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

# FORM 10-Q

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

For the quarterly period ended November 30, 2024

or

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

For the transition period from _________ to _________

Commission file number: 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) |

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

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 |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

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

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

As of March 7, 2025 there were 799,141,770 shares of the registrant's common stock outstanding.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**
**FORM 10-Q**
**FOR THE QUARTERLY PERIOD ENDED NOVEMBER 30, 2024**

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## UNIQUE LOGISTICS INTERNATIONAL, INC.
## CONDENSED CONSOLIDATED BALANCE SHEETS

| | November 30, 2024 (Unaudited) | May 31, 2024 (Audited) |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 3,654,640 | $ 3,799,561 |
| Accounts receivable, net | 51,961,163 | 38,601,255 |
| Contract assets | 5,731,952 | 3,961,199 |
| Other current assets and prepaids | 6,069,840 | 5,370,376 |
| Total current assets | 67,417,595 | 51,732,391 |
| | | |
| Property and equipment, net | 700,952 | 659,701 |
| | | |
| Other noncurrent assets: | | |
| Goodwill | 23,357,690 | 20,516,018 |
| Intangible assets, net | 11,735,541 | 11,196,171 |
| Equity-method investments | 4,426,572 | 3,457,449 |
| Operating lease right-of-use assets, net | 7,629,534 | 9,019,914 |
| Deferred tax asset, net | 976,363 | 4,307,486 |
| Other noncurrent assets | 2,419,833 | 2,426,314 |
| Total other noncurrent assets | 50,545,533 | 50,923,352 |
| Total assets | $ 118,664,080 | $ 103,315,444 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 32,858,075 | $ 19,983,859 |
| Accrued expenses and current liabilities | 4,836,363 | 6,471,835 |
| Accrued freight | 8,175,596 | 4,054,220 |
| Revolving credit facility | 20,685,748 | 13,125,031 |
| Current portion of notes payable | 1,407,802 | 1,272,165 |
| Current portion of operating lease liability | 2,238,717 | 2,588,817 |
| Total current liabilities | 70,202,301 | 47,495,927 |
| | | |
| Noncurrent liabilities | | |
| Notes payable, net of current portion | 10,136,396 | 10,727,835 |
| Notes payable to related parties | 12,253,000 | 11,147,010 |
| Operating lease liability, net of current portion | 5,864,093 | 6,902,171 |
| Derivative liabilities | 6,032,790 | 5,669,000 |
| Other noncurrent liabilities | 8,237,080 | 10,961,931 |
| Total noncurrent liabilities | 42,523,359 | 45,407,947 |
| | | |
| Total liabilities | 112,725,660 | 92,903,874 |
| | | |
| Commitments and contingencies (Note 8) | | |
| | | |
| Stockholders' Equity: | | |
| Preferred Stock, $0.001 par value: 5,000,000 shares authorized, 941,240 issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. | | |
| | | |
| Series A Convertible Preferred stock, $0.001 par value; 120,065 issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. Liquidation preference $120 at November 30, 2024 | 120 | 120 |
| Series B Convertible Preferred stock, $0.001 par value; 820,800 issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. Liquidation preference of $821 at November 30, 2024 | 821 | 821 |
| Series C Convertible Preferred stock, $0.001 par value; 195, issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. Liquidation preference $7.6 million at November 30, 2024 | - | - |
| Series D Convertible Preferred stock, $0.001 par value; 180 issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. Liquidation preference $7.1 million at November 30, 2024 | - | - |
| | | |
| Common stock, $0.001 par value; 800,000,000 shares authorized; 799,141,770 shares issued and outstanding as of November 30, 2024 and May 31, 2024, respectively. | 799,142 | 799,142 |
| Additional paid-in capital | 180,220 | 180,220 |
| Accumulated other comprehensive income | (188,986) | (161,543) |
| Retained earnings | 2,604,494 | 5,952,906 |
| Total Stockholders' Equity attributable to common shareholder | 3,395,811 | 6,771,666 |
| Equity attributable to noncontrolling interests | 2,542,609 | 3,639,904 |
| Total Stockholders' Equity | 5,938,420 | 10,411,570 |
| Total Liabilities and Stockholders' Equity | $ 118,664,080 | $ 103,315,444 |

See notes accompanying condensed consolidated financial statements.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATION**
**(Unaudited)**

| | For the Three Months Ended November 30, 2024 | For the Three Months Ended November 30, 2023 | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Airfreight services | $ 55,751,903 | $ 36,281,790 | $ 103,000,005 | $ 55,429,760 |
| Ocean freight and ocean services | 45,760,260 | 16,661,249 | 102,824,663 | 47,389,750 |
| Contract logistics | 831,355 | 740,567 | 1,806,934 | 1,313,279 |
| Customs brokerage and other services | 9,883,199 | 8,158,647 | 19,793,352 | 20,577,748 |
| Total revenues | 112,226,717 | 61,842,253 | 227,424,954 | 124,710,537 |
| | | | | |
| Equity method earnings | 515,251 | 275,056 | 981,107 | 450,752 |
| | | | | |
| **Costs and operating expenses:** | | | | |
| Airfreight services | 52,034,147 | 34,405,651 | 96,879,648 | 52,298,084 |
| Ocean freight and ocean services | 39,880,673 | 13,145,339 | 90,998,391 | 38,965,094 |
| Contract logistics | 253,667 | 212,645 | 509,225 | 380,803 |
| Customs brokerage and other services | 9,309,938 | 7,167,890 | 17,816,063 | 17,916,787 |
| Salaries and related costs | 6,331,626 | 5,746,888 | 11,550,239 | 11,763,780 |
| Professional fees | 418,725 | 824,569 | 1,474,674 | 1,632,462 |
| Rent and occupancy | 1,198,388 | 1,109,425 | 2,560,812 | 2,205,990 |
| Selling and promotion | 642,237 | 563,717 | 1,218,381 | 1,278,688 |
| Depreciation and amortization | 538,667 | 750,943 | 1,006,293 | 1,450,343 |
| Foreign exchange transactions, net | 75,546 | (99,881) | 47,309 | (294,067) |
| Gain on business disposal | (527,033) | - | (527,033) | - |
| Other | 1,248,825 | (634) | 1,888,547 | 665,531 |
| Total costs and operating expenses | 111,405,406 | 63,826,552 | 225,422,549 | 128,263,494 |
| | | | | |
| Income (loss) from operations | 1,336,562 | (1,709,243) | 2,983,512 | (3,102,206) |
| | | | | |
| **Other income (expenses)** | | | | |
| Interest expense | (1,666,144) | (1,026,165) | (3,684,765) | (2,416,373) |
| Change in fair value of derivative liabilities | (1,472,951) | (160,075) | 140,670 | (181,863) |
| Total other income (expenses) | (3,139,095) | (1,186,240) | (3,544,095) | (2,598,236) |
| | | | | |
| Net loss before income taxes | (1,802,533) | (2,895,483) | (560,583) | (5,700,442) |
| | | | | |
| Income tax expense (benefit) | 535,561 | (24,800) | 3,885,124 | (518,631) |
| | | | | |
| **Net loss** | (2,338,094) | (2,870,683) | (4,445,707) | (5,181,811) |
| | | | | |
| Noncontrolling interest allocated loss (gain) | 1,200,609 | (26,052) | 1,097,295 | 54,425 |
| | | | | |
| **Net loss attributable to for common shareholders** | $ (1,137,485) | $ (2,896,735) | $ (3,348,412) | $ (5,127,386) |
| | | | | |
| **Net loss available for common shareholders per common share – basic and diluted** | $ (0.00) | $ (0.00) | $ (0.01) | $ (0.01) |
| | | | | |
| **Weighted average common shares outstanding – basic and diluted** | 799,141,770 | 799,141,770 | 799,141,770 | 799,141,770 |

See notes to accompanying condensed consolidated financial statements.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(unaudited)**

| | For the Three Months Ended November 30, 2024 | For the Three Months Ended November 30, 2023 |
|---|---|---|
| **Net loss** | (2,338,094) | (2,870,683) |
| Other comprehensive income (OCI), net of tax: | | |
| Foreign currency translation adjustments | (190,192) | (160,511) |
| OCI tax effect | - | 84,024 |
| **Total comprehensive loss** | (2,528,286) | (2,947,170) |
| Net loss attributable to noncontrolling interest | 1,200,609 | (26,052) |
| **Comprehensive loss attributable to common shareholder** | (1,327,677) | (2,973,222) |

| | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|
| **Net loss** | (4,445,707) | (5,181,811) |
| Other comprehensive income, net of tax: | | |
| Foreign currency translation adjustments | (27,443) | (327,261) |
| OCI tax effect | - | 84,024 |
| **Total comprehensive loss** | (4,473,150) | (5,425,048) |
| Net loss attributable to noncontrolling interest | 1,097,295 | 54,425 |
| **Comprehensive loss attributable to common shareholder** | (3,375,855) | (5,370,623) |

See notes to accompanying condensed consolidated financial statements.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**(unaudited)**

