

TRANSPORTATION & LOGISTICS SYSTEMS, INC.

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

or

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

For the transition period from _____ to _____

Commission File Number: 001-34970

Transportation and Logistics Systems, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

26-3106763

(IRS Employer
Identification No.)

**5500 Military Trail, Suite 22-357
Jupiter, FL**

(Address of principal executive offices)

33458

(Zip Code)

(833) 764-1443

(Registrant's telephone number, including area code)

Not applicable

(Registrant's former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
N/A	N/A	N/A

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, \$ 0.001 Par Value

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 registration was required to submit such files). Yes ☐ No ☒

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

As of May 13, 2025, the registrant had outstanding 5,889,437,474 shares of common stock.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC.
FORM 10-Q
MARCH 31, 2025

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For purposes of this Quarterly Report on Form 10-Q (this “Quarterly Report”), unless otherwise indicated or the context otherwise requires, all references herein to “Transportation and Logistics Systems, Inc.,” the “Company,” “we,” “us,” “TLSS” and “our,” refer to Transportation and Logistics Systems, Inc., a Nevada corporation, and its wholly-owned subsidiaries: TLSS Acquisition, Inc. (“TLSSA”), TLSS Operations Holding Company, Inc. (“TLSS Ops”), Shyp FX, Inc. (“Shyp FX”), Shyp CX, Inc. (“Shyp CX”); those entities wholly-owned by TLSS Ops, TLSS-CE, Inc. (“TLSS-CE”) and TLSS-STI, Inc. (“TLSS-STI”); JFK Cartage Co., Inc. (JFK Cartage”), a wholly-owned subsidiary of Cougar Express; Severance Trucking Co., Inc. (“Severance Trucking”), a wholly-owned subsidiary of TLSS-STI and Severance Warehousing, Inc. (“Severance Warehousing”) and McGrath Trailer Leasing, Inc. (“McGrath”), both wholly-owned subsidiaries of Severance Trucking, (Severance Trucking, Severance Warehousing, and McGrath collectively, “Severance”); and, the deconsolidated former subsidiary, Cougar Express, Inc. (“Cougar Express”), a wholly-owned subsidiary of TLSS-CE.

Hereinafter, TLSSA, TLSS Ops, Shyp FX, Shyp CX, TLSS-CE, TLSS-STI, Cougar Express, JFK Cartage, and Severance, are hereinafter, the “Subsidiaries”. Other than the Company, the results of operations and all accounts of the Subsidiaries for the three months ended March 31, 2025 and 2024 are included as part of discontinued operations on the consolidated financial statements.

Forward-Looking Statements

Statements made in this Quarterly Report that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including, but not limited to, financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not directly or exclusively relate to historical facts. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “intend,” “plan,” “goal,” “seek,” “strategy,” “future,” “likely,” “believes,” “estimates,” “projects,” “forecasts,” “predicts,” “potential,” or the negative of those terms, and similar expressions and comparable terminology. These include, but are not limited to, statements relating to future events or our future financial and operating results, plans, objectives, expectations, and intentions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may not be achieved. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they represent our intentions, plans, expectations, assumptions, and beliefs about future events and are subject to known and unknown risks, uncertainties, and other factors outside of our control that could cause our actual results, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. In addition to the risks described above and the risks set forth in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024 (our “2024 Annual Report”), these risks and uncertainties include: our ability to meet our annual and quarterly periodic reporting obligations under Securities Exchange Act of 1934, as amended (“34 Act”), including obtaining sufficient financing to fund the necessary costs related to the preparation and filing of one or more of our future periodic reports; our ability to restructure our remaining existing debts and obligations and replace our discontinued businesses and/or enter into new line(s) of business, whether by acquisition or otherwise; our ability to attract and retain key personnel and skilled labor to meet the requirements of being a public company; our history of losses, deficiency in working capital and a shareholders’ deficit and inability to achieve sustained profitability; our need to procure substantial additional financing to fund ongoing losses and the growth of our business; our ability to successfully execute our business strategies, including integration of acquisitions and the future acquisition of other businesses to grow our company; adverse or unanticipated events in the litigation to which we are currently a party (or as to which we may become a party in the future); our ability to pay expenses and liabilities as they become due; adverse or unanticipated decisions by courts construing third-party liability insurance policies to which the Company and/or its subsidiaries is a party; a failure to obtain adequate liability insurance coverage in the future; material weaknesses in our internal control over financial reporting and our ability to maintain effective controls over financial reporting in the future; financial condition and results of operations and our ability to meet our payment obligations; the impact of new or changed laws, regulations or other industry standards that could adversely affect our ability to conduct our business; and changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural or man-made disasters.

These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this letter. Given these uncertainties, you should not place undue reliance on these forward-looking statements and should consider various factors, including the risks described herein, and, among other places, in this Quarterly Report, as well as any amendments hereto or thereto, or other documents filed with the Securities and Exchange Commission (the “SEC”).

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	March 31, 2025 (Unaudited)	December 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash	\$ 220,202	\$ 177,257
Prepaid expenses and other current assets	3,750	1,260
Assets of discontinued operations	419	419
Total Current Assets	224,371	178,936
TOTAL ASSETS	\$ 224,371	\$ 178,936
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Notes payable	\$ 525,000	\$ 300,000
Notes payable - related parties	1,547,838	1,547,838
Accounts payable	1,168,208	1,167,795
Accrued expenses	1,306,578	1,188,485
Accrued expenses - related parties	352,720	290,133
Accrued compensation and related benefits	1,028,939	906,099
Liabilities of discontinued operations	6,762,365	6,670,603
Total Current Liabilities	12,691,648	12,070,953
Total Liabilities	12,691,648	12,070,953
Commitments and Contingencies (See Note 6)		
SHAREHOLDERS' DEFICIT:		
Preferred stock, par value \$0.001; authorized 10,000,000 shares:		
Series B convertible preferred stock, par value \$0.001 per share; 1,700,000 shares designated; No shares issued and outstanding at March 31, 2025 and December 31, 2024 (No per share liquidation value)	-	-
Series D convertible preferred stock, par value \$0.001 per share; 1,250,000 shares designated; No shares issued and outstanding at March 31, 2025 and December 31, 2024 (\$6.00 per share liquidation value)	-	-
Series E convertible preferred stock, par value \$0.001 per share; 562,250 shares designated; 21,418 shares issued and outstanding at March 31, 2025 and December 31, 2024 (\$13.34 per share liquidation value)	21	21
Series G convertible preferred stock, par value \$0.001 per share; 1,000,000 shares designated; 406,500 and 406,500 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively (\$10.00 per share liquidation value)	407	407
Series H convertible preferred stock, par value \$0.001 per share; 35,000 shares designated; 32,374 shares issued and outstanding at March 31, 2025 and December 31, 2024 (No per share liquidation value)	32	32
Common stock, par value \$0.001 per share; 50,000,000,000 shares authorized; 5,889,437,474 and 5,889,437,474 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	5,889,437	5,889,437
Additional paid-in capital	128,686,122	128,686,122
Accumulated deficit	(147,043,296)	(146,468,036)
Total Shareholders' Deficit	(12,467,277)	(11,892,017)
Total Liabilities and Shareholders' Deficit	\$ 224,371	\$ 178,936

See accompanying notes to unaudited consolidated financial statements.

TRANSPORTATION AND LOGISTICS SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2025	2024
REVENUES	\$ -	\$ -
OPERATING EXPENSES:		
Compensation and related benefits	160,340	598,332
Legal and professional fees	170,960	144,433
General and administrative expenses	971	86,832
Total Operating Expenses	332,271	829,597
LOSS FROM OPERATIONS	(332,271)	(829,597)
OTHER INCOME (EXPENSES):		
Interest expense	(9,103)	(2,468)
Interest expense - related parties	(62,587)	(45,779)
Total Other Expenses, net	(71,690)	(48,247)
LOSS BEFORE INCOME TAXES	(403,961)	(877,844)
Provision for income taxes	-	-
LOSS FROM CONTINUING OPERATIONS	(403,961)	(877,844)
DISCONTINUED OPERATIONS:		
Loss from discontinued operations, net of tax	(94,309)	(1,187,076)
LOSS FROM DISCONTINUED OPERATIONS	(94,309)	(1,187,076)
NET LOSS	(498,270)	(2,064,920)
Accrued dividends	(76,990)	(79,762)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (575,260)	\$ (2,144,682)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED		
Net loss per share from continuing operations -basic and diluted	\$ (0.00)	\$ (0.00)
Net loss per share from discontinued operations – basic and diluted	(0.00)	(0.00)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and diluted	5,889,437,474	4,840,964,086

See accompanying notes to unaudited consolidated financial statements.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

	<u>Preferred Stock Series E</u>		<u>Preferred Stock Series G</u>		<u>Preferred Stock Series H</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2024	21,418	\$ 21	406,500	\$ 407	32,374	\$ 32	5,889,437	\$ 474	\$ 128,686,122	\$(146,468,036)	\$ (11,892,017)
Dividends accrued	-	-	-	-	-	-	-	-	-	(76,990)	(76,990)
Net loss	-	-	-	-	-	-	-	-	-	(498,270)	(498,270)
Balance, March 31, 2025	<u>21,418</u>	<u>\$ 21</u>	<u>406,500</u>	<u>\$ 407</u>	<u>32,374</u>	<u>\$ 32</u>	<u>5,889,437</u>	<u>\$ 474</u>	<u>\$ 128,686,122</u>	<u>\$(147,043,296)</u>	<u>\$ (12,467,277)</u>
	<u>Preferred Stock Series E</u>		<u>Preferred Stock Series G</u>		<u>Preferred Stock Series H</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2023	21,418	\$ 21	475,500	\$ 476	32,374	\$ 32	4,481,102	\$ 346	\$ 129,854,231	\$(142,333,298)	\$ (7,997,436)
Accretion of stock-based compensation	-	-	-	-	-	-	-	-	27,987	-	27,987
Common stock issued for conversion of Series G preferred shares	-	-	(44,837)	(45)	-	-	696,876	\$ 687	(574,940)	-	121,892
Dividends accrued	-	-	-	-	-	-	-	-	-	(79,762)	(79,762)
Net loss	-	-	-	-	-	-	-	-	-	(2,064,920)	(2,064,920)
Balance, March 31, 2024	<u>21,418</u>	<u>\$ 21</u>	<u>430,663</u>	<u>\$ 431</u>	<u>32,374</u>	<u>\$ 32</u>	<u>5,177,979</u>	<u>\$ 033</u>	<u>\$ 129,307,278</u>	<u>\$(144,477,980)</u>	<u>\$ (9,992,239)</u>

See accompanying notes to unaudited consolidated financial statements.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (498,270)	\$ (2,064,920)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense - discontinued operations	-	39,018
Stock-based compensation	-	27,987
Impairment loss - discontinued operations	-	555,628
Gain on deconsolidation of subsidiary - discontinued operations	-	(158,347)
Recovery from (Allowance for) credit losses - discontinued operations	-	(3,937)
Change in operating assets and liabilities:		
Accounts receivable	-	569,555
Prepaid expenses and other current assets	(2,490)	216,929
Security deposit	-	6,155
Accounts payable and accrued expenses	133,278	215,708
Accrued expenses - related parties	62,587	45,779
Accrued compensation and related benefits	122,840	471,811
NET CASH USED IN OPERATING ACTIVITIES	(182,055)	(78,634)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	225,000	-
Proceeds from notes payable - related parties	-	387,838
Proceeds from notes payable - related parties - discontinued operations	-	4,000
Repayment of notes payable	-	(346,034)
NET CASH PROVIDED BY FINANCING ACTIVITIES	225,000	45,804
NET INCREASE (DECREASE) IN CASH	42,945	(32,830)
CASH, beginning of period	177,257	218,152
CASH, end of period	\$ 220,202	\$ 185,322
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	\$ -	\$ 2,468
Income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of Series G preferred stock and accrued dividends to common stock	\$ -	\$ 121,892
Accrual of preferred stock dividends	\$ 76,990	\$ 79,762

See accompanying notes to unaudited consolidated financial statements.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

Transportation and Logistics Systems, Inc. (“TLSS” or the “Company”) is a publicly-traded holding company incorporated under the laws of the State of Nevada on July 25, 2008. Prior to mid-February 2024, when the Company ceased all remaining operations, its subsidiaries, provided a full suite of logistics and transportation services, specializing in ecommerce fulfillment, last mile deliveries, two-person home delivery, mid-mile, and long-haul services. The Company and its subsidiaries also operated several warehouse locations located in New York, New Jersey, Connecticut, and Massachusetts. The subsidiaries of the Company during the three months ended March 31, 2025 and 2024 include: Cougar Express, Inc. (“Cougar Express”) through date of deconsolidation of February 27, 2024; JFK Cartage, Inc. (“JFK Cartage”); Severance Trucking Co., Inc. (“Severance Trucking”); Severance Warehousing, Inc. (“Severance Warehouse”); McGrath Trailer Leasing, Inc. (“McGrath”, and together with Severance Trucking and Severance Warehouse, hereinafter, “Severance”); TLSS Acquisition, Inc. (“TLSSA”); TLSS Operations Holding Company, Inc. (“TLSS Ops”); Shyp CX, Inc. (“Shyp CX”); Shyp FX, Inc. (“Shyp FX”); TLSS-CE, Inc. (“TLSS-CE”); ; and TLSS-STI, Inc. (“TLSS-STI”).

Prior to ceasing operations, the Company’s historical business growth was primarily through a growth by acquisition strategy, as described below.

On November 13, 2020, the Company formed a wholly-owned subsidiary, Shyp FX under the laws of the State of New Jersey. On January 15, 2021, through Shyp FX, the Company executed an agreement to acquire substantially all of the assets and certain liabilities of Double D Trucking, Inc., a northern New Jersey-based logistics provider specializing in servicing Federal Express over the past 25 years (“DDTI”), including last-mile delivery services using vans and box trucks. On April 28, 2022, the Company entered into an agreement with an unrelated third party to sell substantially all of Shyp FX’s assets and specific liabilities in all-cash transactions that closed in June 2022. Shyp FX is inactive.

On November 16, 2020, the Company formed a wholly-owned subsidiary, TLSSA under the laws of the State of Delaware. On March 24, 2021, TLSSA acquired all of the issued and outstanding shares of capital stock of Cougar Express, a New York-based full-service logistics provider specializing in pickup, warehousing, and delivery services in the tri-state area. On February 27, 2024, Cougar Express filed a Chapter 7 bankruptcy petition in the State of New York under the United States Bankruptcy Code (the “Cougar Bankruptcy”), assigning all of the Cougar Express assets to Mr. Andrew M. Thaler, Esq., as Trustee (the “Cougar Express Trustee”) for liquidation and unwinding of the business. The Cougar Express Trustee has been charged with liquidating the assets for the benefit of the Cougar Express creditors pursuant to the relevant provisions of the United States Bankruptcy Code. As a result of the Cougar Bankruptcy, the Cougar Express Trustee assumed all authority to manage Cougar Express. Additionally, as of February 27, 2024, Cougar Express no longer conducts any business and is not permitted by the Cougar Express Trustee to conduct any business. For these reasons, effective February 27, 2024, the Company relinquished control of Cougar Express. Therefore, the Company deconsolidated Cougar Express effective with the filing of the Cougar Bankruptcy on February 27, 2024.

On February 21, 2021, the Company formed a wholly-owned subsidiary, Shyp CX under the laws of the State of New York. Shyp CX does not engage in any revenue-generating operations and is inactive.

On August 4, 2022, Cougar Express closed on its acquisition of all outstanding stock of JFK Cartage, a New York-based full-service logistics provider specializing in pickup, warehousing, and delivery services in the tri-state area. Joan Ton, the sole shareholder of JFK Cartage, from whom the shares were acquired, is an unrelated party. The effective date of the acquisition was July 31, 2022. In February 2024, due to lack of working capital to conduct its business, JFK Cartage ceased its operations and no longer conducts any business, and all of its assets of the Company were voluntarily conveyed to the Cougar Express Trustee. During the three months ended March 31, 2025, and 2024, all activities and balances of JFK Cartage are included as part of discontinued operations on the consolidated financial statements. As of the date of these consolidated financial statements, TLSS-CE, which owns 100% of the stock of Cougar Express, has not filed for bankruptcy.

Effective February 3, 2023, the Company’s wholly-owned subsidiary, TLSS-STI, closed on an acquisition of all outstanding stock of each of Severance Trucking, Severance Warehouse and McGrath, which together, offered less-than-truckload (LTL) trucking services throughout New England, with an effective date as of the close of business on January 31, 2023. The sellers of the stock of each entity were Kathryn Boyd, Clyde Severance, and Robert Severance, all individuals (the “Severance Sellers”). None of the Severance Sellers were affiliated with the Company or its affiliates (See Note 3). In February 2024, due to lack of working capital to conduct its business, Severance ceased its operations and no longer conducts any business, and all fixed assets of the Company were voluntarily surrendered to the Severance Sellers. For the three months ended March 31, 2025, and 2024, all activities and balances of Severance are included as part of discontinued operations on the consolidated financial statements. As of the date of the issuance of these unaudited consolidated financial statements, the Severance entities have not filed for bankruptcy.

On May 31, 2023, the Company formed TLSS Ops and TLSS-CE, companies organized under the laws of Delaware. Simultaneous with the formation of these entities, Cougar Express became a wholly-owned subsidiary of TLSS-CE; Severance Warehousing and McGrath became wholly-owned subsidiaries of Severance Trucking; Severance Trucking became a wholly-owned subsidiary of TLSS-STI; and each of TLSS-CE, TLSS-STI and TLSS-FC became wholly-owned subsidiaries of TLSS Ops. Other than the TLSS parent company, all entities are included as part of discontinued operations on the consolidated financial statements for the three months ended March 31, 2025, and 2024.

On February 16, 2024, Severance Trucking, along with Cougar Express and JFK Cartage, ceased all operations and, as a result, all remaining employees of Cougar Express and Severance Trucking were laid off as of February 16, 2024. On February 29, 2024, all remaining support staff, employed by TLSS Ops, were laid off.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)

Subsequent to the cessation of all of the Company's revenue generating operations in February 2024 and through the date of the issuance of these unaudited consolidated financial statements, the Company continues to remain insolvent and as a result, was unable to timely meet its annual and quarterly periodic reporting obligations under the Securities Exchange Act of 1934, as amended (the "34 Act"), for 2024. The Company obtained financing to enable it to complete the preparation and review these interim financial statements and timely file this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (this "Quarterly Report"); however, the Company will require additional financing to fund the necessary costs related to the preparation and filing of one or more of the additional periodic reports due with respect to the 2025 calendar year.

In addition, we are also evaluating a possible restructuring of our remaining existing debts and obligations, as well as assessing the possibility of replacing our discontinued businesses and/or entering into new line(s) of business, whether by acquisition or otherwise. However, there can be no assurance that we will, in fact, be able to replace our former business and/or enter into new line(s) of business, or to do so profitably.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation and principles of consolidation

The unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all the information and disclosures necessary for comprehensive presentation of financial position, results of operations or cash flow. However, these unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these unaudited interim consolidated financial statements be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2024 and notes thereto included in the Company's annual report on SEC Form 10-K, filed on April 15, 2025. The Company follows the same accounting policies in the preparation of its annual and interim reports. The results of operations for the interim periods are not necessarily an indication of operating results to be expected for the full year.

The unaudited consolidated financial statements of the Company include the accounts of TLSS and its wholly-owned subsidiaries, TLSSA, TLSS Ops, Shyp FX, Shyp CX, TLSS-CE, Cougar Express through its deconsolidation on February 27, 2024, JFK Cartage since its acquisition on July 31, 2022, TLSS-STI, and Severance since its acquisition on January 31, 2023. All intercompany accounts and transactions have been eliminated in consolidation. References below to a "Company liability" may be to a liability which is owed solely by a subsidiary and not by TLSS.

