UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

(Amendment No. 3)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 13, 2020**

UNIQUE LOGISTICS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada	**333-153035**	**01–0721929**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

154-09 146th Ave,
Jamaica, NY 11434
(Address of principal executive offices)

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

INNOCAP, INC.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [ ]

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

EXPLANTORY NOTE

We are filing this amendment number 3 to this Current Report on Form 8-K/A solely to include the audit opinion which was erroneously omitted from the audited financial statements filed with amendment number 2 to the Current Report on Form 8-K/A filed with the securities and exchange commission on January 25, 2021 (the "Amended 8-K"). No other changes have been made to the Amended 8-K which is being restated in its entirety for ease of reference.

Item 2.01Completion of Acquisition or Disposition of Assets.

On October 13, 2020 and October 16, 2020 Unique Logistics International , Inc. (formerly Innocap, Inc.) (the "Company"), filed a Current Report on Form 8-K and subsequent 8-K/A, respectively (the "Initial Reports") to report the closing of an Acquisition Agreement and Plan of Merger (the "Agreement"), by and among the Company, Inno Acquisition Corp. ("Merger Sub"), and Unique Logistics Holdings, Inc. ("Unique"), whereby the Merger Sub was merged with and into Unique, with Unique surviving as a wholly-owned subsidiary of the Company.

This Current Report on Form 8-K/A (this "Amendment") amends and supplements the Initial Report to provide financial statements of Unique including its wholly owned subsidiaries, Unique Logistics International (ATL), LLC, Unique Logistics International (BOS), Inc, Unique Logistics International (USA), Inc. and the pro forma financial statements of the Company required by Item 9.01 of Form 8-K. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in connection with the Initial Report, which provides a more complete description of the Purchase Agreement and transactions contemplated thereby.

Item 9.01.Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*

The audited consolidated financial statements of Unique Logistics Holdings, Inc. as of May 31, 2020 and for the period from inception, October 28, 2019, through May 31, 2020 together with the related notes to the financial statements, are included as Exhibit 99.1 to this Current Report and are incorporated herein by reference.

The audited financial statements of Unique Logistics International (ATL), LLC for the years ended December 31, 2019 and 2018 together with the related notes to the financial statements, are included as Exhibit 99.2 to this Current Report and are incorporated herein by reference.

The audited financial statements of Unique Logistics International (BOS), INC. for the years ended December 31, 2019 and 2018 together with the related notes to the financial statements, are included as Exhibit 99.3 to this Current Report and are incorporated herein by reference.

(b) *Pro Forma Financial Information.*

The unaudited pro forma combined financial statements of the Company as of and for the year ended May 31, 2020, together with the related unaudited notes to the financial statements, are included as Exhibit 99.2 to this Current Report and are incorporated herein by reference.

(d) *Exhibits.*

Exhibit Number	Description
99.1	Audited consolidated financial statements of Unique Logistics Holdings, Inc. as of May 31, 2020 and for the period from inception, October 28, 2019, through May 31, 2020 together with the related notes to the financial statements.
99.2	Audited financial statements of Unique Logistics International (ATL), LLC for the years ended December 31, 2019 and 2018.
99.3	Audited financial statements of Unique Logistics International (BOS), INC. for the years ended December 31, 2019 and 2018
99.4	Audited financial statements of Unique Logistics International (USA), Inc. and Subsidiaries for the years ended December 31, 2019 and 2018.
99.5	Unaudited Pro Forma Combined Financial Statements of Unique Logistics International, Inc. as of and for the year ended May 31, 2020.

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 hereunto duly authorized.

UNIQUE LOGISTICS INTERNATIONAL, INC.

Dated: January 25, 2021

By: */s/ Sunandan Ray*

Sunandan Ray
Chief Executive Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Unique Logistics Holdings, Inc. and Subsidiaries

Opinion on the Financial Statement

We have audited the accompanying consolidated balance sheet of Unique Logistics Holdings, Inc. and Subsidiaries (the "Company") as of May 31, 2020, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from inception, October 28, 2019 to May 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of the Company as of May 31, 2020 and the results of their operations and their cash flows for the period from inception, October 28, 2019 to May 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted ours audit in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provided a reasonable basis for our opinion.