**For the Three and Six Months Ended November 30, 2024**

| | 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 common stockholder | Non-Controlling Interest | Total Stockholders Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| **Balance, June 1, 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 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | - | - | - | - | - | 162,749 | | 162,749 | | 162,749 |
| **Net loss** | - | - | - | - | - | - | - | - | - | - | - | | (2,210,927) | (2,210,927) | (103,314) | (2,107,613) |
| **Balance, August 31, 2024** | 120,065 | 120 | 820,800 | 821 | 195 | - | 180 | - | 799,141,770 | 799,142 | 180,220 | 1,206 | 3,741,979 | 4,723,488 | 3,743,218 | 8,466,706 |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | - | - | - | - | (190,192) | | (190,192) | | (190,192) |
| **Net loss** | - | - | - | - | - | - | - | - | - | - | - | | (1,137,485) | (1,137,485) | 1,200,609 | (2,338,094) |
| **Balance, November 30, 2024** | 120,065 | $ 120 | 820,800 | $ 821 | 195 | $ - | 180 | $ - | 799,141,770 | $799,142 | $ 180,220 | $ (188,986) | $ 2,604,494 | $ 3,395,811 | $ 2,542,609 | $ 5,938,420 |

**For the Three and Six Months Ended November 30, 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 common stockholder | Non-Controlling Interest | Total Stockholders Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | |
| **Balance, June 1, 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 loss, net of tax | - | - | - | - | - | - | - | - | - | - | - | (166,750) | - | (166,750) | - | (166,750) |
| **Net loss** | - | - | - | - | - | - | - | - | - | - | - | - | (2,230,651) | (2,230,651) | (80,477) | (2,311,128) |
| **Balance, August 31, 2023** | 120,065 | 120 | 820,800 | 821 | 195 | - | 180 | - | 799,141,770 | 799,142 | 180,220 | (163,493) | 10,835,458 | 11,652,269 | 3,465,486 | 15,117,755 |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | - | - | - | - | (76,487) | - | (76,487) | - | (76,487) |
| **Net loss** | - | - | - | - | - | - | - | - | - | - | - | - | (2,896,735) | (2,896,735) | 26,052 | (2,870,683) |
| **Balance, November 30, 2023** | 120,065 | $ 120 | 820,800 | $ 821 | 195 | $ - | 180 | $ - | 799,141,770 | $799,142 | $ 180,220 | $ (239,979) | $ 7,938,723 | $ 8,679,047 | $ 3,491,538 | $ 12,170,585 |

See notes to accompanying condensed consolidated financial statements.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (4,445,707) | $ (5,181,811) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,006,293 | 1,450,343 |
| Credit loss expense (recovery) | 504,329 | (594,388) |
| Amortization of right of use assets | 1,395,366 | 1,428,413 |
| Equity method earnings | (981,107) | (450,752) |
| Change in net deferred tax provision | 3,331,123 | (1,091,050) |
| Change in fair value of derivative liabilities | (140,670) | 181,863 |
| Noncash gain on business disposition | (527,033) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (10,424,045) | 2,790,935 |
| Contract assets | (1,469,218) | 1,967,063 |
| Prepaid expenses and current assets | (643,546) | 3,311,347 |
| Deposits and other noncurrent assets | 6,481 | 447,227 |
| Accounts payable | 6,711,305 | (5,699,607) |
| Accrued expenses and other current liabilities | (2,005,629) | (3,803,574) |
| Accrued freight | 3,620,426 | (1,012,076) |
| Operating lease liability | (1,393,164) | (1,265,117) |
| **Net Cash Used in Operating Activities** | (5,454,796) | (7,521,184) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchase of property and equipment | (209,547) | (551,520) |
| Dividends received from equity method investments | 400,000 | 599,318 |
| Capital contribution to equity method investments | (388,016) | - |
| Cash acquired in connection with business acquisition | 550,357 | - |
| **Net Cash Provided by Investing Activities** | 352,794 | 47,798 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Borrowings on line of credit, net | 7,560,717 | 5,973,967 |
| Repayments notes payable | (455,802) | - |
| Borrowings notes payable | - | 5,233,173 |
| Repayments related parties | (2,120,391) | (3,501,642) |
| Deferred offering costs | - | (585,016) |
| **Net Cash Provided by Financing Activities** | 4,984,524 | 7,120,482 |
| Effect of exchange rate on cash and equivalents | (27,443) | (243,237) |
| **Net change in cash and cash equivalents** | (144,921) | (596,141) |
| **Cash and cash equivalents - Beginning of period** | 3,799,561 | 6,744,238 |
| **Cash and cash equivalents - End of period** | $ 3,654,640 | $ 6,148,097 |
| **SUPPLEMENTARY CASH FLOW INFORMATION:** | | |
| Cash Paid During the period for: | | |
| Income taxes | $ - | $ 883,551 |
| Interest | $ 2,634,990 | $ 2,337,059 |
| **SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:** | | |
| Right-of-use assets obtained in exchange for lease liabilities | $ 4,986 | $ 1,250,215 |
| Promissory notes issued due to related parties (See acquisition note) | $ 2,150,000 | $ 67,954 |
| Promissory note issued due to related party (See divestiture note) | $ 650,000 | - |
| Promissory notes cancelled due to related parties (See divestiture note) | $ (1,694,010) | - |

## 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Business

Unique Logistics International, Inc. and its subsidiaries (the "Company") 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 retailers and wholesalers, 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 condensed 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 majority owned 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 condensed consolidated financial statements.

The unaudited interim financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. The results reported in these interim condensed consolidated financial statements should not be regarded as necessary indicative of results that may be expected for an entire fiscal year. This report should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended May 31, 2024. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The condensed consolidated balance sheet on May 31, 2024 was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

### Liquidity and Going Concern

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. In accordance with ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going concern (Subtopic 205-40), the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued.

The Company's principal sources of cash are (i) cash generated from operations, (ii) borrowings available under its revolving line of credit and (iii) proceeds from future debt or equity issuances. As of November 30, 2024, the Company had cash and cash equivalents on hand of approximately $3.7 million, negative working capital of $2.8 million, and $9.3 million available to draw under its operating line of credit with TBK Bank, SSB (the "TBK Facility") based on the amount of its accounts receivable on November 30, 2024. On September 12, 2024, the Company entered into an agreement with TBK Bank to temporarily increase the credit limit under the TBK Facility from $25.0 million to $30.0 million for a period of six months through March 12, 2025. The Company has incurred net losses of $4.4 million and used cash for its operations in the amount of $5.5 million during the six months ended November 30, 2024, primarily due to the ramp up of accounts receivable and accounts payable during the most recent quarter ended due to an increase in sales. The negative working capital, net losses and cash used in operations are all indicators of substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated financial statements appearing elsewhere in this report are issued.

The Company is currently evaluating several different strategies to enhance its liquidity position. These strategies may include, but are not limited to, pursuing additional actions under its strategic plan, seeking additional financing from both the public and private markets through the issuance of equity securities and seeking to extend the term of outstanding debt. The outcome of these matters cannot be predicted with any certainty at this time. There can be no assurance that the Company will be able to raise the capital it needs to continue its operations on satisfactory terms or at all. If capital is not available to the Company when, and in the amounts, needed, the Company could be required to liquidate its assets, cease or curtail operations, which could materially harm its business, financial condition and results of operations, or seek protection under applicable bankruptcy laws or similar state proceedings.

The Company is continually evaluating its liquidity requirements considering its operating needs, growth initiatives and capital resources. Based on its assessment of the Company's projected cash flow and business performance as of and subsequent to November 30, 2024, management believes that the Company's current cash and cash availability under the TBK facility as well as the ability to renegotiate the debt repayments would be sufficient to support its operations for at least the next 12 months from the issuance of this report. The Company's plan includes the items noted above as well as securing external financing, which may include raising debt or equity capital. These plans are not entirely within the Company's control including its ability to raise sufficient capital on favorable terms, if at all, and absent an infusion of sufficient capital there is substantial doubt about its ability to continue as a going concern for 12 months after the date the condensed consolidated financial statements for the three and six months ended November 30, 2024 are issued.

### Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 condensed 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 follows 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 as 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 consideration 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.

*Disaggregation of Revenue from Contracts with Customers*

The following table disaggregates gross revenue from our clients by significant geographic area for the three and six months ended November 30, 2024, and 2023, based on origin of shipment (imports) or destination of shipment (exports):

| | **For the Three Months Ended November 30, 2024** | **For the Three Months Ended November 30, 2023** |
|---|---|---|
| China, Hong Kong & Taiwan | $ 25,187,654 | $ 14,375,941 |
| Southeast Asia | 29,686,333 | 12,062,505 |
| United States | 19,215,565 | 13,622,472 |
| India Sub-continent | 25,397,110 | 16,288,777 |
| EMEA (Europe, Middle East, and Africa ) | 8,715,669 | 4,502,108 |
| Other | 4,024,386 | 990,450 |
| Total revenue | $ 112,226,717 | $ 61,842,253 |

| | **For the Six Months Ended November 30, 2024** | **For the Six Months Ended November 30, 2023** |
|---|---|---|
| China, Hong Kong & Taiwan | $ 53,427,567 | $ 28,737,587 |
| Southeast Asia | 54,171,573 | 22,357,449 |
| United States | 50,556,044 | 20,337,485 |
| India Sub-continent | 46,582,928 | 34,925,534 |
| EMEA (Europe, Middle East, and Africa ) | 16,329,948 | 11,307,513 |
| Other | 6,356,894 | 7,044,969 |
| Total revenue | $ 227,424,954 | $ 124,710,537 |

**Foreign Currency Translation**

For most of our international operations conducted by the subsidiaries operating outside the U.S, local currencies have been determined to be functional currencies. The Company translates 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 effects 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. The Company aggregates 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.