Discontinued Operations

The Company has classified the related assets and liabilities associated with its logistics and transportation services business as discontinued operations in its consolidated balance sheets and the results of its logistics and transportation services business has been presented as discontinued operations in its consolidated statements of operations for all periods presented as the discontinuation of its business had a major effect on its operations and financial results. Unless otherwise noted, discussion in the notes to consolidated financial statements refers to the Company's continuing operations. See Note 8 — Discontinued Operations for additional information.

Deconsolidation of subsidiaries

The Company accounts for a gain or loss on deconsolidation of subsidiaries or derecognition of a group of assets in accordance with ASC 810-10-40-5. The Company measures the gain or loss as the difference between (a) the aggregate of fair value of any consideration received, the fair value of any retained noncontrolling investment and the carrying amount of any noncontrolling interest in the former subsidiary at the date the subsidiary is deconsolidated and (b) the carrying amount of the former subsidiary's assets and liabilities or the carrying amount of the group of assets.

Going concern

These unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in these consolidated financial statements, the Company had a net loss of \$498,270 and \$2,064,920 for the three months ended March 31, 2025 and 2024, respectively. The net cash used in operations was \$182,055 and \$78,634 for the three months ended March 31, 2025 and 2024, respectively. Additionally, the Company had an accumulated deficit and working capital deficit of \$147,043,296 and \$12,467,277, respectively, on March 31, 2025. Furthermore, as of February 2024, the Company ceased operation of all its logistics and transportation services business and currently has no operating business. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this Quarterly Report. The Company is evaluating a possible restructuring of its existing debts and obligations, as well as assessing the possibility of replacing its discontinued businesses and/or enter into new line(s) of business, whether by acquisition or otherwise. However, there can be no assurance that it will, in fact, be able to replace its former business and/or enter into new line(s) of business, or to do so profitably. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. The Company is seeking to raise capital through additional debt and/or equity financings to fund its operations in the future. Although the Company has historically raised capital from sales of preferred shares, from the issuance of promissory notes and convertible promissory notes, and from the exercise of warrants, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional lending in the near future, management expects that the Company will need to further curtail its operations. These unaudited consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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Risks and uncertainties

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. On March 31, 2025, the Company had no cash in the bank in excess of FDIC insured levels.

Use of estimates

The preparation of the consolidated financial statements, in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates included in the accompanying unaudited consolidated financial statements and footnotes include the valuation of accounts receivable, the valuation of right of use assets and related liabilities, assumptions used in assessing impairment of long-lived assets, valuation of assets and liabilities of discontinued operations, estimates of current and deferred income taxes and deferred tax valuation allowances, the fair value of non-cash equity transactions, and the value of claims against the Company.

Fair value of financial instruments

The Financial Accounting Standards Board (“FASB”) issued ASC 820 — Fair Value Measurements and Disclosures, which 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. ASC 820 requires disclosures about the fair value of all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about the fair value of financial instruments are based on pertinent information available to the Company on March 31, 2025. Accordingly, the estimates presented in these unaudited consolidated financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments. ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The Company measures certain financial instruments at fair value on a recurring basis. As of March 31, 2025, and December 31, 2024, the Company had no assets and liabilities measured at fair value on a recurring basis.

ASC 825-10 “Financial Instruments”, allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

The carrying amounts reported in the unaudited consolidated balance sheets for cash, prepaid expenses and other current assets, assets of discontinued operations, accounts payable, accrued expenses, liabilities of discontinued operations, and other payables approximate their fair values based on the short-term maturity of these instruments. The carrying amount of the Company’s promissory note obligations approximate fair value, as the terms of these instruments are consistent with terms available in the market for instruments with similar risks.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. On March 31, 2025, and December 31, 2024, the Company did not have any cash equivalents.

Accounts receivable

Accounts receivable was presented net of an allowance for credit losses. The Company maintains allowances for credit losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances along with general reserves for current accounts receivable that are projected to become uncollectable. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer’s historical payment history, its current credit-worthiness and current

economic trends. Accounts are written off after exhaustive efforts at collection.

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Property and equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives of one to twenty years. Leasehold improvements are depreciated over the shorter of the useful life or lease term including scheduled renewal terms. Revenue equipment acquired through acquisitions is generally revalued to current market values as of the acquisition date. Assets obtained more than a year prior to the acquisition by the acquired company are depreciated on a straight-line basis aligned with the remaining period of expected use, whereas those obtained less than a year prior are depreciated consistent with newly purchased assets. In addition to purchasing new revenue equipment, the Company may rebuild the engines of its tractors. Because rebuilding an engine increases its useful life, the Company capitalizes these costs and depreciates the cost over the remaining useful life of the unit. Maintenance and repairs are charged to expense as incurred. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. The Company examines the possibility of decreases in the value of these assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Leases

The Company uses Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). The guidance requires lessees to recognize lease assets and lease liabilities for most operating leases. In addition, the guidance requires that lessors separate lease and non-lease components in a contract in accordance with the new revenue guidance in ASC 606. The Company applied the package of practical expedients to leases that commenced before the effective date whereby the Company elected to not reassess the following: (i) whether any expired or existing contracts contain leases and (ii) initial direct costs for any existing leases. For contracts entered into on or after the effective date, at the inception of a contract the Company assessed whether the contract is, or contains, a lease. The Company’s assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether it obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether it has the right to direct the use of the asset. The Company will allocate the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less.

Operating lease ROU assets represented the right to use the leased asset for the lease term and operating lease liabilities were recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the adoption date in determining the present value of future payments. Lease expense for minimum lease payments was amortized on a straight-line basis over the lease term. In connection with the discontinuation of the Company’s logistic and transportation business, all ROU assets were either impaired or deconsolidated and any such impairment is included in discontinued operations as of March 31, 2025, and December 31, 2024. Currently, all leased premises have been abandoned (see Note 8).

Impairment of long-lived assets

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset’s estimated fair value and its book value.

Segment reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires entities to report incremental information about significant segment expenses included in a segment’s profit or loss measure as well as the title and position of the chief operating decision maker (“CODM”). The new standard also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The Company adopted ASU 2023-07 effective December 31, 2024, on a retrospective basis.

Operating segments are defined as components of a business for which separate discrete financial information is available for evaluation by the chief operating decision maker in deciding how to allocate resources and assess performance. The Company operates as a single operating and reporting segment, reflecting our sole focus of seeking new business opportunities. Our Chief Executive Officer serves as the Chief Operating Decision Maker (CODM), responsible for assessing the Company’s performance and making resource allocation decisions. The CODM evaluates financial information on a consolidated basis, focusing on key metrics such as general and administrative expenses, and other income/expenses. The CODM allocates resources based on the Company’s available cash resources, forecasted cash flow, and expenditures on a consolidated basis, as well as an assessment of the probability of success of its business activities. Resource allocation decisions are informed by budgeted and forecasted expense information, along with actual expenses incurred to date. The measure of segment assets is reported on the balance sheet as total assets. Disaggregated profit or loss information at the program or functional level is *not* regularly provided to or relied upon by the CODM, as our integrated operating model emphasizes shared resources and centralized decision-making.

Revenue recognition and cost of revenue

The Company adopted Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. This ASC is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer service orders, including significant judgments.

The Company recognized revenues and the related direct costs of such revenue which generally include compensation and related benefits, gas costs,

insurance, parking and tolls, truck rental fees, and maintenance fees, as of the date the freight is delivered which is when the performance obligation is satisfied. In accordance with ASC Topic 606, the Company recognized revenue on a gross basis. Our payment terms were generally net 30 days from acceptance of delivery. The Company did not incur incremental costs obtaining service orders from its customers, however, if the Company did, because all the Company's customer contracts were less than a year in duration, any contract costs incurred were expensed rather than capitalized. The revenue that the Company recognized arose from deliveries of freight on behalf of the Company's customers. Primarily, the Company's performance obligations under these service orders corresponded to each delivery of freight that the Company made under the service agreements. Control of the freight transfers to the recipient upon delivery. Once this occurred, the Company satisfied its performance obligation, and the Company recognized revenue.

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The Company's revenues were primarily derived from the transportation services it provided through the delivery of goods over the duration of a shipment. The bill of lading is a legally enforceable agreement between two parties, and where collectability was probable this document serves as the contract as its basis to recognized revenue under ASC 606- Revenue Recognition. The Company elected to expense initial direct costs as incurred because the average shipment cycle is less than five days. The Company recognized revenue and substantially all the purchased transportation expenses on a gross basis. Direct costs of such revenue generally included compensation and related benefits, gas costs, insurance, parking and tolls, truck rental fees, and maintenance fees. The Company directed the use of the transportation service provided and remained responsible for the complete and proper shipment. The Company recognized revenue for its performance obligations under its customer contracts over time, as its customers receive the benefits of the services in accordance with ASC 606- Revenue Recognition.

Revenue generated from warehousing services was generally recognized as the service is performed, based upon a monthly or weekly rate.

Inherent within the Company's revenue recognition practices were estimates for revenue associated with shipments in transit. For shipments in transit, the Company recorded revenue based on the percentage of service completed as of the period end and recognizes delivery costs as incurred. The percentage of service completed for each shipment was based on how far along in the shipment cycle each shipment was in relation to standard transit days. The estimated portion of revenue for all shipments in transit was accumulated at period end and recognized as revenue within discontinued operations. The significance of in-transit shipments to the consolidated financial statements was limited due to the short duration, generally less than five days, of the average shipment cycle.

For the three months ended March 31, 2025, and 2024, all revenues and cost of revenues are included in discontinued operations.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of ASC 718 – "Compensation – Stock Compensation", which requires recognition in the financial statements of the cost of employee, director, and non-employee services received in exchange for an award of equity instruments over the period the employee, director, or non-employee is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee, director, and non-employee services received in exchange for an award based on the grant-date fair value of the award. The Company has elected to recognize forfeitures as they occur as permitted under ASU 2016-09 Improvements to Employee Share-Based Payment.

Basic and diluted loss per share

Pursuant to ASC 260-10-45, basic loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the periods presented. Diluted loss per share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive shares of common stock consist of common stock issuable for stock options and warrants (using the treasury stock method) and shares issuable for Series E, G and H preferred shares (using the as-if converted method). These common stock equivalents may be dilutive in the future.

Potentially dilutive shares of common stock were excluded from the computation of diluted shares outstanding for the three months ended March 31, 2025, and 2024 as they would have an anti-dilutive impact on the Company's net losses in that period and consisted of the following:

	March 31, 2025	March 31, 2024
Stock warrants	945,353,089	948,403,679
Stock options	-	80,000
Series E convertible preferred stock	95,238,667	95,238,667
Series G convertible preferred stock	2,032,500,000	2,153,315,000
Series H convertible preferred stock	323,740,000	323,740,000
	<u>3,396,831,756</u>	<u>3,520,777,346</u>

Recent accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which focuses on the rate reconciliation and income taxes paid. ASU No. 2023-09 requires a public business entity (PBE) to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose 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 pronouncement is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company's adoption of this new guidance did not have a material impact on the consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), which requires entities to provide more detailed disaggregation of expenses in the income statement, focusing on the nature of the expenses rather than their function. The new disclosures will require entities to separately present expenses for significant line items, including but not limited to, depreciation, amortization, and employee compensation. Entities will also be required to provide a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, disclose the total amount of selling expenses and, in annual reporting periods, provide a definition of what constitutes selling expenses. This pronouncement is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal

years beginning after December 15, 2027, with early adoption permitted. The Company does not expect the adoption of this new guidance to have a material impact on the consolidated financial statements.

There are currently no other accounting standards that have been issued but not yet adopted that we believe will have a significant impact on our consolidated financial position, results of operations or cash flows upon adoption.

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NOTE 3 – NOTES PAYABLE – RELATED PARTIES

On April 14, 2023, the Company's Board of Directors ("Board") approved a credit facility (the "Credit Facility") under which the Company would obtain unsecured senior debt financing of up to \$1,000,000. The terms of the Credit Facility provided for interest at 12% per annum. However, upon default, the interest rate shall be 17% per annum. The maturity date of the financing was December 31, 2023, provided, however, the Company may prepay a loan at any time without premium or penalty. Each loan under the Credit Facility was made on promissory notes. During April 2023, the Company received initial loans under the Credit Facility, in the following amounts: (a) \$500,000 from John Mercadante on April 17, 2023; Mr. Mercadante is the Company's Secretary and a Director of the Company; and (b) \$100,000 from Sebastian Giordano on April 21, 2023; Mr. Giordano is the Company's Chief Executive Officer, Chief Financial Officer and Chairman of the Board. On May 21, 2024, the Company received default notices for its failure to pay outstanding principal and interest due on unsecured promissory notes that were issued on April 17, 2023, to Mr. Mercadante and on April 21, 2023, to Mr. Giordano with respect to \$542,575 and \$108,708, respectively, in aggregate principal and interest due on December 31, 2023. As such, the interest rate on both notes increased to 17% per annum calculated as of January 1, 2024.

On October 3, 2023, and November 28, 2023, the Company issued unsecured promissory notes to Mr. Mercadante and from an individual, who is affiliated to Mr. Mercadante in the principal amount of \$500,000 and \$60,000, respectively. Each unsecured promissory note matured nine months and one year from the date of issuance and accrues interest at a rate per annum of 12%, respectively. On July 1, 2024, the Company received a default notice for its failure to pay outstanding principal and interest due on the October 3, 2023, unsecured promissory note to Mr. Mercadante in the principal amount of \$500,000 and was due on June 30, 2024. As such, the interest rate on such note increased to 17% per annum as of July 1, 2024. Additionally, on December 9, 2024, the Company received a default notice for its failure to pay outstanding principal and interest due on the November 28, 2024, unsecured promissory note to an individual, who is affiliated to Mr. Mercadante in the principal amount of \$60,000 and was due on November 28, 2024. As such, the interest rate on such note increased to 17% per annum as of November 29, 2024.

On February 6, 2024, and February 15, 2024, the Company issued unsecured promissory notes to John Mercadante ("Mr. Mercadante"), a Director of the Company, in the principal amounts of \$64,534 and \$319,195, respectively. Each unsecured promissory note will mature one year from the date of issuance and accrues interest at a rate per annum of 12%. On February 7, 2025, and February 21, 2025, the Company received default notices for its failure to pay outstanding principal and interest due on unsecured promissory notes that were issued on February 6, 2024 and February 15, 2024 to John Mercadante in the principal amount of \$64,534 and \$319,195, respectively, and were due on February 6, 2025 and February 15, 2025, respectively. As such, the interest rate on such notes increased to 17% per annum as of February 7, 2025 and February 15, 2025, respectively.

On February 21, 2024, and February 23, 2024, the Company issued unsecured promissory notes to Norman Newton ("Mr. Newton") and Charles Benton ("Mr. Benton"), both members of the Company's Board of Directors, in the principal amounts of \$1,000 and \$3,109, respectively. Each unsecured promissory note matured on September 30, 2024, and accrued interest at the rate per annum of 12%. On October 1, 2024, the Company received default notices for its failure to pay outstanding principal and interest due on unsecured promissory notes that were issued on February 21, 2024, and February 23, 2024 to Mr. Norman Newton and Mr. Charles Benton in the principal amounts of \$1,000 and \$3,109, respectively and that were both due on September 30, 2024. As such, the interest rate on such notes increased to 17% per annum as of October 1, 2024.

As of March 31, 2025, and December 31, 2024, aggregate notes payable to related parties in the principal amounts of \$1,547,838 and \$1,547,838, respectively, were outstanding. As of March 31, 2025, and December 31, 2024, the aggregate accrued interest payable to related parties amounted to \$352,720 and \$290,133, respectively, which has been included in accrued expenses – related parties on the accompanying unaudited consolidated balance sheets. For the three months ended March 31, 2025, and 2024, interest expense – related parties amounted to \$62,587 and \$45,779, respectively.

NOTE 4 – NOTE PAYABLE

On August 12, 2024, the Company issued two (2) promissory notes (the "August 2024 Notes") in the aggregate principal amount of \$150,000, with an interest rate of 10% per annum that mature six (6) months from the date of issuance, to Mercer Street Global Opportunity Fund and Cavalry Fund I LP (each a "2024 Lender" and together the "2024 Lenders"). If the Company defaults on the August 2024 Notes, the 2024 Lenders have the right to demand repayment of the August 2024 Notes in full upon five (5) business days' notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the August 2024 Notes outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the August 2024 Notes, the Company also entered into a letter agreement of even date (the "August 2024 Letter Agreement") with the August 2024 Lenders setting forth, among other items, the intended use of proceeds of the August 2024 Notes which include: (i) the completion of the Company's 2023 audit and reviews for the subsequent 2024 quarters; (ii) preparation and submission of any requisite filings with the SEC and OTC Expert Market; and (iii) maintaining good standing with requisite taxing authorities. On February 10, 2025, the August 2024 Notes were amended whereby the due date for the outstanding principal and interest of the August 2024 Notes to be due and paid in full was extended from February 12, 2025 to August 12, 2025.

On October 9, 2024, the Company issued two (2) unsecured non-convertible promissory notes (the "October 2024 Notes") in the aggregate principal amount of \$100,000, with an interest rate of 10% per annum that mature six (6) months from the date of issuance to the 2024 Lenders. If the Company defaults on the October 2024 Notes, the 2024 Lenders have the right to demand repayment of the October 2024 Notes in full upon five (5) business days' notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the October 2024 Notes outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the October 2024 Notes, the Company also entered into a letter agreement of even date (the "October 2024 Letter Agreement") with the 2024 Lenders setting forth, among other items, the intended use of proceeds of the October 2024 Notes which include: (i) the completion of the Company's 2023 audit and reviews for the subsequent 2024 quarters; (ii) preparation and submission of any requisite filings with the SEC and OTC

Expert Market; (iii) maintaining good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. On April 9, 2025, the October 2024 Notes were amended to extend the due date for the outstanding principal and interest of the October 2024 Notes from April 9, 2025 to August 12, 2025.

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On November 22, 2024, Company issued an unsecured non-convertible promissory note (the “November 2024 Note”) in the aggregate principal amount of \$50,000, with an interest rate of 10% per annum that mature six (6) months from the date of issuance to a 2024 Lender. If the Company defaults on the November 2024 Note, the 2024 Lender has the right to demand repayment of the November 2024 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the November 2024 Note outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the November 2024 Note, the Company also entered into a letter agreement of even date (the “November 2024 Letter Agreement”) with the 2024 Lender setting forth, among other items, the intended use of proceeds of the November 2024 Note which include: (i) the completion of the Company’s 2023 audit and reviews for the subsequent 2024 quarters; (ii) preparation and submission of any requisite filings with the SEC and OTC Expert Market; (iii) maintaining good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business.

On January 21, 2025, the Company issued an unsecured non-convertible promissory note (the “January 2025 Note”) in the aggregate principal amount of \$50,000, with an interest rate of 10% per annum that mature six (6) months from the date of issuance to one of the 2024 Lenders. If the Company defaults on the January 2025 Note, the 2024 Lender has the right to demand repayment of the January 2025 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the January 2025 Note outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the January 2025 Note, the Company also entered into a letter agreement of even date (the “January 2025 Letter Agreement”) with the 2024 Lenders setting forth, among other items, the intended use of proceeds of the January 2025 Notes which include: (i) the completion of the Company’s 2024 second and third quarter reviews; (ii) preparation and submission of any requisite filings with the SEC and OTC Expert Market; (iii) maintaining good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business.

