition of ULHK Entities. Gross margin is an important measurement of a logistics company's efficiency and profitability. The Company is focused on this and other measures when making strategic decisions and investments.

Other Income (Expenses)

For the years ended May 31, 2024 and 2023, other expenses were $11.1 million and $0.9 million, respectively, and consisted of interest expense, change in fair value of derivative and contingent liabilities, SPAC merger termination costs and uplist termination costs.

For the year ended May 31, 2024, interest expense was $4.4 million compared to $3.8 million for the year ended May 31, 2023. This increase is primarily due to the interest incurred on the promissory notes that we issued to ULHK in the ULHK Entities Acquisition and increased outstanding balances from our operating line of credit with TBK Bank, SSB during fiscal 2024.

For the year ended May 31, 2023, the Company recognized gain on change in valuation of contingent consideration in the amount of $1.8 million, which represents the reversal of a previously recorded earn-out provision as part of ULHK Entities Acquisition as we determined after closing that the milestones that would have triggered the payment had not been met. There was no similar item during the year ended May 31, 2024.

For the year ended May 31, 2024, the Company recorded $5.9 million gain in fair value of derivative liability compared to a $0.9 million gain in fair value of derivative liabilities recorded for the year ended May 31, 2023. This derivative related to the antidilution provision imbedded in the Company's preferred stock.

Finally, for the year ended May 31, 2024, the Company recorded losses related to the termination of the Merger Agreement, including a write off previously capitalized uplist cost in the amount of $3.1 million, assumption of $3.0 term debt and the issuance of the Warrants, which had a fair value of $6.9 million. There were no similar expenses incurred during the year ended May 31, 2023.

Net (Loss) Income

Net loss was $7.1 million for the year ended May 31, 2024, compared to net income of $8.2 million for the year ended May 31, 2023. Net loss attributable to common shareholders was $7.0 million during the year ended May 31, 2024 compared to net income available to common shareholders of $8.2 million for the year ended May 31, 2023. These results were mostly due to the $4.4 million loss from operations during fiscal 2024 compared to income from operations of $10.5 million during fiscal 2023 and the $11.4 million in other expenses incurred during fiscal 2024, partially offset by an $8.7 million income tax benefit in fiscal 2024.

Impairment Considerations

Given the history of reduction in revenue, use of cash from operations, and net loss for the year ended May 31, 2024, the Company reviewed goodwill and intangible assets for potential impairment. In evaluating the potential events and circumstance during the fiscal year, management did not note any impairment indicators that would cause more likely than not the fair value of any reporting units to be less than its carrying amount. For such evaluation management used current year projections, and independently determined enterprise value of the Company.

Liquidity and Capital Resources

The accompanying consolidated financial statements have been prepared on a going concern basis. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued.

The following table summarizes the Company's total current assets, liabilities and working capital at the dates indicated:

	May 31, 2024	May 31, 2023	Change	% change
Current Assets	$ 51,732,391	$ 60,326,985	$ (8,594,594)	(14.2)%
Current Liabilities	47,589,867	52,448,603	(4,858,736)	(9.3)%
Working Capital	$ 4,142,524	$ 7,878,382	$ (3,735,858)	(47.4)%

The Company's working capital was $4.1 million and $7.9 million, respectively, as of May 31, 2024 and 2023. The Company maintains its operating line of credit with TBK Bank, SSB, and on July 20, 2023, the Company entered into an agreement with TBK Bank to renew the TBK line of credit with a credit limit of up to $25.0 million. The Company experienced negative operating cash flows during the year ended May 31, 2024, due to adverse market conditions. We believe that the funds available under the TBK line of credit are sufficient to provide the Company with the cash required to support its ongoing operations until market conditions improve.

While the Company continues to execute its strategic plan and grow its customer base, management is focused on managing cash and monitoring the Company's liquidity position. We have implemented several initiatives to conserve our liquidity position, including increasing credit facilities, when needed, reducing the cost of debt by obtaining more favorable financing, controlling general and administrative expenditures, and improving our cash collection processes. Many aspects of our liquidity plan involve management's judgments and estimates that include factors that could be beyond our control and actual results could differ from our estimates. These and other factors could cause the strategic plan to be unsuccessful, which could have a material adverse effect on our operating results, financial condition, and liquidity. Negative operating capital may be an indicator that there could be a going concern issue, but based on our evaluation of the Company's projected cash flows and business performance as of and subsequent to May 31, 2024, management has concluded that the Company's current cash and cash availability under the TBK line of credit as of May 31, 2024, would be sufficient to fund its planned operations and alleviates substantial doubt about the Company's ability to continue as a going concern for at least one year from the date the consolidated financial statements were issued.

Cash generated and used by the Company during the years ended May 31, 2024 and 2023 was as follows:

	For the Year Ended, May 31, 2024	For the Year Ended, May 31, 2023	Change
Net cash (used in) provided by operating activities	$ (13,810,278)	$ 32,142,133	$ (45,952,410)
Net cash used in investing activities	359,898	10,523,976	(10,164,079)
Net cash provided (used in) by financing activities	10,670,504	(37,347,523)	48,018,027
Effect of exchange rate changes on cash	(164,801)	3,258	(168,059)
Net (decrease) in cash and cash equivalent	$ (2,944,677)	$ 5,321,845	$ (8,266,521)

Operating activities used cash of $13.8 million during the year ended May 31, 2024 compared to net cash provided by operating activities of $32.1 million during the year ended May 31, 2023. The primary reason for the cash used during 2024 was the loss from operations of $4.4 million, an increase in accounts receivables of $4.0 million and a reduction in accounts payable of $6.5 million. The primary reason for cash provided during the year ended May 31, 2023, was collections on accounts receivables offset by a reduction in accounts payable and accrued freight.

Investing activities provided cash of $0.4 million during the year ended May 31, 2024 compared to $10.5 million during the year ended May 31, 2023. During the year ended May 31, 2024, investing activities consisted of purchases of equipment and dividends received from equity method investments. During the year ended May 31, 2023, investing activities consisted of purchases of equipment, dividends and cash acquired as part of business combination that is cash remaining in the acquired entities' bank accounts.

Financing activities provided cash of $10.7 million during the year ended May 31, 2024, as a result of additional borrowings of $5.1 million from the TBK line of credit and $8.0 million under the Financing Agreement, offset by partial repayments of the notes issued in the ULHK Entities Acquisition. Financing activities used cash of $37.4 million during the year ended May 31, 2023, primarily as a result of our repayment of $30.1 million on the TBK Bank line of credit offset by borrowing $4.0 million in the form of a term debt and repayment of $10.7 million of related party notes. Cash used by financing activities during the year ended May 31, 2023 was primarily for repayment of $40.0 million in liabilities, primarily repayment of the TBK Bank line of credit.

Critical Accounting Estimates

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with our board of directors. In addition, there are other items within our financial statements that require estimation but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Derivative liability

The Company has identified and recorded derivative instruments arising from an anti-dilution provision. An embedded derivative liability is representing the rights of holders of Convertible Preferred Stock Series A, C and D to receive additional shares of Common Stock upon issuance of any additional shares of Common Stock by the Company prior to a qualified financing event as defined in the preferred shares agreement. Each reporting period, the embedded derivative liability, if material, would be adjusted to reflect fair value at each period end with changes in fair value recorded in the "Change in fair value of embedded derivative liability" financial statement line item of the Company's statements of operations. The underlying value of the anti-dilution provision is calculated from estimating the probability and value of the provision assuming a near term financing event. For the year ended May 31, 2024, based on the assumption of how antidilutive shares of Convertible Preferred Series A, C and D would be exchanged in the near future for shares of Common Stock, and the fact that the antidilution provision of these shares is effective through December 31, 2024, the assumptions include probability of the financing event, estimated value of the Common Stock at the exchange point and estimated time to financing event, therefore this estimate is subject to uncertainty. This estimate is deemed critical as the underlying value of this instrument changed by 7.1% and 50.1% during the years ended May 31, 2023, and 2024 respectively.

Warrants

As previously discussed, in connection with the termination of the Merger Agreement on March 1, 2024, the Company agreed to issue the Warrants entitling the holder thereof to purchase a number of shares of Common Stock equal to the greater of (a) 7% of enterprise value as calculated in a manner to be mutually agreed and acceptable to the origination agent and the Company on a fully diluted basis and (b) $7,000,000, on terms, conditions and in a form reasonably acceptable to origination agent, and having an exercise price of $0.01 per share.

The anti-dilution provisions applicable to the Warrants shall at no time be less favorable to the holder thereof than those accorded by the Company to any other person on or after the effective date of the Second Waiver. The Warrants shall be exercisable for a period of 7.5 years. This arrangement did not meet qualification requirements to be classified as equity because there is no explicit limit on the number of shares to be delivered in a share settlement. Accordingly, the Warrants were classified as a liability as the issuer is obligated to settle the Warrants by issuing a variable number of shares and the monetary value of the obligation based on a predetermined fixed amount, variation in something other than the issuer's stock price, in this case the amount is the enterprise value of the Company at the time of the future financing event. As the Warrants were not yet issued on the balance sheet date, the Warrants were recorded as other long-term liability. Due to the unique nature of the Warrants, which the Company anticipates will have an effective date of September 1, 2024, a Monte Carlo simulation was necessary in order to properly perform the valuation. Monte Carlo simulation analysis is mathematically similar to that used in a Black-Scholes option pricing model. However, in a Monte Carlo simulation, a computer is used to generate random price movements, which are constrained by the expected volatility of the underlying security. Where each step in a binomial model contains two possible outcomes, each step in a Monte Carlo simulation contains an unlimited number of potential outcomes. This estimate is deemed critical as the underlying value of this instrument changed from $7,415,816 to $6,879,823 or by 7.2% from the inception on March 1, 2024 through May 31, 2024.

Adjusted EBITDA

We define adjusted EBITDA to be earnings before interest, taxes, depreciation and amortization, transaction gains and losses, other income, merger and acquisition costs, impairment charges and certain other non-recurring items.

Adjusted EBITDA is not a measurement of financial performance under GAAP and may not be comparable to other similarly titled measures of other companies. We present adjusted EBITDA because we believe that adjusted EBITDA is a useful supplement to net income as an indicator of operating performance and represents income that is within management's control. We use adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes that it provides additional information with respect to the performance of our fundamental business activities. For this reason, we believe that adjusted EBITDA will also be useful to others, including our stockholders, as a valuable financial metric.

Adjusted EBITDA should not be considered as an alternative to net income, as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. We do not intend the presentation of this non-GAAP financial measure to be considered in isolation or as a substitute for results prepared in accordance with GAAP. This non-GAAP financial measure should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of our consolidated net income to adjusted EBITDA for the years ended May 31, 2024 and 2023:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
Net income	$ (7,113,203)	$ 8,214,568
Add Back:		
Income tax (benefit) expense	(8,669,235)	1,388,983
Depreciation and amortization	2,022,172	1,270,462
Gain (loss) on foreign exchange	(312,691)	-
Change in fair value of derivative liability	(5,889,261)	(879,733)
Change in fair value of contingent liability	-	(1,750,000)
Uplist termination cost	3,054,514	-
Interest expense	4,360,242	3,836,511
Change in fair value of expected warrants	535,993	-
SPAC merger termination cost	9,338,530	-
Adjusted EBITDA	$ (2,672,939)	$ 12,080,791

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data.

The consolidated financials are submitted as a separate section of this Annual Report on Form 10-K beginning on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our principal executive officer to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, the Company recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired control objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Evaluation of disclosure and controls and procedures

As of May 31, 2024, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. Our 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. Our Chief Executive Officer and Chief Financial Officer have concluded based upon the evaluation described above that, as of May 31, 2024, our disclosure controls and procedures were not effective and require remediation in order to be effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system is designed 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. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Internal control over financial reporting is defined, under the Exchange Act, as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

The Company's principal executive officers, that is, our Chief Executive Officer and Chief Financial Officer, have assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2024. In making this assessment, the Company's principal executive officers were guided by the releases issued by the SEC and to the extent applicable the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). The Company's principal executive officers have concluded, based on their assessment, that as of May 31, 2024, our internal control over financial reporting was not effective and requires remediation in order to be effective at the reasonable assurance level. In addition, our auditors identified material weaknesses in our internal control over financial reporting during their audit of our financial statements for the fiscal year ended May 31, 2024. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In the course of preparing the financial statements for the year ended May 31, 2024, we identified separate material weaknesses in internal control over financial reporting, which relates to the ineffective design and implementation of information technology general controls ("ITGC") combined with the lack of properly designed management review controls to compensate for these deficiencies. The Company's ITGC deficiencies included improperly designed controls pertaining to user access rights and segregation of duties over systems that are critical to the Company's system of financial reporting. Management's general assessment of the above processes in light of the company's size, maturity and complexity, as to the design and effectiveness of the internal control over financial reporting is that the key controls and procedures in each of these processes provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. During the fiscal year ended May 31, 2024 and subsequently to year end we commenced the remediation and actively addressed a number of previously identified material weaknesses in internal control over financial reporting, including ITGC deficiencies and we significantly improved our accounting processes, and documentation, introduced new accounting policies and procedures, upgraded our accounting personnel and provided our employees with necessary tools and resources. but because we have not completed a full risk assessment of the internal control over financial reporting at the activity level, including extensive process documentation and testing, we are not able to conclude that our internal control over financial reporting are operating effectively and efficiently at this time. The Company's principal executive officers and board of directors are committed to achieving full compliance.

Readers are cautioned that internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even effective internal control over financial reporting can only provide reasonable assurance with respect to the financial statement preparation and presentation.

Changes in Internal Control over Financial Reporting

During the quarter ended May 31, 2024, the Company actively addressed and commenced to remediate a number of previously identified material weaknesses in its internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting. We improved our accounting processes and documentation, introduced new accounting policies and procedures, and provided training to our accounting personnel. There have been no changes except for the improvements discussed above in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information.

None

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers and Directors

The following table sets forth, as of the date hereof, the names and ages of our executive officers and directors, and their respective positions and offices held.

Name	Age	Position
Sunandan Ray	66	President and Chief Executive Officer, Director
Migdalia Diaz	57	Chief Operating Officer
Eli Kay	57	Chief Financial Officer
David Briones	48	Director
Patrick Lee	47	Director

Sunandan Ray has served as President and Chief Executive Officer and as a Director of Unique Logistics since October 2020. Mr. Ray has close to 30 years of experience in the logistics industry. He established and managed over 15 of ULHK's offices in the United States and India with over $400 million in revenue. Prior to working with ULHK, Mr. Ray established and managed operating companies on behalf of MSAS Cargo International (now part of DHL/Deutsche Post) in the United States, India, Sri Lanka, Bangladesh, Mauritius and Turkey from 1989 to 1997. In 1997, Sunandan successfully negotiated with MSAS Cargo a management buyout of the companies under his management and after building the group from 1997 to 2005 into a $50 million enterprise, it was bought by French transportation company, Group Bollore. After the sale to Group Bollore in 2005, Mr. Ray continued as a Senior Vice President in Group Bollore with responsibility for the Group's business on the Transpacific sector as well as in the Indian subcontinent before joining the ULHK's New York based operating subsidiary in 2010. From 1992 through 1996, Mr. Ray built and sold to a strategic investor a group of software companies, Sunrise Group, that had over $10 million in revenue at the time of sale. Mr. Ray is a qualified Chartered Accountant (London, UK) who worked for 10 years with Price Waterhouse (now PwC) in London, UK, The Hague, Netherlands and New York, New York from 1979 to 1989. He also holds a Masters in Science (Technology) in Computer Science from the Birla Institute of Technology & Science, in Pilani, India.