**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 November 30, 2024, and May 31, 2024. 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 (See Derivative Liability note) as of November 30, 2024, and May 31, 2024. There were no transfers between levels during the reporting period.

**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 is 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 November 30, 2024, and May 31, 2024, the allowance for credit losses was approximately $1.0 million, and the bad debt expense was immaterial for each of the quarters ended November 30, 2024 and 2023. Additions and write-offs have not been significant in the periods presented.

*Concentrations*

As of November 30, 2024 and 2023, one major customer (Customer A) represented approximately 13% and 7% of total accounts receivable, respectively. Another major customer (Customer B) represented 5% and 16% of total accounts receivable as of November 30, 2024 and 2023, respectively.

Revenue from two major customers (Customers A and B) was 14% and 10% of total revenue, respectively, for the six months ended November 30, 2024. One major customer (Customer B) was 13% of total revenue for the six months ended November 30, 2023.

Revenue from two major customers (Customers A and B) was 20% and 14% of total revenue, respectively, for the three months ended November 30, 2024. One major customer (Customer B) was 24% of total revenue for the three months ended November 30, 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.

**Derivative Liability**

Convertible Preferred Stock Series A, C and D feature 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 an equity 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.

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative liabilities as of June 1, 2024 | $ - | $ - | $ 5,669,000 |
| Addition | - | - | - |
| Change in fair value | - | - | 363,790 |
| Derivative liabilities as of November 30, 2024 | $ - | $ - | $ 6,032,790 |

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 period ended November 30, 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:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Risk-free interest rate | 4.26% | 4.96% |
| Probability of capital raise (financing event) | 30% | 30% |
| Probability of sale (financing event) | 50% | 50% |
| | | |
| Estimated value of common stock capital raise per share | $ 0.0073 | $ 0.0067 |
| Estimated value of common stock upon sale per share | $ 0.0086 | $ 0.0079 |
| Estimated time to financing event | 1.25 years | 1.75 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 that 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 that may not match the ultimate future outcome.

**Segment Reporting**

Based on the guidance provided by the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 280, *Segment Reporting*, management has determined that the Company currently operates in one primary geographical segment, the United States of America, where most of its customers are located, 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.

**Comprehensive Income**

Comprehensive income consists of net earnings and other gains and losses affecting equity that, under 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 for the periods ended November 30, 2024 and 2023.

**Earnings per Share**

The computations of basic and diluted earnings per share were as follows:

| | For the Three Months Ended | |
|---|---|---|
| | November 30, 2024 | November 30, 2023 |
| Numerator: | | |
| Net loss | $ (2,338,094) | (2,870,683) |
| Effect of dilutive securities: | | |
| Diluted net loss | $ (2,338,094) | (2,870,683) |
| | | |
| Denominator: | | |
| Weighted average common shares outstanding – basic | 799,141,770 | 799,141,770 |
| | | |
| Dilutive securities:* | | |
| Series A Preferred | - | - |
| Series B Preferred | - | - |
| Series C Preferred | - | - |
| Series D Preferred | - | - |
| | | - |
| Weighted average common shares outstanding and assumed conversion – diluted | 799,141,770 | 799,141,770 |
| | | |
| Basic and diluted net loss per common share | $ (0.00) | $ (0.00) |

| | For the Six Months Ended | |
|---|---|---|
| | November 30, 2024 | November 30, 2023 |
| Numerator: | | |
| Net loss | $ (4,445,707) | $ (5,181,811) |
| Effect of dilutive securities: | | |
| | | |
| Diluted net loss | $ (4,445,707) | $ (5,181,811) |
| | | |
| Denominator: | | |
| Weighted average common shares outstanding – basic | 799,141,770 | 799,141,770 |
| | | |
| Dilutive securities*: | | |
| Series A Preferred | - | - |
| Series B Preferred | - | - |
| Series C Preferred | - | - |
| Series D Preferred | - | - |
| | | |
| Weighted average common shares outstanding and assumed conversion – diluted | 799,141,770 | 799,141,770 |
| | | |
| Basic and diluted net loss per common share | $ (0.01) | $ (0.01) |

* Due to a net loss for the three and six months ended November 30, 2024 and 2023, only weighted average common shares are used in calculations. As November 30, 2024 and 2023, the Company's dilution of all outstanding securities would be as follows:

| | November 30, 2024 and 2023 |
|---|---|
| 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 |

**Recent Accounting Pronouncements**

*Improvements to Reportable Segment Disclosures*

In November 2023, the Financial Accounting Standards Board (FASB) issued an Accounting Standard Update (ASU) which makes 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 expects to adopt this standard effective in a fiscal year started June 1, 2024. 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.

*Improvements to Income Tax Disclosures*

In December 2023, the FASB issued an ASU 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 expects this ASU to only impact its disclosures with no impacts to its consolidated financial statements, cash flows and financial condition.

**2. ACQUISITIONS AND DIVESTURES**

**Acquisitions**

On August 1, 2024, the Company closed the acquisition of all of the share capital owned by Unique Logistics Holdings Limited, a Hong Kong corporation ("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.

The total consideration for the purchased shares was calculated at an estimated fair value of $2,169,652. The Company issued two promissory notes to ULHK, one on August 1, 2024, in the principal amount of $1,800,000 and one executed on October 21, 2024, in the amount of $350,000. The principal amount under these notes is due in full on August 1, 2026, with interest accruing at an annual rate of 15%, payable semi-annually. Both notes were recorded as notes payable at face value of $2,150,000, as agreed with ULHK upon this acquisition, which approximated fair value as of August 1, 2024.

Purchase Price Allocation

The Company obtained full control of Unique Singapore and consolidated this entity as of the acquisition date. GAAP requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity 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 preliminary estimates of fair values of the assets acquired and liabilities assumed at the acquisition:

| | | At Fair Value |
|---|---|---|
| Assets Acquired: | | |
| Current assets | $ | 4,288,925 |
| Identifiable intangible assets | | 1,727,000 |
| Fixed Assets and other non-current assets | | 4,911 |
| Goodwill | | 3,252,614 |
| | | |
| Liabilities Assumed: | | |
| Current liabilities | | (7,103,798) |
| Purchase Price | $ | 2,169,652 |

The goodwill acquired is primarily attributable to the workforce retained of the acquired business and synergies expected to arise after the Company's acquisition of the above operating subsidiary. It is also anticipated that the goodwill will be deductible for tax purposes.

The Company paid approximately $0.3 million of closing costs for legal, accounting, and other professional fees that were expensed during the three- and six-month period ended November 30, 2024.

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

| | | Cost Basis | Useful Life |
|---|---|---|---|
| Customer relationships | $ | 1,727,000 | 7 years |

Expense for amortization of identifiable intangible assets for the three and six months ended November 30, 2024, was $61,679. The future amortization schedule is as follows:

| For the Twelve Months Ending November 30 | | |
|---|---|---|
| 2025 | $ | 246,714 |
| 2026 | | 246,714 |
| 2027 | | 246,714 |
| 2028 | | 246,714 |
| 2029 | | 246,714 |
| Thereafter | | 431,751 |
| Total | $ | 1,665,321 |

Pro Forma Information (Unaudited)

The Company is reporting the results of operations of its subsidiaries on a one-month lag basis.

The results of operations of Unique Singapore from May 1, 2024 through July 31, 2024 have not been included in the Company's condensed consolidated financial statements because the Company only acquired this entity on August 1, 2024. The results of Unique Singapore are included in the results of operations from the date of acquisition which is August 1, 2024.

The following unaudited pro forma financial information represents a summary of the consolidated results of operations of the Company for the three months ended November 30, 2023, assuming the acquisition had been completed as of April 30, 2023, first day of the period for consolidating subsidiaries on a one-month lag basis. The proforma adjustments include the elimination of intercompany revenue and expense transactions.

| | Three Months Ended November 30, 2023 |
|---|---|
| Revenue, net | $ 62,142,243 |
| Net loss attributable to registrant | (3,351,930) |
| Weighted average shares of common stock outstanding, basic and diluted | 799,141,770 |
| Net loss per share, basic and diluted | $ (0.00) |

The following unaudited pro forma financial information represents a summary of the consolidated results of operations of the Company for the six months ended November 31, 2024 and 2023, assuming the acquisition had been completed as of April 30, 2023. The proforma adjustments include the elimination of intercompany revenue and expense transactions.

| | Six Months Ended November 30, 2024 | Six Months Ended November 30, 2023 |
|---|---|---|
| Revenue, net | $ 228,368,681 | $ 125,337,013 |
| Net loss attributable to registrant | (3,639,053) | (6,492,500) |
| Weighted average shares of common stock outstanding, basic and diluted | 799,141,770 | 799,141,770 |
| Net loss per share, basic and diluted | $ (0.01) | $ (0.01) |

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.