Emphasis of Matter - Adoption of New Accounting Principles

As discussed in Note 1 to the consolidated financial statements, upon inception, the Company adopted Accounting Standards Codification Topic 606 as required by Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) and its related amendments and Accounting Standards Codification Topic 842 as required by Accounting Standards Update 2016-02, *Leases* (Topic 842) and its related amendments. Our opinion is not modified with respect to this matter.

We have served as the Company's auditor since 2020.

BAKER TILLY US, LLP

Melville, New York
January 21, 2021

UNIQUE LOGISTICS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MAY 31, 2020

ASSETS		
Current assets:		
Cash and cash equivalents	$	1,349,363
Accounts receivable - trade		7,932,310
Prepaid expenses and other current assets		5,899,403
Total current assets		15,181,076
Property and equipment		198,988
Other long-term assets:		
Goodwill		4,773,584
Intangible assets		8,752,000
Operating lease right-of-use assets		4,770,280
Deposits and other assets		292,404
Total other long-term assets		18,588,268
Total assets	$	33,968,332
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	$	9,591,780
Accrued expenses and other current liabilities		7,096,596
Current portion of notes payable		858,333
Current portion of promissory notes		618,309
Current portion of long-term debt due to related parties		6,380,975
Current portion of operating lease liability		1,288,216
Total current liabilities		25,834,209
Long-term liabilities:		
Other long-term liabilities		848,010
Notes payable, net of current portion		1,466,667
Long-term debt due to related parties, net of current portion		193,328
Promissory notes, net of current portion		1,027,753
Operating lease liability, net of current portion		3,482,064
Total long-term liabilities		7,017,822
Total liabilities		32,852,031
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized; none issued and outstanding		-
Common stock, $0.001 par value, 100,000,000 shares authorized; 10,000,000 shares issued and outstanding		10,000
Additional paid-in capital		1,514,811
Accumulated deficit		(408,510)
Total stockholders' equity		1,116,301
Total liabilities and stockholders' equity	$	33,968,332

See accompanying notes to the consolidated financial statements

UNIQUE LOGISTICS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM INCEPTION,
OCTOBER 28, 2019 THROUGH MAY 31, 2020

Revenues:		
Airfreight services	$	169,924
Ocean freight and ocean services		730,944
Contract logistics		18,126
Customs brokerage and other services		151,330
Total revenues		1,070,324
Costs and operating expenses:		
Airfreight services		158,223
Ocean freight and ocean services		628,542
Contract logistics		3,497
Customs brokerage and other services		157,800
Acquisition costs		239,350
Professional fees		180,000
Salaries and related costs		60,776
Rent and occupancy		21,086
Selling and promotion		5,720
Other		19,682
Total costs and operating expenses		1,474,676
Loss from operations		(404,352)
Other expense:		
Interest expense		(4,158)
Total other expense		(4,158)
Loss before income taxes		(408,510)
Income tax expense		-
Net loss	$	(408,510)
Net loss per common share, basic and diluted	$	(0.04)
Weighted average common shares outstanding – basic and diluted		10,000,000

See accompanying notes to the consolidated financial statements

UNIQUE LOGISTICS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION,
OCTOBER 28, 2019 THROUGH MAY 31, 2020

	Common Stock		Additional Paid-in	Accumulated	Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance as of October 28, 2019	-	$ -	$ -	$ -	$ -
Issuance of Common Stock	10,000,000	10,000	-	-	10,000
Rollover equity	-	-	1,514,811	-	1,514,811
Net loss	-	-	-	(408,510)	(408,510)
Balance as of May 31, 2020	10,000,000	$ 10,000	$ 1,514,811	$ (408,510)	$ 1,116,301

See accompanying notes to the consolidated financial statements

UNIQUE LOGISTICS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION,
OCTOBER 28, 2019 THROUGH MAY 31, 2020

Cash Flows From Operating Activities:		
Net loss	$	(408,510)
Changes in operating assets and liabilities:		
Accounts receivable - trade		2,046,885
Prepaid expenses and other current assets		(648,996)
Accounts payable - trade		(192,416)
Accrued expenses and other current liabilities		765,089
Net cash provided by operating activities		1,562,052
Cash Flows From Investing Activities:		
Acquisition of business – net of cash acquired		(212,689)
Net cash used in investing activities		(212,689)
Net change in cash and cash equivalents		1,349,363
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	**$**	1,349,363
Supplemental disclosure of non-cash investing and financing activities:		
Operating lease assets and liabilities	$	4,770,280
Non-cash consideration paid in business combination (See Note 2)	$	11,102,022