Migdalia ("Mickey") Diaz has served as Chief Operating Officer of Unique Logistics since April 2022. She brings over 32 years of experience in the logistics industry prior to joining the Company, with over 20 years in officer and senior management roles. Between 2018 and April 2022, Ms. Diaz served as Senior Vice President Customer Experience for the Americas and as Vice President of Operations USA at GEODIS, an international logistics provider. From 2011 to 2018, Ms. Diaz served as Vice President of Operations and board member at Dachser USA, another international logistics company. From 2006 to 2011 Ms. Diaz served as a board member, Chief Operating Officer of USA, and Chief Executive Officer Latin America of IJS Global, an international freight forwarder. The Unique Logistics board of directors believes that Ms. Diaz's experience in management and operations and her extensive knowledge in logistics and international regulatory requirements makes her ideally qualified to help lead it towards continued growth and success.

Eli Kay joined Unique Logistics as its Chief Financial Officer in April 2021. As Chief Financial Officer he is responsible for all aspects of Unique Logistics' financial management, including SEC reporting and compliance. Eli previously served as Chief Financial Officer for Transit Wireless LLC, an exclusive provider of wireless infrastructure in the New York City Subway, from 2019 to 2020, and prior to that as Chief Financial Officer for JFKIAT, a joint venture between Delta Airlines and Royal Schiphol Group with operations at JFK International Airport, from 2016 to 2019. From 2013 to 2016 he served as Chief Financial Officer for the Chicago Skyway and the Indiana Toll Road Concession Companies in Chicago, both owned by private equity infrastructure funds. He progressed through a series of senior management positions in finance and accounting roles with two publicly traded companies in the manufacturing industry from 2006 to 2013. Eli started his career in public accounting in 1997 as an auditor and worked for 10 years primarily with PricewaterhouseCoopers LLP. Mr. Kay holds Bachelor of Science in Accounting and a Master's in Business Administration degrees, both from the University of Oregon. Mr. Kay is a Certified Public Accountant.

David Briones has served as a member of the board of directors of Unique Logistics since October 2020. Mr. Briones is the founder and managing member of the Brio Financial Group, a financial consulting firm that brings experienced finance and accounting expertise to both public and private companies. Since 2010, Brio has served over 75 companies as well as numerous banks, hedge funds, venture capital funds and private equity firms. Mr. Briones has provided several public companies in financial reporting, internal control development and evaluation, budgeting and forecasting services. He has developed a specialty representing private companies as the outsourced Chief Financial Officer Financial reporting specialist as a private company navigates toward becoming a public company through a self-filing, a reverse merger or through a traditional initial public offering. In addition, Mr. Briones has served as the Chief Financial Officer of Hoth Therapeutics, Inc., a clinical-stage biopharmaceutical company focused on developing new generation therapies for unmet medical needs, since March 2019. He also served as the Chief Financial Officer, Treasurer, Secretary, and a Director of Larkspur Health Acquisition Corp., a special purpose acquisition company, from March 2021 to December 2022. From August 2013 to January 2020, Mr. Briones served as Chief Financial Officer of Petro River Oil Corp., an independent energy company focused on the exploration and development of conventional oil and gas assets. Mr. Briones also served as interim Chief Financial Officer of AdiTx Therapeutics, Inc. (Nasdaq: ADTX), a pre-clinical stage, life sciences company with a mission to prolong life and enhance life quality of transplanted patients, from January 2018 to July 2020 (until its initial public offering). From October 2017 to May 2018, Mr. Briones served as the Chief Financial Officer of Bitzumi, Inc., a Bitcoin exchange and marketplace. Prior to founding Brio Financial Group, LLC, Mr. Briones was an auditor with Bartolomei Pucciarelli, LLC in Lawrenceville, New Jersey and PricewaterhouseCoopers LLP in New York, New York. Mr. Briones received a Bachelor of Science degree in accounting from Fairfield University.

Patrick Lee has served as a member of the board of directors of Unique Logistics since October 2020. Mr. Lee has 15 years of experience in freight forwarding/warehousing senior management. Previously, he had been involved in two global companies in the logistics industry, holding positions including Management Trainee, Business Development Coordinator, and Logistics Operations Coordinator. From 2005 through 2012, Patrick was the Business Development Director for ULHK. From 2012 to 2017, Patrick served ULHK in his capacity as Executive Vice President, and has served as its Group Chief Operating Officer since 2017 and as a member of its board of directors since 2012. He has a Bachelor of Commerce from University of British Columbia (Canada) and an MSc in Supply Chain Management from Cranfield University (England).

Committees

We currently do not have any committees of the board of directors in place.

Independent Directors

For purposes of determining independence, the Company has adopted the definition of "independent director" as defined in Nasdaq Listing Rule 5605(a)(2). Pursuant to the definition, the Company has determined that one of its directors, David Briones, currently qualifies as independent.

Family Relationships

There are no family relationships amongst our officers and directors.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, controller, and any person performing similar functions. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request; such requests should be directed to ir@unique-usa.com. We intend to disclose on our website any amendments to the Code of Business Conduct and Ethics and any waivers thereof with respect to such persons.

Legal Proceedings

On June 15, 2021, Mr. Kay filed for personal bankruptcy through the filing of a Chapter 7 bankruptcy petition in New York federal court. The aforementioned bankruptcy was discharged on March 23, 2022.

With the exception of the foregoing, during the past ten years, none of our current directors or executive officers has been:

- the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

- found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, that has not been reversed, suspended, or vacated;

- subject of, or a party to, any order, judgment, decree or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of a federal or state securities or commodities law or regulation, law or regulation respecting financial institutions or insurance companies, law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

- subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

None of our directors, officers or affiliates, or any beneficial owner of 5% or more of our Common Stock, or any associate of such persons, is an adverse party in any material proceeding to, or has a material interest adverse to, us or any of our subsidiaries.

Item 11. Executive Compensation.

Summary Compensation Table

The following table sets forth the compensation earned by Unique Logistics' executive officers for their services rendered in all capacities for the fiscal years ended May 31, 2024 and 2023.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Other ($)	Total ($)
Sunandan Ray,	2024	277,293	202,746	19,500(1,2)	499,539
President and Chief Executive Officer	2023	290,140	325,898	19,500	635,538
Migdalia Diaz,	2024	281,663	0	1,500(2)	283,163
Chief Operating Officer	2023	304,500	25,000	1,500	331,000
Eli Kay,	2024	222,000	25,000	1,500(2)	248,500
Chief Financial Officer	2023	217,250	29,700	1,500	248,450

(1) Consists of automobile allowance of $18,000 and home office allowance.
(2) Consists of home office allowance.

Outstanding Equity Awards at Fiscal Year-end

Effective November 20, 2020, the Board approved, authorized and adopted the Unique Logistics International, Inc. 2020 Equity and Incentive Plan (the "2020 Plan") and certain forms of ancillary agreements to be used in connection with the issuance of stock and/or options pursuant to the 2020 Plan. The 2020 Plan provides for the issuance of up to 40,000,000 shares of Common Stock through the grant of non-qualified options, incentive options and restricted stock to directors, officers, consultants, attorneys, advisors and employees.

There were no equity awards outstanding at May 31, 2024 or 2023.

Director Compensation

The Company does not currently compensate its directors for their service in such capacity and did not do so during the years ended May 31, 2024 or 2023.

Employment Agreements

On May 29, 2020, Unique Logistics and Sunandan Ray entered into an employment agreement, as amended pursuant to an amendment thereto effective May 29, 2021, pursuant to which Mr. Ray has been employed by Unique Logistics to serve as President and Chief Executive Officer. Mr. Ray's employment agreement has an initial term of three years and automatically renews for successive consecutive one-year periods, unless either party provides notice to the other party not more than 270 days and not less than 180 days before the end of the then-existing term. The agreement provides that Mr. Ray will receive a base salary of $250,000 per year with annual increases at the rate of 3%, with such increases applied on January 1 of each year. The employment agreement includes a performance-based bonus of up to 125% of the base salary upon Unique Logistics achieving certain performance targets set forth in the agreement. The agreement also provides that Mr. Ray is entitled to an annual car allowance of up to $18,000 and reimbursement for home office expenses, including without limitation the purchase and maintenance of a home computer with linkup facilities to Unique Logistics, a home facsimile, printer and scanner, interconnection of two telephone or cable connections to the Internet, laptop computer, portable mobile phone, together with any charges for the use thereof.

Mr. Ray's employment agreement also provides for other employment benefits and reimbursement provisions that are typical of such agreements. Upon any termination of Mr. Ray's employment with Unique Logistics, except for a termination for Cause, as defined in the agreement, Mr. Ray will be entitled to a payment equal to two years' worth of the then-existing base salary and the prior year's bonus and to retain the health, other medical, car allowance, home office, 401(k), life insurance, financial planning, and disability insurance benefits set forth in Article IV of the agreement for the balance of its term.

On August 11, 2021, Unique Logistics and Mr. Kay entered into an employment agreement pursuant to which Mr. Kay serves as Unique Logistics' Chief Financial Officer. Mr. Kay's employment agreement provides that his employment is "at will," meaning that either party can terminate his employment at any time for any reason, provided that Mr. Kay may not voluntarily terminate his employment upon less than 30 days prior written notice or upon such shorter notice as Unique Logistics and Mr. Kay agree. Under Mr. Kay's employment agreement, Mr. Kay will be paid an initial annual salary of $180,000, subject to annual review and adjustment, and a monthly home office allowance of $125. Mr. Kay is also entitled to receive certain benefits such as health insurance, vacation, and other benefits consistent with Unique Logistics' benefit plans extended to its other executive employees. In addition, for the fiscal year ended May 31, 2021, and in each subsequent fiscal year, Mr. Kay will be eligible to receive an annual bonus at the discretion of Unique Logistics' board of directors.

On September 17, 2024, Unique Logistics entered into an amendment to the existing Employment Agreement, dated as of August 11, 2021, with Eli Kay. Pursuant to the Kay Amendment, Mr. Kay's annual salary shall be increased from $180,000 to $275,000, and the scope of Mr. Kay's employment will be updated from the Chief Financial Officer of the Company to Chief Financial Officer for the Company and its subsidiaries and affiliates. The amendment further extends the termination notice period from 30 days to six months. According to the amendment, in the event of termination without cause and in lieu of six months' notice of termination, the Company shall pay Mr. Kay his ongoing salary for six months and Mr. Kay shall be entitled to any bonus earned and disbursed during the termination notice and severance period.

On April 25, 2022, Unique Logistics and Ms. Diaz entered into an employment agreement pursuant to which Ms. Diaz serves as Unique Logistics' Chief Operating Officer. The agreement provides that Ms. Diaz' employment is "at will" and that either party has the right to terminate her employment at any time and for any or for no reason upon 90 days' notice. Ms. Diaz' employment agreement provides that she will receive an annual salary of $304,500 and a monthly home office allowance of $125. Additionally, Ms. Diaz is eligible for a discretionary performance incentive payment that, for the fiscal year ending May 31, 2023, may be up to 60% of her annual gross salary (the "*Incentive Bonus*"). Pursuant to the agreement, Ms. Diaz received an incentive advance of $25,000 upon completion of six months of employment, which will be offset against the Incentive Bonus. The agreement also contains non-competition, non-solicitation, and confidentiality provisions.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of August 29, 2024, the number of shares of Common Stock owned by (i) each person who is known by us to own of record or beneficially 5% or more of the outstanding shares of Common Stock, (ii) each of our directors, (iii) each of our executive officers, and (iv) all of our directors and executive officers as a group. The address of our directors and officers is c/o Unique Logistics Holdings, Inc. at 154-09 146th Ave, Jamaica, NY 11434.

Beneficial ownership has been determined in accordance with the rules of the SEC and is calculated based on 799,141,770 shares of Common Stock issued and outstanding as of August 29, 2024. Shares of Common Stock subject to options, warrants, shares of Preferred Stock or other securities convertible into Common Stock that are currently exercisable or convertible, or exercisable or convertible within 60 days of August 29, 2024, are deemed outstanding (i) without regard to the fact that the Company is limited to 800,000,000 authorized shares of Common Stock and (ii) for computing the percentage of the person holding the option, warrant, preferred stock, or convertible security but not for computing the percentage of any other person.

The holders of Series A Preferred Stock and Series B Preferred Stock reflected in the table below vote together with the holders of the Common Stock on an as converted basis on each matter submitted to a vote of holders of Common Stock. With respect to the Series C Convertible Preferred Stock and the Series D Convertible Preferred Stock, Unique Logistics may not, without the affirmative vote of the holders of a majority of the then-outstanding shares of the applicable series, (i) disproportionally alter or change adversely the powers, preferences or rights given to, or alter or amend the Certificate of Designations of, such Series of Preferred Stock, (ii) amend its certificate of incorporation or other charter documents in any manner that disproportionally adversely affects any rights of the holders of such series of Preferred Stock, (iii) increase or decrease the number of authorized shares of such series of Preferred Stock or (iv) enter into any agreement with respect to any of the foregoing. Otherwise, holders of Series C Convertible Preferred Stock and Series D Convertible Preferred Stock have no voting rights except as required by law.

Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of Common Stock that they beneficially own, except to the extent that power may be shared with a spouse.

Name and Address of Beneficial Owner	Total Shares Beneficially Owned	% of Unique Logistics Common Stock Outstanding
5% Beneficial Stockholders		
Great Eagle Freight Limited[(1)]	1,002,015,791	55.6%
3a Capital Establishment[(2)]	939,343,295	54.0%
Trillium Partners LP[(3)]	939,343,295	54.0%
Douglas Tabor[(4)]	43,878,000	5.5%
Officers and Directors		
Sunandan Ray[(5)]	4,693,413,109	91.3%
David Briones[(6)]	130,929,400	14.1%
Patrick Lee	601,209	0.1%
Eli Kay	—	—
Migdalia Diaz	—	—
Officers and Directors as a Group (5 persons)	4,824,943,718	91.0%

(1) Great Eagle Freight Limited beneficially owns no shares of Common Stock and 153,062 shares of Series B Preferred Stock that convert at a rate of 6,646.47 shares Common Stock for every one share of Series B Preferred Stock. Mr. Richard Chi Tak Lee has sole voting and dispositive power over the shares of Common Stock beneficially owned by Great Freight Limited.

(2) Represents the maximum number of shares of Common Stock that 3a can beneficially control under a contractually stipulated 9.99% ownership restriction. 3a beneficially owns no shares of Common Stock and 180 shares of Series D Convertible Preferred Stock that convert at a rate of 6,283,080 shares of Common Stock for every one share of Series D Convertible Preferred Stock. Nicola Feuerstein has sole voting and dispositive power over the shares of Common Stock beneficially owned by 3a.
(3) Stephen M. Hicks has sole voting and dispositive power over the shares of Common Stock beneficially owned by Trillium.
(4) Douglas Tabor reported in a Schedule 13G filed with the SEC on February 15, 2023, that he has sole voting and investment power of 40,878,000 shares of Common Stock and shared voting and dispositive power with Texas Time Express, Inc., a Texas corporation, of 3,000,000 shares of Common Stock. Mr. Tabor is the President of Texas Time Express, Inc.
(5) Sunandan Ray owns 322,086,324 shares of Common Stock and 667,738 shares of Series B Preferred Stock that convert at a rate of 6,546.47 shares of Common Stock for every one share of Series B Preferred Stock.
(6) David Briones owns no shares of Common Stock and 20,000 shares of Series A Convertible Stock that convert at a rate of 6,546.47 shares of Common Stock for every one share of Series A Preferred Stock.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The following is a summary of transactions to which Unique Logistics has been or will be a party in which the amount involved exceeded or exceeds or will exceed $120,000 and in which any of Unique Logistics' directors, executive officers or beneficial holders of more than 5% of any class of its capital stock, or any immediate family member of, or person sharing a household with, any of these individuals, had or will have a direct or indirect material interest, other than compensation arrangements that are described in the section of this report entitled "*Executive Compensation*."