**Divestitures**

Per the termination agreement dated as of January 14, 2025 and effective as of November 30, 2024, by and between the Company and ULHK, the parties agreed to terminate the share sale and purchase agreement between the Company and ULHK dated September 13, 2022, as amended (the "Unique Vietnam Purchase Agreement"), pursuant to which the Company agreed to purchase from ULHK interests representing 65% of the charter capital of Unique Logistics International (Vietnam) Co., Ltd. ("Unique Vietnam"). Under the terms of the termination agreement the original $1,000,000 promissory note and $694,010 accrued contingency that the Company issued to ULHK was cancelled and the Company recorded a liability in the amount of $650,000 to ULHK as part of the settlement. In connection with the termination of the Unique Vietnam Purchase Agreement and deconsolidation of Unique Vietnam as of November 30, 2024, the Company recognized a $0.4 million pre-tax gain on business disposal in the condensed consolidated statements of operations for the three and six months ended November 30, 2024. The Company evaluated this transaction under discontinued operations guidance and concluded that even though Unique Vietnam operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity, strategic shift test was not met, therefore this divestiture was deemed to be immaterial and as such reported in continuing operations. Since all periods presented include the activity of the disposed subsidiary pro forma schedules are not required.

**3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following on November 30, 2024 and May 31, 2024:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Accrued professional fees | $ 431,306 | $ 2,744,066 |
| Accrued salaries and related expenses | 1,079,607 | 1,620,083 |
| Accrued interest | 1,712,118 | 800,850 |
| Accrued refunds | - | 529,757 |
| Accrued sales and marketing expense | 637,920 | 187,915 |
| Accrued income tax | - | 106,213 |
| Other accrued expenses and current liabilities | 975,412 | 482,951 |
| | $ 4,836,363 | $ 6,471,835 |

**4. FINANCING ARRANGEMENTS**

Financing arrangements on the condensed consolidated balance sheets consists of:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Revolving credit facility | $ 20,685,748 | $ 13,125,031 |
| Notes payable | 11,544,198 | 12,000,000 |
| | 32,229,946 | 25,125,031 |
| Less: current portion | 22,093,550 | 14,397,196 |
| | $ 10,136,396 | $ 10,727,835 |

**Revolving Credit Facility**

The TBK Facility provides for the Company to have access to the lesser of (i) $25.0 million and (ii) the Formula Amount (as defined in the loan and security agreement dated July 20, 2023 with respect thereto the "TBK Agreement")). The TBK Agreement is for an initial term of 24 months and may be extended or renewed, unless terminated in accordance with its terms, and is currently scheduled to mature on June 1, 2025, and carries an interest rate based on Wall Street Journal Prime Rate plus 2.75%.

On September 12, 2024, the Company entered into an amendment to the security and loan agreement for a temporary increase in the available credit limit from $25.0 million to $30.0 million through March 12, 2025. All other terms of the TBK Agreement remain the same.

The Company is subject to certain financial covenants as part of the TBK Agreement. As of November 30, 2024 the Company was in violation of the specified fixed coverage ratio financial covenant. On March 6, 2025, the Company entered into a waiver to the TBK Agreement with TBK Bank whereby TBK Bank agreed to waive the fixed coverage ratio event of default for the quarter ended November 30, 2024. The Company is also in violation of the same debt covenant for the quarter ended February 28, 2025, and will be requesting another wavier from the lender.

**Notes Payable**

On March 10, 2023, the Company entered into a financing agreement (the "Financing Agreement") and related fee letter as a borrower with certain of its subsidiaries party thereto as guarantors (collectively with the Company, 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"). 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.

The Company is subject to certain financial covenants as part of the Financing Agreement. As of November 30, 2024 the Company was in violation of the EBITDA leverage ratio financial covenant set forth in Section 7.03(c) of the Financing Agreement. On January 8, 2025, the Company entered into a waiver agreement with the Agents whereby the Agents waived the requirements of, among other requirements, Section 7.03(c) of the Financing Agreement for the quarter ended November 30, 2024.

## 5. RELATED PARTY TRANSACTIONS

The Company has the following notes payable to related parties:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Due to FTS [1] | $ 500,000 | $ 500,000 |
| Due to ULHK[2] | 11,753,000 | 10,647,010 |
| | 12,253,000 | 11,147,010 |
| Less: current portion | - | - |
| | $ 12,253,000 | $ 11,147,010 |

(1) Promissory note dated February 21, 2023, in connection with the acquisitions completed 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 ("FTS") maturing December 31, 2025, and bearing no interest. FTS is owned by the Company's CEO.

(2) This debt relates to a series of acquisitions by the Company of the share capital in nine entities previously owned by ULHK, an entity with over 10% investment in the Company. On October 7, 2024, the Company and ULHK amended all the notes outstanding to extend the maturity dates on each of these promissory notes to December 31, 2025.

Transactions listed below are between the Company and ULHK and its operating subsidiaries. These are considered related party transactions due to ULHK being an entity with a more than 10% investment in the Company.

**Accounts Receivable and Payable**

Transactions with related parties account for $0.3 million and $2.1 million, respectively, of accounts receivable and accounts payable as of November 30, 2024, compared to $1.2 million and $5.2 million, respectively, of accounts receivable and accounts payable as of May 31, 2024.

**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 three months ended November 30, 2024, and 2023 these transactions represented $0.7 million and $0.4 million, respectively. For the six months ended November 30, 2024 and 2023, these transactions represented $0.9 million and $0.6 million, respectively.

Direct costs are services billed to the Company by related parties for shipping activities. For the three months ended November 30, 2024, and 2023 these transactions represented approximately $4.2 million and $1.8 million, respectively. For the six months ended November 30, 2024, and 2023, these transactions represented $10.3 million and $2.5 million, respectively.

## 6. OTHER LONG-TERM LIABILITIES

*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 for the year ended May 31, 2024.

*Amendment to the financing agreement and a waiver*

As previously disclosed, on March 10, 2023, the Company entered into the Financing Agreement as borrower with certain of its subsidiaries party thereto as guarantors, the Lenders, and the Agents, 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 the Financing Agreement (the “Second Waiver”), whereby the Agents and the Lenders agreed to waive: (i) (a) that certain Event of Default (as defined in Section 9.01 of the Financing Agreement) that has occurred or may occur due to the Borrowers’ noncompliance with Section 7.03(a) of the Financing 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 Borrowers’ noncompliance with Section 7.03(b) of the Financing 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 Borrowers’ noncompliance with Section 7.03(c) of the Financing Agreement for each of the fiscal quarters in the fiscal year ending May 31, 2024 and for the fiscal quarter ending August 31, 2024 (together with the FCCR Event of Default and the Liquidity Event of Default, the “Specified Events of Default”); 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. As noted above, the Company is still non-compliant with Section 7.03(c) of the Financing Agreement in the second quarter ended November 30, 2024 as discussed in Note 4.

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, 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 unless otherwise agreed within the warrant agreement, which is currently being drafted. 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 and $6,370,063 as of November 30, 2024.

Due to the unique nature of these warrants, which the Company anticipates will have an effective date of February 28, 2025 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:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Risk-free interest rate | 4.1% | 4.5% |
| Discount rate | 11.5% | 6.0% |
| Probability of financing event next 2 years | 85.0% | 85.0% |
| Probability of financing event years 2 through 7.5 | 90.0% | 90.0% |
| Term | 6.8 years | 7.3 years |

The Company has identified and recorded these expected warrants (prior to issuance) due to the contractual nature of this liability as a long-term liability. Once issued, these warrants will be reclassified into derivative liability as representing the rights of holders of these warrants to receive certain shares of common stock upon qualified financing event. Accordingly, the Company is treating this long-term liability as derivative liability and adjusting it to reflect fair value at each period end with changes in fair value recorded in the "Change in fair value of derivative liabilities" financial statement line item of the Company's statements of operations.

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Other long-term liabilities as June 1, 2024 | $ - | $ - | $ 6,879,823 |
| Addition | - | - | - |
| Change in fair value of derivative liabilities | | | (509,760) |
| Other long-term liabilities as November 30, 2024 | $ - | $ - | $ 6,370,063 |

**7. STOCKHOLDERS' EQUITY**

**Common Stock**

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

**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 shares of the Company's Series A Preferred Stock contain an anti-dilution provision that provides for an adjustment necessary to maintain the stockholders' fully diluted ownership percentage as of the date of issuance of the shares of Series A Preferred Stock.

Subject to the rights of holders of shares of the Company's Series B Preferred Stock, which shares rank pari passu with shares of the Company's Series A Preferred Stock in terms of liquidation preference, in the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the stockholders of record of shares of the Company's Series A Preferred Stock 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 and other junior securities, a liquidation preference equal to their stated value per share.

*Series B Convertible Preferred*

Subject to the rights of holders of shares of the Company's Series A Preferred Stock, which shares rank pari passu with shares of the Company's Series B Preferred Stock in terms of liquidation preference, 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 Stock 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 and other junior securities, a liquidation preference equal to their stated value per share.

*Series C & D Convertible Preferred*

The holders of the Company's Series C and Series D 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 shares of common stock immediately prior to such liquidation, dissolution or winding up.