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Unique Logistics Holdings, Inc. ("ULHI" or the "Company") was incorporated on October 28, 2019 under the laws of Delaware. Management has determined that the Company is organized as, and operates in, one reportable segment and operating segment:, sea and air freight forwarding, servicing customers throughout the United States. From inception, October 28, 2019 to May 29, 2020, ULHI was inactive.

COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to have an impact throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries.

The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The extent of the impact of COVID-19 on our operational and financial performance will depend on the effect on our shippers and carriers, all of which are uncertain and cannot be predicted. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries stated in U.S. dollars, the Company's functional currency. See Note 2.

All significant intercompany transactions and accounts are eliminated in consolidation.

Business Combination

The Company accounts for business acquisitions using the acquisition method as required by FASB ASC Topic 805,*Business Combinations.* The assets acquired and liabilities assumed in business combinations, including identifiable intangible assets, are recorded based upon their estimated fair values as of the acquisition date. The excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired is recorded as goodwill. Acquisition expenses are expensed as incurred. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed as of the acquisition date, the estimates are inherently uncertain and subject to refinement.

The fair values of intangible assets are generally estimated using a discounted cash flow approach with Level 3 inputs. The estimate of fair value of an intangible asset is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To estimate fair value, the Company generally uses risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflects market participant assumptions.

For acquisitions that involve contingent consideration, the Company records a liability equal to the fair value of the contingent consideration obligation as of the acquisition date. The Company determines the acquisition date fair value of the contingent consideration based on the likelihood of paying the additional consideration. The fair value is generally estimated using projected future operating results and the corresponding future earn-out payments that can be earned upon the achievement of specified operating objectives and financial results by acquired companies using Level 3 inputs and the amounts are then discounted to present value. These liabilities are measured quarterly at fair value, and any change in the fair value of the contingent consideration liability is recognized in the consolidated statement of operations.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding adjustment to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in the consolidated statement of operations.

Use of Estimates

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

Significant estimates inherent in the preparation of the consolidated financial statements include determinations of the useful lives and expected future cash flows of long-lived assets, including intangibles, valuation of assets acquired in business combinations and estimates of valuation assumptions for long-lived assets impairment.

Fair Value Measurement

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

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

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

The carrying amounts for financial assets and liabilities of cash and cash equivalents, accounts receivable - trade, accounts payable - trade, accrued expenses and other current liabilities, current portion of long-term debt due to related party payables, and current portion of promissory loans approximate fair value due to their short-term nature as of May 31, 2020. Lease liabilities approximate fair value based on the incremental borrowing rate used to discount future cash flows.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at fair value. The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. No loss had been experienced, and management believes it is not exposed to any significant risk on credit.

Accounts Receivable – Trade

Accounts receivable - trade from revenue transactions are based on invoiced prices which the Company expects to collect. In the normal course of business, the Company extends credit to customers that satisfy pre-defined credit criteria. The Company generally does not require collateral to support customer receivables. Accounts receivable - trade, as shown on the consolidated balance sheet, is net of allowances when applicable. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, net of allowance for doubtful accounts. As of May 31, 2020 the Company did not record an allowance for doubtful accounts.

Concentrations

No customer represented greater than 10% of accounts receivable as of May 31, 2020. Two customers accounted for 21% and 10% of revenue, respectively, for the period from inception, October 28, 2019, through May 31, 2020.

Off Balance Sheet Arrangements

The Company has an agreement with an unrelated third party (the "Factor") for factoring of specific accounts receivable. The factoring is treated as a sale in accordance with FASB ASC 860, *Transfers and Servicing*, and is accounted for as an off-balance sheet arrangement. Proceeds from the transfers reflect the face value of the account less a discount, which is recorded as a charge to interest expense in the Company's consolidated statement of operations in the period the sale occurs. Net funds received are recorded as an increase to cash and a reduction to accounts receivable outstanding in the consolidated balance sheet. The Company reports the cash flows attributable to the sale of receivables to third parties and the cash receipts from collections made on behalf of and paid to third parties, on a net basis as trade accounts receivables in cash flows from operating activities in the Company's consolidated statement of cash flows.