On March 10, 2025, the Company issued an unsecured non-convertible promissory note in the principal amount of \$100,000, with interest at the rate of 10% per annum accruing and due at maturity in six months, to C/M Capital Master Fund, LP (the “2025 Lender”) and on March 25, 2025, the Company issued a second unsecured non-convertible promissory note in the principal amount of \$75,000, with interest at the rate of 10% per annum accruing and due at maturity in six months to the 2025 Lender. These notes and herein referred to as the “March 2025 Notes”. The March 2025 Notes are for the primary purpose of funding a portion of the costs related to: (i) the completion of the Company’s 2024 annual financial statements and audit by the Company’s independent auditor and 2025 first quarter financial statements and independent auditor review; (ii) preparation and submission of any requisite filings with the Securities and Exchange Commission and the OTC Expert Market; (iii) such tax-related and other activities as may be necessary or legally required from time to time to restore the Company to good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. The Company may repay the March 2025 Notes upon maturity or prior to maturity with the mutual agreement of the 2025 Lender. The March 2025 Notes also contain customary events of default, which include, without limitation, failure to pay principal, interest or other charges in respect of the March 2025 Note when due at maturity or otherwise, failure to satisfy any covenant in the March 2025 Notes or other agreements between the Company and the 2025 Lender or any other creditor, breach of representations and warranties set forth in the March 2025 Notes or any transaction document executed contemporaneously with the March 2025 Notes, and certain judgment defaults, events of bankruptcy or insolvency of the Company. Upon the occurrence of such an event of default under the March 2025 Notes, the Lender has the right to demand repayment of the March 2025 Notes in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in excess of the 10% interest rate will apply to the entire amount of the March 2025 Notes outstanding, including any accrued but unpaid interest. The 2025 Lender may then, at its sole discretion, declare the entire then-outstanding principal amount of the March 2025 Notes and any accrued but unpaid interest due thereunder immediately due and payable, in which event the 2025 Lender may, at its sole discretion, take any action it deems necessary to recover amounts due under the March 2025 Notes.

Concurrently with the issuance of the March 2025 Notes, the Company also entered into letter agreements of even date (the “March Letter Agreements”) with the 2025 Lender setting forth, among other items, the intended use of proceeds of the March 2025 Notes as described above. The March 2025 Notes and the March Letter Agreements are on the same form as those entered in on August 12, 2024, October 9, 2024, and November 22, 2024, January 21, 2025.

As of March 31, 2025, and December 31, 2024, aggregate notes payable in the aggregate principal amounts of \$525,000 and \$300,000, respectively, were outstanding.

See Note 9 – Subsequent Events for subsequent extensions of note payable maturity date.

NOTE 5– STOCKHOLDERS’ EQUITY (DEFICIT)

Preferred stock

The Company has 10,000,000 authorized shares of preferred stock, \$0.001 par value per share. The Company’s Amended and Restated Articles of Incorporation explicitly authorize the Board to issue any or all of such shares of preferred stock in one (1) or more classes or series and to fix the designations, powers, preferences and rights, the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any class or series, without further vote or action by the stockholders.

Series B preferred stock

On August 16, 2019, the Company filed the Certificate of Designation, Preferences, and Rights of Series B Convertible Preferred Shares with the Secretary of

State of the State of Nevada (the “Series B Preferred COD”) designating 1,700,000 shares of Series B Convertible Preferred Stock with a par value of \$0.001 and a stated value of \$0.001 (the “Series B Preferred”). The Series B Preferred have no voting rights and are not redeemable. Each share of Series B Preferred stock is convertible into one share of common stock at the option of the holder subject to beneficial ownership limitation. A holder of Series B Preferred may not convert any shares of Series B Preferred into common stock if the holder (together with the holder’s affiliates and any persons acting as a group together with the holder or any of the holder’s affiliates) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the conversion, as such percentage ownership is determined in accordance with the terms of the Series B Preferred COD. However, upon notice from the holder to the Company, the holder may decrease or increase the beneficial ownership limitation, which may not exceed 9.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Series B Preferred COD, provided that any such increase or decrease in the beneficial ownership limitation will not take effect until 61 days following notice to the Company.

As of March 31, 2025 and December 31, 2024, there were no Series B preferred stock issued or outstanding.

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Series D preferred stock

On July 20, 2020, the Board filed the Certificate of Designation of Preferences (“COD”), Rights and Limitations of Series D Preferred Stock (the “Series D COD”) with the Secretary of State of the State of Nevada designating 1,250,000 shares of preferred stock as Series D. The Series D preferred stock (“Series D Preferred”) does not have the right to vote. The Series D Preferred has a stated value of \$6.00 per share (the “Series D Stated Value”). Subject only to the liquidation rights of the holders of Series B Preferred that is currently issued and outstanding, upon the liquidation, dissolution or winding up of the business of the Company, whether voluntary or involuntary, the Series D Preferred holders are entitled to receive an amount per share equal to the Series D Stated Value and then receive a pro-rata portion of the remaining assets available for distribution to the holders of common stock on an as-converted to common stock basis.

Subject to a beneficial ownership limitation and customary adjustments for stock dividends and stock splits, each share of Series D Preferred is convertible into 1,000 shares of common stock. A holder of Series D Preferred may not convert any shares of Series D Preferred into common stock if the holder (together with the holder’s affiliates and any persons acting as a group together with the holder or any of the holder’s affiliates) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the conversion, as such percentage ownership is determined in accordance with the terms of the Series D COD. However, upon notice from the holder to the Company, the holder may decrease or increase the beneficial ownership limitation, which may not exceed 9.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Series D COD, provided that any such increase or decrease in the beneficial ownership limitation will not take effect until 61 days following notice to the Company.

Approval of at least a majority of the outstanding Series D Preferred is required to: (a) amend or repeal any provision of, or add any provision to, the Company’s Articles of Incorporation or bylaws, or file any Certificate of Designation (however such document is named) or articles of amendment to create any class or any series of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series D Preferred, regardless of whether any such action shall be by means of amendment to the Articles of Incorporation or bylaws or by merger, consolidation or otherwise or filing any Certificate of Designation, it being understood that the creation of a new security having rights, preferences or privileges senior to or on parity with the Series D Preferred in a future financing will not constitute an amendment, addition, alteration, filing, waiver or repeal for these purposes; (b) increase or decrease (other than by conversion) the authorized number of Series D Preferred; (c) issue any Series D Preferred, other than to the Investors; or (d) without limiting any provision hereunder, whether or not prohibited by the terms of the Series D Preferred, circumvent a right of the Series D Preferred.

As of March 31, 2025, and December 31, 2024, no shares of Series D Preferred were outstanding.

Series E preferred stock

On October 6, 2020, the Board filed the Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Preferred Stock (the “Series E COD”) with the Secretary of State of the State of Nevada designating 562,250 shares of preferred stock as Series E Convertible Preferred Stock (the “Series E Preferred”).

On December 28, 2020, the Board filed an Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Preferred Stock (the “Amended Series E COD”) with the Secretary of State of the State of Nevada. The Series E Preferred has a stated value of \$13.34 per share (the “Series E Stated Value”). Pursuant with the Amended Series E COD:

- Each holder of Series E Preferred has the right to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series E Preferred held by such holder are convertible as of the applicable record date.
- Unless prohibited by Nevada law governing distributions to stockholders, for a period of one-year beginning with the Original Issuance Date, as defined, the Corporation shall have the right but not the obligation to redeem all outstanding Series E Preferred (and not any part of the Series E Preferred) at a price equal to 115% of (i) the Series E Stated Value per share plus (ii) all unpaid dividends thereon. If the Company fails to redeem all outstanding Series E on the redemption date, it shall be deemed to have waived its redemption right.

Subject to a beneficial ownership limitation and customary adjustments for stock dividends and stock splits, each share of Series E Preferred shall be convertible into that number of shares of common stock calculated by dividing the Series E Stated Value of each share of Series E Preferred being converted by the conversion price. The initial conversion price was \$0.01, subject to certain adjustments as provided below. In addition, the Company shall issue any holder of Series E Preferred converting all or any portion of their Series E Preferred an additional sum (the “Make Good Amount”) equal to \$210 for each \$1,000 of Series E Stated Value of the Series E Preferred converted pro-rated for amounts more or less than \$1,000, increasing to \$310 for each \$1,000 of Series E Stated Value during the Triggering Event Period (the “Extra Amount”). Subject a beneficial ownership limitation of 4.99% or 9.99%, the Make Good Amount shall be paid in shares of common stock, as follows: The number of shares of common stock issuable as the Make Good Amount shall be calculated by dividing the Extra Amount by the product of 80% times the average VWAP for the five trading days prior to the date a holder delivered a notice of conversion to the Company (the “Conversion Date”). During the Triggering Event Period, the number of shares of common stock issuable as the Make Good Amount shall be calculated by dividing the Extra Amount by the product of 70% times the average VWAP for the five trading days prior to the Conversion Date.

Subject to a beneficial ownership limitation of 4.99% or 9.99%, at any time during the period commencing on the date of the occurrence of a Triggering Event and ending on the date of the cure of such Triggering Event (the “Triggering Event Period”), a holder may, at such holder’s option, by delivery of a conversion notice to the Company to convert all, or any number of Series E Preferred (such conversion amount of the Series E Preferred to be converted pursuant to this Section 6(b) (the “Triggering Event Conversion Amount”), into shares of common stock at the Triggering Event Conversion Price. The “Triggering Event

Conversion Amount” means 125% of the Series E Stated Value and the “Triggering Event Conversion Price” means \$0.006.

If and whenever on or after the initial issuance date but not after two years from the original issuance date, the Company issues or sells, or is deemed to have issued or sold, additional shares of common stock, options, warrants of convertible instruments, other than an exempt issuance, for a consideration per share (the “Base Share Price”) less than a price equal to the conversion price in effect immediately prior to such issuance or sale or deemed issuance or sale (such conversion price then in effect is reflected to herein as the “Applicable Price”) (the foregoing a “Dilutive Issuance”), then immediately after such Dilutive Issuance, the conversion price then in effect shall be reduced to an amount equal to the base share price.

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From and after the Original Issuance Date, cumulative dividends on each share of Series E Preferred shall accrue, whether or not declared by the Board and whether or not there are funds legally available for the payment of dividends, on a daily basis in arrears at the rate of 6% per annum based on a 360-day year on the Series E Stated Value plus all unpaid accrued and accumulated dividends thereon. As of March 31, 2025, and December 31, 2024, the Company has accrued dividends of \$199,652 and \$195,425, respectively, which has been included in accrued expenses on the accompanying consolidated balance sheets.

On a pari passu basis with the holders of Series D Preferred that was issued and outstanding, upon the liquidation, dissolution or winding up of the business of the Company, whether voluntary or involuntary, the Series E Preferred is entitled to receive an amount per share equal to the Series E Stated Value and then receive a pro-rata portion of the remaining assets available for distribution to the holders of common stock on an as-converted to common stock basis. Until the date that such Series E Preferred holder no longer owns at least 50% of the Series E Preferred, the holders of Series E Preferred have the right to participate, pro rata, in each subsequent financing in an amount up to 25% of the total proceeds of such financing on the same terms, conditions and price otherwise available in such subsequent financing.

Approval of at least a majority of the outstanding Series E Preferred is required to: (a) amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation or bylaws, or file any Certificate of Designation (however such document is named) or articles of amendment to create any class or any series of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series E Preferred, regardless of whether any such action shall be by means of amendment to the Articles of Incorporation or bylaws or by merger, consolidation or otherwise or filing any Certificate of Designation, but the creation of a new security having rights, preferences or privileges senior to or on parity with the Series E Preferred in a future financing will not constitute an amendment, addition, alteration, filing, waiver or repeal for these purposes; (b) increase or decrease (other than by conversion) the authorized number of Series E Preferred; (c) issue any Series D Preferred, (d) issue any Series E Preferred in excess of 562,250 or (e) without limiting any provision under the Series E COD, whether or not prohibited by the terms of the Series E Preferred, circumvent a right of the Series E Preferred.

These Series E Preferred issuances with redemption provisions that permit the issuer to settle in either cash or common stock, at the option of the issuer, were evaluated to determine whether temporary or permanent equity classification on the consolidated balance sheet was appropriate. As per the terms of the Amended Series E COD, the Company shall have the right but not the obligation to redeem all outstanding Series E Preferred (and not any part of the Series E Preferred) at a price equal to 115% of (i) the Series E Stated Value per share plus (ii) all unpaid dividends thereon. As such, since the Series E is redeemable upon the occurrence of an event that is within the Company's control, the Series E Preferred is classified as permanent equity.

The Company concluded that the Series E Preferred represented an equity host and, therefore, the redemption feature of the Series E Preferred was considered to be clearly and closely related to the associated equity host instrument. The redemption features did not meet the net settlement criteria of a derivative and, therefore, were not considered embedded derivatives that required bifurcation. The Company also concluded that the conversion rights under the Series E Preferred were clearly and closely related to the equity host instrument. Accordingly, the conversion rights feature on the Series E Preferred were not considered an embedded derivative that required bifurcation.

During the three months ended March 31, 2025, and 2024, there were no conversions of shares of Series E Preferred.

As of both March 31, 2025, and December 31, 2024, 21,418 shares of Series E Preferred were issued and outstanding.

Series G preferred stock

On December 31, 2021, we entered into securities purchase agreements with investors pursuant to which the Company issued an aggregate of (i) 710,000 shares of a newly created series of preferred stock called the Series G Convertible Preferred Stock (the "Series G Preferred") and (ii) common stock purchase warrants to purchase up to 700,000,000 shares of the Company's common stock with an exercise price of \$0.01 (the "Series G Offering"). In connection with the Series G Offering, on December 28, 2021, the Company filed the Certificate of Designation of Preferences, Rights and Limitations of Series G Convertible Preferred Stock (as amended, the "Series G COD") with the Secretary of State of the State of Nevada designating 1,000,000 shares of preferred stock as Series G Preferred. The Series G Preferred has a stated value of \$10.00 per share (the "Series G Stated Value"). The gross proceeds to the Company from the Series G Offering were \$7,100,000.

Pursuant to the Series G COD,

- Each holder of Series G Preferred has the right to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series G Preferred held by such holder are convertible as of the applicable record date.
- Unless prohibited by Nevada law governing distributions to stockholders, for a period of one-year beginning with the original issuance date, as defined, the Company shall have the right but not the obligation to redeem all outstanding Series G Preferred (and not any part of the Series G Preferred) at a price equal to 115% of (i) the Series G Stated Value per share plus (ii) all unpaid dividends thereon. If the Company fails to redeem all outstanding Series G Preferred on the redemption date, it shall be deemed to have waived its redemption right.

Subject to a beneficial ownership limitation and customary adjustments for stock dividends and stock splits, each share of Series G Preferred shall be convertible into that number of shares of common stock calculated by dividing the Series G Stated Value of each share of Series G Preferred being converted by the applicable conversion price. The initial conversion price of the Series G Preferred is \$0.01, subject to adjustment as provided below. In addition, the Company will issue a holder of Series G Preferred converting all or any portion of their Series G Preferred an additional sum (the "Series G Make Good Amount") equal to \$210 for each \$1,000 of Series G Stated Value converted pro-rated for amounts more or less than \$1,000 (the "Series G Extra Amount").

Subject to a beneficial ownership limitation, the Make Good Amount shall be paid in shares of common stock, as follows: the number of shares of common stock issuable as the Make Good Amount shall be calculated by dividing the Series G Extra Amount by the product of 80% times the average VWAP for the five trading days prior to the date a holder of Series G Preferred delivered a notice of conversion to the Company (the “Conversion Date”).

If and whenever on or after the initial issuance date but not after two years from the original issuance date, the Company issues or sells, or is deemed to have issued or sold, additional shares of common stock, options, warrants of convertible instruments, subject to certain exceptions, for a consideration per share (the “Base Share Price”) less than a price equal to the applicable conversion price in effect immediately prior to such issuance or sale or deemed issuance or sale (such conversion price then in effect is reflected to herein as the “Applicable Price”) (the foregoing a “Dilutive Issuance”), then immediately after such Dilutive Issuance, the conversion price then in effect shall be reduced to an amount equal to the Base Share Price.

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From and after the original issuance date, cumulative dividends on each share of Series G Preferred shall accrue, whether or not declared by the Board and whether or not there are funds legally available for the payment of dividends, on a daily basis in arrears at the rate of 6% per annum based on a 360-day year on the Series G Stated Value plus all unpaid accrued and accumulated dividends thereon. As of March 31, 2025, and December 31, 2024, the Company has accrued dividends of \$858,608 and \$785,845, respectively, which has been included in accrued expenses on the accompanying unaudited consolidated balance sheets.

On a pari passu basis with the holders of Series E Preferred, upon the liquidation, dissolution or winding up of the business of the Company, whether voluntary or involuntary, the Series G Preferred is entitled to receive an amount per share equal to the Series G Stated Value and then receive a pro-rata portion of the remaining assets available for distribution to the holders of common stock on an as-converted to common stock basis. The holders of Series G Preferred have the right to participate, pro rata, in each subsequent financing in an amount up to 40% of the total proceeds of such financing on the same terms, conditions and price otherwise available in such subsequent financing.

Approval of at least two-thirds of the outstanding Series G Preferred is required to: (a) amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation or bylaws, or file any Certificate of Designation (however such document is named) or articles of amendment to create any class or any series of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series G Preferred, regardless of whether any such action shall be by means of amendment to the Articles of Incorporation or bylaws or by merger, consolidation or otherwise or filing any Certificate of Designation, but the creation of a new security having rights, preferences or privileges senior to or on parity with the Series G Preferred in a future financing will not constitute an amendment, addition, alteration, filing, waiver or repeal for these purposes; (b) increase or decrease (other than by conversion) the authorized number of Series G Preferred; (c) issue any Series E Preferred or Series D Preferred, (d) issue any Series G Preferred in excess of 1,000,000 or (e) without limiting any provision under the Series G COD, whether or not prohibited by the terms of the Series G Preferred, circumvent a right of the Series G Preferred.

Under the terms of the Series G Preferred, if the Company issues or sells (or is deemed to have issued or sold) additional shares of common stock for a price-per-share that is less than the price equal to the conversion price of the Series G Preferred held by the holders of the Series G Preferred immediately prior to such issuance, then the conversion price of the Series G Preferred will be reduced to the price per share of such dilutive issuance. As a result of the issuance of common stock on the exercise of certain Eligible Warrants at an exercise price of \$0.002 per share, the conversion price for all 406,500 remaining outstanding Series G Preferred shall henceforth be \$0.002 per share.

The Series G Preferred share issuances with redemption provisions that permit the issuer to settle in either cash or common stock, at the option of the issuer, were evaluated to determine whether temporary or permanent equity classification on the consolidated balance sheet was appropriate. As per the terms of the Series G preferred stock agreements, the Company shall have the right but not the obligation to redeem all outstanding Series G Preferred (and not any part of the Series E Preferred) at a price equal to 115% of (i) the Series G Stated Value per share plus (ii) all unpaid dividends thereon. As such, since Series G Preferred is redeemable upon the occurrence of an event that is within the Company's control, the Series G Preferred is classified as permanent equity.

The Company concluded that the Series G Preferred represented an equity host and, therefore, the redemption feature of the Series G Preferred was considered to be clearly and closely related to the associated equity host instrument. The redemption features did not meet the net settlement criteria of a derivative and, therefore, were not considered embedded derivatives that required bifurcation. The Company also concluded that the conversion rights under the Series G Preferred were clearly and closely related to the equity host instrument. Accordingly, the conversion rights feature on the Series G Preferred were not considered an embedded derivative that required bifurcation.

During the three months ended March 31, 2024, the Company issued 696,876,687 shares of its common stock in connection with the conversion of 44,837 shares of Series G Preferred and accrued dividends payable of \$121,892. The conversion ratio was based on the Series G COD.

As of both March 31, 2025, and December 31, 2024, 406,500 shares of Series G Preferred were issued and outstanding.

Series H preferred stock

On September 20, 2022, the Company filed the Certificate of Designation of Preferences, Rights and Limitations of Series H Convertible Preferred Stock (the "Series H COD") with the Secretary of State of the State of Nevada designating 35,000 shares of preferred stock as Series H ("Series H Preferred"). The Series H Preferred has no stated value and pursuant to the Series H COD:

- Each share of Series H Preferred shall have no voting rights.
- Each share of Series H Preferred shall be convertible into 10,000 shares of the Company's common stock, subject to the beneficial ownership limitations. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon conversion of the Series H Preferred held by such holder. The holder of Series H Preferred and the Company, by mutual consent, may increase or decrease the Beneficial Ownership Limitation provisions of the Series H COD, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the Series H Preferred held by the Holder.