**8. 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 the 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:

| | For the Three Months Ended November 30, 2024 | For the Three Months Ended November 30, 2023 |
|---|---|---|
| Operating lease (right of use (“ROU”) amortization) | $ 661,110 | 732,624 |
| Interest on lease liabilities | 178,486 | 219,174 |
| Total net lease cost | $ 839,596 | 951,798 |

| | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|
| Operating lease cost – Right of Use Asset Amortization | $ 1,395,366 | 1,428,413 |
| Interest on lease liabilities | 369,376 | 440,868 |
| Total net lease cost | $ 1,764,742 | 1,869,281 |

Supplemental balance sheet information related to leases was as follows:

| | November 30, 2024 | May 31, 2024 |
|---|---|---|
| Operating leases: | | |
| Operating lease ROU assets, net | $ 7,629,534 | $ 9,019,914 |
| | | |
| Current operating lease liabilities | 2,238,717 | 2,588,817 |
| Noncurrent operating lease liabilities | 5,864,093 | 6,902,171 |
| Total operating lease liabilities | $ 8,102,810 | $ 9,490,988 |

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

| | For Six Months Ended November 30, 2024 | For Six Months Ended November 30, 2023 |
|---|---|---|
| ROU assets obtained in exchange for lease liabilities: | | |
| Operating leases | $ 4,986 | $ 1,250,215 |
| Cash Paid for amounts included in the measurement of lease liabilities: | | |
| Operating leases | $ 1,393,164 | $ 1,265,117 |
| Weighted average remaining lease term (in years): | | |
| Operating leases | 2.51 | 3.9 |
| Weighted average discount rate: | | |
| Operating leases | 8.3% | 9.1% |

Future Minimum Payments for the Twelve Months Ending November 30,

| | November 30, 2024 |
|---|---|
| 2025 | $ 3,077,156 |
| 2026 | 2,840,503 |
| 2027 | 2,883,656 |
| 2028 | 433,285 |
| 2029 | 29,392 |
| Thereafter | - |
| Total lease payments | 9,263,992 |
| Less: imputed interest | 1,161,182 |
| Total lease obligations | $ 8,102,810 |

## 9. INCOME TAX PROVISION

The breakout of foreign and domestic pretax income (loss) is as follows:

| | For the Three Months Ended November 30, 2024 | For the Three Months Ended November 30, 2023 |
|---|---|---|
| Domestic | $ (1,727,273) | $ (1,497,278) |
| Foreign | $ (75,260) | (1,398,205) |
| Pretax income | $ (1,802,533) | $ (2,895,483) |

| | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|
| Domestic | $ (749,506) | $ (5,667,523) |
| Foreign | 188,924 | (32,919) |
| Pretax income | $ (560,583) | $ (5,700,442) |

The quarterly tax provision is determined using an estimated annual effective tax rate, adjusted for discrete items arising in the applicable quarter. The Company recorded a provision for income tax expense of $3.9 million, reflecting an effective tax rate of 693.1%, and $0.5 million of income tax benefit, reflecting an effective tax rate of 9.1%, respectively, for the six months ended November 30, 2024, and November 30, 2023. The effective rate for the six months ended November 30, 2024 differed from the U.S. federal statutory rate primarily due to the recognition of a valuation allowance during the period. For the three-months ended November 30, 2024, the Company recorded $0.5 million income tax expense with an effective tax rate of 29.7%. compared with benefit of 0.03 million and an effective rate of 0.9% for three months ended November 30, 2023. The Company has determined that it is not more likely than not to recognize a portion of its federal, foreign and state deferred tax assets. For the three-months ended November 30, 2023, our effective tax rate differed from the U.S. federal statutory rate primarily as a result of prior provision to actual and foreign tax adjustments.

The Company has filed its 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, net operating losses as of May 31, 2024 and 2023 will remain subject to examination until the respective tax year is closed.

## 10. SUBSEQUENT EVENTS

*Line of credit waiver of financial covenant*

As also discussed in Note 4, on March 6, 2025, the Company and TBK Bank entered into a waiver to the TBK Agreement whereby TBK Bank agreed to waive a specified event of default as of November 30, 2024. All other terms and conditions of the original TBK Agreement remain the same.

*Term debt waiver of financial covenant*

As also discussed in Note 4, on January 8, 2025, the Company entered into a waiver agreement with the Agents whereby the Agents waived the requirements of, among other requirements, Section 7.03(c) of the Financing Agreement for the quarter ended November 30, 2024.

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

*Note Regarding Forward-Looking Statements*

This Quarterly Report on Form 10-Q includes a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") that reflect management's current views with respect to future events and financial performance. These statements are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by the Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used herein, the words "anticipate," "believe," "estimate," "expect," "forecast," "future," "intend," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgements and assumptions. We believe that the estimates, judgements and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgements and assumptions are made. These estimates, judgements and assumptions can affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our condensed consolidated financial statements would be affected to the extent there are material differences between these estimates and actual results. The following discussion should be read in conjunction with our condensed consolidated financial statements and notes thereto appearing elsewhere in this report.

The forward-looking statements made in this report are based only on events or information as of the date on which the statements are made in this report. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company's business, industry, and the Company's operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned You should read this report and the documents we refer to in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we expect. These risks include, by way of example and without limitation:

● *The Company provides services to customers engaged in international commerce. Everything that affects international trade has the potential to expand or contract our primary market and adversely impact our operating results*

● *We depend on operators of aircrafts, ships, trucks, ports and airports*

● *We derive a significant portion of our total revenues and net revenues from our largest customers*

● *Due to our dependence on a limited number of customers, we are subject to a concentration of credit risk*

● *Our earnings may be affected by seasonal changes in the transportation industry*

● *Our business is affected by ever increasing regulations from a number of sources in the United States and in foreign locations in which we operate*

● *As a corporation transacting business in multiple countries, we are subject to formal or informal investigations from government authorities or others in the countries in which we do business*

● *The global economy and capital and credit markets continue to experience uncertainty and volatility*

● *Our business is subject to significant seasonal fluctuations driven by market demands and each quarter is affected by seasonal trends*

● *Our revenue and direct costs are subject to significant fluctuations depending on supply and demand for freight capacity*

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or performance. Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission ("SEC"). We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that our actual results of operations or the results of our future activities will not differ materially from our assumptions.

***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 that 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

*Industry Trends, Trade Conditions and Competition*

We specialize in shipping by air and sea from Asia to the United States. Our business is thus intricately linked to the economic, political and other market factors that impact trade and shipping in this sector. Geopolitical factors have resulted in United States' importers moving production from China to other countries in the region. This trend poses challenges to ensure that we meet the changing logistics requirements of our customers and secure the capacity necessary by air or sea to successfully ship products for our customers from other parts of Asia.

The disruption of shipping through the Suez Canal due to continuing attacks on vessels in the Red Sea has had a significant impact on shipping logistics as a number of shipping companies have diverted their ships around the Cape of Good Hope instead of traveling through the Canal, increasing shipping times and costs. This diluted the impact of increased capacity that was expected from the deployment of new vessels. The increased transit around southern Africa tied up vessel capacity and resulted in higher shipping costs and some conversion to air freight. Recently there has been some talk about a possible cessation of militant activities in the region. If this happens, there is likely to be some downward trends in shipping costs as more capacity is freed up to the United States East Coast.

Increasing air shipping volumes and reduced airfreight capacity for commercial imports has increased airfreight costs. Delays in the delivery of new aircraft have restricted capacity growth. As new aircraft deliveries get back on track and ocean shipping capacity is possibly boosted by the resumption of Suez Canal sailing, there may be a downward movement in airfreight costs.

United States' importers anxiously await more clarity on the tariff regime with the incoming administration. While geopolitical de-risking from China may be a continuing trend, there may be new logistics challenges should tariffs cover other countries and specific product types.

***Results of Operations for the Three Months Ended November 30, 2024, and November 30, 2023***

*Revenue*

For the three months ended November 30, 2024, and 2023, Unique Logistics' revenue by product line was as follows:

| | For the Three Months Ended November 30, 2024 | For the Three Months Ended November 30, 2023 | $ change | % change |
|---|---|---|---|---|
| Airfreight services | $ 55,751,903 | 36,281,790 | 19,470,113 | 53.7% |
| Ocean freight and ocean services | 45,760,260 | 16,661,249 | 29,099,011 | 174.7% |
| Contract logistics | 831,355 | 740,567 | 90,788 | 12.3% |
| Customs brokerage and other services | 9,883,199 | 8,158,647 | 1,724,552 | 21.1% |
| **Total revenues** | $ 112,226,717 | 61,842,253 | 50,384,464 | 81.5% |

The increase in total revenues for the three months ended November 30, 2024, compared to the three months ended November 30, 2023, is primarily due to increases in ocean freight and ocean services revenue and airfreight services revenue.

The increase in ocean freight and ocean services revenue was due to increases in both price (that is, the rates that we charge customers) and volume period-over period. An approximately 111.0% price increase for such services resulted in a 17.3% increase in ocean freight and ocean services revenue period-over period. An approximately 30.2% increase in the volume of such services, as a result of adding new customers and increasing orders from the existing customers resulted in an 82.7% increase in ocean freight and ocean services revenue.