The Company acts as the agent on behalf of the third party for the arrangements and has no significant retained interests or servicing liabilities related to the accounts receivable sold. The agreement provided the Factor with security interests in purchased accounts until the accounts have been repurchased by the Company or paid by the customer. In order to mitigate credit risk related to the Company's factoring of accounts receivable, the Company may purchase credit insurance, from time to time, for certain factored accounts receivable, resulting in risk of loss being limited to the factored accounts receivable not covered by credit insurance, which the Company does not believe to be significant.

As of May 31, 2020, the Company assigned for factoring approximately $4,785,000 of accounts receivable pursuant to the Company's agreements, representing the face amount of total outstanding receivables. The Factor confirmed the purchase of such receivables as of May 31, 2020 and committed the disbursement of funds on behalf of the Company. Disbursements amounting to 80% of the purchased accounts receivable were made on June 1, 2020. The Company recognizes factoring costs upon disbursement of funds. The fees for the period from inception, October 28, 2019, through May 31, 2020 were immaterial. See Note 12.

Factoring Reserve

When an invoice is sold to factor, the amount received from the factor is credited to accounts receivable – trade and a reserve is retained by factor which is debited to "factoring reserve" which is in prepaid expenses and other current assets on the consolidated balance sheet.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Factor Recovery

In certain instances, the Company receives payment for a factored reserve directly from the customer. In these cases, until the funds are paid to the factor, the Company records the payment as "factor recovery" which is in accrued expenses and other current liabilities on the consolidated balance sheet.

Property and Equipment

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

Estimated useful lives of property and equipment are as follows:

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

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

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period. The Company did not record any impairment for the period from inception, October 28, 2019, through May 31, 2020.

Goodwill and Other Intangibles

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

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

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

For the period from inception, October 28, 2019, through May 31, 2020, no impairment of goodwill was identified.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Long-lived assets are comprised of intangible assets and property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists, pursuant to the provisions of FASB ASC 360-10 "*Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*". If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows and fundamental analysis. The Company reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. The Company did not record any impairment for the period from inception, October 28, 2019, through May 31, 2020 as there were no triggering events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable.

Income Taxes

The Company files a consolidated income tax return for federal and most state purposes.

Management has determined that there are no uncertain tax positions that would require recognition in the consolidated financial statements. If the Company were to incur an income tax liability in the future, interest and penalties on any income tax liability would be reported as interest expense. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three to four years from the filing date and the current and prior three to four years remain subject to examination as of December 31, 2019 for the UL US Entities and May 31, 2020 for UL HI.

The Company uses the assets and liability method of accounting for deferred taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax basis.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("*CARES Act*") was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (" *2017 Tax Act*"). Corporate taxpayers may carryback net operating losses ("*NOLs*") originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act.

In addition, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and makes qualified improvement property generally eligible for 15-year cost-recovery and 100% bonus depreciation. The enactment of the CARES Act did not result in any material adjustments to the income tax provision.

Revenue Recognition

The Company adopted ASC 606, *Revenue from Contracts with Customers* upon inception. Under ASC 606, revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to receive in exchange for services. The Company recognizes revenue upon meeting each performance obligation based on the allocated amount of the total consideration of the contract to each specific performance obligation. Contract assets are recorded in prepaid expenses and other current assets on the consolidated balance sheet (see Note 3). Contract liabilities are recorded in accrued expenses and other current liabilities on the consolidated balance sheet (see Note 7).

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue as or when the performance obligation is satisfied.