Other than as disclosed below, there have been no transactions involving Unique Logistics since the beginning of its last fiscal year, or any currently proposed transactions, in which Unique Logistics was or is to be a participant and the amount involved exceeds $120,000 or 1% of the average of Unique Logistics total assets at year-end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest.

Purchase of Equity Interests

As discussed above, on August 1, 2024, Unique Logistics purchased all of the shares of common stock of Unique Singapore from ULHK for $2,150,000. Patrick Lee, a director of the Company, is a director and the Group Chief Operating Officer of ULHK. Richard Lee, an owner of ULHK, is also an affiliate of the Company through his interests in Great Eagle Freight Limited. Mr. Lee's interest in the purchase is approximately $223,600 based on his ownership in ULHK.

Item 14. Principal Accountant Fees and Services.

	Year Ended May 31, 2024	Year Ended May 31, 2023
Audit fees	$ 662,525	$ 492,000
Audit related fees	-	-
Tax services	-	-
All other fees	-	-
Total:	$ 662,525	$ 492,000

Audit Fees: Audit fees incurred for the annual audit of the Company's financial statements included as part of our Form 10-K filing and audit related services including the quarterly reviews associated with our Form 10-Q filings.

Audit-Related Fees: Audit-related services consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Services Fees: Tax fees consist of fees billed for professional services for tax compliance. These services include assistance regarding federal, state, and local tax compliance.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

a. Exhibits

(a) Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Incorporated by Reference Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Certificate of Designation of Series A Preferred of Innocap, Inc., dated October 7, 2020	8-K	3.1	10/13/2020	
3.2	Certificate of Designation of Series B Preferred of Innocap, Inc., dated October 7, 2020	8-K	3.2	10/13/2020	
3.3	Certificate of Designation of Series C Convertible Preferred Stock of Unique Logistics International, Inc., dated December 7, 2021	8-K	3.1	12/13/2021	
3.4	Certificate of Designation of Series D Convertible Preferred Stock of Unique Logistics International, Inc., dated December 7, 2021	8-K	3.2	12/13/2021	
3.5	Certificate of Correction to Certificate Designation of Series C Convertible Preferred Stock of Unique Logistics International, Inc., dated December 8, 2021	8-K	3.3	12/13/2021	
3.6	Certificate of Correction to Certificate Designation of Series D Convertible Preferred Stock of Unique Logistics International, Inc., dated December 8, 2021	8-K	3.4	12/13/2021	
3.7	Certificate of Correction to Certificate Designation of Series C Convertible Preferred Stock of Unique Logistics International, Inc., dated December 15, 2021	10-Q	3.5	01/14/2022	
3.8	Certificate of Correction to Certificate Designation of Series D Convertible Preferred Stock of Unique Logistics International, Inc., dated December 15, 2021	10-Q	3.6	01/14/2022	
3.9	Amended and Restated Articles of Incorporation	8-K	3.1	01/14/2021	
3.10	Amended and Restated Bylaws	8-K	3.1	11/09/2021	

3.11	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on April 26, 2022	8-K	3.1	04/29/2022
3.12	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on October 4, 2022	8-K	3.1	10/07/2022
3.13	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on October 4, 2022	8-K	3.2	10/07/2022
3.14	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on October 4, 2022	8-K	3.3	10/07/2022
3.15	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on March 31, 2023	10-Q	3.1	04/20/2023
3.16	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on March 31, 2023	10-Q	3.2	04/20/2023
3.17	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on March 31, 2023	10-Q	3.3	04/20/2023
3.18	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on January 17, 2024	8-K	3.1	01/19/2024
3.19	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on January 17, 2024	8-K	3.2	01/19/2024
3.20	Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series D Convertible Preferred Stock of Unique Logistics International, Inc., filed with the Nevada Secretary of State on January 16, 2024	8-K	3.3	01/19/2024
4.1	Description of Securities	10-K/A	4.1	09/22/2023
4.2	First Amendment to Intercreditor Agreement, dated July 20, 2023, by and among TBK Bank, SSB and Alter Domus (US) LLC	8-K	4.1	07/26/2023
4.3	First Amendment to Intercreditor Agreement, dated July 20, 2023, by and among Unique Logistics Holdings Limited, TBK Bank, SSB and Alter Domus (US) LLC	8-K	4.2	07/26/2023
10.1	Stock Purchase Agreement, dated April 28, 2022, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.1	09/19/2022

10.7	Share Sale and Purchase Agreement (Unique Logistics International (Vietnam) Co., Ltd.), dated September 13, 2022, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.7	09/19/2022
10.17	Amendment No. 1 to the Share Sale and Purchase Agreement for Unique Logistics International (Vietnam) Co., Ltd., dated February 21, 2023, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.8	02/27/2023
10.20	Promissory Note in the principal amount of $1,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.11	02/27/2023
10.21	Promissory Note in the principal amount of $4,500,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.12	02/27/2023
10.22	Promissory Note in the principal amount of $5,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.13	02/27/2023
10.23	Promissory Note in the principal amount of $5,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.14	02/27/2023
10.24	Promissory Note in the principal amount of $2,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.15	02/27/2023
10.25	Promissory Note in the principal amount of $1,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.16	02/27/2023
10.27	Promissory Note in the principal amount of $2,000,000, dated February 21, 2023, in favor of Unique Logistics Holdings Limited	8-K	10.18	02/27/2023
10.28	Stock Purchase Agreement, dated February 21, 2023, by and between Unique Logistics International, Inc. and Frangipani Trade Services, Inc.	8-K	10.19	02/27/2023
10.29	Promissory Note in the principal amount of $500,000, dated February 21, 2023, in favor of Frangipani Trade Services, Inc.	8-K	10.20	02/27/2023
10.30	Shareholders Agreement for ULI (South China) Company Limited	8-K	10.21	02/27/2023
10.31	Shareholders Agreement for TGF Unique Limited	8-K	10.22	02/27/2023

10.32	Share Purchase and Asset Transfer Agreement for ULI (North and East China) Company Limited and Supplement	8-K	10.23	02/27/2023
10.33	Financing Agreement, dated March 10, 2023, by and among Unique Logistics International, Inc., Unique Logistics Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc., Alter Domus (US) LLC, CB Agent Services LLC, CB Participations SPV, LLC, and CP IV SPV, LLC	8-K	10.1	03/14/2023
10.34	Fee Letter, dated March 10, 2023, by and among Unique Logistics International, Inc., Unique Logistic Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc., Alter Domus (US) LLC, and CB Agent Services LLC	8-K	10.2	03/14/2023
10.35	Security Agreement, dated March 10, 2023, by and among Unique Logistics International, Inc., Unique Logistic Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc., and Alter Domus (US) LLC	8-K	10.3	03/14/2023
10.36	Collateral Assignment, dated March 10, 2023, by and among Unique Logistics International, Inc. and Alter Domus (US) LLC	8-K	10.4	03/14/2023
10.37	Intercompany Subordination Agreement, dated March 10, 2023, by and among Unique Logistics International, Inc., Unique Logistic Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc., Unique Logistics International (India) Private Ltd., ULI (North & East China) Company Limited, Unique Logistics International (H.K.) Limited, ULI (South China) Limited, Unique Logistics International (South China) Limited, Unique Logistics International (Shanghai) Co., Ltd., Shenzhen Unique logistics International Limited, and Alter Domus (US) LLC	8-K	10.5	03/14/2023
10.38	Agent Fee Letter, dated March 10, 2023, by and among Unique Logistics International, Inc. and Alter Domus (US) LLC	8-K	10.6	03/14/2023
10.39	Employment Agreement, dated May 29, 2020, by and between Unique Logistics International, Inc. and Sunandan Ray	8-K	10.3	10/13/2020
10.40	Amendment dated as of May 29, 21, to Employment Agreement by and between Unique Logistics International, Inc. and Sunandan Ray	8-K	10.2	06/03/2021
10.41	Employment Agreement, dated August 11, 2021, by and between Unique Logistics International, Inc. and Eli Kay	8-K	10.1	08/16/2021
10.42	Employment Agreement, dated April 25, 2022, by and between Unique Logistics International, Inc. and Migdalia Diaz	8-K	10.1	04/26/2022
10.43	Amendment No. 1 to Stock Purchase Agreement, dated as of December 18, 2022, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.4	12/19/2022
10.44	Amended Promissory Note in the principal amount of $2,500,000, dated July 7, 2023, in favor of Unique Logistics Holdings Limited.	8-K	10.1	07/11/2023
10.45	Loan and Security Agreement, dated July 20, 2023, by and among Unique Logistics International, Inc., Unique Logistic Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc., and TBK Bank, SSB	8-K	10.1	07/26/2023
10.46	Amended and Restated General Subordination Agreement, dated July 20, 2023, by and among Unique Logistics International, Inc., Unique Logistics Holdings, Inc., Unique Logistics International (NYC), LLC, Unique Logistics International (BOS), Inc. and Frangipani Trade Services, Inc.	8-K	10.2	07/26/2023
10.48	Amendment to Promissory Note, dated as of September 8, 2023, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.1	09/20/2023
10.49	Waiver and Amendment No. 1 to Financing Agreement, dated September 13, 2023, by and among Unique Logistics International, Inc., CB Agent Services LLC, Alter Domus (US) LLC, and Alter Domus	8-K	10.2	09/20/2023
10.50	Acknowledgement and Waiver Agreement, dated as of September 18, 2023, by and among Edify Acquisition Corp., Edify Merger Sub, Inc., and Unique Logistics International, Inc.	8-K	10.3	09/20/2023
10.51	Amendment to the Amended and Restated Letter Agreement, dated as of September 18, 2023, by and among Edify Acquisition Corp., Colbeck Edify Holdings, LLC, and Unique Logistics International, Inc.	8-K	10.4	09/20/2023

10.53	Promissory Note, dated as of October 9, 2023, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited.	8-K	10.2	10/10/2023	
10.54	Mutual Termination Agreement by and among Edify Acquisition Corp., Edify Merger Sub, Inc. and Unique Logistics International, Inc., dated as of March 1, 2024.	8-K	10.1	03/01/2024	
10.55	Note 11, dated as of March 5, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited.	8-K	10.1	03/11/2024	
10.56	Note 12, dated as of March 5, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited.	8-K	10.2	03/11/2024	
10.57	Second Amended Second Net Assets Note, dated as of March 5, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.3	03/11/2024	
10.58	Amended Original Seller Note, dated as of March 6, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited	8-K	10.4	03/11/2024	
10.59	Waiver and amendment no. 2 to financing agreement, dated as of February 5, 2024, by and among Unique Logistics International, Inc., certain of its subsidiaries party thereto as guarantors, the lenders party thereto, CB Agent Services LLC, as origination agent, and Alter Domus (US) LLC, as collateral agent and administrative agent.	8-K	10.1	03/15/2024	
10.60	Share Sale and Purchase Agreement, dated April 29, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited.	8-K	10.1	05/03/2024	
21.1	Subsidiaries of the Registrant	10-K/A	21.1	09/22/2023	
31.1	Principal Executive Officer Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Principal Financial Officer Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Principal Executive Officer Certification Pursuant to Item 601(b)(32) of Regulation S-K, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Principal Financial Officer Certification Pursuant to Item 601(b)(32) of Regulation S-K, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	Inline XBRL Instance Document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document.				X
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				X

b. Financial Statement Schedules

None.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: October 17, 2024

UNIQUE LOGISTICS INTERNATIONAL, INC.

By: */s/ Sunandan Ray*
Sunandan Ray
Chief Executive Officer, Chairman of the Board
(Principal Executive Officer)

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

Signature	Title	Date
/s/ Sunandan Ray Sunandan Ray	Director, Chief Executive Officer *Principal Executive Officer*	October 17, 2024
/s/ Eli Kay Eli Kay	Chief Financial Officer *Principal Financial and Accounting Officer*	October 17, 2024
/s/ David Briones David Briones	Director	October 17, 2024
/s/ Patrick Lee Patrick Lee	Director	October 17, 2024

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Unique Logistics International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Unique Logistics International, Inc. (the "Company") as of May 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for each of the two years in the period ended May 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended May 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2021.

New York, NY
October 17, 2024

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

		May 31, 2024		May 31, 2023
ASSETS				
Current Assets:				
Cash and cash equivalents	$	3,799,561	$	6,744,238
Accounts receivable, net		38,601,255		41,402,435
Contract assets		3,961,199		2,886,779
Other current assets and prepaids		5,370,376		9,293,533
Total current assets		51,732,391		60,326,985
Property and equipment, net		659,701		609,785
Other noncurrent assets:				
Goodwill		20,516,018		20,516,018
Intangible assets, net		11,196,171		12,865,093
Equity-method investments		3,457,449		3,381,683
Operating lease right-of-use assets, net		9,019,914		10,269,516
Deferred tax asset, net		4,307,486		-
Deferred offering cost		-		2,419,976
Other noncurrent assets		2,426,314		1,133,674
Total other noncurrent assets		50,923,352		50,585,960
Total assets	$	103,315,444	$	111,522,730
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	19,983,859	$	25,132,388
Accrued expenses and current liabilities		6,471,835		8,594,947
Accrued freight		4,054,220		3,489,957
Revolving credit facility		13,125,031		8,050,227
Current portion of notes payable		1,272,165		-
Current portion of notes payable to related parties		-		4,801,310
Current portion of operating lease liability		2,588,817		2,379,774
Total current liabilities		47,495,927		52,448,603
Noncurrent liabilities				
Notes payable		10,727,835		4,000,000
Notes payable to related parties, net of current portion		11,147,010		8,750,000
Operating lease liability, net of current portion		6,902,171		8,212,445
Derivative liabilities		5,669,000		11,558,261
Deferred tax liability, net		-		4,405,442
Other noncurrent liabilities		10,961,931		4,552,346
Total noncurrent liabilities		45,407,947		41,478,494
Total liabilities		92,903,874		93,927,097
Commitments and contingencies (Note 13)				
Stockholders' Equity:				
Preferred Stock, $.001 par value: 5,000,000 shares authorized (Note 12)				
Series A Convertible Preferred stock, $0.001 par value; 120,065 issued and outstanding as of May 31, 2024 and 2023. Liquidation preference $120 at May 31, 2024		120		120
Series B Convertible Preferred stock, $0.001 par value; 820,800 issued and outstanding as of May 31, 2024 and 2023. Liquidation preference of $821 at May 31, 2024		821		821
Series C Convertible Preferred stock, $0.001 par value; 195, issued and outstanding as of May 31, 2024 and 2023. Liquidation preference $4.2 million at May 31, 2024		-		-
Series D Convertible Preferred stock, $0.001 par value; 180 issued and outstanding as of May 31, 2024 and 2023. Liquidation preference $4.2 million at May 31, 2024		-		-
Common stock, $0.001 par value; 800,000,000 shares authorized; 799,141,770 shares issued and outstanding as of May 31, 2024 and 2023		799,142		799,142
Additional paid-in capital		180,220		180,220
Accumulated other comprehensive income		(161,543)		3,258
Retained earnings		5,952,906		13,066,109
Total Stockholders' Equity attributable to common shareholder		6,771,666		14,049,670
Equity attributable to noncontrolling interests		3,639,904		3,545,963
Total Stockholders' Equity		10,411,570		17,595,633
Total Liabilities and Stockholders' Equity	$	103,315,444	$	111,522,730