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- Upon the liquidation, dissolution or winding up of the business of the Company, whether voluntary or involuntary, each holder of Series H Preferred stock shall be entitled to receive out of assets of the Company legally available therefor the same amount that a holder of the Company's common stock would receive on an as-converted basis (without regard to the beneficial ownership limitation or any other conversion limitations hereunder). The right of a Series H Holder to receive such payment shall be preferential to the right of holders of common stock but shall be subordinate to the rights of the holder of any other series of preferred stock of the Company.

As of both March 31, 2025, and December 31, 2024, 32,374 shares of Series H Preferred were outstanding.

Common stock

Shares issued in connection with conversion of Series G preferred shares

During the three months ended March 31, 2025, and 2024, the Company issued 0 and 696,876,687 shares of its common stock in connection with the conversion of 44,837 shares of Series G Preferred and accrued dividends payable of \$121,892, respectively. The conversion ratio was based on the Series G COD, as amended.

Shares issued for compensation

During the three months ended March 31, 2025, and 2024, aggregate accretion of stock-based compensation expense, which is net of the reversal of previously recognized stock-based expense due to forfeiture, amounted to \$0 and \$27,987, respectively. Total unrecognized compensation expense related to these vested and unvested shares of common stock on March 31, 2025, amounted to \$0.

Warrants

Warrant activities for the three months ended March 31, 2025, are summarized as follows:

	Number of Shares Issuable Upon Exercise of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance Outstanding December 31, 2024	946,171,489	\$ 0.004	1.56	\$ 0
Expired	(818,400)	(0.40)	-	-
Balance Outstanding March 31, 2025	945,353,089	\$ 0.004	1.56	\$ 0
Exercisable, March 31, 2025	945,353,089	\$ 0.004	1.56	\$ 0

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Legal matters

From time to time, we may be involved in litigation or receive claims arising out of our operations in the normal course of business. Other than discussed below, we are not currently a party to any other legal proceeding or are aware of claims that we believe would, if decided adversely, have a material adverse effect on our business, financial condition, or operating results. We also disclose any recent settlements and accruals taken in connection therewith, as of March 31, 2025.

SCS, LLC v. TLSS

On November 17, 2020, a former financial consultant to the Company, SCS, LLC, filed an action against the Company in the Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida, captioned SCS, LLC v. Transportation and Logistics Systems, Inc. The case was assigned Case No. 50-2020-CA-012684.

In this action, SCS alleges that it entered into a renewable six-month consulting agreement with the Company dated September 5, 2019, and that the Company failed to make certain monthly payments due thereunder for the months of October 2019 through March 2020, summing to \$42,000. The complaint alleges claims for breach of contract, quantum meruit, unjust enrichment and account stated.

On February 9, 2021, the Company filed its answer, defenses, and counterclaims in this action. Among other things, the Company avers that SCS's claims are barred by its unclean hands and other inequitable conduct, including breach of its duties (i) to maintain the confidentiality of information provided to SCS and (ii) to work only in furtherance of the Company's interests, not in furtherance of SCS's own, and conflicting interests. The Company also avers, in its counterclaims, that SCS owes the Company damages in excess of the \$42,000 sought in the main action because SCS was at least grossly negligent in any due diligence it undertook before recommending that the Company acquire Prime EFS LLC in June 2018. SCS filed a motion to strike TLSS's defenses and counterclaims, and TLSS opposed that application. Those motions remain sub judice.

A two-day non-jury trial was held in this action in Palm Beach County, Florida, on April 20-21, 2022. However, at the end of the second day a mistrial was declared because SCS had not withdrawn its motion to strike and answered the counterclaims.

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On July 20, 2023, SCS moved for summary judgment in this action. On July 27, 2023, the Company filed papers opposing the motion. On August 21, 2023, the court conferenced SCS's motion for summary judgment and SCS's motion to strike counterclaims and dismiss the counterclaims. The court indicated it would deny the first motion and grant the second motion. On September 5, 2023, the Company filed Amended Affirmative Defenses and an Amended Counterclaim. On October 2, 2023, SCS filed a motion to Dismiss the Amended Counterclaim, but it did not file a motion to strike the Amended Affirmative Defenses. On October 3, 2023, the Company filed a motion to strike SCS's Motion to Dismiss the Amended Counterclaim on the grounds that SCS's motion was not filed within ten (10) days as required under Florida law. On July 19, 2024, the court denied SCS's motion for summary judgment on all claims in its entirety.

In February 2025, the parties agreed to settle all claims in this matter and thereafter executed a Confidential Settlement Agreement and Mutual Release effective on February 13, 2025. All asserted claims in this matter will be dismissed with prejudice upon the appropriate court filing and approval by the court.

Shareholder Derivative Action

On June 25, 2020, the Company was served with a putative stockholder derivative action filed in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida (the "Court") captioned SCS, LLC, derivatively on behalf of Transportation and Logistics Systems, Inc. v. John Mercadante, Jr., Douglas Cerny, Sebastian Giordano, Ascentaur LLC and Transportation and Logistics Systems, Inc. The action has been assigned Case No. 2020-CA-006581.

The plaintiff in this action, SCS, alleges it is a limited liability company formed by a former chief executive officer and director of the Company, Lawrence Sands. The complaint alleges that between April 2019 and June 2020, the immediately prior chairman and chief executive officer of the Company, Mercadante, the former chief development officer of the Company, Cerny, and, since February 2020, the Company's then restructuring consultant who is now chairman and chief executive officer of the Company, Giordano, breached fiduciary duties owed to the Company. Prior to becoming CEO, Giordano rendered his services to the Company through the final named defendant in the action, Ascentaur LLC.

The complaint alleges that Mercadante breached duties to the Company by, among other things, requesting, in mid-2019, that certain preferred equity holders, including SCS, convert their preferred shares into Company common stock in order to facilitate an equity offering by the Company and then not consummating that offering. The complaint also alleges that Mercadante and Cerny caused the Company to engage in purportedly wasteful and unnecessary transactions such as taking merchant cash advances (MCA) on disadvantageous terms. The complaint further alleges that Mercadante and Cerny "issued themselves over two million shares of common stock without consideration." The complaint seeks unspecified compensatory and punitive damages on behalf of the Company for breach of fiduciary duty, negligent breach of fiduciary duty, constructive fraud, civil conspiracy and the appointment of a receiver or custodian for the Company.

Company management tendered the complaint to the Company's directors' and officers' liability carrier for defense and indemnity purposes, which coverage is subject to a \$250,000 self-insured retention. Each of the individual defendants and Ascentaur LLC has advised that they vigorously deny each and every allegation of wrongdoing alleged in the complaint. Among other things, Mercadante asserts that he made every effort to consummate an equity offering in late 2019 and early 2020 and could not do so solely because of the Company's precarious financial condition. Mercadante also asserts that he made clear to SCS and other preferred equity holders, before they converted their shares into common stock, that there was no guarantee the Company would be able to consummate an equity offering in late 2019 or early 2020. In addition, Mercadante and Cerny assert that they received equity in the Company on terms that were entirely fair to the Company and entered into MCA transactions solely because no other financing was available to the Company.

By order dated September 15, 2022, the Circuit Judge assigned to this case dismissed the original Complaint in the matter, finding (a) that SCS had failed to adequately allege it has standing and (b) that the complaint fails to adequately allege a cognizable claim. The dismissal was without prejudice, meaning SCS could attempt to replead its claims.

On October 5, 2022, SCS filed an Amended Complaint in this action. By order dated December 19, 2022, the Circuit Judge assigned to this case once again dismissed the case, finding (a) that SCS still failed to adequately allege it has standing and (b) that the complaint still fails to adequately allege a cognizable claim. Once again, however, the dismissal was without prejudice.

On January 18, 2023, SCS filed a Second Amended Complaint in this action. All defendants once again moved to dismiss the pleading or in the alternative for summary judgment on it in their favor. The Court heard argument on that motion on March 9, 2023. On May 15, 2023, the Court issued a summary order denying the defendants' motion to dismiss. On June 1, 2023, all defendants moved for reconsideration of the May 15 order. On November 28, 2023, the Court denied the motion for reconsideration.

On September 15, 2024, the defendants filed a Motion to Strike Plaintiff's Pleadings and to Preclude Plaintiff from Calling Any Witnesses or Introducing Any Exhibits at Trial to Plaintiff's failure to (i) comply with the court's Pretrial Order; and (ii) produce discovery.

In February 2025, the parties agreed to settle all claims in this matter and thereafter executed a Confidential Settlement Agreement and Mutual Release effective on February 13, 2025. On February 20, 2025, pursuant to a Stipulation of Dismissal with Prejudice, the Court entered a final order of dismissal with prejudice and dismissed the action with prejudice.

Jose R. Mercedes-Mejia v. Shypdirect LLC, Prime EFS LLC et al.

On August 4, 2020, an action was filed against Shypdirect, Prime EFS and others in the Superior Court of New Jersey for Bergen County captioned Jose R. Mercedes-Mejia v. Shypdirect LLC, Prime EFS LLC et al. The case was assigned docket number BER-L-004534-20.

In this action, the plaintiff seeks reimbursement of his medical expenses and damages for personal injuries following an accident with a box truck leased by Shypdirect and subleased to Prime EFS and being driven by a Prime EFS employee, in which the plaintiff's ankle was injured. Plaintiff has thus far transmitted medical bills exceeding \$789,000. Prime EFS and Shypdirect demanded their vehicle liability carrier assume the defense of this action. To date, the carrier has not done so, allegedly because, among other reasons, the box truck was not on the list of insured vehicles at the time of the accident.

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On November 9, 2020, Prime EFS and Shypdirect filed their answer to the complaint in this action and also filed a third-party action against the insurance company in an effort to obtain defense and indemnity for this action.

On May 21, 2021, Prime EFS and Shypdirect also filed an action in the Supreme Court, State of New York, Suffolk County (the “Suffolk County Action”), seeking defense and indemnity for this claim from the insurance brokerage, TCE/Acrisure LLC, which sold the County Hall insurance policy to Shypdirect.

On August 19, 2021, the Plaintiff filed a motion for leave to file a First Amended Complaint to name four (4) additional parties as defendants – TLSS, Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc. In the claim against TLSS, Plaintiff seeks to “pierce the corporate veil” and hold TLSS responsible for the alleged liabilities of Prime and/or Shypdirect as the supposed alter ego of these subsidiaries. In the claims against Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc., Plaintiff seeks to hold these entities responsible for the alleged liabilities of Prime and/or Shypdirect on a successor liability theory.

On September 16, 2021, each of these entities filed papers in opposition to this motion.

On September 24, 2021, the Court granted Plaintiff’s motion for leave to amend the complaint, thus adding TLSS, Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc. as Defendants.

On October 22, 2021, Acrisure stipulated to consolidate the Suffolk County Action into and with the Bergen County action.

On November 22, 2021, all Defendants filed their Answer to the First Amended Complaint. On November 3, 2021, Prime EFS and Shypdirect refiled their Third-Party Complaint against TCI/Acrisure in the Bergen County action. On December 23, 2021, Acrisure filed its Answer to the Third-Party Complaint, denying its material allegations.

On March 2, 2022, Plaintiff sought and was granted leave to file a Second Amended Complaint, bringing claims against Prime and Shypdirect’s vehicle liability carrier, County Hall (for discovery) as well as the producing broker, TCE/Acrisure. Plaintiff also asserted additional alter ego allegations against TLSS.

On February 15, 2023, Plaintiff filed a motion for leave to file a Third Amended Complaint in this action, seeking to assert claims against TLSS’s former CEO, John Mercadante, also on a “pierce the corporate veil” theory. On March 9, 2023, TLSS, Prime and Shypdirect opposed the motion for leave to add Mercadante, arguing that any claim against Mercadante would be both futile and time-barred. On March 31, 2023, the Court denied Plaintiff’s motion to add Mr. Mercadante as a party.

In January and February 2023, numerous depositions were taken in the case, including those of Messrs. Giordano and Mercadante.

On September 16, 2024, the court entered an order granting Plaintiff’s motion for final judgment by default on liability against Defendants Shypdirect, Prime EFS, Shyp CX, Shyp FX, and Cougar Express.

To date, to the best of the Company’s knowledge, information and belief, no discovery has been taken in this action which would permit the imposition of alter ego liability on TLSS for the subject accident.

To date, to the best of the Company’s knowledge, information and belief, no discovery has been taken in this action which would permit the imposition of successor liability on Shyp CX, Inc., Shyp FX, Inc. and/or Cougar Express, Inc. for the subject accident.

Under a so-called MCS-90 reimbursement endorsement to the County Hall policy, TLSS believes that Prime and Shypdirect may have up to \$750,000 in coverage under a 1980 federal law under which County Hall is “require[d] to pay damages for certain claims or ‘suits’ that are not covered by the policy.” (See Endorsement CHI – 290 (02/19) to County Hall policy effective May 31, 2019.)

All discovery in this case was completed on or before August 31, 2024.

There were pending cross-motions for summary judgment filed by Plaintiff, Defendants/Third-Party Plaintiffs Jose A. Mercedes-Mejia, Prime EFS, Shypdirect, LLC, and TLSS, and Defendant/Third-Party Defendant County Hall Insurance. The insurance broker, Acrisure, had also filed a motion on the malpractice claim against it. On November 8, 2024, the court granted Defendant/Third-Party Plaintiff Ryder Truck Rental, Inc.’s motion for summary judgment. On December 6, 2024, the parties engaged in a mediation session. While a settlement was not reached on the day the mediation session was held, the parties continued to discuss a potential resolution.

On January 31, 2025, Plaintiff and TLSS, Shypdirect, and Prime EFS executed a binding term sheet which settled the matter with no liability on the part of TLSS, Shypdirect or Prime EFS and requires that a Stipulation of Dismissal will be filed with the court which dismisses all claims with prejudice. On February 10, 2025, the trial proceeding scheduled for February 10, 2025, was cancelled. On March 31, 2025, a Stipulation of Dismissal with Prejudice was filed with the Court in which it was stipulated and agreed that the Plaintiff’s Complaint and any and all other Crossclaims, Counterclaims, and/or Third-Party Claims are dismissed with prejudice and without costs by and between all parties.

Josh Perez v. Cougar Express, Inc.

An attorney for a former Cougar Express (CE) employee, Josh Perez (“Perez”), has advised CE that he has filed a charge of discrimination against CE with the U.S. Equal Employment Opportunity Commission (EEOC).

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Perez allegedly is asserting claims against CE for: gender discrimination under Title VII and the New York State Human Rights Law (“NYSHRL”); pregnancy/childbirth discrimination under Title VII of the federal Civil Rights Act of 1964, as amended; retaliation under Title VII and NYSHRL; and familial status discrimination under NYSHRL.

However, CE has not received a copy, nor any notification, of the filing.

Perez was employed by CE as a dock worker beginning on March 8, 2022, and last worked September 27, 2022. He alleges that in or around July 2022, he informed CE that he was expecting a child. Perez has not provided any details regarding the individual(s) with CE he allegedly informed. On September 27, 2022, Perez requested that CE complete the employer section of his New York Paid Family Leave (“PFL”) paperwork, which CE did. Thereafter, Perez ceased communicating with CE. Further, CE did not receive any confirmation that Perez had in fact filed for PFL or that his PFL was approved.

Because CE did not hear from Perez or receive any confirmation concerning his application for or approval of PFL, CE concluded that Perez had resigned. Another worker was hired to fill Perez’s former position. Then, on or about December 27, 2022, Perez contacted CE attempting to return to work and was informed that there was no position for him.

CE categorically denies Perez’s allegations and any purported wrongdoing. Because this matter is apparently pending with the EEOC and CE has neither received a copy of the filing nor any notification of the filing, the Company cannot evaluate the likelihood of an adverse outcome or estimate the Company’s liability, if any, in connection with it.

Emerson Swan v. Severance Trucking Co., Inc.

On April 1, 2024, a judgment was entered against Severance Trucking on behalf of Emerson Swan, Inc. (“Emerson”) in the amount of \$96,226, including prejudgment interest, statutory costs and legal fees. Emerson, which was a customer of Severance Trucking, claimed that an employee of Severance Trucking stole \$75,209 of Emerson’s products while under Severance Trucking’s control. We did not accrue this claim and believe it is not liable since the accusation was made prior to the Severance Trucking acquisition date in January 2023.

Ryder Truck Rental, Inc. v. Severance Trucking Co., Inc.

On April 30, 2024, Severance Trucking received a letter from Ryder Truck Rental, Inc. requesting payment in the amount of \$581,507 comprised of outstanding unpaid Truck Lease and Service Agreement charges of \$55,136 in open invoices, \$399,177 in early termination charges and \$134,194 in attorney’s fees. As of March 31, 2025, and December 31, 2024, such amounts are recorded as a liability of Severance Trucking and included in liabilities of discontinued operations.

Akabas & Sproule v. Transportation and Logistics Systems, Inc.

On March 19, 2025, the Company’s former law firm, Akabas & Sproule, filed a lawsuit against the Company in the Supreme Court of the State of New York, New York County, alleging three causes of action: (i) breach of contract; (ii) account stated, and (iii) unjust enrichment/quantum meruit. Akabas & Sproule seeks \$86,571 in compensatory damages, \$11,027 in interest through February 28, 2025, attorneys’ fees and costs, taxable costs of suit, and pre-judgment and post-judgment interest, all of which have been accrued as of March 31, 2025. Because the action was recently filed and no discovery has occurred in the case, it is not possible to evaluate the likelihood of a favorable or unfavorable outcome.

Employment agreements

On January 4, 2022, the Company and Mr. Sebastian Giordano entered into an employment agreement for the Chief Executive Officer (the “CEO Employment Agreement”) with a term extending through December 31, 2025, which provides for annual compensation of \$400,000 as well as annual discretionary bonuses based on the Company’s achievement of performance targets, grants of options, restricted stock or other equity (with prior grants made to Ascentaur), at the discretion of the Board, up to 5% of the outstanding common stock of the Company, vesting over the term of the CEO Employment Agreement, business expense reimbursement and benefits as generally made available to the Company’s executives.

On March 1, 2024, the Board, appointed Sebastian Giordano, the Company’s Chairman and Chief Executive Officer, to the additional offices of Chief Financial Officer and Treasurer of the Company. Due to the Company’s financial condition, beginning on February 16, 2024, Mr. Giordano agreed to temporarily defer cash compensation and receipt of benefits until a date that was to be mutually agreed upon; however, such compensation and other benefits due to Mr. Giordano under the CEO Employment Agreement, continue to accrue. On May 15, 2024, the Company received a termination notice (the “Termination Notice”), for the nonpayment of compensation and other benefits due under such CEO Employment Agreement. Under the terms of the CEO Employment Agreement, the Company had until July 15, 2024, to cure such default or else Mr. Giordano’s termination pursuant to the Termination Notice would be effective on July 15, 2024. The Company was unable to cure such default; however, on July 15, 2024, the Company and Mr. Giordano agreed to extend the termination date until August 15, 2024. On August 15, 2024, the Company and Mr. Giordano further extended the termination date to November 15, 2024. On November 14, 2024, the parties further extended the termination date to February 15, 2025. On February 10, 2025, the parties further extended the termination date to May 31, 2025. Through the extended termination date, all existing wage and benefit provisions of the CEO Employment Agreement shall continue to accrue; however, the claims under the Termination Notice remain in force, including that any granted, but unvested Restricted Stock Units, if any, have been deemed fully vested under the Termination Notice. In addition, the remaining 30,531,608 of unvested Restricted Stock Units (“RSUs”) of the 122,126,433 RSUs originally granted to Mr. Giordano in March 2022 were deemed fully vested as of the date the CEO Employment Agreement terminated.

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As of March 31, 2025, and December 31, 2024, in connection with the extension of the term of the CEO Employment Agreement, the amount of compensation and benefit amounts due to Mr. Giordano amounts to the following, which is included in accrued compensation and related benefits on the accompanying consolidated balance sheet:

	March 31, 2025	December 31, 2024
(i) Unpaid base salary – since February 16, 2024	\$ 487,125	\$ 378,875
(ii) Accrued vacation pay	111,940	104,244
(iii) Health insurance premium – since February 16, 2024	29,874	22,980
(iv) Severance payment due (a)	400,000	400,000
Total	\$ 1,028,939	\$ 906,099

- (a) The above amounts do not include the severance payment that became due and payable under the terms of the CEO Employment Agreement as a result of the Company's failure to cure the default as discussed above, which is equal to Mr. Giordano's annual base salary for the one-year subsequent to the termination of the CEO Employment Agreement (\$400,000).