Revenue is recognized as follows:

i. Freight income - export sales

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

ii. Freight income - import sales

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

iii. Customs brokerage and other service income

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

The Company's business practices require, for accurate and meaningful disclosure, that it recognizes revenue over time. The "over time" policy is the period from point of origin to arrival of the shipment at US Port of entry (or in the case when the customer requires delivery to a designated point, the arrival at that delivery point). This over time policy requires the Company to make significant judgements to recognize revenue over the estimated duration of time from port of origin to arrival at port of entry. The point in the process when the Company meets its obligation in the port of entry and the subsequent transfer of the goods to the customer is when the customer has the obligation to pay, has taken physical possession, has legal title, risk and awards (ownership) and has accepted the goods. Should the obligation of shipping the goods from its origin to the United States not be fulfilled, the Company will not have the right to invoice the customer nor will it have any obligation to settle dues to any shipping line or airline.

The Company uses independent contractors and third-party carriers in the performance of its transportation services. The Company evaluates who controls the transportation services to determine whether its performance obligation is to transfer services to the customer or to arrange for services to be provided by another party. As discussed under ASC 606-10-55, the Company determined it acts as the principal for its transportation services performance obligation since it is in control of establishing the prices for the specified services, managing all aspects of the shipments process and assuming the risk of loss for delivery and collection.

Revenue billed prior to realization is recorded as contract liabilities in "accrued expenses and other current liabilities" on the consolidated balance sheet and contract costs incurred prior to revenue recognition are included in "prepaid expenses and other current assets" on the consolidated balance sheet.

Contract Assets

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

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per Share

Earnings per share ("EPS") is the amount of earnings attributable to each share of common stock. For convenience, the term is used to refer to either earnings or loss per share. EPS is computed pursuant to Section 260-10-45 of the FASB Accounting Standards Codification. Pursuant to ASC Paragraphs 260-10-45-10 through 260-10-45-16, basic EPS shall be computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations (if that amount appears in the statement of operations) and also from net income. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants. The Company did not have any potentially dilutive shares.

Leases

In February 2016, the FASB issued ASU 2016-02 *"Leases"* (Topic 842) which amended guidance for lease arrangements to increase transparency and comparability by providing additional information to users of financial statements regarding an entity's leasing activities. Subsequent to the issuance of Topic 842, the FASB clarified the guidance through several ASUs; hereinafter the collection of lease guidance is referred to as ASC 842. The revised guidance seeks to achieve this objective by requiring reporting entities to recognize lease assets and lease liabilities on the balance sheet for substantially all lease arrangements.

The Company adopted ASC 842 upon inception and recognized a right of use ("ROU") asset and liability in the consolidated balance sheet in the amount of $4,770,280 related to the operating lease for office and warehouse space.

The Company adopted the package of practical expedients that allows it to (i) not reassess whether an arrangement contains a lease, (ii) carry forward its lease classification as operating or capital leases, (iii) not to apply the recognition requirements in ASC 842 to short-term leases, (iv) not record a right of use asset or right of use liability for leases with an asset or liability balance that would be considered immaterial. and (v) not reassess its previously recorded initial direct costs. In addition, the Company elected the practical expedient to not separate lease and non-lease components, and therefore both components are accounted for and recognized as lease components.

For leases in which the acquiree is a lessee, the Company shall measure the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease of the Company at the acquisition date. The Company shall measure the right-of-use asset at the same amount as the lease liability as adjusted to reflect favorable and unfavorable terms of the lease when compared with market terms. The values of the leases acquired in the business acquisition discussed in Note 2 were representative of fair value at the acquisition date and no favorable or unfavorable terms were noted.

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

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Parties

The Company follows subtopic ASC 850-10 for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20, the related parties include: (a) affiliates of the Company ("Affiliate" means, with respect to any specified person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, as such terms are used in and construed under Rule 405 under the Securities Act); (b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; (c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (d) principal owners of the Company; (e) management of the Company; (f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Advertising and Marketing

All costs associated with advertising and marketing of the Company products are expensed during the period when the activities take place and are included in selling and promotion on the consolidated statement of operations.