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended May 31, 2024		For the Year Ended May 31, 2023	
Revenues:				
Airfreight	$	120,835,647	$	80,971,563
Ocean freight		101,713,709		181,432,206
Contract logistics		2,754,104		3,217,479
Customs brokerage and other services		37,215,964		59,997,244
Total revenues		262,519,424		325,618,492
Equity method earnings		838,829		136,656
Costs and operating expenses:				
Airfreight		113,658,342		72,578,396
Ocean freight		87,701,339		160,572,708
Contract logistics		789,912		1,045,680
Customs brokerage and other services		29,268,044		55,280,445
Salaries and related costs		22,884,389		15,378,957
Professional fees		1,676,533		1,261,899
Rent and occupancy		5,375,214		3,077,975
Selling and promotion		2,448,631		2,883,916
Depreciation and amortization		2,022,172		1,270,462
Foreign exchange transactions, net		(312,691)		-
Other		2,228,788		1,880,332
Total costs and operating expenses		267,740,673		315,230,770
Income from operations		(4,382,420)		10,524,378
Other (expense) income				
Interest expense		(4,360,242)		(3,836,511)
Uplist termination cost		(3,054,514)		-
Change in fair value of derivative liabilities		5,889,261		879,733
SPAC merger termination cost		(9,338,530)		-
Change in fair value of contingent liabilities		-		1,750,000
Change in fair value of expected warrants		(535,993)		-
Other income		-		285,951
Total other (expenses) income		(11,400,018)		(920,827)
Net income before income taxes		(15,782,438)		9,603,551
Income tax (benefit) expense		(8,669,235)		1,388,983
Net (loss) income		**(7,113,203)**		**8,214,568**
Noncontrolling interest (income) loss		93,941		(12,795)
Net (loss) income attributable to common shareholders	**$**	**(7,019,262)**	**$**	**8,201,773**
Net income available for common shareholders per common share				
– basic	$	(0.01)	$	0.01
– diluted	$	(0.01)	$	-
Weighted average common shares outstanding				
– basic		799,141,770		785,412,500
– diluted		799,141,770		9,664,238,154

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
Net Income	$ (7,113,203)	$ 8,214,568
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(139,741)	-
OCI tax effect	(25,060)	3,258
Total comprehensive income	(7,278,004)	8,217,826
Net loss (income) attributable to noncontrolling interest	93,941	(12,795)
Comprehensive income attributable to common shareholder	$ (7,184,063)	$ 8,205,031

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Years Ended May 31, 2024 and 2023

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid in capital	Accumulated Comprehensive income	Retained earning	Total Stockholders' equity attributable to registrant	Non-Controlling Interest	Total Stockholders Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance, June 1, 2022	130,000	$ 130	820,800	$ 821	195	$ -	187	$ -	687,196,478	$687,197	$ 292,155	$ -	4,851,541	$ 5,831,844	$ -	$ 5,831,844
Conversion of Preferred A to Common Stock	(9,935)	(10)	-	-	-	-	-	-	67,963,732	67,964	(67,954)	-	-	-	-	-
Conversion of Preferred D to Common Stock	-	-	-	-	-	-	(7)	-	43,981,560	43,981	(43,981)	-	-	-	-	-
Recognition of non-controlling interest upon acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,558,758	3,558,758
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	-	-	-	-	3,258	-	3,258	-	3,258
Net income	-	-	-	-	-	-	-	-	-	-	-	-	8,214,568	8,214,568	(12,795)	8,201,773
Balance, May 31, 2023	120,065	120	820,800	821	195	-	180	-	799,141,770	799,142	180,220	3,258	13,066,109	14,049,670	3,545,963	17,595,633
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	-	-	-		(164,801)		(164,801)		(164,801)
Net income	-	-	-	-	-	-	-	-	-	-	-		(7,113,203)	(7,113,203)	93,941	(7,019,262)
Balance, May 31, 2024	120,065	$ 120	820,800	$ 821	195	$ -	180	$ -	799,141,770	$799,142	$ 180,220	$ (161,543)	$ 5,952,906	$ 6,771,666	$ 3,639,904	$ 10,411,570

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (7,113,203)	$ 8,214,568
Adjustments to reconcile net (loss) income to net cash (used in) and provided by operating activities:		
Depreciation and amortization	2,022,171	1,270,462
Credit loss recovery	(1,203,978)	-
Amortization of right of use assets	2,866,677	1,748,665
Equity method earnings	(838,829)	-
Change in net deferred tax provision	(8,712,928)	(1,236,478)
Change in fair value of derivative liabilities	(5,889,261)	(879,733)
Change in fair value of contingent consideration	-	(1,750,000)
Change in fair value of expected warrants	(541,293)	-
Write-off of deferred offering costs	2,419,976	(1,913,474)
Changes in operating assets and liabilities:		
Accounts receivable	4,005,158	58,657,048
Contract assets	(1,074,420)	28,083,802
Prepaid expenses and current assets	3,923,157	(8,240,557)
Other noncurrent assets	(1,292,640)	(611,840)
Accounts payable	(6,531,526)	(34,062,717)
Accrued expenses and other liabilities	6,304,704	(11,095,725)
Accrued freight	564,263	(4,063,354)
Contract liabilities	-	(468,209)
Operating lease liability	(2,718,306)	(1,510,325)
Net Cash (Used in) Provided by Operating Activities	(13,810,278)	32,142,133
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(403,165)	(291,608)
Dividends received from equity method investments	763,063	1,987,275
Acquisition of business, net of cash acquired	-	8,828,309
Net Cash Provided by Investing Activities	359,898	10,523,976
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	8,000,000	4,000,000
Repayments of notes payable	-	(608,333)
Borrowing of debt due to related parties	2,397,010	-
Repayment of debt due to related parties	(4,801,310)	(10,647,966)
Borrowing (repayments) line of credit, net	5,074,804	(30,091,224)
Net Cash Provided by (Used in) Financing Activities	10,670,504	(37,347,523)
Effect of exchange rate on cash and equivalents	(164,801)	3,258
Net change in cash and cash equivalents	(2,944,677)	5,321,844
Cash and cash equivalents - Beginning of year	6,744,238	1,422,394
Cash and cash equivalents - End of year	$ 3,799,561	$ 6,744,238
5SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	$ 508,689	$ 1,705,967
Interest	$ 3,657,890	$ 3,733,771
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Operating lease asset and liability addition	$ 1,617,075	$ 8,715,190
Warrants issues as part of long-term liabilities addition	$ 7,415,816	$ -
Notes payable addition (Note 3)	$ 3,000,000	$ -
Non-cash consideration paid in business acquisition	$ -	$ 25,250,000
Conversion of preferred shares to common stock	$ -	$ 111,935

See notes to accompanying consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Unique Logistics International, Inc. and its subsidiaries (the “Company” or “Unique”) is a non-asset-based provider of global logistics and freight forwarding services operating through a worldwide network of offices and exclusive or non-exclusive agents. The Company’s customers include retailing and wholesaling, electronics, high technology, industrial and manufacturing companies around the world. The Company provides a range of international logistics services that enable its customers to outsource sections of their supply chain process. This range of services can be categorized as follows:

- Air Freight
- Ocean Freight
- Customs Brokerage and Compliance
- Warehousing and Distribution
- Order Management

Basis of Presentation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include all accounts of the Company and its subsidiaries stated in U.S. dollars, the Company’s functional currency. For subsidiaries operating outside the U.S., the financial information will be accounted for on a one-month lag. Substantially all unremitted earnings of international subsidiaries are free of legal and contractual restrictions. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Liquidity

The accompanying consolidated financial statements have been prepared on a going concern basis. Substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued.

As of May 31, 2024, the Company reported positive net working capital of $4.1 million compared to $7.9 million as of May 31, 2023. The Company reported a net loss of $7.1 million compared to net income of $8.2 million for the years ended May 31, 2024, and 2023, respectively. Net loss was partially due to losses from operations of $4.4 million and due to expenses related to SPAC merger termination (See Note 3) in the amount of $13.0 million offset by decreases in derivative liabilities and income tax benefits. The loss is attributable to operations during the current year. This deficit was compensated for by dividends received from the foreign subsidiaries or by additional borrowing on the line of credit.

The Company maintains its operating line of credit with TBK Bank, SSB, under which TBK Bank will, from time to time, increase the Company’s credit limit on demand. Credit limit as of May 31, 2024, was set at $25.0 million (“TBK Facility”). On September 4, 2024 the Company entered into an amendment to the loan agreement for a temporary increase in the available credit limit from $25.0 million to $30.0 million through March 4, 2025. We believe that the funds available under the current TBK Facility are sufficient to provide the Company with the cash required to support its ongoing operations until market conditions improve.

While the Company continues to execute its strategic plan and grow its customer base, management is focused on managing cash and monitoring the Company’s liquidity position. We have implemented several initiatives to conserve our liquidity position, including increasing credit facilities, when needed, reducing the cost of debt by obtaining more favorable financing, controlling general and administrative expenditures, and improving our cash collection processes. Many aspects of the liquidity plan involve management’s judgments and estimates that include factors that could be beyond our control and actual results could differ from our estimates. These and other factors could cause the strategic plan to be unsuccessful, which could have a material adverse effect on our operating results, financial condition, and liquidity. Negative operating capital may be an indicator that there could be a going concern issue, but based on its evaluation of the Company’s projected cash flows and business performance as of and subsequent to May 31, 2024, management has concluded that the Company’s current cash and cash availability under the TBK Facility as of May 31, 2024, would be sufficient to fund its planned operations and alleviates substantial doubt about the Company’s ability to continue as a going concern for at least one year from the date the consolidated financial statements were issued.

Acquisitions

These consolidated financial statements include the operations of acquired businesses from the date of the acquisitions. On February 21, 2023, the Company completed the acquisition of share capital in eight operating subsidiaries from Unique Logistics Holdings Limited, a Hong Kong corporation (see Note 2). The decision of whether to consolidate an entity for financial reporting purposes requires consideration of majority voting interests, as well as effective economic or other control over the entity.

We account for acquired businesses that we control using the acquisition method of accounting, which requires, among other things, that most assets acquired, and liabilities assumed be recognized at their estimated fair values as of the acquisition date. Transaction costs are expensed as incurred. Any excess of the consideration transferred over the assigned values of the net assets acquired is recorded as goodwill.

Contingent consideration in a business combination is included as part of the contingent liability and is recognized at fair value as of the acquisition date. Fair value is generally estimated by using a probability-weighted discounted cash flow approach. Any liability resulting from contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. These changes in fair value are recognized in earnings.

For equity-method investments in share capital of the subsidiaries where share interest acquired is less than 50%, but we have significant influence over the financial and operating policies of the investee, we use the equity method of accounting. Under the equity method, we record our share of the investee's income and expenses in income from operation and any share of the earnings and loss would be recorded against investment reduced by cash dividends received. The initial excess of the cost of the investment over our share of the underlying equity in the net assets of the investee as of the acquisition date is allocated to the identifiable assets and liabilities of the investee, with any remaining excess amount allocated to goodwill. Such investments are initially recorded at cost, which is the fair value of consideration paid and typically does not include contingent consideration. For equity-method investments, an impairment charge is recorded only if and when a decline in fair value is determined to be other than temporary.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Significant estimates inherent in the preparation of the consolidated financial statements include determinations of the useful lives and expected future cash flows of long-lived assets, including intangibles, valuation of assets and liabilities acquired in business combinations, and estimates and assumptions in valuation of debt and equity instruments, including derivative liabilities. In addition, the Company makes significant judgments to recognize revenue – see policy note "*Revenue Recognition*" below.

Revenue Recognition

The Company adopted ASC 606, *Revenue from Contracts with Customers*. Under ASC 606, revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to receive in exchange for services. The Company recognizes revenue upon meeting each performance obligation based on the allocated amount of the total consideration of the contract to each specific performance obligation.

To determine revenue recognition, the Company applies the following five steps:

1. Identify the contract(s) with a customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract; and

5. Recognize revenue as or when the performance obligation is satisfied.

Revenue is recognized as follows:

i. Freight income - export sales

   Freight income from the provision of air, ocean, and land freight forwarding services are recognized over time based on a relative transit time basis through the sail or departure from origin port. The Company is the principal in these transactions and recognizes revenue on a gross basis.

ii. Freight income - import sales

   Freight income from the provision of air, ocean, and land freight forwarding services are recognized over time based on a relative transit time basis through the delivery to the customer's designated location. The Company is the principal in these transactions and recognizes revenue on a gross basis.

iii. Customs brokerage and other service income

   Customs brokerage and other service income from the provision of other services are recognized at the point in time the performance obligation is met.

The Company's business practices require, for accurate and meaningful disclosure, that it recognizes revenue over time. The "over time" policy is the period from point of origin to arrival of the shipment at the Port of entry (or in the case when the customer requires delivery to a designated point, the arrival at that delivery point). This overtime policy requires the Company to make significant judgements to recognize revenue over the estimated duration of time from port of origin to arrival at port of entry. The point in the process when the Company meets its obligation in the port of entry and the subsequent transfer of the goods to the customer is when the customer has the obligation to pay, has taken physical possession, has legal title, risk and awards (ownership) and has accepted the goods. The Company has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as of the end of the period as the Company's contracts with its customers have an expected duration of one year or less.

The Company uses independent contractors and third-party carriers in the performance of its transportation services. The Company evaluates who controls the transportation services to determine whether its performance obligation is to transfer services to the customer or to arrange for services to be provided by another party. The Company determined it acts as the principal for its transportation services performance obligation since it is in control of establishing the prices for the specified services, managing all aspects of the shipments process and assuming the risk of loss for delivery and collection.

Revenue billed prior to realization is recorded as contract liabilities on the consolidated balance sheets and contract costs incurred prior to revenue recognition are recorded as contract assets on the consolidated balance sheets.

Contract Assets

Contract assets represent amounts for which the Company has the right to consider for the services provided while a shipment is still in-transit but for which it has not yet completed the performance obligation and has not yet invoiced the customer. Upon completion of the performance obligations, which can vary in duration based upon the method of transport and billing the customer, these amounts become classified within accounts receivable.

Contract Liabilities

Contract liabilities represent the amount of obligation to transfer goods or services to a customer for which consideration has been received.