The increase in airfreight services revenue during the three months ended November 30, 2024 compared to the comparable period of 2023, was due to an approximately 69.7% increase in spot market pricing, which was responsible for a 117.6% increase in airfreight services revenue, offset by an approximately 9.4% decrease in volume, which contributed to a decrease of 17.6% in airfreight services revenue. The increase in pricing was mainly due to an increase in demand for airfreight services due to the disruption of shipping through the Suez Canal, as discussed above, which led to reduced airfreight space availability and cost increases, while the decrease in volume related to decreased demand as a result of specific customers having less need for inventory replenishment quarter-over-quarter.

*Costs and Operating Expenses*

For the three months ended November 30, 2024, and 2023, Unique Logistics' costs and operating expenses were as follows:

| | For the Three Months ended November 30, 2024 | For the Three Months ended November 30, 2023 | $ change | % change |
|---|---|---|---|---|
| **Costs and operating expenses:** | | | | |
| Airfreight services | $ 52,034,147 | 34,405,651 | 17,628,496 | 51.2% |
| Ocean freight and ocean services | 39,880,673 | 13,145,339 | 26,735,334 | 203.4% |
| Contract logistics | 253,667 | 212,645 | 41,022 | 19.3% |
| Customs brokerage and other services | 9,309,938 | 7,167,890 | 2,142,048 | 29.9% |
| Salaries and related costs | 6,331,626 | 5,746,888 | 584,738 | 10.2% |
| Professional fees | 418,725 | 824,569 | (405,844) | (49.2)% |
| Rent and occupancy | 1,198,388 | 1,109,425 | 88,963 | 8.0% |
| Selling and promotion | 642,237 | 563,717 | 78,520 | 13.9% |
| Depreciation and amortization | 538,667 | 750,943 | (212,276) | (28.3)% |
| Foreign exchange (gains) and losses | 75,546 | (99,881) | 175,427 | (175.6)% |
| Gain on business disposal | (356,953) | - | (356,953) | - |
| Other expense | 1,078,745 | (634) | 1,079,379 | - |
| **Total costs and operating expenses** | $ 111,405,407 | 63,826,552 | 47,578,855 | 74.5% |

The 74.5% increase in total costs and operating expenses was primarily due to an 84.7% increase in the direct product costs combined (airfreight, ocean freight, custom brokerage and contract logistics costs) compared with the same period from last year. The increase in direct product costs was primarily attributable to the increased purchase prices and additional volumes processed during the three months ended November 30, 2024 compared to the same period of 2023, which correlates with the sales revenue increases in each category. Increase in Other expense relates primarily to an increase in the Company's enhancements of its digital supply chain solutions and completed specific customers' EDI integrations projects.

*Other Income (Expenses)*

During the quarter ended November 30, 2024, total other expenses were $3.1 million and consisted of $1.6 million of interest expense and a loss in fair value of derivative liabilities of $1.5 million. During the quarter ended November 30, 2023, total other expenses of $1.2 million consisted of interest expense of $1.0 million and a $0.2 million decrease in the fair value of derivative liabilities. The increase in interest expense quarter-over-quarter was due to higher debt balances during the quarter ended November 30, 2024, as borrowings under our line of credit with TBK Bank increased due to higher sales and payments made to the shipping lines. Interest expense also increased due to the Company's restructuring of promissory notes due to related parties during the 2024 calendar year, which resulted in the Company issuing new notes that accrue interest to replace interest free notes.

*Income Tax Expense (Benefit)*

For the three-months ended November 30, 2024, the Company recorded $0.5 million income tax expense with an effective tax rate of 29.7% compared with benefit of 0.03 million and an effective rate of 0.9% for three months ended November 30, 2023. The Company has determined that it is not more likely than not to recognize a portion of its federal, foreign and state deferred tax assets. For the three-months ended November 30, 2023, our effective tax rate differed from the U.S. federal statutory rate primarily as a result of derecognition of the deferred tax asset related to a business disposition during the quarter ended November 30, 2024.

***Results of Operations for the Six Months Ended November 30, 2024 and 2023***

*Revenue*

For the six months ended November 30, 2024 and 2023, Unique Logistics' revenue by product line was as follows:

| | For the Six Months ended November 30, 2024 | For the Six Months ended November 30, 2023 | $ change | % change |
|---|---|---|---|---|
| Airfreight services | $ 103,000,005 | $ 55,429,760 | $ 47,570,245 | 85.8% |
| Ocean freight and ocean services | 102,824,663 | 47,389,750 | 55,434,913 | 117.0% |
| Contract logistics | 1,806,934 | 1,313,279 | 493,655 | 37.6% |
| Customs brokerage and other services | 19,793,352 | 20,577,748 | (784,396) | (3.8)% |
| **Total revenues** | $ 227,424,954 | $ 124,710,537 | 102,714,417 | 82.4% |

The increase in total revenues for the six months ended November 30, 2024, compared to the six months ended November 30, 2023, is almost entirely due to increases in airfreight and ocean freight and ocean services revenue.

The 85.8% increase in airfreight revenue was due to a 19.7% increase in volume, which contributed 22.9% of the increase in total revenues, and a 55.3% increase in pricing, which contributed 77.1% of the increase in total revenues. The increase in pricing was mainly due to an increase in demand for airfreight services due to the disruption of shipping through the Suez Canal and the resulting reductions in airfreight space availability and cost increases, as discussed above.

The 117.0% increase in ocean freight and ocean services revenue was mostly due to a 120.9% increase in spot market pricing, which resulted in a 101.5% increase in such revenue.

*Costs and Operating Expenses*

For the six months ended November 30, 2024 and 2023, Unique Logistics' costs and operating expenses were as follows:

| | For the Six Months ended November 30, 2024 | For the Six Months ended November 30, 2023 | $ change | % change |
|---|---|---|---|---|
| **Costs and operating expenses:** | | | | |
| Airfreight services | $ 96,879,648 | $ 52,298,084 | $ 44,581,564 | 85.2% |
| Ocean freight and ocean services | 90,998,391 | 38,965,094 | 52,033,297 | 133.5% |
| Contract logistics | 509,225 | 380,803 | 128,422 | 33.7% |
| Customs brokerage and other services | 17,816,063 | 17,916,787 | (100,724) | (0.6)% |
| Salaries and related costs | 11,550,239 | 11,763,780 | (213,541) | (1.8)% |
| Professional fees | 1,474,674 | 1,632,462 | (157,788) | (9.7)% |
| Rent and occupancy | 2,560,812 | 2,205,990 | 354,822 | 16.1% |
| Selling and promotion | 1,218,381 | 1,278,688 | (60,307) | (4.7)% |
| Depreciation and amortization | 1,006,293 | 1,450,343 | (444,050) | (30.6)% |
| Foreign exchange transactions, net | 47,309 | (294,067) | 341,376 | (116.1)% |
| Gain on business disposal | (356,953) | - | (356,953) | - |
| Other expense | 1,718,467 | 665,531 | 1,052,936 | 117.7% |
| **Total costs and operating expenses** | $ 225,422,549 | $ 128,263,494 | 97,159,055 | 75.7% |

The 75.7% increase in total costs and operating expenses was primarily due to an 88.2% increase in the direct product costs combined compared with the same period from last year. Total direct product cost was $206.2 million for the six months ended November 30, 2024, compared to $109.6 million for the six months ended November 30, 2023, an increase mostly related to an increase in spot market purchasing prices in both airfreight and ocean freight. Increase in Other expenses relates primarily to an increase in the Company's enhancements of its digital supply chain solutions and completed specific customers' EDI integrations projects.

*Other Income (Expenses)*

For the six months ended November 30, 2024, total other expenses were $3.5 million and consisted of $3.6 million of interest expense and a gain from the change in fair value of derivative liabilities of $0.1 million. For the six months ended November 30, 2023, total other expenses of $2.6 million consisted of interest expense of $2.4 million and a $0.2 million decrease in the fair value of derivative liabilities. The increase in interest expense period-over-period was due to higher debt balances during the six months ended November 30, 2024, as borrowings under our line of credit with TBK Bank increased due to higher sales and payments made to the shipping lines. Interest expense also increased due to the Company's restructuring of promissory notes due to related parties during 2024 calendar year, which resulted in the Company issuing new notes that accrue interest to replace interest free notes

*Income Tax Expense (Benefit)*

The Company recorded a provision for income tax expense of $3.9 million, reflecting an effective tax rate of 693.1%, and $0.5 million of income tax benefit, reflecting an effective tax rate of 9.1%, respectively, for the six months ended November 30, 2024, and November 30, 2023. The effective rate for the six months ended November 30, 2024 differed from the U.S. federal statutory rate primarily due to the recognition of a valuation allowance during the period. The deferred tax asset valuation allowance is reversable in future periods if there is sufficient cumulative taxable income in such periods.