Adoption of Accounting Standards Upon Inception

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the standard upon its inception.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Accounting Standards Codification ("ASC") Topic 842 or ASC 842). ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The Company adopted the standard upon its inception.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, that simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. The Step 2 test requires an entity to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, an entity will record an impairment charge based on the excess of a reporting unit's carrying value over its fair value determined in Step 1. This update also eliminates the qualitative assessment requirements for a reporting unit with zero or negative carrying value. The Company adopted the standard upon its inception.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires entities to use a Current Expected Credit Loss model which is a new impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate would consider relevant information about past events, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 31, 2019 with early adoption permitted for annual reporting periods beginning after December 31, 2018. The Company does not expect the adoption of ASU 2016-13 to have a material impact on its consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In October 2016, the FASB issued ASU 2016-16, *"Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory",* which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company early adopted the new standard. The adoption of the new standard did not have a significant impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement".* This update is to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP that is most important to users of each entity's financial statements. The amendments in this update apply to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The adoption of the new standard did not have a significant impact on the Company's consolidated financial statements.

In December 2019, the FASB issued authoritative guidance intended to simplify the accounting for income taxes (ASU 2019-12, "*Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes*"). This guidance eliminates certain exceptions to the general approach to the *income* tax accounting model and adds new guidance to reduce the complexity in accounting for income taxes. This guidance is effective for annual periods after December 15, 2020, including interim periods within those annual periods. The Company is currently evaluating the potential impact of this guidance on its consolidated financial statements.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

Subsequent Events

The Company evaluates subsequent events and transactions that occur after the balance sheet date for potential recognition or disclosure. Any material events that occur between the balance sheet date and the date that the consolidated financial statements were issued are disclosed as subsequent events, while the consolidated financial statements are adjusted to reflect any conditions that existed at the balance sheet date.

2. BUSINESS ACQUISITION

On May 29, 2020 ("Acquisition Date"), the Company entered into a Securities Purchase Agreement (SPA) with Unique Logistics Holdings Ltd, ("UL HK"), a Hong Kong company, (the "UL HK Transaction"), pursuant to which the Company purchased from UL HK (i) sixty percent (60%) of the membership interests of ("UL ATL Membership Interests") of Unique Logistics International (ATL) LLC, a Georgia limited liability company ("UL ATL"); (ii) eighty percent (80%) of the common stock of Unique Logistics International (BOS) Inc., a Massachusetts corporation ("UL BOS"); and (iii) sixty-five percent (65%) of the Unique Logistics International (USA) Inc., a New York corporation ("UL NY"), for the following consideration: (i) $6,000,000, to be paid in accordance with the following (a) $1,000,000 in cash; (b) $5,000,000 in the form of subordinated promissory note (zero percent interest rate and has a maturity of three years) issued in favor of UL HK and (c) 1,500,000 shares of common stock of the Company, representing 15% of common stock outstanding. In connection with the UL HK Transaction, the Company also entered into a Consulting Services Agreement for a term of three years with Great Eagle Freight Limited ("GEFL"), a wholly owned subsidiary of UL HK.

UL ATL, UL BOS, and UL NY are collectively referred to as "UL US Entities".

The Company also entered into three separate securities purchase agreements with the minority interest holders of UL ATL (the, "UL ATL Transaction"), UL BOS (the "UL BOS Transaction") and UL NY (the "UL NY Transaction"), respectively, whereby, together with the consummation of the UL HK Transaction, each such entity became a wholly-owned subsidiary of the Company.

2. BUSINESS ACQUISITION (CONTINUED)

In connection with the UL ATL Transaction, the Company purchased from the minority shareholder, the remaining forty percent (40%) of the UL ATL Membership Interests, for the following consideration transferred: (i) US $2,819,000, which was paid in accordance with the following: (a) $994,000 in cash; and (b) $1,825,000 through subordinated, non-interest bearing, promissory note with a maturity of three years to be issued in favor of the minority shareholder. In connection with UL ATL Transaction, the Company also entered into a non-compete, non-solicitation and non-disclosure agreement with the minority holder for $500,000 for a three-year period.

In connection with the UL BOS Transaction, the Company purchased from the minority shareholder, the remaining twenty percent (20%) of the UL BOS Common Stock for a purchase price of up to $290,000 to be paid in accordance with the following: (a) $90,000 to be paid in monthly cash payments of $2,500 for a period of thirty-six (36) months (non-interest), and (b) assumption of up to $200,000 of debt owed to UL HK. In connection with the UL BOS Transaction, the Company entered into an employment agreement with the minority shareholder ("UL BOS Employment Agreement"). The UL BOS Employment Agreement contains an initial term of three years, beginning on May 29, 2020 and ending May 29, 2023. Following the initial term, the UL BOS Employment Agreement may be terminated by either party on 60 days' written notice.