Significant Changes in Contract Asset and Contract Liability Balances for the year ended May 31, 2024:

	Contract Assets Increase (Decrease)	Contract Liabilities (Increase) Decrease
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligation satisfied	$ -	$ -
Cash Received in advance and not recognized as revenue	-	-
Reclassification of the beginning contract assets to receivables, as the result of rights to consideration becoming unconditional	(5,519,194)	-
Current year contract assets recognized, net reclassification to receivables	6,593,614	-
Net change	$ 1,074,420	$ -

Significant Changes in Contract Asset and Contract Liability Balances for the year ended May 31, 2023:

	Contract Assets Increase (Decrease)	Contract Liabilities (Increase) Decrease
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligation satisfied	$ -	$ 468,209
Cash Received in advance and not recognized as revenue	-	-
Reclassification of the beginning contract assets to receivables, as the result of rights to consideration becoming unconditional	(41,471,463)	-
Prior year contract assets recognized, net reclassification to receivables	13,387,660	-
Net change	$ (28,083,802)	$ 468,209

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates gross revenue from our clients by significant geographic area for the year ended May 31, 2024, and 2023, based on origin of shipment (imports) or destination of shipment (exports):

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
China, Hong Kong & Taiwan	$ 66,466,301	$ 138,554,312
Southeast Asia	47,099,092	80,967,866
United States	65,781,183	42,463,526
India Sub-continent	43,867,609	45,877,123
Other	39,305,240	17,755,665
Total revenue	$ 262,519,424	$ 325,618,492

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

Foreign Currency

For most of our international operations conducted by the subsidiaries operating outside the U.S, local currencies have been determined to be functional currencies. We translate functional currency assets and liabilities to their U.S. dollar equivalents at exchange rates in effect as of the balance sheet date and income and expense amounts at average exchange rates for the period. The U.S. dollar affects that arise from changing translation rates are recorded in Other comprehensive income/(loss).

Transaction gains or losses result from a change in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated. We aggregate all transaction gains and losses and classify the net amount in a single caption in the income statement in operating income as foreign exchange transactions, net.

Accounts Receivable

Accounts receivable from revenue transactions are based on invoiced prices which the Company expects to collect. In the normal course of business, the Company extends credit to customers that satisfy pre-defined credit criteria. The Company generally does not require collateral to support customer receivables. Accounts receivable, as shown on the consolidated balance sheets, is net of allowances when applicable.

Management estimates that allowance for credit losses based on ongoing review of existing economic conditions, the financial conditions of the customers, historical trends in credit losses, and the amount and age of past due accounts. The Company's trade accounts receivable present similar credit risk characteristics and the allowance for credit loss is estimated on a collective basis, using a credit loss-rate method that uses historical credit loss information and considers the current economic environment. As of May 31, 2024, and May 31, 2023 the Company recorded an allowance for credit losses of approximately $0.5 million and $1.7 million, respectively.

Concentrations

Revenue from three major customers in the aggregate as a percentage of the Company's total revenue was 25.0% for the year ended May 31, 2024, with only one customer at 11%.

Revenue from three major customers in the aggregate as a percentage of the Company's total revenue was 19.0% for the year ended May 31, 2023, and no single customer represented more than 10.0% of total revenue.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided for by the straight-line method over the estimated useful lives of the related assets.

Estimated useful lives of property and equipment are as follows:

Software	3 years
Computer equipment	3 – 5 years
Furniture and fixtures	5 – 7 years
Leasehold improvements	Shorter of estimated useful life or remaining term of the lease

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period. The Company did not record any impairment for the year ended May 21, 2024 or May 31, 2023.

Goodwill and Other Intangibles

The Company accounts for business acquisitions in accordance with GAAP. Goodwill in such acquisitions is determined as the excess of fair value over amounts attributable to specific tangible and intangible assets. GAAP specifies criteria to be used in determining whether intangible assets acquired in a business combination must be recognized and reported separately from goodwill. Amounts assigned to goodwill and other identifiable intangible assets are based on independent appraisals or internal estimates.

In accordance with GAAP, the Company does not amortize goodwill or indefinite-lived intangible assets. Management evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life. Amortizable intangible assets, including tradenames and non-compete agreements, are amortized on a straight-line basis over 3 to 10 years. Customer relationships are amortized on a straight-line basis over 12 to 15 years.

The Company tests goodwill for impairment annually as of May 31 or if an event occurs or circumstances change that indicate that the fair value of the entity, or the reporting unit, may be below its carrying amount (a "triggering event"). Whenever events or circumstances change, entities have the option to first make a qualitative evaluation about the likelihood of goodwill impairment. If impairment is deemed more likely than not, management would perform the two-step goodwill impairment test. Otherwise, the two-step impairment test is not required. In assessing the qualitative factors, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of the relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgements and assumptions. The judgement and assumptions include the identification of macroeconomic conditions, industry and market considerations, overall financial performance, Company specific events and share price trends, an assessment of whether each relevant factor will impact the impairment test positively or negatively, and the magnitude of such impact.

If a quantitative assessment is performed, a reporting unit's fair value is compared to its carrying value. A reporting unit's fair value is determined based upon consideration of various valuation methodologies, including the income approach, which utilizes projected future cash flows discounted at rates commensurate with the risks involved and multiples of current and future earnings. If the fair value of a reporting unit is less than its carrying amount, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

We test goodwill for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate the carrying value may not be recoverable. For the years ended May 31, 2024 and 2023 the Company conducted its annual review of impairment of goodwill and intangible assets and no impairment was identified.

Impairment of Long-Lived Assets

Long-lived assets are comprised of intangible assets and property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists, pursuant to the provisions of the Financial Accounting Standards Board ("FASB") ASC 360-10 *"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of"*. If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows and fundamental analysis. The Company reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. The Company did not record any impairment for the years ended May 31, 2024 and 2023, as there were no triggering events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable.

Fair Value Measurement

The Company follows the authoritative guidance that establishes a formal framework for measuring fair values of assets and liabilities in the consolidated financial statements that are already required by generally accepted accounting principles to be measured at fair value. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The transaction is based on a hypothetical transaction in the principal or most advantageous market considered from the perspective of the market participant that holds the asset or owes the liability.

The Company utilizes market data or assumptions that market participants who are independent, knowledgeable, and willing and able to transact would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Company attempts to utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company is able to classify fair value balances based on the observability of those inputs. The guidance establishes a formal fair value hierarchy based on the inputs used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to level 3 measurements, and accordingly, Level 1 measurement should be used whenever possible.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities or published net asset value for alternative investments with characteristics similar to a mutual fund.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate, the fair value of certain financial instruments could result in a difference fair value measurement at the reporting date. There were no changes in the Company's valuation methodologies from the prior year.

For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying amounts for financial assets and liabilities such as cash and cash equivalents, accounts receivable - trade, contract assets, factoring reserve, other prepaid expenses and current assets, accounts payable – trade and other current liabilities, including contract liabilities, convertible notes, promissory notes, all approximate fair value due to their short-term nature as of May 31, 2024, and May 31, 2023. The carrying amount of the long-term debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to the Company. Lease liabilities approximate fair value based on the incremental borrowing rate used to discount future cash flows. The Company had Level 3 liabilities, (Derivative liabilities Note) as of May 31, 2024 and May 31, 2023. There were no transfers between levels during the reporting period.

Derivative Liability

	Level 1	Level 2	Level 3
Derivative liabilities as June 1, 2022	$ -	$ -	$ 12,437,994
Addition	-	-	-
Changes in fair value	-	-	(879,733)
Derivative liabilities as May 31, 2023	$ -	$ -	$ 11,558,261
Addition	-	-	-
Change in fair value	-	-	(5,889,261)
Derivative liabilities as May 31, 2024	$ -	$ -	$ 5,669,000

Convertible Preferred Stock

Convertible Preferred Stock Series A, C and D feature an anti-dilution provision that expires on a specified date. Management has determined the anti-dilution provision embedded in preferred stock Series A, C and D is required to be accounted for separately from the preferred stock as a derivative liability and recorded at fair value. Separation of the anti-dilution option as a derivative liability is required because its economic characteristics are considered more akin to a debt instrument and therefore the anti-dilution option is not considered to be clearly and closely related to the economic characteristics of the preferred stock.

The Company has identified and recorded derivative instruments arising from an anti-dilution provision. An embedded derivative liability is representing the rights of holders of Convertible Preferred Stock Series A, C and D to receive additional common stock of the Company upon issuance of any additional common stock by the Company prior to qualified financing event as defined in the agreement. Each reporting period, the embedded derivative liability, if material, would be adjusted to reflect fair value at each period end with changes in fair value recorded in the "Change in fair value of embedded derivative liability" financial statement line item of the company's statements of operations.

The underlying value of the anti-dilution provision is calculated from estimating the probability and value of the provision assuming a near term financing event. For the year ended May 31, 2024, based on the assumption of how antidilutive shares of Convertible Preferred Series A, C and D would be exchanged in the near future for common stock, and the fact that the antidilution provision of these shares is effective through December 31, 2024, the assumptions include probability of the financing event, estimated value of common stock at the exchange point and estimated time to financing event.

The key inputs into the model were as follows:

	May 31, 2024	May 31, 2023
Risk-free interest rate	4.96%	5.5%
Probability of financing event or capital raise	50%	90%
Estimated capital raise	22.5 million	39.0 million
Estimated equity value or common stock	$ 73.6 million	10.00 per share
Estimated time to financing event	1.75 years	0.42 years

Income Taxes

Income taxes are accounted for under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, the tax effect of loss carry forwards and tax credit carry forwards. 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 that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain income tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating its tax positions and estimating our tax benefits, which may require periodic adjustments, and which may not match the ultimate future outcome.

Earnings per Share

Basic Earnings Per Share ("EPS") is computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding, including warrants exercisable for less than a penny, (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from net income.

The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, preferred stock, stock options or warrants.

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income per common share.

	For the Year Ended	
	May 31, 2024	May 31, 2023
Numerator:		
Net income	$ (7,113,203)	$ 8,214,568
Effect of dilutive securities:	-	-
Diluted net income	$ (7,113,203)	$ 8,214,568
Denominator:		
Weighted average common shares outstanding – basic	799,141,770	785,412,500
Dilutive securities: *		
Series A Preferred	-	1,168,177,320
Series B Preferred	-	5,373,342,576
Series C Preferred	-	1,206,351,359
Series D Preferred	-	1,130,954,399
Weighted average common shares outstanding and assumed conversion – diluted	799,141,770	9,664,238,154
Basic net income per common share	$ (0.01)	$ 0.01
Diluted net income per common share	$ (0.01)	$ -

* Due to a net loss for the year ended May 31, 2024, only weighted average common shares are used in calculations. The Company's dilution of all outstanding securities would be as follows:

	May 31, 2024
Weighted average common shares outstanding – basic	799,141,770
Series A Preferred	1,168,177,320
Series B Preferred	5,373,342,576
Series C Preferred	1,206,351,359
Series D Preferred	1,130,954,399
Weighted average common shares outstanding and assumed conversion – diluted	9,677,967,425

Leases

The Company recognizes a right of use ("ROU") asset and liability in the consolidated balance sheet primarily related to its operating leases of office space, warehouse space and equipment. Right-of-use assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. All ROU assets and lease liabilities are recognized at the commencement date at the present value of lease payments over the lease term. ROU assets are adjusted for lease incentives and initial direct costs. The lease term includes renewal options exercised at the Company's sole discretion when the Company is reasonably certain to exercise that option. As the Company's leases generally do not have an implicit rate, the Company uses an estimated incremental borrowing rate based on borrowing rates available to them at the commencement date to determine the present value. Certain of our leases include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. The Company excludes variable payments from ROU assets and lease liabilities to the extent not considered fixed, and instead expenses variable payments as incurred. Lease expense is recognized on a straight-line basis over the lease term and is included in rent and occupancy expenses in the consolidated statements of operations.

Segment Reporting

Based on the guidance provided by ASC Topic 280, *Segment Reporting*, management has determined that the Company currently operates in one primary geographical segment, the US where most of the customers are and consists of a single reporting unit given the similarities in economic characteristics between its operations and the common nature of its products, services, and customers.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC Topic 718, "*Compensation – Stock Compensation"* (*"ASC 718"*), which establishes financial accounting and reporting standards for stock-based employee compensation. It defines a fair value-based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for stock option plans in accordance with ASC 718.

The Company recognizes all forms of share-based payments, including stock option grants, warrants and restricted stock grants, at their fair value on the grant date, which are based on the estimated number of awards that are ultimately expected to vest.

Share-based payments, excluding restricted stock, are valued using a Black-Scholes option pricing model. Grants of share-based payment awards issued to non-employees for services rendered have been recorded at the fair value of the share-based payment, which is the more readily determinable value. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service. Stock-based compensation expenses are included in costs and operating expenses depending on the nature of the services provided in the consolidated statements of operations.

For the years ended May 31, 2024 and May 2023, there were no share-based awards.

Sequencing Policy

Under ASC 815-40-35, *"Derivatives and Hedging – Contracts in Entity's Own Equity"* ("ASC 815"), the Company has adopted a sequencing policy whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuance of securities to the Company's employees or directors are not subject to the sequencing policy.

Comprehensive Income

Comprehensive income consists of net earnings and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net earnings. For the Company, these consist of foreign currency translation gains and losses, net of related income tax effects and comprehensive income or loss attributable to the noncontrolling interests. Accumulated other comprehensive income or loss consisted entirely of foreign currency translation adjustments, net of related income tax effects, as of May 31, 2024 and 2023.

Recently Issued Accounting Pronouncements

On June 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13 Financial Instruments- Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to all financial assets. The Company has several financial assets subject to the CECL standard such as cash equivalents, prepaid assets, trade accounts receivable and contract assets recognized under ASC 606. Implementation of this standard did not have material impact on the Company's financial statements.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which makes certain improvements to reportable segment disclosures by requiring, among other things, the disclosure in interim periods about a reportable segment's profit or loss and assets that are currently required annually, and disclosures of significant segment expenses and profit and loss measures provided to the chief operating decision maker. The ASU does not change how the Company identifies its operating segments. The Company is currently evaluating the impact of this ASU on its segment disclosures and expects no impact on its consolidated financial statements, cash flows and financial condition upon early adoption starting June 1, 2024 and for the interim periods thereafter starting June 1, 2025.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures,* which expands income tax disclosures by requiring the disclosure, on an annual basis, of a tabular rate reconciliation using both percentages and currency amounts, broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, disclosure is required of income taxes paid, net of refunds received, disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. This standard will become effective for the Company on June 1, 2025. The Company may apply this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025, and continuing to provide the pre-ASU disclosures for the prior periods or may apply the amendments retrospectively by providing the revised disclosures for all period presented. The Company expects this ASU to only impact its disclosures with no impact to its consolidated financial statements, cash flows and financial condition.

2. ACQUISITIONS AND EQUITY METHOD INVESTMENTS

On February 21, 2023, the Company completed the acquisition via a stock purchase agreement ("SPA") signed on April 28, 2023, and applicable amendments by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation ("ULHK"), whereby the Company acquired all of ULHK's share capital in eight of ULHK's operating subsidiaries (the "ULHK Entities Acquisition") as follows:

Name of acquired operating subsidiary	Purchased Percentage	Designation
Unique Logistics International (H.K.) Limited	100%	Consolidated subsidiary
Unique Logistics International (Vietnam) Co., Ltd.	65%	Consolidated subsidiary
ULI (South China) Limited	70%	Consolidated subsidiary
Unique Logistics International (South China) Limited	70%	Consolidated subsidiary
Unique Logistics International (India) Private Ltd.	65%	Consolidated subsidiary
ULI (North & East China) Company Limited	50%	Equity-method investment
Unique Logistics International Co., Ltd	50%	Equity-method investment
TGF Unique Limited	49.99%	Equity-method investment

Purchase Price

The total fair value of the consideration recorded as of the acquisition date was $28.8 million ($16.5 million net of $12.3 million cash acquired as part of operating capital).