**Liquidity and Capital Resources**

The Company's principal sources of cash are (i) cash generated from operations, (ii) borrowings available under its revolving line of credit and (iii) proceeds from future debt or equity issuances. As of November 30, 2024, the Company had cash and cash equivalents on hand of approximately $3.7 million, negative working capital of $2.8 million, and $9.3 million available to draw under its operating line of credit with TBK Bank, SSB (the "TBK Facility") based on the amount of its accounts receivable on such date. On September 12, 2024, the Company entered into an agreement with TBK Bank to temporarily increase the credit limit under the TBK Facility from $25.0 million to $30.0 million for a period of six months through March 12, 2025. The Company has incurred net losses of $4.4 million and used cash for its operations in the amount of $5.5 million during the six months ended November 30, 2024, primarily due to the ramp up of accounts receivable and accounts payable during the most recent quarter ended due to an increase in sales. The negative working capital, net losses and cash used in operations are all indicators of substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated financial statements appearing elsewhere in this report are issued.

The Company is currently evaluating several different strategies to enhance its liquidity position. These strategies may include, but are not limited to, pursuing additional actions under its strategic plan, seeking additional financing from both the public and private markets through the issuance of equity securities and seeking to extend the term of outstanding debt. The outcome of these matters cannot be predicted with any certainty at this time. There can be no assurance that the Company will be able to raise the capital it needs to continue its operations on satisfactory terms or at all. If capital is not available to the Company when, and in the amounts, needed, the Company could be required to liquidate its assets, cease or curtail operations, which could materially harm its business, financial condition and results of operations, or seek protection under applicable bankruptcy laws or similar state proceedings.

The Company is continually evaluating its liquidity requirements considering its operating needs, growth initiatives and capital resources. Based on its assessment of the Company's projected cash flow and business performance as of and subsequent to November 30, 2024, management believes that the Company's current cash and cash availability under the TBK facility as well as the ability to renegotiate the debt repayments would be sufficient to support its operations for at least the next 12 months from the issuance of this report. The Company's plan includes the items noted above as well as securing external financing, which may include raising debt or equity capital. These plans are not entirely within the Company's control including its ability to raise sufficient capital on favorable terms, if at all, and absent an infusion of sufficient capital there is substantial doubt about its ability to continue as a going concern for 12 months after the date the condensed consolidated financial statements for the three and six months ended November 30, 2024 are issued.

***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.

Our critical accounting estimates are discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our annual report on Form 10-K for the year ended May 31, 2024.

***Adjusted EBITDA***

We define adjusted EBITDA as 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. 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 three and six months ended November 30, 2024 and 2023:

| | For the three months Ended November 30, 2024 | For the three months ended November 30, 2023 |
|---|---|---|
| Net loss | $ (2,338,094) | $ (2,870,683) |
| | | |
| Add back: | | |
| Income tax expense (benefit) | 535,561 | (24,800) |
| Depreciation and amortization* | 538,667 | 537,818 |
| (Gain)/loss on foreign exchange | 75,546 | (99,881) |
| Change in fair value of derivative liabilities | 1,472,951 | 160,075 |
| Interest expense | 1,666,144 | 1,026,165 |
| | | |
| Adjusted EBITDA | $ 1,950,775 | $ (1,271,306) |

| | For the Six Months Ended November 30, 2024 | For the Six Months Ended November 30, 2023 |
|---|---|---|
| Net loss | $ (4,445,707) | $ (5,181,811) |
| | | |
| Add Back: | | |
| Income tax expense (benefit) | 3,885,124 | (518,631) |
| Depreciation and amortization** | 1,006,293 | 1,024,093 |
| (Gain)/loss on foreign exchange | 47,309 | (294,067) |
| Change in fair value of derivative liability | (140,670) | 181,863 |
| Interest expense | 3,684,765 | 2,416,373 |
| | | |
| Adjusted EBITDA | $ 4,037,114 | $ (2,372,180) |

* Six months ended November 30, 2023 depreciation expense is reduced by $426,250 due to reclassification needed between right of use asset amortization (part of rent expense) and amortization of intangibles. Three months ended November 30, 2023 was also reduced by $213,125 compared to previously reported amount.

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

As a smaller reporting company, we are not required to provide the information required by this item.

**ITEM 4. CONTROLS AND PROCEDURES**

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under 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 are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

As of November 30, 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 November 30, 2024, our disclosure controls and procedures were not effective and require 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 (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the audit of 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. The material weaknesses identified relate to the fact that we did not design and maintain an effective control environment commensurate with our financial reporting requirements, including (a) lack of a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience and (b) we have not completed a full risk assessment of our internal control over financial reporting at the activity level, including process documentation and testing. 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 GAAP.

*Changes in Internal Control over Financial Reporting*

There have not been any changes in our internal control over financial reporting during the quarter ended November 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any disputes and does not have any litigation matters pending that it believes could have a material adverse effect on its financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company's executive officers or any of its subsidiaries, threatened against or affecting the Company, its common stock, any of its subsidiaries or of the Company's or the Company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

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 1A. RISK FACTORS

Our business, financial condition, results of operations, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our most recent Annual Report on Form 10-K and in our other filings with the SEC, the occurrence of any one of which could have a material adverse effect on our actual results. There have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K and our other filings with the SEC.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER REPURCHAES OF EQUITY SECURITIES.

There were no unregistered sales of the Company's equity securities during the quarter ended November 30, 2024.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

### ITEM 5. OTHER INFORMATION

***Termination of a Material Definitive Agreement; Creation of a Direct Financial Obligation.***

On January 14, 2025, the Company entered into a Mutual Termination of the Share Sale and Purchase Agreement (the "Termination Agreement") with Unique Logistics Holdings Limited ("ULHK"). Although the Termination Agreement is dated and was executed on January 14, 2025, the termination was made effective as of November 30, 2024.

The Termination Agreement terminates that certain Share Sale and Purchase Agreement, dated September 13, 2022, as amended (the "Purchase Agreement"), pursuant to which the Company had agreed to acquire from ULHK a 65% ownership interest in Unique Logistics International (Vietnam) Co. Ltd. ("Unique-Vietnam"). The termination was made in accordance with Section 8.2(a) of the Purchase Agreement due to the failure to obtain necessary governmental, regulatory and corporate authorizations required to complete the transaction under Sections 3.1(a) and 3.1(c) thereof.

As a result of the termination, the Purchase Agreement and all related transaction documents, including a promissory note issued on February 21, 2023, in the principal amount of $1,000,000, have been cancelled and are of no further force or effect.

Additionally, the Termination Agreement provides that Unique Vietnam and another company identified by the Company ("Vietnam-Co") will offer employment to at least 30 of the 37 employees of Unique-Vietnam including 10 specifically designated employees highlighted on Schedule A of the Termination Agreement whose employment must be transferred (the "Designated Employees").

As consideration for ULHK's consent to the termination of the Purchase Agreement and related transactions, the Company agreed to pay ULHK an accommodation fee of $650,000 (the "Accommodation Fee") in the form of a promissory note due on December 31, 2025 (the "Fee Note"). The issuance of the Fee Note is contingent upon the completion of Vietnam-Co's employment offers to the Designated Employees. If one or more of the Designated Employees do not accept employment, the Company and ULHK will negotiate a reduction of the Accommodation Fee.

Additionally, ULHK has agreed to pay the Company a fee equal to 65% of Unique-Vietnam's net income from February 1, 2023, to November 30, 2024. If Vietnam-Co does not complete the employee transfer by February 28, 2025, ULHK will pay an additional delay fee equal to 65% of Unique-Vietnam's net income from the November 30, 2024 until the employee transfer is complete, which fee will not exceed the amount of the Accommodation Fee. At the Company's discretion, any fees owned by ULHK under the Termination Agreement may be offset against amounts payable under the Fee Note.

The above contains only a brief description of the material terms of and does not purpose to be a complete description of the rights and obligations of the parties to the Termination Agreement, and such description is qualified in its entirety by reference to the full text of the Termination Agreement, a copy of which is filed as Exhibit 10.10 to this Quarterly Report on Form 10-Q.

**ITEM 6. EXHIBITS**

| Exhibit Number | Exhibit Description | Incorporated by Reference | | Filed or Furnished | |
|---|---|---|---|---|---|
| | | Form | Exhibit | Filing Date | Herewith |
| 10.1 | Amendment No. 3 to Loan and Security Agreement, dated as of September 12, 2024, 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 | 09/18/24 | |
| 10.2 | Amendment to Employment Agreement between Unique Logistics International, Inc. and Eli Kay, dated September 17, 2024. | 8-K | 10.1 | 09/23/24 | |
| 10.3 | Note 11 Amendment, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited. | 8-K | 10.1 | 10/10/24 | |
| 10.4 | Note 12 Amendment, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited. | 8-K | 10.2 | 10/10/24 | |
| 10.5 | Amended Second Net Assets Note, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited. | 8-K | 10.3 | 10/10/24 | |
| 10.6 | Amended Original Seller Note, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited. | 8-K | 10.4 | 10/10/24 | |
| 10.7 | Amended ULHL Note, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Unique Logistics Holdings Limited. | 8-K | 10.5 | 10/10/24 | |
| 10.8 | FTS Promissory Note Amendment, dated as of October 7, 2024, by and between Unique Logistics International, Inc. and Frangipani Trade Services, Inc. | 8-K | 10.6 | 10/10/24 | |
| 10.9 | Promissory Note in the principal amount of $350,000, dated October 21, 2024, in favor of Unique Logistics Holdings Limited. | 8-K | 10.1 | 10/23/24 | |
| 10.10 | Mutual Termination of the Share Sale and Purchase Agreement dated January 14, 2025, by and between Unique Logistics Holdings Limited and Unique Logistics International, Inc. | | | | X |
| 31.1 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer. | | | | X |
| 31.2 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer. | | | | X |
| 32.1 | Section 1350 Certification of Chief Executive Officer. | | | | X |
| 32.2 | Section 1350 Certification of Chief Financial Officer. | | | | X |
| 101.INS | Inline XBRL Instance Document | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | X |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | | | | X |