NOTE 7– RELATED PARTY TRANSACTIONS AND BALANCES

Notes payable – related parties

On April 14, 2023, the Board approved the Credit Facility under which the Company would obtain unsecured senior debt financing of up to \$1,000,000. The terms of the Credit Facility provided for interest at 12% per annum. However, upon default, the interest rate shall be 17% per annum. The maturity date of the financing was December 31, 2023, provided, however, the Company may prepay a loan at any time without premium or penalty. Each loan under the Credit Facility was made on promissory notes. During April 2023, the Company received initial loans under the Credit Facility, in the following amounts: (a) \$500,000 from Mr. Mercadante on April 17, 2023; and (b) \$100,000 from Mr. Giordano on April 21, 2023. On May 21, 2024, the Company received default notices for its failure to pay outstanding principal and interest due on unsecured promissory notes that were issued on April 17, 2023, to Mr. Mercadante and on April 21, 2023, to Mr. Giordano with respect to \$542,575 and \$108,708, respectively, in aggregate principal and interest due on December 31, 2023. As such, the interest rate on both notes increased to 17% per annum calculated as of January 1, 2024.

On October 3, 2023, and November 28, 2023, the Company issued unsecured promissory notes to Mr. Mercadante and from an individual, who is affiliated to Mr. Mercadante in the principal amounts of \$500,000 and \$60,000, respectively. Each unsecured promissory note matured nine months and one year from the date of issuance and accrues interest at a rate per annum of 12%, respectively. On July 1, 2024, the Company received a default notice for its failure to pay outstanding principal and interest due on the October 3, 2023, unsecured promissory note to Mr. Mercadante in the principal amount of \$500,000 and was due on June 30, 2024. As such, the interest rate on such note increased to 17% per annum as of July 1, 2024. Additionally, on December 9, 2024, the Company received a default notice for its failure to pay outstanding principal and interest due on the November 28, 2024 unsecured promissory note to an individual, who is affiliated to Mr. Mercadante in the principal amount of \$60,000 and was due on November 28, 2024. As such, the interest rate on such note was increased to 17% per annum as of November 29, 2024.

On February 6, 2024 and February 15, 2024, the Company issued unsecured promissory notes to Mr. Mercadante in the principal amounts of \$64,534 and \$319,195, respectively. Each unsecured promissory note matures one year from the date of issuance and accrues interest at a rate per annum of 12%. On February 7, 2025 and February 21, 2025, the Company received a default notice for its failure to pay outstanding principal and interest due on unsecured promissory notes that were issued on February 6, 2024 and February 15, 2024 to Mr. Mercadante in the principal amount of \$64,534 and \$319,195, respectively, and were due on February 6, 2025 and February 15, 2025, respectively. As such, the interest rate on such notes was increased to 17% per annum as of February 7, 2025, and February 15, 2025, respectively.

On February 21, 2024, and February 23, 2024, the Company issued unsecured promissory notes to Mr. Newton and Mr. Benton, both members of the Board, in the principal amounts of \$1,000 and \$3,109, respectively. Each unsecured promissory note matured on September 30, 2024, and accrued interest at the rate per annum of 12%. On October 1, 2024, both Mr. Newton and Mr. Benton each filed a notice of default, resulting in an increase in the rate of interest to 17% per annum as of the date of default.

As of March 31, 2025, and December 31, 2024, aggregate notes payable to related parties in the principal amounts of \$1,547,838 and \$1,547,838, respectively, were outstanding. As of March 31, 2025, and December 31, 2024, the aggregate accrued interest payable to related parties amounted to \$352,720 and \$290,133, respectively, which has been included in accrued expenses – related parties on the accompanying consolidated balance sheets. For the three months ended March 31, 2025, and 2024, interest expense – related parties amounted to \$62,587 and \$45,779, respectively.

See Note 9 – Subsequent Events for subsequent related party note defaults.

NOTE 8 – DISCONTINUED OPERATIONS

On December 1, 2023, the Company ceased operations of its Freight Connections subsidiary and, in connection with the Freight Bankruptcy, all of the TLSS-FC and Freight Connections assets were assigned to the Freight Trustee for the liquidation and unwinding of the business. The Freight Trustee has been charged with liquidating the assets for the benefit of the TLSS-FC and Freight Connection's creditors pursuant to the relevant provisions of the United States Bankruptcy Code. As a result of the Freight Bankruptcy, the Freight Trustee assumed all authority to manage TLSS-FC and Freight Connections. For these

reasons, effective December 1, 2023, the Company relinquished control of TLSS-FC and Freight Connections. Therefore, the Company deconsolidated TLSS-FC and Freight Connections effective with the Freight Bankruptcy on December 3, 2023, and the Company recognized a loss on deconsolidation of \$391,558. Additionally, on February 27, 2024, the Cougar Bankruptcy occurred. The Company and its other subsidiaries ceased all remaining logistic and transportation service operations in mid-February 2024. As a result, the Company has classified the related assets and liabilities associated with its logistics and transportation services business as discontinued operations in its consolidated balance sheets and the results of its logistics and transportation services business has been presented as discontinued operations in its consolidated statements of operations for all periods presented as the discontinuation of its business had a major effect on its operations and financial results. Unless otherwise noted, discussion in the other notes to consolidated financial statements refers to the Company's continuing operations.

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The following table presents the major classes of assets and liabilities of the discontinued operations related to the Subsidiaries:

	March 31, 2025	December 31, 2024
Assets of discontinued operations:		
Accounts receivable, net	\$ 419	\$ 419
Assets of discontinued operations, current portion	419	419
Total assets of discontinued operations	<u>\$ 419</u>	<u>\$ 419</u>
Liabilities of discontinued operations:		
Notes payable, current portion	\$ 2,467,432	\$ 2,467,432
Accounts payable	1,288,950	1,286,931
Accrued expenses	483,941	394,198
Lease liabilities, current portion	2,522,042	2,522,042
Liabilities of discontinued operations, current portion	<u>6,762,365</u>	<u>6,670,603</u>
Total liabilities of discontinued operations	<u>\$ 6,762,365</u>	<u>\$ 6,670,603</u>

The following table summarizes the results of operations of discontinued operations:

	Three Months Ended March 31, 2025	2024
Revenues	\$ -	\$ 1,371,993
Cost of revenues, excluding depreciation and amortization	-	1,383,829
Gross loss	-	(11,836)
Operating expenses	(4,981)	(592,995)
Impairment loss	-	(555,628)
Other expenses	(89,328)	(26,617)
Loss from discontinued operations	<u>\$ (94,309)</u>	<u>\$ (1,187,076)</u>

Accounts receivable

On March 31, 2025 and December 31, 2024, accounts receivable, net included in assets from discontinued operations consisted of the following:

	March 31, 2025	December 31, 2024
Accounts receivable	\$ 419	\$ 419
Allowance for credit estimated losses	-	-
Accounts receivable, net	<u>\$ 419</u>	<u>\$ 419</u>

Property and equipment, net

For the three months ended March 31, 2025, and 2024, depreciation expenses amounted to \$0 and \$39,018, respectively, and are included in loss from discontinued operations.

Due to the Cougar Express Bankruptcy and the assignment of all of the Cougar Express assets to the Cougar Express Trustee for liquidation and unwinding of the business, during the three months ended March 31, 2024, the Company recognized a loss on deconsolidation of the Cougar Express property and equipment, net of \$296,493, which is included in loss from discontinued operations on the accompanying unaudited consolidated statements of operations.

During the three months ended March 31, 2025, and 2024, the Company wrote down property and equipment to net realizable value and recorded an impairment loss of \$0 and \$555,628, respectively, which is included in loss from discontinued operations on the accompanying unaudited consolidated statements of operations.

Notes Payable

On March 31, 2025, and December 31, 2024, notes payable included in liabilities of discontinued operations consisted of the following:

	March 31, 2025	December 31, 2024
Principal amounts	\$ 2,467,432	\$ 2,467,432
Less: current portion of notes payable	(2,467,432)	(2,467,432)
Notes payable – long-term	<u>\$ -</u>	<u>\$ -</u>

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JFK Cartage acquisition promissory note

On July 31, 2022, in connection with the acquisition of JFK Cartage, JFK Cartage issued a promissory note in the amount of \$696,935. Principal amount of \$98,448 was paid prior to December 31, 2022. The remaining balance of \$598,487 was payable in three annual installments of \$199,496, with interest at 5% per annum, payable on July 31, 2023, July 31, 2024, and July 31, 2025, respectively. On August 28, 2023, and effective on July 31, 2023, the Company and the JFK Cartage Seller entered into a First Amendment to Secured Promissory Note (the "Amended Note") to extend the first annual installment due on July 31, 2023 which was treated as a note modification. Pursuant to the Amended Note, the Company paid or should have paid:

- (i) An interest payment in the amount of \$6,501 which was paid no later than July 28, 2023;
- (ii) 23 equal weekly payments of interest only, each in the amount of \$1,571 (each a "Weekly Interest Payment") payable commencing on July 28, 2023, with the last Weekly Interest Payment due on or before December 29, 2023;
- (iii) \$199,495.67 was payable on December 31, 2023;
- (iv) \$199,495.67 was payable on July 31, 2024, plus interest at 5% per annum for the 7 months of January 2024 through July 2024, in the total amount of \$11,637.25 and,
- (v) \$199,499.68 was payable on July 31, 2025, plus interest at 5% per annum for the 12 months from August 2024 through July 2025 in the total amount of \$9,975.

On March 31, 2025, and December 31, 2024, the principal amount related to the Amended Note was \$598,487, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. This note is in default.

Severance Trucking acquisition promissory note

On January 31, 2023, in connection with the acquisition of the Severance entities, Severance Trucking issued a promissory note in the amount of \$1,572,939 to the Severance Sellers ("Secured Severance Note"). The Secured Severance Note is a secured promissory note which accrues interest at the rate of 12% per annum. The entire unpaid principal under the Secured Severance Note was originally due and payable in three equal payments on August 1, 2023, February 1, 2024, and August 1, 2024, respectively, together with all accrued and unpaid interest thereunder, unless paid sooner. The Secured Severance Note was secured solely by the assets of Severance Trucking and a corporate guaranty from TLSS. During the fourth quarter ended December 31, 2023, the Company repaid \$181,660 of this note. On March 31, 2025, and December 31, 2024, the principal amount related to this note was \$1,395,768 and \$1,395,768, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. Subsequent to December 31, 2023, Severance Trucking ceased its operations, and all fixed assets of the Company were voluntarily surrendered to the Severance Sellers.

On January 26, 2024, the Company received a: (i) Notice of Default and Demand Under Promissory Note and Security Agreement ("Payment Default Notice") in connection with the Company's failure to timely pay in accordance with that certain loan agreement (the "Severance Trucking Note") entered into by and among the Severance Sellers, collectively as lender ("Severance Trucking Lenders") and TLSS-STI, Severance Trucking, Severance Warehouse and McGrath, collectively as promissors (each a "Severance Trucking Debtor", and collectively, the "Severance Trucking Debtors") and (ii) Notice of Default and Demand Under Guaranty ("Guaranty Default Notice" and together with the Payment Default Notice, the "Default Notices"), in connection with an Absolute, Unconditional and Continuing Guaranty, dated February 1, 2023 between TLSS, as guarantor (the "Guarantor"), and the Severance Trucking Lenders, which guaranty secured the Severance Trucking Note. The Severance Trucking Note became immediately due and payable upon the Severance Trucking Debtors' failure to make a payment in the amount of Fifty-Three Thousand Dollars (\$53,000) on January 1, 2024 due under the Severance Trucking Note (the "Severance Trucking January Payment").

The Severance Trucking Lenders demanded that the Severance Trucking Debtors and the Guarantor make the immediate full payment of (i) the entire principal balance due under the Severance Trucking Note, together with all interest accrued thereon, and (ii) a late charge of five percent (5%) of the Severance Trucking January Payment. The Severance Trucking Lenders also noted that if the full payment due under the Severance Trucking Note was not made to the Severance Trucking Lenders, then the Severance Trucking Lenders could immediately thereafter pursue all their rights and remedies under the Severance Trucking Note, including, without limitation, liquidation of all of the collateral of the Severance Trucking Debtors. If the Severance Trucking Lenders took such action, then, the Severance Trucking Debtors would be responsible for all costs and expenses in connection with the collection and enforcement ("Expenses") of the payment due under the Default Notices, and that such Expenses shall accrue interest at a rate of 18% per annum. On February 26, 2024, the Company voluntarily surrendered the unencumbered owned fixed assets of Severance Trucking operations to the Severance Trucking Lenders.

Equipment and auto notes payable

On September 22, 2022, JFK Cartage entered into a promissory note for the purchase of a truck in the amount of \$61,979. The note is due in forty-eight monthly installments of \$1,645 which began in August 2022. The note was secured by the truck. On March 31, 2025, and December 31, 2024, the equipment note payable to this entity amounted to \$41,624 and \$41,624, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

In connection with the acquisition of the Severance entities, on January 31, 2023, the Company assumed an equipment note payable due to an entity amounting to \$23,000. On March 31, 2025, and December 31, 2024, equipment note payable to this entity amounted to \$16,511, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

On April 1, 2023, Severance Trucking entered into a promissory note for the purchase of a yard truck in the amount of \$50,634. The note is due in 48 monthly

installments of \$1,254 which began in April 2023. The note was secured by the truck. On March 31, 2025, and December 31, 2024, the equipment note payable to this entity amounted to \$40,537 and \$40,537, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

On April 14, 2023, Severance Trucking entered into a promissory note for the purchase of a truck in the amount of \$53,275. The note is due in 48 monthly installments of \$1,379 which began in April 2023. The note was secured by the truck. On March 31, 2025, and December 31, 2024, the equipment note payable to this entity amounted to \$45,079 and \$45,079, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

On July 13, 2023, Severance Trucking entered into a promissory note for the purchase of three trucks in the amount of \$278,085. The note is due in 60 monthly installments of \$5,762 which began in August 2023. The note is secured by the trucks. On March 31, 2025, and December 31, 2024, the equipment note payable to this entity amounted to \$253,277 and \$253,277, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

On September 8, 2023, Severance Trucking entered into a promissory note for the purchase of two trucks in the amount of \$83,398. The note is due in 48 monthly installments of \$2,107 which began in October 2023. The note is secured by the trucks. On March 31, 2025, and December 31, 2024, the equipment note payable to this entity amounted to \$76,149 and \$76,149, respectively, which is included in liabilities of discontinued operations on the accompanying consolidated balance sheets. As of March 31, 2025, the trucks securing this loan were forfeited and returned to the lender.

Operating and Financing Lease Right-Of-Use ("Rou") Assets and Operating and Financing Lease Liabilities

In February 2024, the Company abandoned all remaining leased premises and as of December 31, 2023, the Company wrote off its remaining right of use assets and related security deposits.

On March 31, 2025, and December 31, 2024, operating and financing lease liabilities related to the ROU assets are included in liabilities of discontinued operations and are summarized as follows:

	March 31, 2025	December 31, 2024
Lease liabilities related to office leases and revenue equipment right of use assets	\$ 2,522,042	\$ 2,522,042
Less: current portion of lease liabilities	(2,522,042)	(2,522,042)
Lease liabilities – long-term	<u>\$ -</u>	<u>\$ -</u>

Other liabilities of discontinued operations

On April 1, 2024, a judgment was entered against Severance Trucking on behalf of Emerson in the amount of \$96,226, including prejudgment interest, statutory costs, and legal fees. Emerson, which was a customer of Severance Trucking, claimed that an employee of Severance Trucking stole \$75,209 of Emerson's products while under Severance Trucking's control. Such amount is recorded as a liability of Severance Trucking and included in liabilities of discontinued operations.

On April 30, 2024, Severance Trucking received a letter from Ryder Truck Rental, Inc. requesting payment in the amount of \$581,507 comprised of outstanding unpaid Truck Lease and Service Agreement charges of \$55,136 in open invoices, \$399,177 in early termination charges and \$134,194 in attorney's fees. As of March 31, 2025, and December 31, 2024, such amounts are recorded as a liability of Severance Trucking and included in liabilities of discontinued operations.

On August 24, 2024, TLSS Ops received a Notice of Default and Demand for Payment from RxBenefits, Inc. ("RxBenefits") due to the Company's failure to pay certain invoices, plus interest and late service charges due under the Administrative Services Agreement by and between RxBenefits and TLSS Operations Holding, in the amount of \$111,618. Such amount is recorded as accounts payable of TLSS Ops, which is included in liabilities of discontinued operations.

NOTE 9 – SUBSEQUENT EVENTS

Note Extensions

On April 9, 2025, the October 2024 Notes were amended to extend the due date for the outstanding principal and interest of the October 2024 Notes from April 9, 2025 to August 12, 2025. All other terms and conditions of the October 2024 Notes remain unchanged.

On May 5, 2025, we entered into an amendment agreement with the 2024 Lender pursuant to which the maturity date of the November 2024 Note for the outstanding principal and interest was extended from May 22, 2025, to August 12, 2025. All other terms and conditions of the November 2024 Note remain unchanged.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)

Notes Payable

On May 1, 2025, the Company issued an unsecured non-convertible promissory note in the principal amount of \$50,000, with interest at the rate of 10% per annum accruing and due at maturity in six months, to the 2025 Lender (the “May 2025 Note”). The May 2025 Note is for the primary purpose of funding a portion of the costs related to: (i) the preparation and filing of the Company’s prepare the Company’s Certificate of Designation of Preferences, Rights, and Limitations of Series J Senior Convertible Preferred Stock (the “Series J Certificate”); (ii) preparation and submission of any requisite filings with the Securities and Exchange Commission and the OTC Expert Market; (iii) such tax-related and other activities as may be necessary or legally required from time to time to restore the Company to good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. The Company may repay the May 2025 Note upon maturity or prior to maturity with the mutual agreement of the 2025 Lender. The May 2025 Note also contains customary events of default, which include, without limitation, failure to pay principal, interest or other charges in respect of the May 2025 Note when due at maturity or otherwise, failure to satisfy any covenant in the May 2025 Note or other agreements between the Company and the Lender or any other creditor, breach of representations and warranties set forth in the May 2025 Note or any transaction document executed contemporaneously with the May 2025 Note, and certain judgment defaults, events of bankruptcy or insolvency of the Company. Upon the occurrence of such an event of default under the May 2025 Note, the Lender has the right to demand repayment of the May 2025 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in excess of the 10% interest rate will apply to the entire amount of the May 2025 Note outstanding, including any accrued but unpaid interest. The 2025 Lender may then, at its sole discretion, declare the entire then-outstanding principal amount of the May 2025 Note and any accrued but unpaid interest due thereunder immediately due and payable, in which event the 2025 Lender may, at its sole discretion, take any action it deems necessary to recover amounts due under the May 2025 Note.

Series J Preferred

On May 5, 2025, we filed with the Secretary of State of the State of Nevada (the “Nevada Secretary of State”) the Series J Certificate to designate 1,000,000 shares of the Company’s authorized and unissued preferred stock as Series J Senior Convertible Preferred Stock, \$0.001 par value per share (the “Series J Preferred”). The Series J Certificate became effective upon its filing with the Nevada Secretary of State. Each share of Series J Preferred has a stated value of \$100. Beginning on June 1, 2025, and on each successive six-month anniversary, holders of the shares of the Series J Preferred are entitled to receive dividends, in either cash or stock at the option of the Company, equal to 10% of the aggregate stated value of each such holders Series J Preferred. Such dividends accrue and compound daily based on a 360-day year.