	Maturity Date	Description		Fair Value	Interest rate
Cash at closing				$ 3,500,000	
Promissory Notes	3/7/2023	Note 1 to ULHK		4,500,000	15.0%
	4/7/2023	Note 2 to ULHK		5,000,000	15.0%
	6/30/2023	Note 3 to ULHK		5,000,000	15.0%
	2/21/2025	Note 4 to ULHK		1,000,000	-
	2/21/2025	Note 5 to FTS		500,000	-
	7/31/2024	Note 6 to ULHK	(Taiwan)	2,000,000	-
	7/31/2024	Note 7 to ULHK	(Vietnam)	1,000,000	-
				19,000,000	
Contingent considerations					
	10/31/2023	Note 8 to ULHK		2,500,000	15.0%
	2/21/2024	Note 9 to ULHK		2,000,000	-
	2/21/2024	Earnout payment		1,750,000	
				6,250,000	
Purchase Price				$ 28,750,000	

Promissory Notes

As part of the acquisition, the Company issued certain promissory notes consisting of the following:

Promissory Note 1 in the principal amount of $4,500,000 which matured March 7, 2023, having an interest rate of 15%. This note was repaid in full.

Promissory Note 2 in the principal amount of $5,000,000 which matured April 7, 2023, having an interest rate of 15%. This note was repaid in full.

Promissory Note 3 in the principal amount of $5,000,000 which matured June 30, 2023, having an interest rate of 15%. This note was repaid in full.

Promissory Note 4 in the principal amount of $1,000,000 which matures February 21, 2025 and bearing no interest.

Promissory Note 5 in the principal amount of $500,000 for the remaining 35% share capital of Unique Logistics International (India) Private Ltd. acquired by the Company from Frangipani Trade Services, Inc. ("FTS"), a New York corporation owned by Sunandan Ray, Chief Executive Officer of the Company, maturing February 21, 2025 and bearing no interest.

Promissory Note 6 in the principal amount of $2,000,000 due June 30, 2023 (the "Initial Taiwan Maturity Date"), bearing no interest and payable on: (a) July 15, 2023, provided that all government and other regulatory approvals necessary or required by Taiwan in order to consummate the Transaction as the same relates to Unique-Taiwan (the "Taiwan Approvals") have been received by the Initial Taiwan Maturity Date; or (b) in the event that the Taiwan Approvals have not been received by the Taiwan Maturity Date, payment under this promissory note will be due and payable within 15 days of receipt of the Taiwan Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Taiwan. The Company received the required approvals with respect to Unique-Taiwan on June 1, 2023 and the Company and ULHK entered into an amended and restated promissory note with respect to the Purchased Shares in Unique-Taiwan on August 31, 2023, to extend its maturity date to July 31, 2024 and to provide for interest to be accrued at an annual rate of 15%. This note was amended, and maturity date extended (See Note 10).

Promissory Note 7 in the principal amount of $1,000,000 due June 30, 2023 (the "Initial Vietnam Maturity Date"), bearing no interest and payable on: (a) July 15, 2023, provided that all government and other regulatory approvals necessary or required by Vietnam in order to consummate the Transaction as the same relates to Unique-Vietnam (the "Vietnam Approvals") have been received by the Initial Vietnam Maturity Date; or (b) in the event that the Vietnam Approvals have not been received by the Vietnam Maturity Date, payment under this promissory note will be due and payable within 15 days of receipt of the Vietnam Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Vietnam. The Vietnam Approvals are yet to be obtained. As of September 8, 2023, the Company and ULHK entered into an amendment to the promissory note with respect to the Purchased Shares in Unique-Vietnam that extended the maturity date of that note to 12 months after receipt of the Vietnam approvals, although as we have not received the required approvals with respect to Unique-Vietnam this note has not yet become payable.

Contingent Considerations

As part of ULHK Entities Acquisition the Company issued two additional promissory notes, in lieu of cash, as payment of certain milestones set forth in the SPA that were already achieved:

- Promissory Note 8 in the principal amount of $2,500,000 originally due on June 30, 2023, having an interest rate of 15%. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA. Subsequently this note was adjusted to reflect Net Asset Adjustments related to the entities acquired and the maturity date was extended to October 31, 2023. As of May 31, 2024, the face value of the note approximated its fair value at $2,500,000 and interest was accrued accordingly. This note was amended, and maturity date extended (See Note 10).

- Promissory Note 9 in the principal amount of $2,000,000 due on February 21, 2024, and bearing no interest. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA. This note was amended, and maturity date extended (See Note 10).

In addition to the purchase price discussed above, ULHK was eligible for a one-time cash earn-out payment in the amount of (i) $2,500,000, if the EBITDA of the Company's acquired portion of the subsidiaries acquired from ULHK Purchased Shares, in the aggregate, exceeded $5,000,000 for the one-year period beginning on July 1, 2023 and ending June 30, 2023 (the "Earn Out Period"), or (ii) $2,000,000, if the EBITDA of the Company's acquired portion of the subsidiaries acquired from ULHK Purchased Shares, in the aggregate, it was equal to or less than $5,000,000 but exceeded $4,500,000, for the Earn Out Period, in each case, to be paid by the Company within 90 days of June 30, 2023. At the date of acquisition, management estimated fair value of the earnout payment based on the actual up to date performance of the acquired entities and the probability of the earn out payment occurrence to be at $1,750,000 as of February 28, 2023. Subsequent to year end, it was confirmed that the applicable milestone was not achieved, and this contingency was released through the statement of operations as change in fair value of the contingent liability in the amount of $1.8 million as a non-recurring level 3 measurement.

In accordance with Amendment No. 1 to the Stock Purchase Agreement, $1.0 million of the cash portion of the purchase price was used to establish a reserve against certain potential existing and contingent liabilities relating to certain of the ULHK Entities that had not been disclosed to the Company as of the date of the original Stock Purchase Agreement. To the extent that any claims related to such undisclosed liabilities were asserted on or before February 20, 2024, any amounts that the relevant ULHK Entities pay upon settlement or are found liable for by a competent court, tribunal or governmental authority would be paid to Unique Logistics up to the $1.0 million amount of the reserve. If no such claims were made then the entire $1.0 million reserve, or the amount left, if any, after deducting such settlement or liability amounts, would be released to ULHK. The Company and ULHK are currently working on amendment to this agreement that is expected to be completed in the first quarter of 2025 fiscal year.

<u>Purchase Price Allocation</u>

The Company obtained full control of five subsidiaries during the acquisition identified above and consolidated these subsidiaries as of the acquisition date. GAAP requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquirer at the acquisition date, measured at their fair values as of that date. The acquisition method of accounting requires extensive use of estimates and judgments to allocate the considerations transferred to the identifiable tangible and intangible assets acquired and liabilities assumed.

The following summarizes estimates of fair values of the assets acquired and liabilities assumed as of May 31, 2023:

	Initial Purchase Price Allocation	Measurement Period Adjustment	Updated Purchase Price Allocation
Assets Acquired:			
Cash	$ 12,328,319	$ -	$ 12,328,319
Current Assets	23,904,207	-	23,904,207
Equity in net assets of affiliated companies	5,368,959	-	5,368,959
Identifiable intangible assets	6,515,000	-	6,515,000
Other noncurrent assets	2,367,272	-	2,367,272
	50,483,757	-	50,483,757
Liabilities Assumed:			
Current liabilities	(27,326,110)	(6,574,412)	(33,900,522)
Noncurrent liabilities	(327,861)	-	(327,861)
	(27,653,971)	(6,574,412)	(34,228,383)
Less noncontrolling interest	(3,558,263)	-	(3,558,263)
Goodwill	9,478,477	6,574,412	16,052,889
Purchase Price	$ 28,750,000	$ -	$ 28,750,000

The total amount of goodwill recognized during the initial transaction was $9,478,477 recorded on the balance sheet. Subsequently, goodwill was adjusted for the impact of deferred income tax liability related to the acquisitions and accounted for it as a measurement period adjustment in the amount of $6,574,412. The goodwill acquired is primarily attributable to the workforce retained of the acquired businesses and synergies expected to arise after the Company's acquisition of the above operating subsidiaries. The measurement period arose from the adoption of a policy at the time of the acquisition to currently remit a portion of the earnings and profits of the acquired subsidiaries and recognition of the related income tax liabilities.

The Company paid approximately $0.5 million of closing costs for legal, accounting, and other professional fees that were expensed during the year ended May 31, 2023.

Identifiable intangible assets and their amortization periods are estimated as follows:

	Cost Basis	Useful Life
Customer relationships	$ 6,292,000	7 years
Non-compete agreements	223,000	1 year
	$ 6,515,000	

Amortization of these acquired intangibles is included in Note 5, Intangible Assets.

Equity Method Investments

The following summarizes financial information at fair value for the equity-method investments at the acquisition date:

	Fair Value
Current assets	$ 17,493,164
Noncurrent assets	152,658
Total assets	17,645,822
Current liabilities	6,907,904
Noncurrent liabilities	-
Total liabilities	6,907,904
Net assets of the equity investee	10,737,918
Equity attributable to non-controlling interest	(5,368,959)
Total equity method investment attributable to registrant	5,368,959

Pro Forma Information (Unaudited)

The results of operations of eight entities that the Company acquired on February 21, 2023, have been included in our May 31, 2023, consolidated financial statements as follows: 7 days of these entities operations in February 2023, and two full months ended March 31 and April 30, 2023, based on the Company's decision to include earnings from consolidated subsidiaries and equity method investments on a one-month lag basis.

The following unaudited pro forma financial information represents a summary of the consolidated results of operations for the years ended May 31, 2023, assuming the acquisitions had been completed as of June 1, 2022, the first day of the period presented. The proforma adjustments include the elimination of intercompany revenue and expense transactions. The pro forma financial information is not necessarily indicative of the results of operations that would have been achieved if the acquisitions had been effective as of these dates, or of future results.

	For the Year Ended May 31, 2023
Revenue, net	$ 416,289,385
Net Income attributable to registrant	11,742,885
Weighted average shares of common stock outstanding, basic	785,412,500
Weighted average shares of common stock outstanding, diluted	9,664,238,154
Net income per share, basic	$ 0.02
Net income per share, diluted	$ -

For the year ended May 31, 2024, the Company's consolidated financial statements include the full year operating results of the acquired entities.

3. SPAC MERGER TERMINATION

Merger Termination

On December 18, 2022, the Company entered into an Agreement and Plan of Merger by and among Edify Acquisition Corp., a Delaware corporation ("Buyer"), Edify Merger Sub, Inc., a Nevada corporation ("Merger Sub"), and the Company, as amended and supplemented (the "Merger Agreement"). On March 1, 2024, the Company, Buyer and Merger Sub entered into a mutual termination agreement, pursuant to which they mutually agreed to terminate the Merger Agreement effective as of such date.

As a result of terminating the Merger Agreement, besides the merger termination costs of approximately $10.4 million initially and adjusted to $9.9 million for the year ended May 31, 2024, the Company also recognized an impairment charge for the previously deferred uplist costs in the amount of $3.1 million as reflected on the statement of operations.

Amendment to the financing agreement and a waiver

As previously disclosed, on March 10, 2023, the Company entered into a financing agreement (the "Agreement") as borrower with certain of its subsidiaries party thereto as guarantors (collectively, the "Borrowers"), the lenders party thereto (collectively, the "Lenders"), CB Agent Services LLC, as origination agent, and Alter Domus (US) LLC, as collateral agent and administrative agent (together with CB Agents, the "Agents") (collectively, the "Parties"), for an initial senior secured term loan in a principal amount of $4,210,526 and a delayed draft term loan in an aggregate principal amount of up to $14,789,474.

Effective March 1, 2024, the Parties entered into a waiver and amendment no. 2 to financing agreement (the "Second Waiver") (Subsequent Event Note 9), whereby the Agents and the Lenders agreed to waive (i) (a) that certain event of default that has occurred or may occur, due to the borrower's' noncompliance with Section 7.03(a) of the Agreement for each of the fiscal quarters in the fiscal year ending May 31, 2024 and for the fiscal quarter ending August 31, 2024 (the "FCCR Event of Default"), (b) that certain Event of Default that has occurred or may occur, due to the Loan Parties' noncompliance with Section 7.03(b) of the Agreement for each of the fiscal quarters in the fiscal year ending May 31, 2024 and for the fiscal quarter ending August 31, 2024 (the "Liquidity Event of Default") and (c) that certain Event of Default that has occurred or may occur, due to the Loan Parties' noncompliance with Section 7.03(c) of the Agreement for each of the fiscal quarters in the fiscal year ending May 31, 2024 and for the fiscal quarter ending August 31, 2024 (the "EBITDA Leverage Event of Default" and, together with the FCCR Event of Default and the Liquidity Event of Default, the "Specified Events of Default"). Each of the Specified Events of Default constitute an Event of Default under Section 9.01(c) of the Agreement; and (ii) interest at the post-default rate with respect to the Specified Events of Default from the date such event occurred through the Second Waiver effective date.

In addition, pursuant to the Second Waiver, the borrowers agreed to (i) pay the administrative agent a non-refundable Waiver Fee in an aggregate amount of $3,000,000 (Note 9), which was deemed fully earned on the effective date of the Second Waiver, and (ii) issue the origination agent or its designee warrants, in form and substance satisfactory to the origination agent, entitling the holder thereof to purchase a number of shares of the Company's common stock equal to the greater of (a) 7% of enterprise value as calculated in a manner to be mutually agreed and acceptable to the origination agent and the Company on a fully diluted basis and (b) $7,000,000, on terms, conditions and in a form reasonably acceptable to origination agent, and having an exercise price of $0.01 per share.

The anti-dilution provisions applicable to the warrants shall at no time be less favorable to the holder thereof than those accorded by the parent to any other person on or after the effective date. The warrants shall be exercisable for a period of 7.5 years. This contract did not meet qualification requirements to be classified as equity because there is no explicit limit on the number of shares to be delivered in a share settlement. Accordingly, the warrants were classified as a liability as the issuer is obligated to settle the warrant by issuing a variable number of shares and the monetary value of the obligation based on a predetermined fixed amount, variation in something other than the issuers stock price, in this case the amount is the enterprise value of the Company at the time of the future financing event. As the warrants were not yet issued on the balance sheet date, these expected warrants were recorded as other long-term liability with an estimated fair market value of $6,879,823 as of May 31, 2024.

Due to the unique nature of these warrants, which the Company anticipates will have an effective date of September 1, 2024, a Monte Carlo simulation was necessary in order to properly perform the valuation. Monte Carlo simulation analysis is mathematically similar to that used in a Black-Scholes option pricing model. However, in a Monte Carlo simulation, a computer is used to generate random price movements, which are constrained by the expected volatility of the underlying security. Where each step in a binomial model contains two possible outcomes, each step in a Monte Carlo simulation contains an unlimited number of potential outcomes. For the fair value of the warrants to be issued, a simulation using a risk neutral drift factor, the risk-free rate, was used.

The key inputs into the model were as follows:

	May 31, 2024
Risk-free interest rate	4.5%
Probability of financing event next 2 years	85.0%
Probability of financing event years 2 through 7.5	90.0%
Volatility:	100.0%

Expected Warrants

	Level 1	Level 2	Level 3
Other long-term liabilities as May 31, 2023	$ -	$ -	$ -
Addition	-	-	7,415,816
Change in fair value	-	-	(535,993)
Other long-term liabilities as May 31, 2024	$ -	$ -	$ 6,879,823

4. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below as of May 31, 2024 and 2023.

	May 31, 2024	May 31, 2023
Furniture and fixtures	$ 381,571	$ 328,480
Computer equipment	385,824	223,736
Software	52,206	48,175
Leasehold improvements	370,501	197,966
Motor Vehicles	236,301	224,881
	1,426,403	1,023,238
Less: accumulated depreciation	(766,702)	(413,453)
	$ 659,701	$ 609,785

Depreciation expense charged to income for the years ended May 31, 2024 and May 31, 2023 amounted to $353,249 and $282,851.