## SIGNATURES

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

**UNIQUE LOGISTICS INTERNATIONAL, INC.**

By: */s/ Sunandan Ray*

Sunandan Ray
Chief Executive Officer (Principal Executive Officer)

March 7, 2025

By: */s/ Eli Kay*

Eli Kay
Chief Financial Officer (Principal Financial Officer)

March 7, 2025

**Exhibit 10.10**

**MUTUAL TERMINATION
OF
SHARE SALE AND PURCHASE AGREEMENT**

**THIS MUTUAL TERMINATION OF THE SHARE SALE AND PURCHASE AGREEMENT** (this "**Agreement**"), dated January 14, 2025, and reflecting the agreement reached between the parties hereto as of November 30, 2024 (the "**Effective Date**"), is by and between Unique Logistics Holdings Limited, a Hong Kong corporation ("**ULHL**") and Unique Logistics International, Inc., a Nevada corporation (the "**UNQL**"). Capitalized terms used herein but not otherwise defined shall have the respective meanings attributed thereto in the Purchase Agreement (defined below).

**WHEREAS**, ULHL and UNQL are parties to that certain Share Sale and Purchase Agreement, dated September 13, 2022, as amended (the "**Purchase Agreement**"), pursuant to which UNQL agreed to purchase from ULHL, and ULHL agreed to sell to UNQL, certain interests owned by ULHL, representing 65% of the charter capital, of Unique Logistics International (Vietnam) Co. Ltd, a company established and operating under the ERC (as defined in the Purchase Agreement) and having its registered address at 181 Dien Bien Phu Street, DaKao Ward, District No.01, Ho Chi Minh City, Vietnam ("**ULI-Vietnam**"), pursuant to the terms and subject to the conditions set forth therein;

**WHEREAS**, pursuant to Section 8.2(a) of the Purchase Agreement, ULHL and UNQL have determined to terminate the Purchase Agreement by mutual consent, based on the failure of a condition therein that the governmental, regulatory and corporate authorizations necessary to complete the transactions would be obtained as required under Sections 3.1(a) and (c) of the Purchase Agreement; and

**WHEREAS**, concurrent herewith and by separate agreement under local Vietnam law, ULI-Vietnam and another Vietnamese company identified by UNQL ("**Vietnam-Co**") have agreed that Vietnam-Co shall have the right hereafter and shall offer employment to at least 30 of the 37 employees of ULI-Vietnam, at least 10 of whom shall be those individuals specifically highlighted (by asterisk*) on Schedule A hereto, whose employment must be transferred to Vietnam-Co (the "**Designated Employees**").

**NOW**, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ULHL and UNQL hereto agree as follows:

1. **Termination**. UNQL and ULHL hereby agree that, effective as of November 30, 2024 at 11:59 p.m., the Purchase Agreement and any other documents executed in connection with the Purchase Agreement, including specifically and without limitation, that certain Promissory Note, dated February 21, 2023, in the principal amount of US$1,000,000 (the "**Note**") (all such documents, the "**Transaction Documents**") are deemed to have been cancelled and terminated in their entirety and of no further force or effect whatsoever. The Note, if held by UNQL shall be cancelled by UNQL. If held by ULHL shall be surrendered to UNQL for cancellation and ULHL agrees that it will not, in any event, present the Note for payment to or by any entity or attempt to collect any amounts stated to have been owed thereunder.

2. **Accommodation Fee**. In order to obtain the consent of ULHL to terminate the Purchase Agreement, the Transaction Documents and the transactions contemplated thereby and consent to hire the Designated Employees (to whom employment is offered by Vietnam-Co and accepted by said employees) as provided herein, UNQL has agreed, subject to the conditions set forth herein, to pay ULHL an accommodation fee equal to US$650,000 (the "**Accommodation Fee**") in the form of a promissory note (the "**Fee Note**"), the maturity date of which shall be December 31, 2025 (the "**Maturity Date**"). Interest shall accrue on the Fee Note at the simple rate of 15.0% per annum based on a 365-day year up to the date on which the Accommodation Fee is paid in full. Payment of the Accommodation Fee and issuance of the Fee Note shall be contingent upon completion by Vietnam-Co, to UNQL's reasonable satisfaction, of the offer of employment and engagement of the Designated Employees. The Fee Note shall be issued and provided to ULHL as soon as possible after the offer by Vietnam-Co of employment to the Designated Employees has been accepted by each of the 10 Designated Employees. In the event that one or more Designated Employees do not accept Vietnam-Co's offer of employment as contemplated hereunder, the parties hereto shall promptly negotiate in good faith to agree upon a [reduction] of the Accommodation Fee under the Fee Note. Following agreement between the parties relating to the adjusted Accommodation Fee, the Fee Note shall then be deliverable promptly, but in any event within 10 business days of such agreement. [Notwithstanding anything else set forth herein, the Accommodation Fee shall not be due or required to be delivered if the parties fail to reach such an agreement.]

3. **Fees Based on ULHL Net Income**. No later than 14 days after execution hereof, ULHL shall pay to UNQL a fee in an amount equal to 65% of ULI-Vietnam's net income (which, for the avoidance of doubt, means its net profit after tax and expenses as determined by the internal financial statements of ULI-Vietnam) for the period from February 1, 2023 through November 30, 2024 (the "**Net Income Fee**"). In addition to the Net Income Fee, in the event that Vietnam-Co has not completed the transfer of the Designated Employees as contemplated by this Agreement by February 28, 2025, from the Effective Date hereof until such time as the transfer of the Designated Employees by Vietnam-Co is complete (as determined by UNQL), ULHL shall pay to UNQL in respect of ULHL's delay in transferring said employees, a delay fee in an amount equal to 65% of ULI-Vietnam's net income from the Effective Date hereof until such time as the transfer of the Designated Employee is complete (the "**Delay Fee**"). For purposes hereof, the term "complete" shall mean Vietnam-Co's offer to the Designated Employees and the acceptance of said offer by the Designated Employees. Each of ULHL and UNQL agrees to use its best efforts, in good faith, to cause the transfer of the Designated Employees as contemplated under this Agreement. At the discretion of UNQL, amounts payable by ULHL hereunder in respect of the Net Income Fee and the Delay Fee may be offset by UNQL and deducted against amounts otherwise payable to ULHL by UNQL under the Fee Note. In the event that any fees payable under this Agreement exceed the amount available for offset under the Fee Note, the excess amount shall be remitted in cash by wire transfer of immediately available funds. Notwithstanding anything to the contrary in this Agreement, the Delay Fee shall not exceed the amount of the Accommodation Fee paid to ULHL.

4. **Entire Agreement**. This Agreement constitutes the entire agreement of ULHL and UNQL with respect to the termination of the Purchase Agreement and the Transaction Documents and supersedes all prior or contemporaneous written or oral agreements, whether express or implied, related to the subject matter hereof.

5. **Governing Law**. This Agreement shall be governed in all respects by the internal laws of the State of New York without regard to the laws regarding conflicts of laws.

6. **Interpretation; Headings**. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

7. **Severability**. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement

8. **<u>Waiver of Trial by Jury</u>**. **EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (a) NO REPRESENTATIVE OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION; (b) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (c) SUCH PARTY MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY; AND (d) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8**.

9. **<u>Counterparts</u>**. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signature of less than all of the parties, all of which shall be construed together as a single document. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original signed copy of this Agreement.

10. **Assignment; Successors and Assigns**. Neither party hereto may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld, conditioned or delayed. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns. Any purported assignment in violation of this section shall be null and void. No assignment shall relieve the assigning party of any of its obligations hereunder.

11. **Amendment and Modification; Waiver**. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right or remedy arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

[Remainder of Page Intentionally Blank; Signature Pages Follows]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement on the date first above written.

**UNQL:**

**UNIQUE LOGISTICS INTERNATIONAL, INC.**

By: ____________________________
Name: Sunandan Ray
Title: Chief Executive Officer

**ULHL:**

**UNIQUE LOGISTICS HOLDINGS LIMITED**

By: ____________________________
Name: Richard Lee Chi Tak
Title: Chief Executive Officer

[Signature Page to UNQL-ULHL Termination Agreement (Vietnam SPA)]

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Sunandan Ray, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2025

*/s/ Sunandan Ray*
Sunandan Ray
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE**
**SARBANES-OXLEY ACT OF 2002**

I, Eli Kay, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2025

*/s/ Eli Kay*

Eli Kay
Chief 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 Quarterly Report of Unique Logistics International, Inc. (the “Company”) on Form 10-Q for the period ended November 30, 2024, 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

March 7, 2025

**Exhibit 32.2**

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

In connection with the Quarterly Report of Unique Logistics International, Inc. (the "Company") on Form 10-Q for the period ended November 30, 2024, 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

March 7, 2025