Holders of the Series J Preferred are entitled to vote on matters in which the holders of shares of the Company’s common stock are entitled to vote on an as-converted basis, which assumes the each holder of Series J Preferred have converted their shares of Series J Preferred into shares of common stock. In addition, so long as any shares of Series J Preferred are outstanding, the Company cannot, without the affirmative vote of the holders of a majority of the then-outstanding shares of Series J Preferred, which vote as a separate class, (a) alter or change adversely the powers, preferences or rights given to the Series J Preferred or alter or amend the Series J Certificate of Designation, (b) amend the articles of incorporation of the Company or any other charter documents of the Company in any manner that adversely affects any rights of the Series J Preferred or (c) enter into any agreement with respect to any of the foregoing.

The Series J Preferred, with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company, are senior in rank to all shares of capital stock of the Company that are outstanding on the date that shares of Series J Preferred are issued. At any time from and after the date of issuance of any Series J Preferred, a holder of Series J Preferred may convert all, or any part, of the outstanding Series J Preferred, at any time at such holder’s option, into shares of common stock at an initial conversion price of \$0.001, which is subject to proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions. Subject to any applicable rules and regulations of the Nasdaq Capital Market, the Company has the right to, at any time, with the written consent of a majority of the holders of outstanding Series J Preferred, lower the conversion price to any amount.

Each holder of Series J Preferred is prohibited from converting their shares of Series J Preferred if, after giving effect to the issuance of such shares of common stock, such holder together with its affiliates would beneficially own more than 4.99% of the outstanding common stock. A holder of Series J Preferred may increase such beneficial ownership limitation to 9.99% upon notice to the Company, with such increase becoming effective on the 61st day after such notice is delivered to the Company. In addition, holders of Series J Preferred are prohibited from converting their shares of Series J Preferred if such conversion would result in an amount of common stock being issued to such holder that is equal to more than 10% of the trading volume of the common stock, however, if the conversion price at the time of conversion is greater than \$0.40, then such prohibition will not apply.

During such time as any Series J Preferred are outstanding, if the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of common stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction), other than dividends or issuances of rights pursuant to the Company’s existing rights agreement to holders of common stock, at any time after the issuance of the Series J Preferred, then, in each such case, the holder will be entitled to participate in such distribution to the same extent that the holder would have participated therein if the holder had held the number of shares of common stock acquirable upon complete conversion of the Series J Preferred (without regard to any limitations on conversion hereof, including without limitation, the beneficial ownership limitation) immediately before the date of which a record is taken for such distribution, or, if no such record is taken, the date as of which the record holders of shares of common stock are to be determined for the participation in such distribution.

The shares of Series J Preferred are redeemable upon the occurrence of certain events. Upon such events, holders of Series J Preferred have the option to cause the Company to redeem all or part of such holder’s shares of Series J Preferred at a price per share equal to 110% of the stated value of such shares.

In the event of any liquidation, dissolution or winding up of the Company, each holder of Series J Preferred is entitled to an amount in cash equal to 120% of the aggregate stated value of Series J Preferred held by such holder. In addition, holders of Series J Preferred are entitled to any accrued and unpaid dividends upon an event of liquidation, dissolution or winding up of the Company.

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

You should read the following discussion and analysis of our financial condition and plan of operations together with unaudited consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our 2024 Annual Report. All amounts in this report are in U.S. dollars, unless otherwise noted.

Overview

TLSS is a publicly-traded holding company whose common stock had been quoted on the OTC PINK since August 21, 2022, but was removed from the OTC PINK and listed on the OTC Expert Market on July 17, 2024. As of February 26, 2025, our shares of common stock resumed trading on the OTC PINK.

The Company ceased all remaining operations as of mid-February 2024. Prior to that, the Company and its Subsidiaries provided a full suite of asset-based logistics and transportation services, specializing in ecommerce fulfillment, last mile deliveries, two-person home delivery, mid-mile, and long-haul services. An asset-based delivery company, as compared to a non-asset-based delivery company, owns the majority of its transportation equipment, and employs the majority of its drivers. The Company and its Subsidiaries operated several warehouse locations located in New York, New Jersey, Connecticut, and Massachusetts.

On February 27, 2024, Cougar Express, filed a Chapter 7 bankruptcy petition in the State of New York under the United States Bankruptcy Code. The Company's other subsidiaries have all ceased operations since mid-February 2024 and have not filed bankruptcy.

Subsequent to the cessation of all of the Company's revenue generating operations in February 2024 and through the date of this Quarterly Report, the Company continues to remain insolvent and as a result, was unable to timely meet its annual and quarterly periodic reporting obligations under the 34 Act, for 2024. The Company obtained financing to enable it to complete the preparation and review of the interim financial statements for the quarter ended March 31, 2025 and file this Quarterly Report; however, the Company will require additional financing to fund the necessary costs related to the preparation and filing of one or more of the additional periodic reports due with respect to the 2025 calendar year.

In addition, we are also evaluating a possible restructuring of our remaining existing debts and obligations, as well as assessing the possibility of replacing our discontinued businesses and/or entering into new line(s) of business, whether by acquisition or otherwise. However, there can be no assurance that we will, in fact, be able to replace our former business and/or enter into new line(s) of business, or to do so profitably.

The following discussion highlights the results of our operations and the principal factors that have affected the Company's consolidated financial condition as well as its liquidity and capital resources for the periods described and provides information that management believes is relevant for an assessment and understanding of the consolidated financial condition and results of operations presented herein. The following discussion and analysis are based on the unaudited consolidated financial statements contained in this Quarterly Report, which have been prepared in accordance with GAAP. You should read the discussion and analysis together with such unaudited consolidated financial statements and the related notes thereto.

Critical Accounting Policies and Estimates

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our consolidated financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Significant estimates included in the accompanying consolidated financial statements and footnotes include the valuation of accounts receivable, the useful life of property and equipment, the valuation of intangible assets, the valuation of assets acquired and liabilities assumed in a business combination, the valuation of right of use assets and related liabilities, assumptions used in assessing impairment of long-lived assets, estimates of current and deferred income taxes and deferred tax valuation allowances, the fair value of non-cash equity transactions, the valuation of assets and liabilities of discontinued operations, and the value of claims against the Company. Of the above significant estimates, we do not consider any to be critical given the discontinued operations presentation.

Management believes the following critical accounting policies affect our more significant judgments and estimates used in the preparation of the consolidated financial statements.

Discontinued Operations

The Company has classified the related assets and liabilities associated with our logistics and transportation services business as discontinued operations in our consolidated balance sheets and the results of our logistics and transportation services business has been presented as discontinued operations in our consolidated statements of operations for all periods presented as the discontinuation of our business had a major effect on our operations and financial results.

Deconsolidation of subsidiaries

The Company accounts for a gain or loss on deconsolidation of subsidiaries or derecognition of a group of assets in accordance with ASC 810-10-40-5. The Company measures the gain or loss as the difference between (a) the aggregate of fair value of any consideration received, the fair value of any retained noncontrolling investment and the carrying amount of any noncontrolling interest in the former subsidiary at the date the subsidiary is deconsolidated and (b) the carrying amount of the former subsidiary's assets and liabilities or the carrying amount of the group of assets.

RESULTS OF OPERATIONS

Our consolidated financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue our operation. Our results of operations reflect our continuing operations and reflect losses from discontinued operations related to the discontinuation of our logistics businesses. All financial information has been restated to reflect our discontinued operations for all periods presented.

For the three months ended March 31, 2025, compared with the three months ended March 31, 2024

The following table sets forth our revenues, expenses and net loss for the three months ended March 31, 2025, and 2024.

	For the Three Months Ended March 31,	
	2025	2024
Revenues	\$ -	\$ -
Operating expenses	332,271	829,597
Loss from operations	(332,271)	(829,597)
Other expenses, net	(71,690)	(48,247)
Loss from continuing operations	(403,961)	(877,844)
Loss from discontinued operations	(94,309)	(1,187,076)
Net loss	(498,270)	(2,064,920)
Accrued dividends	(76,990)	(79,762)
Net loss attributable to common stockholders	<u>\$ (575,260)</u>	<u>\$ (2,144,682)</u>

Results of Operations

Revenue

For the three months ended March 31, 2025, and 2024, total revenue is reflected as \$0 as all activities of the Subsidiaries were reclassified as discontinued operations on our consolidated financial statements.

Operating Expenses

For the three months ended March 31, 2025, total operating expenses amounted to \$332,271 as compared to \$829,597 for the three months ended March 31, 2024, a decrease of \$497,326, or 60.0%, as reflected in the accompanying chart and described more fully below.

For the three months ended March 31, 2025, and 2024, operating expenses consisted of the following:

	For the Three Months Ended March 31,	
	2025	2024
Compensation and related benefits	\$ 160,340	\$ 598,332
Legal and professional fees	170,960	144,433
General and administrative expenses	971	86,832
Total Operating Expenses	<u>\$ 332,271</u>	<u>\$ 829,597</u>

Compensation and related benefits

For the three months ended March 31, 2025, compensation and related benefits amounted to \$160,340 as compared to \$598,332 for the three months ended March 31, 2025 and 2024, a decrease of \$437,992, or 73.2%. During the three months ended March 31, 2025, the overall decrease in compensation and related benefits as compared to the three months ended March 31, 2024 was primarily attributable to a decrease in compensation paid to significant employees, a decrease in administrative staff due to the discontinuation of our trucking businesses in February 2024, and a decrease in stock-based compensation of \$27,987.

Legal and professional fees

For the three months ended March 31, 2025, legal and professional fees were \$170,960 as compared to \$144,433 for the three months ended March 31, 2024, an increase of \$26,527, or 18.4%, which was primarily attributable to an increase in accounting and auditing fees of \$53,055, offset by a decrease in legal fees of \$21,168 and a net decrease in other professional fees of \$5,480.

General and administrative expenses

General and administrative expenses include insurance expense and other general and administrative expenses. For the three months ended March 31, 2025, general and administrative expenses were \$971 as compared to \$86,832 for the three months ended March 31, 2024, a decrease of \$85,861, or 98.9%. The decrease was primarily attributable to a decrease in operations due to the discontinuation of our trucking businesses in February 2024 and cost-cutting measures.

Loss from operations

For the three months ended March 31, 2025, loss from operations amounted to \$332,271 as compared to \$829,597 for the three months ended March 31, 2024, a decrease of \$497,326, or 60.0%, primarily due to: (i) a decrease in general and administrative expenses of \$85,861; and (ii) a decrease in compensation and other benefits of \$437,992, offset by an increase in legal and professional fees of \$26,527 as discussed above.

Other expenses

Total other expenses include interest expenses. For the three months ended March 31, 2025, and 2024, other expenses consisted of the following:

	For the Three Months Ended March 31,	
	2025	2024
Interest expense	\$ 9,103	\$ 2,468
Interest expense – related parties	62,587	45,779
Total other expenses	<u>\$ 71,690</u>	<u>\$ 48,247</u>

For the three months ended March 31, 2025, aggregate interest expense was \$71,690 and \$48,247, respectively, an increase of \$23,443, or 48.6%. The increase in interest expense was primarily attributable to an increase in related party and third party notes payable.

Loss from discontinued operations

In February 2024, we ceased operations of all remaining logistic and transportation services subsidiaries, and on February 27, 2024, Cougar Express filed a Chapter 7 bankruptcy petition in the State of New York under the United States Bankruptcy Code. Accordingly, the financial position and results of operations of all our Subsidiaries are reflected as discontinued operations for all periods presented.

The following table sets forth our revenues, expenses and net loss for the three months ended March 31, 2025 and 2024 related to discontinued operations.

	For the Three Months Ended March 31,	
	2025	2024
Revenues	\$ -	\$ 1,371,993
Cost of revenues	-	1,383,829
Gross profit (loss)	-	(11,836)
Operating expenses	(4,981)	(592,995)
Impairment loss	-	(555,628)
Other expenses, net	(89,328)	(26,617)
Loss from discontinued operations	<u>\$ (94,309)</u>	<u>\$ (1,187,076)</u>

During the three months ended March 31, 2024, operating expenses of discontinued operations included an impairment loss of \$555,628 from the write down of property and equipment.

Net loss

Due to factors discussed above, for the three months ended March 31, 2025, and 2024, net loss amounted to \$498,270 and \$2,064,920, respectively. For the three months ended March 31, 2025, net loss attributable to common stockholders, which included dividends accrued on shares of the Company's Series E Convertible Preferred Stock (the "Series E Preferred") and shares of the Company's Series G Convertible Preferred Stock (the "Series G Preferred") of \$76,990, amounted to \$575,260, or \$(0.00) per basic and diluted common share. For the three months ended March 31, 2024, net loss attributable to common stockholders, which included dividends accrued on the Series E Preferred and the Series G Preferred of \$79,762, amounted to \$2,144,682, or \$(0.00) per basic and diluted common share.

LIQUIDITY AND CAPITAL RESOURCES

On March 31, 2025, and December 31, 2024, we had a cash balance of \$220,202 and \$177,257, respectively. Our working capital deficit was \$12,467,277 and \$11,892,017 on March 31, 2025, and December 31, 2024, respectively. We reported a net increase in cash for the three months ended March 31, 2025 of \$42,945 primarily as a result of cash used in operations of \$182,055, which were partially offset by net cash proceeds received from notes payable of \$225,000.

As of May 12, 2025, the Company had \$56,1852 in cash, consisting of: (i) \$36,561 remaining from the issuance of an unsecured one (1) unsecured promissory note in May 2025 in the principal amount of \$50,000 and (ii) \$19,624 related to Severance Trucking.

Although we had historically raised capital from sales of shares of common stock, the sale of the Series E Preferred and the Series G Preferred, and from the issuance of convertible promissory notes and notes payable, the Company, in mid-February 2024, was unable to raise additional capital or secure additional lending to meet its debt and liability obligations and, as a result, the Company had to cease its remaining operations.

Our consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, we had a net loss of \$498,270 and \$2,064,920 for the three months ended March 31, 2025 and 2024, respectively. The net cash used in operations was \$182,055 and \$78,634 for the three months ended March 31, 2025, and 2024, respectively. Additionally, we had an accumulated deficit and working capital deficit of \$147,043,296 and \$12,467,277 on March 31, 2025, respectively. These factors, in addition to the cessation of all operations, raises substantial doubt about our ability to continue as a going concern for a period of twelve months from the date of this Quarterly Report.

On August 12, 2024, the Company issued two (2) promissory notes (the “August 2024 Notes”) in the aggregate principal amount of \$150,000, with two lenders, who are holders of shares of the Company’s Series E and Series G preferred stock (the “2024 Lenders”). The August 2024 Notes have an interest rate of 10% per annum that mature six (6) months from the date of issuance. The primary purpose of the use of proceeds from the August 2024 Notes were to fund initial costs related to: (i) the commencement of the Company’s 2023 audit and quarterly reviews for 2024; (ii) regaining compliance with required SEC filings; (iii) maintaining the Company’s OTC listing; and (iv) keeping the Company in good standing with requisite taxing authorities. Such financing anticipates the Company would secure additional financing to complete such audit and file its past due SEC filings, although there is no guarantee that any such additional financing will be secured.

If the Company defaults on the August 2024 Notes, the 2024 Lenders have the right to demand repayment of the August 2024 Notes in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the August Notes outstanding, including any accrued but unpaid interest. On February 10, 2025, the August 2024 Notes were amended to extend the due date for the outstanding principal and interest of the August 2024 Notes from February 12, 2025, to August 12, 2025.

On October 9, 2024, the Company issued two unsecured non-convertible promissory notes (the “October 2024 Notes”) in the aggregate principal amount of \$100,000, with an interest rate of 10% per annum that mature six months from the date of issuance to the 2024 Lenders. If the Company defaults on the October 2024 Notes, the 2024 Lenders have the right to demand repayment of the October 2024 Notes in full upon five business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty-day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the October 2024 Notes outstanding, including any accrued but unpaid interest. The primary use of the proceeds from the October 2024 Notes were for use in (i) the Company’s 2023 audit and quarterly reviews for 2024; regaining compliance with required SEC filings; (iii) maintaining the Company’s OTC listing; (iv) keeping the Company in good standing with requisite taxing authorities; and (v) fees for routine litigation matters in the ordinary course of business.

Similar to the August 2024 Notes, if the Company defaults on the October 2024 Notes, the 2024 Lenders have the right to demand repayment of the October 2024 Notes in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the October Notes outstanding, including any accrued but unpaid interest. On April 9, 2025, the October 2024 Notes were amended to extend the due date for the outstanding principal and interest of the October 2024 Notes from April 9, 2025, to August 12, 2025.

On November 22, 2024, the Company issued an unsecured non-convertible promissory note (the “November 2024 Note”) in the aggregate principal amount of \$50,000, with an interest rate of 10% per annum that matures six (6) months from the date of issuance to a 2024 Lender. If the Company defaults on the November 2024 Note, the 2024 Lender has the right to demand repayment of the November 2024 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the November 2024 Note outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the November 2024 Note, the Company also entered into a letter agreement (the “November 2024 Letter Agreement”) with the 2024 Lender setting forth, among other items, the intended use of proceeds of the November 2024 Note which include: (i) the completion of the Company’s 2023 audit and reviews for the subsequent 2024 quarters; (ii) preparation and submission of any requisite filings with the SEC and OTC Expert Market; (iii) maintaining good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. On May 5, 2025, the November 2024 Note was amended to extend the due date for the outstanding principal and interest of the November 2024 Note from May 22, 2025, to August 12, 2025.

On January 21, 2025, the Company issued an unsecured non-convertible promissory note (the “January 2025 Note”) in the aggregate principal amount of \$50,000, with an interest rate of 10% per annum that mature six (6) months from the date of issuance to one of the 2024 Lenders. If the Company defaults on the January 2025 Note, the 2024 Lender has the right to demand repayment of the January 2025 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in addition to the 10% interest rate will apply to the entire amount of the January 2025 Note outstanding, including any accrued but unpaid interest. Concurrently with the issuance of the January 2025 Note, the Company also entered into a letter agreement of even date (the “January 2025 Letter Agreement”) with the 2024 Lenders setting forth, among other items, the intended use of proceeds of the January 2025 Notes which include: (i) the completion of the Company’s 2024 second and third quarter reviews; (ii) preparation and submission of any requisite filings with the SEC and OTC Expert Market; (iii) maintaining good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business.

On March 10, 2025, the Company issued an unsecured non-convertible promissory note in the principal amount of \$100,000, with interest at the rate of 10% per annum accruing and due at maturity in six months, to C/M Capital Master Fund, LP (the “2025 Lender”) and on March 25, 2025, the Company issued a second unsecured non-convertible promissory note in the principal amount of \$75,000, with interest at the rate of 10% per annum accruing and due at maturity in six months to the 2025 Lender. These notes and herein referred to as the “March 2025 Notes”. The March 2025 Notes were for the primary purpose of funding a portion of the costs related to: (i) the completion of the Company’s 2024 annual financial statements and audit by the Company’s independent auditor and 2025 first quarter financial statements and independent auditor review; (ii) preparation and submission of any requisite filings with the SEC and the OTC PINK; (iii) such tax-related and other activities as may be necessary or legally required from time to time to restore the Company to good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. The Company may repay the March 2025 Notes upon maturity or prior to maturity with the mutual agreement of the 2025 Lender. The March 2025 Notes also contain customary events of default, which include, without limitation, failure to pay principal, interest or other charges in respect of the March 2025 Note when due at maturity or otherwise, failure to satisfy any covenant in the March 2025 Notes or other agreements between the Company and the 2025 Lender or any other creditor, breach of representations and warranties set forth in the March 2025 Notes or any transaction document executed contemporaneously with the March 2025 Notes, and certain judgment defaults, events of bankruptcy or insolvency of the Company. Upon the occurrence of such an event of default under the March 2025 Notes, the 2025 Lender has the right to demand repayment of the March 2025 Notes in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in excess of the 10% interest rate will apply to the entire amount of the March 2025 Notes outstanding, including any accrued but unpaid interest. The 2025 Lender may then, at its sole discretion, declare the entire then-outstanding principal amount of the March 2025 Notes and any accrued but unpaid interest due thereunder immediately due and payable, in which event the 2025 Lender may, at its sole discretion, take any action it deems necessary to recover amounts due under the March 2025 Notes.