5. GOODWILL

On February 21, 2023, the Company completed the acquisition of ULHK subsidiaries and recorded additional goodwill. Subsequently, goodwill was adjusted for the impact of deferred income tax liability related to the acquisitions and accounted for it as a measurement period adjustment.

As of May 31, 2024 and 2023, the Company has recorded goodwill as follows:

Beginning balance June 1, 2022	$	4,463,129
Acquired through business combination		16,052,889
Ending balance May 31, 2023	$	20,516,018
Beginning balance June 1, 2023	$	20,516,018
Acquired through business combination		-
Ending balance May 31, 2024	$	20,516,018

6. INTANGIBLE ASSETS

Intangible assets consist of the following at May 31, 2024 and 2023:

		May 31, 2024		May 31, 2023
Trade names / trademarks	$	806,000	$	806,000
Customer relationships		13,925,000		13,925,000
Non-compete agreements		536,000		536,000
		15,267,000		15,267,000
Less: Accumulated amortization		(4,070,829)		(2,401,907)
	$	11,196,171	$	12,865,093

Amortizable intangible assets, including tradenames and non-compete agreements, are amortized on a straight-line basis over 3 to 10 years. Customer relationships are amortized on a straight-line basis over 12 to 15 years. For the years ended May 31, 2024 and 2023, amortization expense related to the intangible assets was $1,668,922 and $987,611, respectively. As of May 31, 2024, the weighted average remaining useful lives of these assets were 6.33 years.

Estimated amortization expense for the next five years and thereafter is as follows:

Twelve Months Ending May 31,		
2024		1,501,671
2025		1,501,671
2026		1,501,671
2027		1,501,671
2028		1,501,671
Thereafter		3,687,816
	$	11,196,171

7. EQUITY METHOD INVESTMENTS

As discussed in Note 2, on February 21, 2023, the Company completed the acquisition of eight of ULHK's operating subsidiaries, including three subsidiaries accounted for under equity investment method, Unique-NEC, Unique Logistics International Co., Ltd ("Unique-Taiwan") and TGF Unique Limited.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Company's share of the incorporated-date fair values of the investee's identifiable net assets over the cost of the investment. Thereafter, the investment is adjusted for the post incorporation change in the Company's share of the investee's net assets and any impairment loss relating to the investment and for any distributions made by the investees.

Activity recorded for the Company's share of equity method investments is summarized in the following table:

Equity investment carrying amount at May 31, 2022	$	-
Payment made for equity method investment		5,368,959
Net income share of the Company		136,656
Dividends received		(2,123,932)
Equity investment carrying amount at May 31, 2023	$	3,381,683
Equity investment carrying amount at May 31, 2023	$	3,381,683
Net income share of the Company		838,829
Dividends received		(763,063)
Equity investment carrying amount at May 31, 2024	$	3,457,449

The tables below present the summarized financial information of the investments at 100%, as reported:

		May 31, 2024		May 31, 2023
Current assets	$	14,560,506	$	14,712,542
Noncurrent assets		207,117		138,172
Current liabilities		7,055,123		7,289,746
Equity	$	$7,712,500	$	7,560,968

		For the year ended May 31, 2024		For the period ended May 31, 2023
Net Revenue	$	49,901,603	$	11,799,721
Gross Profit		8,648,951		2,584,720
(Loss) income from operations		(6,489,139)		1,116,717
Net Income	$	1,677,658	$	273,311

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following on May 31, 2024, and May 31, 2023:

		May 31, 2024		May 31, 2023
Accrued professional fees	$	2,744,066	$	2,574,542
Accrued salaries and related expenses		1,620,083		1,938,111
Accrued interest		800,850		192,123
Accrued refunds		529,757		302
Accrued sales and marketing expense		187,915		768,713
Accrued income tax		106,213		1,531,789
Accrued overdraft liabilities		21,725		-
Other accrued expenses and current liabilities		461,226		1,589,367
	$	6,471,835	$	8,594,947

9. FINANCING ARRANGEMENTS

Financing arrangements on the consolidated balance sheets consists of:

	May 31, 2024	May 31, 2023
Revolving Credit Facility	$ 13,125,031	$ 8,050,227
Notes Payable	12,000,000	4,000,000
	25,125,031	12,050,227
Less: Current portion	14,397,196	8,050,227
	$ 10,727,835	$ 4,000,000

Revolving Credit Facility

The Company has a Revolving Purchase, Loan and Security Agreement (the "TBK Agreement") with TBK Bank, SSB, a Texas State Savings Bank. The TBK Agreement provides for the Company to have access to the lesser of (i) $25.0 million and (ii) the Formula Amount (as defined in the TBK Agreement). The facility is for an initial term of 24 months and may be extended or renewed, unless terminated in accordance with the TBK Agreement and is currently scheduled to mature on June 1, 2025 with interest rate based on Wall Street Journal Prime Rate plus 2.75%.

On August 29, 2024, the Company entered into a waiver to the loan and security agreement with TBK Bank, SSB where the bank agreed to waive a specified event of default for the year and the quarter ended May 31, 2024. On September 4, 2024 the Company entered into an amendment to the loan agreement for a temporary increase in the available credit limit from $25.0 million to $30.0 million through March 4, 2025. All other terms of the agreement remain the same.

Notes Payable

On March 10, 2023, the Company entered into a financing agreement and related fee letter (the "Financing Agreement") as borrower with certain of its subsidiaries party thereto as guarantors, the lenders party thereto, CB Agent Services LLC, as origination agent, and Alter Domus (US) LLC, as collateral agent, and administrative agent. The Financing Agreement provides for an initial senior secured term loan in a principal amount of $4,210,526 and a delayed draft term loan in an aggregate principal amount of up to $14,789,474. On June 30, 2023, the Company borrowed on the delayed draft term loan amount of $5,263,158 with interest rate based on 3 months SOFR Rate Loans. The initial term loan and delayed drafts term loans are due on March 10, 2026 (collectively "Term Debt").

The outstanding principal amount of (i) the initial term loan shall be repayable (1) on August 31, 2023 and November 30, 2023, in an amount equal to 1.25% of the principal amount of the initial term loan, (2) on February 29, 2024, May 31, 2024, August 31, 2024 and November 30, 2024, in an amount equal to 2.50% of the principal amount of the initial term loan and (3) on February 28, 2025, May 31, 2025, August 31, 2025, November 30, 2025, and February 28, 2026 in an amount equal to 3.75% of the principal amount of the initial term loan and (ii) any funded delayed draw term loan shall be repayable (1) on August 31, 2023 and November 30, 2023, in an amount equal to 1.25% of the funded principal amount of such delayed draw term loan, (2) on February 29, 2024, May 31, 2024, August 31, 2024 and November 31 2024, in an amount equal to 2.50% of the funded principal amount of such delayed draw term loan and (3) on February 28, 2025, May 31, 2025, August 31, 2025, November 30, 2025 and February 28, 2026, in an amount equal to 3.75% of the funded principal amount of such delayed draw term loan.

Effective March 1, 2024, the Parties entered into the Second Waiver whereby the Agents and the Lenders agreed to waive (i) the Specified Events of Default, each of which constitute an event of default under Section 9.01(c) of the Financing Agreement, and (ii) interest at the post-default rate with respect to the Specified Events of Default from the date such event occurred through the Second Waiver effective date. (See Note 3: SPAC Merger Termination).

As part of the Second Waiver the borrowers also agreed to pay the administrative agent a non-refundable waiver fee in an aggregate amount of $3,000,000. This waiver fee shall be considered to be part of the Term Loan under the Financing Agreement

As of May 31, 2024 and 2023, the outstanding principal amount of the initial secured term loan was $4,000,000 and 4,210,526, respectively.

As of May 31, 2024 and 2023, the outstanding principal amount of the delayed draft secured term loan was $5,000,000 and none, respectively.

As of May 31, 2024 and 2023, the outstanding principal amount of the non-refundable waiver fee was $3,000,000 and none, respectively.

10. RELATED PARTY TRANSACTIONS

The Company has the following debt due to related parties:

		May 31, 2024		May 31, 2023
Due to FTS [(1)]	$	500,000	$	801,310
Due to ULHK[(2)]		10,647,010		12,750,000
		11,147,010		13,551,310
Less: current portion		-		(4,801,310)
	$	11,147,010	$	8,750,000

(1) Two Notes due to Frangipani Trade Services (“FTS”), an entity owned by the Company’s President and CEO:

The Promissory Note dated March 30, 2021 in the principal amount $903,927 bears no interest provided that any amount due under this Note which is not paid when due shall bear interest at an interest rate equal to 6% per annum. The principal amount is due and payable in six payments of $150,655. The first payment was due on November 30, 2021, with each succeeding payment to be made six months after the preceding payment. This note matured and was paid off on May 31, 2024.

Promissory Note dated February 21, 2023, in connection with the acquisitions (see Note 2) in the principal amount of $500,000 for the remaining 35% share capital of Unique Logistics International (India) Private Ltd. acquired by the Company from FTS maturing February 21, 2025 and bearing no interest. This note was subsequently amended to extend its maturity date to June 30, 2025 and is classified as long term debt.

(2) Due to ULHK, the entity with over 10% investment in the Company.

As discussed in Note 2, on February 21, 2023, the Company completed the acquisition of eight ULHK operating subsidiaries, in a combination of cash and promissory notes issued to ULHK. As of May 31, 2023 and 2024, some of these notes were paid off, with others amended for the due date or refinanced (See Note 9).

The following notes were outstanding and classified as non-current as of May 31, 2024:

Promissory Note 4 in the principal amount of $1,000,000 issued on February 21, 2023 and scheduled to mature on February 21, 2025 and bear no interest. This note was amended on March 6, 2024, extending maturity date to June 30, 2025 and increasing principal amount of the note to $1,053,000.

Promissory Note 7 in the principal amount of $1,000,000 issued on February 21, 2023 with a due date of June 30, 2023, bearing no interest and payable on the earliest of (a) July 15, 2023, provided that the Vietnam Approvals) have been received by the Initial Vietnam Maturity Date; or (b) in the event that the Vietnam Approvals have not been received by the Initial Vietnam Maturity Date, payment under this promissory note will be due and payable within 15 days of receipt of the Vietnam Approvals. The Vietnam Approvals are yet to be obtained.

In accordance with Amendment No. 1 to the Stock Purchase Agreement, $1.0 million of the cash portion of the purchase price was used to establish a reserve against certain potential existing and contingent liabilities relating to certain of the ULHK Entities that had not been disclosed to the Company as of the date of the original Stock Purchase Agreement. To the extent that any claims related to such undisclosed liabilities are asserted on or before February 20, 2024, any amounts that the relevant ULHK Entities pay upon settlement or are found liable for by a competent court, tribunal or governmental authority will be paid to Unique Logistics up to the $1.0 million amount of the reserve. If no such claims are made then the entire $1.0 million reserve, or the amount left, if any, after deducting such settlement or liability amounts, will be released to ULHK. The Company and ULHK are still in the process of evaluating the impact of potential tax issues in Unique-Vietnam and any potential liabilities resulting therefrom that the Company would be responsible for and that would be reimbursable pursuant to the reserve. The potential tax exposure is currently captured as an uncertain tax position (UTP) and non-current liability of the entity (Note 14 Income taxes) and the amount of Promissory Note 7 is recorded at the original principal plus estimated reserve reimbursement to ULHK, for a total of $1,694,010. The Company and ULHK are currently working on amendment to this agreement that is expected to be completed in the first quarter of the 2025 fiscal year ending May 31, 2025.

Promissory Note 10 in the principal amount of $2,000,000 issued on February 21, 2023, and originally due on March 31, 2025, and bearing no interest. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA. This note was amended on March 5, 2024, extending maturity date to June 30, 2025. The outstanding amount on this Note is $2,000,000.

As previously reported, on February 21, 2023, the Company issued to ULHK three promissory notes related to the acquisitions of certain ULHK Entities by the Company, as amended, with the following original principal amounts: (i) $2,500,000 (the “Net Assets Note”), (ii) $2,000,000 (the “Second Net Assets Note”), (iii) $2,000,000 (the “Taiwan Note”), and (iv) $1,000,000, respectively.

On October 3, 2023, the Company and ULHK agreed to cancel, replace and supersede the Net Assets Note and the Taiwan Note, each in their entirety, in favor of a newly issued promissory note as of the same date (“Note 9”). Note 9 includes the remaining balances of the Net Assets Note and the Taiwan Note, along with an additional loan in the principal amount of $1,100,000 for an aggregate principal amount of $4,500,000. Note 9 matures on March 31, 2025, and has an interest rate of 15% per annum.

On October 9, 2023, the Company amended the Second Net Assets Note (the “Amended Second Net Assets Note”), which extended the maturity date thereof from February 21, 2024, to March 31, 2025. The Amended Second Net Assets Note includes simple interest accruing at a rate of 15% per annum starting February 21, 2024, until such time as the principal amount is paid in full.

On March 5, 2024, the Company and ULHK agreed to cancel, replace and supersede Note 9, in its entirety, in favor of (i) a promissory note in the aggregate principal amount of $2,500,000 (“Note 11”) and (ii) a promissory note in the aggregate principal amount of $3,400,000 (“Note 12”).

Note 11 has an outstanding balance of $2,500,000 and matures on June 30, 2025, with an interest rate of 15% per annum, payable to ULHK in quarterly installments. Note 12 has an outstanding balance of $3,400,000 and matures on June 30, 2025, with an interest rate of 15% per annum.

The following notes were outstanding and classified as current as of May 31, 2023:

- Promissory Note 8 in the principal amount of $2,500,000 originally due on June 30, 2023, having an interest rate of 15%. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA. Subsequently this note was adjusted to reflect Net Asset Adjustments related to the entities acquired and the maturity date was extended to October 31, 2023. As of May 31, 2023, the face value of the note approximated its fair value at $2,500,000 and interest was accrued accordingly. Subsequently amended and extended.

- Promissory Note 9 in the principal amount of $2,000,000 due on February 21, 2024, and bearing no interest. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA. Subsequently amended and extended

The following notes are classified as noncurrent as of May 31, 2023:

- Promissory Note 3 in the principal amount of $5,000,000, which matures June 30, 2023, having an interest rate of 15%. This note was partially paid off with the principle amount remaining as of May 31, 2023 of $4,250,000. This note was fully repaid on June 30, 2023, with the proceeds from the Term Debt, that is classified as noncurrent.

- Promissory Note 4 in the principal amount of $1,000,000, which matures February 21, 2025, and bear no interest.

- Promissory Note 6 in the principal amount of $2,000,000 due June 30, 2023, bearing no interest and payable on: (a) July 15, 2023, provided that the Taiwan Approvals have been received by the Initial Taiwan Maturity Date; or (b) in the event that the Taiwan Approvals have not been received by the Initial Taiwan Maturity Date, payment under this promissory note will be due and payable within 15 days of receipt of the Taiwan Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Taiwan. The Company received the required approvals with respect to Unique-Taiwan on June 1, 2023, and the Company and ULHK entered into an amended and restated promissory note with respect to the Purchased Shares in Unique-Taiwan on August 31, 2023, to extend its maturity date to July 31, 2024 and to provide for interest to be accrued at an annual rate of 15%.

- Promissory Note 7 in the principal amount of $1,000,000 due June 30, 2023, bearing no interest and payable on: (a) July 15, 2023, provided that the Vietnam Approvals have been received by the Initial Vietnam Maturity Date; or (b) in the event that the Vietnam Approvals have not been received by the Initial Vietnam Maturity Date, payment under this promissory note will be due and payable within 15 days of receipt of the Vietnam Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Vietnam. The Vietnam Approvals are yet to be obtained. Subsequent to May 31, 2023, the Company and ULHK entered into an amendment to the promissory note with respect to the Purchased Shares in Unique-Vietnam that extended the maturity date of that note, although as we have not received the required approvals with respect to Unique-Vietnam this note has not yet become payable.

Accounting Services

David Briones, one of the Company's directors, is the managing member and sole owner of the Brio Financial Group, a financial consulting firm that the Company uses from time to time. Brio Financial Group billed the Company $50,000 and $40,000, respectively, for such services during the year ended May 31, 2024 and 2023.

Accounts Receivable and Payable

Transactions with related parties account for $1.2 million and $5.2 million, respectively, of accounts receivable and accounts payable as of May 31, 2024, compared to $3.5 million and $2.9 million, respectively, of accounts receivable and accounts payable as of May 31, 2023.

Revenue and Expenses

Revenue from related party transactions is for export services from related parties or for delivery at place imports nominated by such related parties. For the years ended May 31, 2024 and 2023 these transactions represented approximately $0.9 million and $7.3 million, respectively.

Direct costs are services billed to the Company by related parties for shipping activities. For the year ended May 31, 2024 and 2023 these transactions represented approximately $8.1 million and $38.0 million, respectively.

11. RETIREMENT PLAN

The Company offers employees two savings plans that qualify under Section 401(k) of the Internal Revenue Code legacy of the predecessor companies. Eligible employees may contribute a portion of their salary into the savings plans, subject to certain limitations. In one of which the Company has the discretionary option of matching employee contributions and in the other the Company matches 20% on the first 100% contribution. In either Plan, employees can contribute 1% to 98% of gross salary up to the maximum permitted by law. The Company recorded expense of approximately $0.4 million, respectively, for the years ended May 31, 2024 and 2023.

12. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue 800,000,000 shares of stock, par value of $0.001 per share.

As of May 31, 2024 and 2023, there were 799,141,770 shares of Common Stock issued and outstanding, respectively.

During the years ended May 31, 2024 and 2023 there were no common stock issuances except for the conversions of Preferred Shares Series A and D as described below.

Preferred Shares

The Company is authorized to issue 5,000,000 shares of preferred stock, $0.001 par value per share.

Series A Convertible Preferred

The holders of Series A Preferred. subject to the rights of holders of shares of the Company's Series B Preferred which shares will be pari passu with Series B Preferred in terms of liquidation preference and dividend rights and are subject to an anti-dilution provision, making the holders subject to an adjustment necessary to maintain their agreed upon fully diluted ownership percentage.

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the stockholders of record of shares of Series A Preferred shall be entitled to receive, at their option, immediately prior and in preference to any distribution to the holders of the Company's common stock, $0.001 par value per share and other junior securities, a liquidation preference equal to the stated value per share.

During the year ended May 31, 2023, a shareholder converted 9,935 shares of Series A Convertible Preferred Stock into 67,963,732 shares of the Company's common stock.

Series B Convertible Preferred

The holders of Series B Preferred, subject to the rights of holders of shares of the Company's Series A Preferred Stock which shares will be pari passu with the Series B Preferred in terms of liquidation preference and dividend rights, shall be entitled to receive, at their option, immediately prior an in preference to any distribution to the holders of the Company's common stock.

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the stockholders of record of shares of Series B Preferred shall be entitled to receive, at their option, immediately prior and in preference to any distribution to the holders of the Company's common stock, $0.001 par value per share and other junior securities, a liquidation preference equal to the stated value per share.

During the years ended May 31, 2024 and 2023 there were no conversions of Series B Preferred Shares.

Series C & D Convertible Preferred

The holders of the Preferred Stock shall be entitled to receive, upon liquidation, dissolution or winding up of the Company, the amount of cash, securities, or other property to which such holder would be entitled to receive with respect to such shares of Preferred Stock if such shares had been converted to common stock immediately prior to such liquidation.

During the year ended May 31, 2023, a shareholder converted 7 shares of Series D Convertible Preferred Stock into 43,981,560 shares of the Company's common stock.

13. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company may become involved in litigation relating to claims arising in the ordinary course of the business. There are no claims or actions pending or threatened against the Company that, if adversely determined, would in the Company's management's judgment have a material adverse effect on the Company.

Leases

The Company leases office space, warehouse facilities and equipment under non-cancellable lease agreements expiring on various dates through October 2028. Office leases contain provisions for future rent increases. The Company adopted ASC 842 from inception, requiring the Company to recognize an asset and liability on the consolidated balance sheets for lease arrangements with terms longer than 12 months. The Company has elected a practical expedient to not apply the recognition requirement to leases with a term of less than one year (short term leases). The Company uses its incremental borrowing rate to discount lease payments to present value. The incremental borrowing rate is based on the estimated interest rate the Company could obtain for borrowing over a similar term of the lease at commencement date. Rental escalations, renewal options and termination options, when applicable, have been factored into the Company's determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts. Variable payments related to pass-through costs for maintenance, taxes and insurance or adjustments based on an index such as Consumer Price Index are not included in the measurement of the lease liability or asset and are expensed as incurred.

The components of lease expense were as follows:

	31-May-24	31-May-23
Operating lease – Right of Use Asset Amortization	$ 2,866,677	$ 1,955,377
Interest on lease liabilities	850,904	594,366
Total net lease cost	$ 3,717,581	$ 2,540,217

Supplemental balance sheet information related to leases was as follows:

	31-May-24	31-May-23
Operating leases:		
Operating lease ROU assets – net	$ 9,019,914	$ 10,269,516
Current operating lease liabilities, included in current liabilities	$ 2,588,817	$ 2,379,774
Noncurrent operating lease liabilities, included in long-term liabilities	6,902,171	8,212,445
Total operating lease liabilities	$ 9,490,988	$ 10,592,219

The operating lease right of use asset and corresponding lease liabilities and the associated amortization of the right of use assets was significantly impacted by the addition of acquired subsidiaries on February 21, 2023. During the year ended May 31, 2024 and 2023, the Company cash lease payments were $2.7 million and $1.5 million, respectively.

Supplemental cash flow and other information related to leases was as follows:

	For the Year Ended 31-May-24	For the Year Ended 31-May-23
ROU assets obtained in exchange for lease liabilities:		
Operating leases	$ 1,617,075	$ 8,715,190
Weighted average remaining lease term (in years):		
Operating leases	5.00	4.37
Weighted average discount rate:		
Operating leases	8.91%	9.06%

As of May 31, 2024, future minimum lease payments under noncancelable operating leases are as follows:

Future Minimum Payments for the Twelve Months Ending May 31,	
2024	$ 3,321,662
2025	2,898,528
2026	2,852,144
2027	1,688,340
2028	209,115
Thereafter	-
Total lease payments	10,969,789
Less: imputed interest	(1,478,801)
Total lease obligations	$ 9,490,988

14. INCOME TAXES

The breakout of pretax income between foreign and domestic is as follows:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
Domestic	$ (16,336,839)	$ 8,944,305
Foreign	554,401	659,246
Pretax income	$ (15,782,438)	$ 9,603,551

The expense (benefit) for income taxes consists of:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
Current:		
Federal	$ (1,321,340)	$ 1,475,897
State	170,773	208,481
Foreign	1,194,260	519,257
	43,693	2,203,635
Deferred:		
Federal	(6,718,254)	(133,051)
State	(1,385,893)	(141,572)
Foreign	(608,781)	(540,029)
	(8,712,928)	(814,652)
Total tax expense	$ (8,669,235)	$ 1,388,983

The expected tax (benefit) expense based on the statutory rate is reconciled with actual tax expense or benefit as follows:

	For the Year Ended May 31, 2024	For the Year Ended May 31, 2023
US Federal statutory rate (%)	21.0%	21.0%
State income tax, net of federal benefit	7.9%	(0.5)%
Impact of debt exchange	8.1%	(2.5)%
Dividends received deduction	25.1%	-
Valuation allowance	(3.9)%	-
Foreign income taxes and adjustments	(0.5)%	1.5%
FDII deduction	-	(4.0)%
Withholding taxes	(2.1)%	1.1%
Other	0.4%	(2.1)%
Effective Income Tax Rate	56.0%	14.5%

The Company's deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

Deferred Tax Assets	May 31, 2024	May 31, 2023
Provision for credit losses	$ 116,871	$ 437,493
Fair value of warrants	1,592,904	-
Acquisition costs	204,613	397,567
Interest expense (163j Limitation)	1,021,270	259,984
Lease liability	1,994,688	2,507,442
Other	903,936	472,882
Net operating losses	3,511,894	89,346
Total deferred tax assets, gross	9,346,175	4.164.713
Valuation allowance	(602,628)	-
Total deferred tax assets, net of valuation allowance	8,743,547	4,164,713
Deferred Tax Liabilities		
Operating lease right-of-use assets	(1,787,076)	(2,414,333)
Dividends received	-	(3,480,143)
Accrued withholding tax	(754,806)	(714,945)
Goodwill and intangibles	(1,865,814)	(1,921,833)
Fixed assets	(28,365)	(38,902)
Net deferred tax asset (liability)	$ 4,307,486	$ (4,405,442)

In assessing the realization 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 dependent upon future generation for taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Accordingly, based on the current evidence the net DTA is more likely than not realizable as of May 31, 2024.

As of May 31, 2024, we have U.S. federal NOLs of $13.9 million available to offset future taxable income, all of which can be carried forward indefinitely. As of May 31, 2023, there we no U.S. federal NOLs.

As of May 31, 2024, and 2023, we had state NOLs of $14.1 and $1.3 million, respectively, which begin expiring in 2035.

As of May 31, 2024, and 2023, we had foreign NOLs of $2.4 million and $0, respectively, which begin expiring in 2029.

The table below details the changes in DTA valuation allowances for the periods presented (in thousands):

	For the Year Ended 31-May-24	For the Year Ended 31-May-23
Total Valuation Allowance balance on June 1	$ -	**$ -**
Increase in valuation allowance	602,628	-
Decrease in valuation allowance	-	-
Total Valuation Allowance balance on May 31	$ 602,628	$ -

Other noncurrent liabilities include liabilities for uncertain tax provision (UTP) as follows:

	For the Year Ended 31-May-24	For the Year Ended 31-May-23
Total UTP balance on June 1	$ 2,582,341	**$ -**
Additions based on tax provisions related to the current year	-	-
Additions for tax positions of prior years	-	2,582,341
Reductions for tax positions of prior years	-	-
Settlements	-	-
Reductions due to lapse of applicable statute of limitations	-	-
Total UTP balance on May 31	$ 2,582,341	$ 2,582,341

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740. Interest and penalties related to the unrecognized tax positions are required to be calculated and would be classified as "tax expense" in the statement of operations. Interest expense in the amount of $0.4 million has been recorded related to the unrecognized tax positions for the period ended May 31, 2024 and none for the period ended May 31, 2023. These reserves would impact income tax expense if released into income. The Company does not expect a change to its unrealized tax positions in the next twelve months.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various international jurisdictions. Tax years 2020 and forward generally remain open for examination for federal and state tax purposes. Tax years 2017 and forward generally remain open for examination for foreign tax purposes. To the extent utilized in future years' tax returns, NOLs as of May 31, 2024 and 2023 will remain subject to examination until the respective tax year is closed.

15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the consolidated financial statements were available to be issued. Based on this evaluation, the Company has identified no reportable subsequent events other than those disclosed elsewhere in these consolidated financial statements.

Unique Singapore acquisition

On August 1, 2024, the Company closed the acquisition of all of the share capital owned by ULHK in Unique Logistics International (Sin) Pte Ltd. ("Unique Singapore") pursuant to a share sale and purchase agreement, as amended, between the Company and ULHK. Patrick Lee, a director of the Company, is also a director of ULHK and is the Group Chief Operating Officer of ULHK. Richard Lee, an owner of ULHK, is also an affiliate of the Company through his interests in Great Eagle Freight Limited, a related party. As consideration for the purchased shares, the Company issued two promissory notes in the aggregate principal amount of $2,150,000 to ULHK, including the Company's assumption of $1,800,000 of indebtedness owed to ULHK by Unique Singapore and $350,000 in cash. The Company issued to ULHK a promissory note in the principal amount of $1,800,000 upon closing of the acquisition and the parties are negotiating with respect to the Company's issuance of a second promissory note to ULHK to cover the additional $350,000 portion of the purchase price. The principal amount under the promissory note is due in full on August 1, 2026, with interest accruing at an annual rate of 15%, payable semi-annually.

Line of credit waiver of financial covenant and loan agreement amendment

On August 29, 2024, the Company entered into a waiver to the loan and security agreement with TBK Bank, SSB where the bank agreed to waive a specified event of default for the year and the quarter ended May 31, 2024. On September 4, 2024 the Company entered into an amendment to the loan agreement for a temporary increase in the available credit limit from $25.0 million to $30.0 million through March 4, 2025. This loan is scheduled to mature on June 1, 2025. All other terms of the agreement remain the same.

Amendment to Promissory Notes

As previously announced, on February 21, 2023, as part of the acquisition, the Company issued to ULHL promissory notes, as amended, with the following original principal amounts: (i) $2,000,000 (the "Second Net Assets Note"), (ii) $1,000,000 (the "Original Seller Note"), and (iii) $1,000,000 (the "ULHL Note"), respectively. Further, on March 5, 2024, the Company issued ULHL (i) a promissory note in the aggregate principal amount of $2,500,000 ("Note 11") and (ii) a promissory note in the aggregate principal amount of $3,400,000 ("Note 12").

On October 7, 2024, the Company and ULHL amended the Second Net Assets Note, the Original Seller Note, Note 11 and Note 12, and ULHL Note to extend the maturity dates on each of these promissory notes from June 30, 2025 to December 31, 2025.

On February 21, 2023, as part of the acquisition, the Company entered into a related-party transaction with Frangipani Trade Services, Inc. ("FTS"). FTS is owned by the Chief Executive Officer of the Company. Pursuant to the FTS Purchase Agreement, the Company issued a promissory note to FTS in the principal amount of $500,000, bearing no interest with a maturity date of February 21, 2025 (the "FTS Promissory Note").

The Company and FTS amended the FTS Promissory Note to extend the maturity date from February 21, 2025 to December 31, 2025.

Exhibit 31.1

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Sunandan Ray, certify that:

1. I have reviewed this annual report on Form 10-K of Unique Logistics International, 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 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 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 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: October 17, 2024

/s/ Sunandan Ray
Sunandan Ray
Chief Executive Officer

Exhibit 31.2

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Eli Kay, certify that:

1. I have reviewed this annual report on Form 10-K of Unique Logistics International, 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 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 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 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: October 17, 2024

/s/ Eli Kay
Eli Kay
Principal Financial 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 Annual Report of Unique Logistics International, Inc. (the "Company") on Form 10-K for the period ended May 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sunandan Ray, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of 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 Company.

/s/ Sunandan Ray
Sunandan Ray
Chief Executive Officer

October 17, 2024

Exhibit 32.2

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

In connection with the Annual Report of Unique Logistics International, Inc. (the “Company”) on Form 10-K for the period ended May 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Eli Kay, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of 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 Company.

/s/ Eli Kay
Eli Kay
Chief Financial Officer

October 17, 2024