On May 1, 2025, the Company issued an unsecured non-convertible promissory note in the principal amount of \$50,000, with interest at the rate of 10% per annum accruing and due at maturity in six months, to the 2025 Lender (the “May 2025 Note”). The May 2025 Note is for the primary purpose of funding a portion of the costs related to: (i) the preparation and filing of the Company’s prepare the Company’s Certificate of Designation of Preferences, Rights, and Limitations of Series J Senior Convertible Preferred Stock (the “Series J Certificate”); (ii) preparation and submission of any requisite filings with the Securities and Exchange Commission and the OTC Expert Market; (iii) such tax-related and other activities as may be necessary or legally required from time to time to restore the Company to good standing with requisite taxing authorities; and (iv) fees for routine litigation matters in the ordinary course of business. The Company may repay the May 2025 Note upon maturity or prior to maturity with the mutual agreement of the 2025 Lender. The May 2025 Note also contains customary events of default, which include, without limitation, failure to pay principal, interest or other charges in respect of the May 2025 Note when due at maturity or otherwise, failure to satisfy any covenant in the May 2025 Note or other agreements between the Company and the Lender or any other creditor, breach of representations and warranties set forth in the May 2025 Note or any transaction document executed contemporaneously with the May 2025 Note, and certain judgment defaults, events of bankruptcy or insolvency of the Company. Upon the occurrence of such an event of default under the May 2025 Note, the 2025 Lender has the right to demand repayment of the May 2025 Note in full upon five (5) business days’ notice to the Company. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% per month during the period of default in excess of the 10% interest rate will apply to the entire amount of the May 2025 Note outstanding, including any accrued but unpaid interest. The 2025 Lender may then, at its sole discretion, declare the entire then-outstanding principal amount of the May 2025 Note and any accrued but unpaid interest due thereunder immediately due and payable, in which event the 2025 Lender may, at its sole discretion, take any action it deems necessary to recover amounts due under the May 2025 Note.

Management cannot provide assurance that we will remain current in our SEC filings, successfully restructure our debts and liabilities, find a new business opportunity, achieve profitable operations, become cash flow positive or raise additional debt and/or equity capital. We are seeking to raise capital through additional debt and/or equity financing to fund the Company in the future and to pay our debt obligations. Although we have historically raised capital from sales of preferred shares, and from the issuance of promissory notes and convertible promissory notes, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional lending in the near future, management expects that the Company would need to filing bankruptcy. Our consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Cash Flows

Operating activities

Net cash flows used in operating activities for the three months ended March 31, 2025, amounted to \$182,055. During the three months ended March 31, 2025, net cash used in operating activities was primarily attributable to a net loss of \$498,270, adjusted for changes in operating assets and liabilities as a result of increases in accounts payable and accrued expenses of \$133,278, accrued compensation and related benefits of \$122,840, and accrued expenses – related parties of \$62,587.

Net cash flows used in operating activities for the three months ended March 31, 2024 amounted to \$78,634. During the three months ended March 31, 2024, net cash used in operating activities was primarily attributable to a net loss of \$2,064,920, adjusted for the add back (reduction) of non-cash items such as depreciation and amortization expense of \$39,018, non-cash impairment loss from discontinued operations of \$555,628, non-cash gain from the deconsolidation of Cougar Express of \$158,347, and bad debt recovery of \$3,937 and changes in operating assets and liabilities such as a decrease in accounts receivable of \$569,555, a decrease in prepaid expenses and other current assets of \$216,929, decrease in security deposit of \$6,155, an increase in accounts payable and accrued expenses of \$215,708, an increase in accrued expenses – related parties of \$45,779, and an increase in accrued compensation and related benefits of \$471,811.

Financing activities

For the three months ended March 31, 2025, net cash provided by financing activities totaled \$225,000. During the three months ended March 31, 2025, we received cash proceeds of \$225,000 from notes payable from unrelated third parties.

For the three months ended March 31, 2024, net cash provided by financing activities totaled \$45,804. During the three months ended March 31, 2024, we

received cash proceeds of \$391,838 from notes payable from related parties, offset by the repayment of notes payable of \$346,034.

Investing activities

Net cash used in investing activities for the three months ended March 31, 2025 and 2024, amounted to \$0.

Contractual Obligations

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of payments.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues, or operating results during the periods presented.

Recently Enacted Accounting Standards

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see “Note 2: Recent Accounting Pronouncements” in the consolidated financial statements filed with this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are not required to provide the information required by this Item as we are a “smaller reporting company,” as defined in Rule 12b-2 of the 34 Act.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended) our management, with the participation of our Chief Executive Officer who also serves as our Chief Financial Officer, has concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this Quarterly Report for the purpose of ensuring that the information required to be disclosed by us in this Quarterly Report is made known to them by others on a timely basis, and that the information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in order to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized, and reported by us within the time periods specified in the SEC’s rules and instructions for Form 10-Q.

The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which we identified in our internal control over financial reporting:

- We lack segregation of duties within accounting functions duties as a result of our limited financial resources to support hiring of personnel; and.
- We have not implemented adequate system and manual controls.

Management believes that these material weaknesses did not have an effect on our financial results. However, management believes that these material weaknesses resulted in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods. Management recognizes that its controls and procedures would be substantially improved if the Company had adequate staffing and an audit committee and as such is actively seeking to remediate this issue.

Our Chief Executive Officer who also serves as our Chief Financial Officer does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Until such time as we expand our staff to include additional accounting personnel, it is likely we will continue to report material weaknesses in our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report 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

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. Other than discussed below, we are not currently a party to any other legal proceeding that we believe would have a material adverse effect on our business, financial condition, or operating results.

SCS, LLC v. TLSS

On November 17, 2020, a former financial consultant to the Company, SCS, LLC, filed an action against the Company in the Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida, captioned SCS, LLC v. Transportation and Logistics Systems, Inc. The case was assigned Case No. 50-2020-CA-012684.

In this action, SCS alleges that it entered into a renewable six-month consulting agreement with the Company dated September 5, 2019 and that the Company failed to make certain monthly payments due thereunder for the months of October 2019 through March 2020, summing to \$42,000. The complaint alleges claims for breach of contract, quantum meruit, unjust enrichment and account stated.

On February 9, 2021, the Company filed its answer, defenses, and counterclaims in this action. Among other things, the Company avers that SCS's claims are barred by its unclean hands and other inequitable conduct, including breach of its duties (i) to maintain the confidentiality of information provided to SCS and (ii) to work only in furtherance of the Company's interests, not in furtherance of SCS's own, and conflicting interests. The Company also avers, in its counterclaims, that SCS owes the Company damages in excess of the \$42,000 sought in the main action because SCS was at least grossly negligent in any due diligence it undertook before recommending that the Company acquire Prime EFS LLC in June 2018. SCS filed a motion to strike TLSS's defenses and counterclaims, and TLSS opposed that application. Those motions remain sub judice.

A two-day non-jury trial was held in this action in Palm Beach County, Florida, on April 20-21, 2022. However, at the end of the second day a mistrial was declared because SCS had not withdrawn its motion to strike and answered the counterclaims.

On July 20, 2023, SCS moved for summary judgment in this action. On July 27, 2023, the Company filed papers opposing the motion. On August 21, 2023, the court conferred SCS's motion for summary judgment and SCS's motion to strike counterclaims and dismiss the counterclaims. The court indicated it would deny the first motion and grant the second motion. On September 5, 2023, the Company filed Amended Affirmative Defenses and an Amended Counterclaim. On October 2, 2023, SCS filed a motion to Dismiss the Amended Counterclaim, but it did not file a motion to strike the Amended Affirmative Defenses. On October 3, 2023, the Company filed a motion to strike SCS's Motion to Dismiss the Amended Counterclaim on the grounds that SCS's motion was not filed within ten (10) days as required under Florida law. On July 19, 2024, the court denied SCS's motion for summary judgment on all claims in its entirety.

In February 2025, the parties agreed to settle all claims in this matter and thereafter executed a Confidential Settlement Agreement and Mutual Release effective on February 13, 2025. All asserted claims in this matter will be dismissed with prejudice upon the appropriate court filing and approval by the court.

Shareholder Derivative Action

On June 25, 2020, the Company was served with a putative stockholder derivative action filed in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida (the "Court") captioned SCS, LLC, derivatively on behalf of Transportation and Logistics Systems, Inc. v. John Mercadante, Jr., Douglas Cerny, Sebastian Giordano, Ascentaur LLC and Transportation and Logistics Systems, Inc. The action has been assigned Case No. 2020-CA-006581.

The plaintiff in this action, SCS, alleges it is a limited liability company formed by a former chief executive officer and director of the Company, Lawrence Sands. The complaint alleges that between April 2019 and June 2020, the immediately prior chairman and chief executive officer of the Company, Mercadante, the former chief development officer of the Company, Cerny, and, since February 2020, the Company's then restructuring consultant who is now chairman and chief executive officer of the Company, Giordano, breached fiduciary duties owed to the Company. Prior to becoming CEO, Giordano rendered his services to the Company through the final named defendant in the action, Ascentaur LLC.

The complaint alleges that Mercadante breached duties to the Company by, among other things, requesting, in mid-2019, that certain preferred equity holders, including SCS, convert their preferred shares into Company common stock in order to facilitate an equity offering by the Company and then not consummating that offering. The complaint also alleges that Mercadante and Cerny caused the Company to engage in purportedly wasteful and unnecessary transactions such as taking merchant cash advances (MCA) on disadvantageous terms. The complaint further alleges that Mercadante and Cerny "issued themselves over two million shares of common stock without consideration." The complaint seeks unspecified compensatory and punitive damages on behalf of the Company for breach of fiduciary duty, negligent breach of fiduciary duty, constructive fraud, civil conspiracy and the appointment of a receiver or custodian for the Company.

Company management tendered the complaint to the Company's directors' and officers' liability carrier for defense and indemnity purposes, which coverage is subject to a \$250,000 self-insured retention. Each of the individual defendants and Ascentaur LLC has advised that they vigorously deny each and every allegation of wrongdoing alleged in the complaint. Among other things, Mercadante asserts that he made every effort to consummate an equity offering in late 2019 and early 2020 and could not do so solely because of the Company's precarious financial condition. Mercadante also asserts that he made clear to SCS and other preferred equity holders, before they converted their shares into common stock, that there was no guarantee the Company would be able to consummate an equity offering in late 2019 or early 2020. In addition, Mercadante and Cerny assert that they received equity in the Company on terms that were entirely fair to the Company and entered into MCA transactions solely because no other financing was available to the Company.

By order dated September 15, 2022, the Circuit Judge assigned to this case dismissed the original Complaint in the matter, finding (a) that SCS had failed

to adequately allege it has standing and (b) that the complaint fails to adequately allege a cognizable claim. The dismissal was without prejudice, meaning SCS could attempt to replead its claims.

On October 5, 2022, SCS filed an Amended Complaint in this action. By order dated December 19, 2022, the Circuit Judge assigned to this case once again dismissed the case, finding (a) that SCS still failed to adequately allege it has standing and (b) that the complaint still fails to adequately allege a cognizable claim. Once again, however, the dismissal was without prejudice.

On January 18, 2023, SCS filed a Second Amended Complaint in this action. All defendants once again moved to dismiss the pleading or in the alternative for summary judgment on it in their favor. The Court heard argument on that motion on March 9, 2023. On May 15, 2023, the Court issued a summary order denying the defendants' motion to dismiss. On June 1, 2023, all defendants moved for reconsideration of the May 15 order. On November 28, 2023, the Court denied the motion for reconsideration.

On September 15, 2024, the defendants filed a Motion to Strike Plaintiff's Pleadings and to Preclude Plaintiff from Calling Any Witnesses or Introducing Any Exhibits at Trial to Plaintiff's failure to (i) comply with the court's Pretrial Order; and (ii) produce discovery.

In February 2025, the parties agreed to settle all claims in this matter and thereafter executed a Confidential Settlement Agreement and Mutual Release effective on February 13, 2025. On February 20, 2025, pursuant to a Stipulation of Dismissal with Prejudice, the Court entered a final order of dismissal with prejudice and dismissed the action with prejudice.

Jose R. Mercedes-Mejia v. Shypdirect LLC, Prime EFS LLC et al.

On August 4, 2020, an action was filed against Shypdirect, Prime EFS and others in the Superior Court of New Jersey for Bergen County captioned Jose R. Mercedes-Mejia v. Shypdirect LLC, Prime EFS LLC et al. The case was assigned docket number BER-L-004534-20.

In this action, the plaintiff seeks reimbursement of his medical expenses and damages for personal injuries following an accident with a box truck leased by Shypdirect and subleased to Prime EFS and being driven by a Prime EFS employee, in which the plaintiff's ankle was injured. Plaintiff has thus far transmitted medical bills exceeding \$789,000. Prime EFS and Shypdirect demanded their vehicle liability carrier assume the defense of this action. To date, the carrier has not done so, allegedly because, among other reasons, the box truck was not on the list of insured vehicles at the time of the accident.

On November 9, 2020, Prime EFS and Shypdirect filed their answer to the complaint in this action and also filed a third-party action against the insurance company in an effort to obtain defense and indemnity for this action.

On May 21, 2021, Prime EFS and Shypdirect also filed an action in the Supreme Court, State of New York, Suffolk County (the "Suffolk County Action"), seeking defense and indemnity for this claim from the insurance brokerage, TCE/Acrisure LLC, which sold the County Hall insurance policy to Shypdirect.

On August 19, 2021, the Plaintiff filed a motion for leave to file a First Amended Complaint to name four (4) additional parties as defendants – TLSS, Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc. In the claim against TLSS, Plaintiff seeks to "pierce the corporate veil" and hold TLSS responsible for the alleged liabilities of Prime and/or Shypdirect as the supposed alter ego of these subsidiaries. In the claims against Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc., Plaintiff seeks to hold these entities responsible for the alleged liabilities of Prime and/or Shypdirect on a successor liability theory.

On September 16, 2021, each of these entities filed papers in opposition to this motion.

On September 24, 2021, the Court granted Plaintiff's motion for leave to amend the complaint, thus adding TLSS, Shyp CX, Inc., Shyp FX, Inc. and Cougar Express, Inc. as Defendants.

On October 22, 2021, Acrisure stipulated to consolidate the Suffolk County Action into and with the Bergen County action.

On November 22, 2021, all Defendants filed their Answer to the First Amended Complaint. On November 3, 2021, Prime EFS and Shypdirect refiled their Third-Party Complaint against TCI/Acrisure in the Bergen County action. On December 23, 2021, Acrisure filed its Answer to the Third-Party Complaint, denying its material allegations.

On March 2, 2022, Plaintiff sought and was granted leave to file a Second Amended Complaint, bringing claims against Prime and Shypdirect's vehicle liability carrier, County Hall (for discovery) as well as the producing broker, TCE/Acrisure. Plaintiff also asserted additional alter ego allegations against TLSS.

On February 15, 2023, Plaintiff filed a motion for leave to file a Third Amended Complaint in this action, seeking to assert claims against TLSS's former CEO, John Mercadante, also on a "pierce the corporate veil" theory. On March 9, 2023, TLSS, Prime and Shypdirect opposed the motion for leave to add Mercadante, arguing that any claim against Mercadante would be both futile and time-barred. On March 31, 2023, the Court denied Plaintiff's motion to add Mr. Mercadante as a party.

In January and February, 2023, numerous depositions were taken in the case, including those of Messrs. Giordano and Mercadante.

On September 16, 2024, the court entered an order granting Plaintiff's motion for final judgment by default on liability against Defendants Shypdirect, Prime EFS, Shyp CX, Shyp FX, and Cougar Express.

To date, to the best of the Company's knowledge, information and belief, no discovery has been taken in this action which would permit the imposition of alter ego liability on TLSS for the subject accident.

To date, to the best of the Company's knowledge, information and belief, no discovery has been taken in this action which would permit the imposition of successor liability on Shyp CX, Inc., Shyp FX, Inc. and/or Cougar Express, Inc. for the subject accident.

Under a so-called MCS-90 reimbursement endorsement to the County Hall policy, TLSS believes that Prime and Shypdirect may have up to \$750,000 in coverage under a 1980 federal law under which County Hall is "require[d] to pay damages for certain claims or 'suits' that are not covered by the policy." (See Endorsement CHI – 290 (02/19) to County Hall policy effective May 31, 2019.)

All discovery in this case was completed on or before August 31, 2024.

There were pending cross-motions for summary judgment filed by Plaintiff, Defendants/Third-Party Plaintiffs Jose A. Mercedes-Mejia, Prime EFS, Shypdirect, LLC, and TLSS, and Defendant/Third-Party Defendant County Hall Insurance. The insurance broker, Acrisure, had also filed a motion on the malpractice claim against it. On November 8, 2024, the court granted Defendant/Third-Party Plaintiff Ryder Truck Rental, Inc.'s motion for summary judgment. On December 6, 2024, the parties engaged in a mediation session. While a settlement was not reached on the day the mediation session was held, the parties continued to discuss a potential resolution.

On January 31, 2025, Plaintiff and TLSS, Shypdirect, and Prime EFS executed a binding term sheet which settled the matter with no liability on the part of TLSS, Shypdirect or Prime EFS and requires that a Stipulation of Dismissal will be filed with the court which dismisses all claims with prejudice. On February 10, 2025, the trial proceeding scheduled for February 10, 2025, was cancelled. On March 31, 2025, a Stipulation of Dismissal with Prejudice was filed with the Court in which it was stipulated and agreed that the Plaintiff's Complaint and any and all other Crossclaims, Counterclaims, and/or Third-Party Claims are dismissed with prejudice and without costs by and between all parties.

Josh Perez v. Cougar Express, Inc.

An attorney for a former Cougar Express (CE) employee, Josh Perez ("Perez"), has advised CE that he has filed a charge of discrimination against CE with the U.S. Equal Employment Opportunity Commission (EEOC).

Perez allegedly is asserting claims against CE for: gender discrimination under Title VII and the New York State Human Rights Law ("NYSHRL"); pregnancy/childbirth discrimination under Title VII of the federal Civil Rights Act of 1964, as amended; retaliation under Title VII and NYSHRL; and familial status discrimination under NYSHRL.

However, CE has not received a copy, nor any notification, of the filing.

Perez was employed by CE as a dock worker beginning on March 8, 2022, and last worked September 27, 2022. He alleges that in or around July 2022, he informed CE that he was expecting a child. Perez has not provided any details regarding the individual(s) with CE he allegedly informed. On September 27, 2022, Perez requested that CE complete the employer section of his New York Paid Family Leave ("PFL") paperwork, which CE did. Thereafter, Perez ceased communicating with CE. Further, CE did not receive any confirmation that Perez had in fact filed for PFL or that his PFL was approved.

Because CE did not hear from Perez or receive any confirmation concerning his application for or approval of PFL, CE concluded that Perez had resigned. Another worker was hired to fill Perez's former position. Then, on or about December 27, 2022, Perez contacted CE attempting to return to work and was informed that there was no position for him.

CE categorically denies Perez's allegations and any purported wrongdoing. Because this matter is apparently pending with the EEOC and CE has neither received a copy of the filing nor any notification of the filing, the Company cannot evaluate the likelihood of an adverse outcome or estimate the Company's liability, if any, in connection with it.

Emerson Swan v. Severance Trucking Co., Inc.

On April 1, 2024, a judgment was entered against Severance Trucking on behalf of Emerson Swan, Inc. ("Emerson") in the amount of \$96,226, including prejudgment interest, statutory costs and legal fees. Emerson, which was a customer of Severance Trucking, claimed that an employee of Severance Trucking stole \$75,209 of Emerson's products while under Severance Trucking's control. We did not accrue this claim and believe it is not liable since the accusation was made prior to the Severance Trucking acquisition date in January 2023.

Ryder Truck Rental, Inc. v. Severance Trucking Co., Inc.

On April 30, 2024, Severance Trucking received a letter from Ryder Truck Rental, Inc. requesting payment in the amount of \$581,507 comprised of outstanding unpaid Truck Lease and Service Agreement charges of \$55,136 in open invoices, \$399,177 in early termination charges and \$134,194 in attorney's fees. As of December 31, 2024 and December 31, 2023, such amounts are recorded as a liability of Severance Trucking and included in liabilities of discontinued operations.

Akabas & Sproule v. Transportation and Logistics Systems, Inc.

On March 19, 2025, the Company's former law firm, Akabas & Sproule, filed a lawsuit against the Company in the Supreme Court of the State of New York, New York County, alleging three causes of action: (i) breach of contract; (ii) account stated; and (iii) unjust enrichment/quantum meruit. Akabas & Sproule seeks \$86,570.58 in compensatory damages, \$11,027.13 in interest through February 28, 2025, attorneys' fees and costs, taxable costs of suit, and pre-judgment and post-judgment interest, all of which have been accrued as of March 31, 2025. Because the action was recently filed and no discovery has occurred in the case, it is not possible to evaluate the likelihood of a favorable or unfavorable outcome.

Other than discussed above, as of the date of this Quarterly Report, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

ITEM 1A. RISK FACTORS

Risk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors," in our 2024 Annual Report. There have been no material changes in our risk factors from those previously disclosed in our 2024 Annual Report. You should carefully consider the risks described in our 2024 Annual Report, which could materially affect our business, financial condition or future results. The risks described in our 2024 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be

negatively affected.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

On February 7, 2025, we received a default notice for our failure to pay outstanding principal and interest due on an unsecured promissory note that was issued on February 6, 2024 to Mr. Mercadante in the principal amount of \$64,534.96 and was due on February 6, 2025. As such, the interest rate on such note was increased to 17% per annum as of February 7, 2025 (see Note 4).

On February 21, 2025, we received a default notice for our failure to pay outstanding principal and interest due on an unsecured promissory note that was issued on February 15, 2024 to Mr. Mercadante in the principal amount of \$319,195 and was due on February 15, 2025. As such, the interest rate on such note was increased to 17% per annum as of February 15, 2025 (see Note 4).

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On February 15, 2024, we issued an unsecured promissory note to Mr. Mercadante, in the principal amounts of \$319,195. The unsecured promissory note had a maturity date of one year from the date of issuance and accrues interest at a rate per annum of 12%. On February 21, 2025, the Company received a default notice for its failure to pay outstanding principal and interest due on such unsecured promissory note that was issued on February 15, 2024 and was due on February 15, 2025. As a result of such default, the interest rate of such unsecured promissory note was increased to 17% per annum as of February 15, 2025.

Rule 10b5-1 Trading Arrangement

During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits
3.1	<u>Amended and Restated Articles of Incorporation of Loran Connection Corp. (now known as Transportation and Logistics Systems, Inc.), as filed with the Nevada Secretary of State, on January 25, 2012 (incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K for the year ended March 31, 2015 as filed with the Securities and Exchange Commission on June 30, 2015).</u>
3.2	<u>Certificate of Change to the Amended and Restated Articles of Incorporation of PetroTerra Corp. (now known as Transportation and Logistics Systems, Inc.), as filed with the Nevada Secretary of State, dated December 18, 2013 (incorporated by reference to Exhibit 3.1 to our Form 8-K, as filed with the Securities and Exchange Commission on December 24, 2013).</u>
3.3	<u>Certificate of Change to the Amended and Restated Articles of Incorporation of PetroTerra Corp. (now known as Transportation and Logistics Systems, Inc.), as filed with the Nevada Secretary of State, dated February 14, 2017 (incorporated by reference to Exhibit 3.5 to our Form S-1, as filed with the Securities and Exchange Commission on July 26, 2017).</u>
3.4	<u>Certificate of Change to the Amended and Restated Articles of Incorporation of PetroTerra Corp. (now known as Transportation and Logistics Systems, Inc.), as filed with the Nevada Secretary of State, dated July 16, 2018 (incorporated by reference to Exhibit 3.1 to our Form 8-K as filed with the Securities and Exchange Commission on July 23, 2018).</u>
3.5	<u>Certificate of Change to the Amended and Restated Articles of Incorporation of Transportation and Logistics Systems, Inc., as filed with the Nevada Secretary of State, dated April 15, 2021 (incorporated by reference to Exhibit 3.5 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on November 15, 2021).</u>
3.6	<u>Certificate of Amendment to the Amended and Restated Articles of Incorporation of Transportation and Logistics Systems, Inc., as filed with the Nevada Secretary of State on December 1, 2023 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K as filed with the Securities and Exchange Commission on December 1, 2023).</u>
3.7	<u>Certificate of Correction, as filed with the Nevada Secretary of State on November 25, 2024, to the Certificate of Change of the Company dated December 27, 2023 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K as filed with the Securities and Exchange Commission on November 29, 2024).</u>
3.8	<u>Amended and Restated Bylaws of Transportation and Logistics Systems, Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on December 28, 2022).</u>

- 4.1 [Certificate of Designation, Preferences, Rights and Other Rights of Series B preferred Stock of the Company, dated October 7, 2019 \(incorporated by reference to Exhibit 4.9 to our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission on May 29, 2020\).](#)
- 4.2 [Form of Warrants dated between January 2020 and March 2020 \(incorporated by reference to Exhibit 4.15 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 29, 2020\).](#)
- 4.3 [Form of Common Stock Purchase Warrant dated June 16, 2020 by Transportation and Logistics Services, Inc \(incorporated by reference to Exhibit 4.3 of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 6, 2024\).](#)
- 4.4 [Form of Common Stock Purchase Warrant issued in Series E Offering \(incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 6, 2020\).](#)
- 4.5 [Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series E Preferred Stock of the Company, filed on December 28, 2020 \(incorporated by reference to Exhibit 10.28 to our Form S-1/A dated February 10, 2021\).](#)
- 4.6 [Certificate of Designation of Preferences, Rights and Limitations of Series G Preferred Stock of the Company, filed on December 28, 2021 \(incorporated by reference to Exhibit 3.14 to our registration statement on Form S-1 dated January 28, 2022\).](#)
- 4.7 [Form of Common Stock Purchase Warrant dated December 31, 2021 \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 3, 2022\).](#)
- 4.8 [Form of Common Stock Purchase Warrant issued in Warrant Offering \(incorporated by reference to Exhibit 4.1 to our registration statement on Form S-1 dated January 28, 2022\).](#)
- 4.9 [Certificate of Designation of Preferences, Rights and Limitations of Series H Preferred Stock \(incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on September 20, 2022\).](#)
- 4.10 [Certificate of Designation of Preferences, Rights and Limitations of Series I Preferred Stock \(incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 19, 2023\).](#)
- 4.11 [Description of Securities \(incorporated by reference to Exhibit 4.11 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2025\).](#)
- 4.12 [Certificate of Designation of Preferences, Rights and Limitations of Series J Senior Convertible Preferred Stock \(incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 7, 2025\).](#)
- 10.1* [Form of Promissory Note between Transportation and Logistics Systems, Inc. and Certain Investors.](#)

10.2	<u>Letter Agreement, dated as of January 21, 2025, between Transportation Logistics Systems, Inc., and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2025).</u>
10.3	<u>Letter Agreement, dated as of March 10, 2025, between Transportation Logistics Systems, Inc., and C/M Capital Master Fund, LP (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 12, 2025).</u>
10.4	<u>Letter Agreement, dated as of March 25, 2025, between Transportation Logistics Systems, Inc., and C/M Capital Master Fund, LP (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 28, 2025).</u>
10.5*	<u>Form of Promissory Note Amendment Agreement between Transportation and Logistics Systems, Inc. and Certain Investors.</u>
10.6	<u>Letter Agreement, dated as of May 1, 2025, between Transportation Logistics Systems, Inc., and C/M Capital Master Fund, LP (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 7, 2025).</u>
10.7+	<u>Termination Notice, dated as of May 5, 2025 (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 7, 2025).</u>
21	<u>Subsidiaries of Registrant (incorporated by reference to Exhibit 21 of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 6, 2024).</u>
31.1#	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1#	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instances Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

+ Indicates a management contract or any compensatory plan, contract, or arrangement.

Furnished herewith. The certifications attached as Exhibit 31.1 and Exhibit 32.1 that accompany this Quarterly Report are not deemed filed with the Securities and Exchange Commission and are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Transportation and Logistics Systems, Inc. under the Securities Act or the Exchange Act, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

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.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC.

Dated: May 13, 2025

By: /s/ Sebastian Giordano

Name: Sebastian Giordano

Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

TRANSPORTATION AND LOGISTICS SYSTEMS, INC.

Form of Promissory Note (the "Note")

Face Amount: \$

[Date]
Jupiter, Florida

FOR VALUE RECEIVED, the undersigned TRANSPORTATION AND LOGISTICS SYSTEMS, INC., a Nevada corporation (the "Borrower"), promises to pay to the order of [____], its successors or assigns (the "Lender"), [____](the "Face Amount") by the 6 month anniversary of the date hereof (the "Maturity Date"), together with simple interest on the principal amount outstanding from time to time at the interest rate of 10% per annum, calculated on the basis of actual days elapsed and a 365-day year (the "Interest Rate"), as provided herein or on such earlier date as this Note is required or permitted to be repaid as provided hereunder.

Section 1. Maturity; Interest. The Face Amount, together with accrued interest thereupon, shall become due and payable and shall be repaid in cash in a single installment at the Maturity Date; provided, that this Note may be prepaid in whole or in part at any time and from time-to-time upon three (3) prior business days' written notice, without penalty.

Section 2. Repayment. Repayment of the Note may occur as follows: (a) at the Maturity Date or (b) at such time as the Borrower and the Lender may agree to effect repayment. So long as no Event of Default has occurred, such repayment shall satisfy Borrower's obligations pursuant to this Note in full and this Note shall be of no further force and effect. *This Note is not a convertible instrument and has no contractual rights to convert into equity or any other securities of the Borrower.*

Section 3. Transferability. This Note and any of the rights granted hereunder are freely transferable or assignable by the Lender, in whole or in part, in its sole discretion; provided, Lender shall have provided prior written notice to the Borrower.

Section 4. Event of Default.

(a) In the event that any one of the following events shall occur (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body), it shall be deemed an Event of Default:

(i) Any default in the payment of the principal of, interest on or other charges in respect of this Note, or any other note issued by the Borrower for the benefit of the Lender or any other creditor, as and when the same shall become due and payable;

(ii) Borrower shall fail to observe or perform any other material covenant, agreement or warranty contained in, or otherwise commit any breach or default of any provision of this Note or any other agreement between the Borrower and the Lender or any other creditor;

(iii) There shall be a breach of any of the representations and warranties set forth in this Note or any transaction document executed contemporaneously herewith, including without limitation, the Borrower's express representation that the purpose of this Note is to fund the Borrower's direct costs to its auditor to enable such auditor to complete its review of the Company's quarterly securities filings, payment to financial printers for Edgar filings, payment to the Company's transfer agent, and accounting; or

(iv) Borrower, shall commence, or there shall be commenced against Borrower any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower or there is commenced against Borrower any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of sixty (60) days; or Borrower is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Borrower suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of sixty (60) days; or Borrower makes a general assignment for the benefit of creditors; or Borrower shall fail to pay or shall state that it is unable to pay or shall be liable to pay, its debts as they become due or by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Borrower for the purpose of effecting any of the foregoing.

(b) Upon the occurrence of an Event of Default, the Lender shall give the Borrower notice of such occurrence, at which time the Borrower shall have five (5) business days from receipt of such notice to pay the outstanding amount of the Note in full. In the event that full payment is not made upon the expiry of a thirty (30) day period, a default penalty equal to 5.0% in excess of the Interest Rate hereunder of the Face Amount per month during the period of Default (the "Default Penalty") shall apply to the entire amount of the Note outstanding, including any accrued but unpaid interest. The Lender may then, at its sole discretion, declare the entire then-outstanding Face Amount of this Note and any accrued but unpaid interest due hereunder immediately due and payable (a "Default Declaration"), in which event the Lender may, at its sole discretion, take any action it deems necessary to recover amounts due under this Note.

(c) Upon the occurrence of an Event of Default, the Lender shall be entitled to receive, in addition to the Face Amount of the Note and any accrued but unpaid interest due hereunder, all of Lender's costs, fees (including without limitation, reasonable attorney's fees and disbursements), and expenses relating to collection and enforcement Note, including all costs and expenses incurred by it in enforcing its rights under the Note and any transaction documents entered into contemporaneously herewith.

(d) The failure of the Lender to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or of any other right in that or any subsequent instance with respect to the Lender or any subsequent holder. **BORROWER ACKNOWLEDGES THAT THE LOAN EVIDENCED BY THIS NOTE IS A COMMERCIAL TRANSACTION. BORROWER FURTHER WAIVES DILIGENCE, DEMAND, PRESENTMENT FOR PAYMENT, NOTICE OF NONPAYMENT, PROTEST AND NOTICE OF PROTEST, AND NOTICE OF ANY RENEWALS OR EXTENSIONS OF THIS NOTE. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF RAMIFICATION THIS WAIVER WITH ITS ATTORNEYS.** The Lender may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. The remedies available to the Lender upon the occurrence of an Event of Default shall be cumulative. This Note is intended to be a negotiable instrument in accordance with Section 3-104 of the Uniform Commercial Code.

Section 5. Notices. Any and all notices, service of process or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Note shall be deemed to have been duly given or made for all purposes when hand delivered or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or courier as follows:

If to the Lender, at:

[Address]

Attention:

E-mail:

Or such other address as may be given to the Borrower from time to time

If to Borrower, at:

5500 Military Trail Ste 22-357

Jupiter, FL 33458

Attention: Sebastian Giordano

Email: sebastian.giordano@tlss-inc.com

Or such other address as may be given to the Lender from time to time

Section 6. Usury. This Note is hereby expressly limited so that in no event whatsoever, whether by reason of acceleration of maturity of the loan evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Lender hereunder for the loan, use, forbearance or detention of money exceed that permissible under applicable law. If at any time the performance of any provision of this Note or of any other agreement or instrument entered into in connection with this Note involves a payment exceeding the limit of the interest that may be validly charged for the loan, use, forbearance or detention of money under applicable law, then automatically and retroactively, ipso facto, the obligation to be performed shall be reduced to such limit, it being the specific intent of the Borrower and the Lender that all payments under this Note are to be credited first to interest as permitted by law, but not in excess of (i) the agreed rate of interest set forth herein or therein or (ii) that permitted by law, whichever is the lesser, and the balance toward the reduction of principal. The provision of this Section 6 shall never be superseded or waived and shall control every other provision of this Note and all other agreements and instruments between the Borrower and the Lender entered into in connection with this Note. To the extent permitted by applicable law, Borrower waives any right to assert the defense of usury.

Section 7. Governing Law; Waiver of Jury Trial. This Note and the provisions hereof are to be construed according to and are governed by the laws of the State of Nevada, without regard to principles of conflicts of laws thereof. Borrower agrees that the state and federal courts sitting in Clark County, Nevada shall have exclusive jurisdiction in connection with any dispute concerning or arising out of this Note or otherwise relating to the parties' relationship. In any action, lawsuit or proceeding brought to enforce or interpret the provisions of this Note and/or arising out of or relating to any dispute between the parties, the Lender shall be entitled to recover all of its costs and expenses relating collection and enforcement of this Note (including without limitation, reasonable attorney's fees and disbursements) in addition to any other relief to which the Lender may be entitled and all costs of collection, including any legal fees associated with this Note will be paid by the Borrower. Each party agrees that any process or notice to be served or delivered in connection with any action, lawsuit or proceeding brought hereunder may be accomplished in accordance with the notice provisions set forth above or as otherwise provided by applicable law. **BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATING TO THIS NOTE.**

Section 8. Successors and Assigns. Subject to applicable laws, this Note and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of Borrower and the successors and assigns of the Lender.

Section 9. Amendment. This Note may be modified or amended or the provisions hereof waived only with the written consent of the Lender.

Section 10. Severability. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Note.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Borrower has caused this Promissory Note to be duly executed by its authorized officer and/or such individual borrower as of the date first above indicated.

TRANSPORTATION AND LOGISTICS SYSTEMS, INC.

By:

Name: Sebastian Giordano

Title: CEO

SCHEDULE TO EXHIBIT 10.1

The following table describes Promissory Notes between Transportation and Logistics Systems, Inc. (“TLSS”) and the investors listed below, the forms of which are substantially identical in all material respects to the representative Promissory Note filed herewith, except as set forth below, and are dated as of the respective dates listed below. The other Promissory Notes are omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.

Name of Investor	Date of Agreement	Principal Amount	Maturity Date
Mercer Street Global Opportunity Fund	8/12/2024	\$ 75,000	8/12/2025
Cavalry Fund I LP	8/12/2024	\$ 75,000	8/12/2025
Mercer Street Global Opportunity Fund	10/9/2024	\$ 50,000	8/12/2025
Cavalry Fund I LP	10/9/2024	\$ 50,000	8/12/2025
Cavalry Fund I LP	11/22/2024	\$ 50,000	8/12/2025
Mercer Street Global Opportunity Fund	1/21/2025	\$ 50,000	7/21/2025
C/M Capital Master Fund, LP	3/10/2025	\$ 100,000	9/10/2025
C/M Capital Master Fund, LP	3/25/2025	\$ 75,000	9/25/2025
C/M Capital Master Fund, LP	5/1/2025	\$ 50,000	11/1/2025

Form of Promissory Note Amendment

**TRANSPORTATION AND LOGISTICS SYSTEMS, INC.
5500 Military Trail – Suite 22-357
Jupiter, Florida 33458**

[Date of Amendment Agreement]

Dear Noteholder:

Reference is hereby made to that certain Promissory Note (the “Note”) of Transportation and Logistics Systems, Inc. (the “Company”) in the aggregate principal amount of \$[Original Principal Amount], issued on [Original Issue Date] and due to [Investor] on [Original Maturity Date].

This letter agreement is to confirm that we agree to amend the due date for the outstanding principal and interest of the Note to be due and paid in full either on [New Maturity Date]. Except as set forth herein, all of the terms and provisions of the Notes shall remain in full force and effect.

Very truly yours,

Transportation and Logistics Systems, Inc.

By: _____

Name: Sebastian Giordano

Title: Chief Executive Officer

[INVESTOR]

By: _____

Name: _____

Title: _____

SCHEDULE TO EXHIBIT 10.5

The following table describes the Amendment to Promissory Notes between Transportation and Logistics Systems, Inc. (“TLSS”) and the investors listed below, the forms of which are substantially identical in all material respects to the representative Amendment to Promissory Note filed herewith, except as set forth below, and are dated as of the respective dates listed below. The other Amendment to Promissory Notes are omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.

Name of Investor	Original Principal Amount	Original Issue Date	Date of Amendment Agreement	Original Maturity Date	New Maturity Date
Mercer Street Global Opportunity Fund	\$ 75,000	8/12/2024	2/7/2025	2/12/2025	8/12/2025
Cavalry Fund I LP	\$ 75,000	8/12/2024	2/7/2025	2/12/2025	8/12/2025
Mercer Street Global Opportunity Fund	\$ 50,000	10/9/2024	4/9/2025	4/9/2025	8/12/2025
Cavalry Fund I LP	\$ 50,000	10/9/2024	4/9/2025	4/9/2025	8/12/2025
Cavalry Fund I LP	\$ 50,000	11/22/2024	5/5/2025	5/22/2025	8/12/2025

CERTIFICATION

**Pursuant to Rules 13a-14(a) and 15d-14(a)
Under the Securities Exchange Act of 1934
As adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sebastian Giordano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Transportation and Logistics Systems, Inc. (the “registrant”);
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. I am 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. 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.

Dated: May 13, 2025

Signature: /s/ Sebastian Giordano

Sebastian Giordano
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

CERTIFICATION**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned principal executive officer and principal financial officer of Transportation and Logistics Systems, Inc. (the “Company”) does hereby certify, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 31, 2025 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 13, 2025

By: /s/ Sebastian Giordano

Sebastian Giordano

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer and Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