In connection with the UL NY Transaction, the Company purchased from a minority shareholder, the remaining thirty-five (35%) of the UL NY Common Stock for considerations to be paid in accordance with the following: (a) the issuance of 7,199,000 shares of the Company and (b) the execution of an Employment Agreement ("UL NY Employment Agreement"). The UL NY Agreement has an initial term of approximately three years, and automatically renews for successive consecutive one-year period terms, unless either party provides notice to the other party as provided in the UL NY Employment Agreement.

In addition, the Company paid $239,350 of closing costs for legal, accounting and other professional fees which were expensed during the period.

The price consideration is as follows:	
Cash consideration	$ 1,994,000
Notes payable	6,706,439
Consulting service contract liability	848,010
Non-compete payable	481,211
Assumption of seller debt	200,000
Assumed long term liabilities	1,394,533
Rollover equity	613,693
Total purchase price consideration	$ 12,237,886

GAAP defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date the acquirer achieves control. GAAP requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquirer (if any) at the acquisition date, measured at their fair values as of that date. GAAP also requires the acquirer to recognize contingent consideration (if any) at the acquisition date, measured at its fair value at that date.

The following summarizes the fair values of the assets acquired and liabilities assumed at the acquisition:

Assets:	
Current assets	$ 16,571,270
Property and equipment	206,873
Security deposits	292,404
Other intangibles	8,752,000
Goodwill [(1)]	4,773,585
Total identified assets acquired	$ 30,596,132

2. BUSINESS ACQUISITION (CONTINUED)

Liabilities:		
Current liabilities	$	16,115,703
Consulting service contract liability		848,010
Long-term assumed liabilities		1,394,533
Total liabilities assumed		18,358,246
Total net assets assumed	$	12,237,886

(1) The goodwill acquired is primarily attributable to the workforce of the acquired business and significant synergies expected to arise after the Company's acquisition of UL US Entities. The Company is assessing the amount of goodwill that will be deductible for income tax purposes. For the period from inception, October 28, 2019, through May 31, 2020, the amount of goodwill deductible for income tax purposes was immaterial. The Company will continue to analyze the goodwill for deductibility over the 15-year life.

Other intangible assets and their amortization periods are as follows:

		Cost Basis	Useful Life
Tradenames/trademarks	$	806,000	10 years
Customer relationships – ATL		5,605,000	15 years
Customer relationships – BOS		310,000	12 years
Customer relationships - NYC		1,718,000	14 years
Non-compete agreements		313,000	3 years
	$	8,752,000	

The acquisition method of accounting requires extensive use of estimates and judgments to allocate the considerations transferred to the identifiable tangible and intangible assets acquired and liabilities assumed. Accordingly, the allocation of the considerations transferred is preliminary and will be adjusted upon completion of final valuation of the assets acquired and liabilities assumed. The final valuation is expected to be completed as soon as practicable but no later than twelve months after the closing date of acquisition. The amounts used in computing the purchase price differ from the amounts in the purchase agreements due to fair value measurement conventions prescribed by accounting standards.

The following presents the unaudited pro-forma combined results of operations of the Company with the UL US Entities as if the entities were combined on June 1, 2019.

		Year Ended May 31, 2020
Revenues, net	$	115,148,267
Net loss	$	(1,548,991)
Net loss per share	$	(0.15)
Weighted average number of shares outstanding		10,000,000

The unaudited pro-forma results of operations are presented for information purposes only. The unaudited pro-forma results of operations are not intended to present actual results that would have been attained had the acquisitions been completed as of June 1, 2019 or to project potential operating results as of any future date or for any future periods.

The Company consolidated the UL US Entities as of the closing date of the agreement, and the results of operations of the Company include that of UL US Entities.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at May 31, 2020:

Contract asset	$	4,837,008
Factoring reserve (see Note 1)		970,724
Other prepaids		91,671
	$	5,899,403

4. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below as of May 31, 2020.

Furniture and fixtures	$	68,685
Computer equipment		78,743
Software		24,414
Leasehold improvements		27,146
	$	198,988

For the period from inception, October 28, 2019, through May 31, 2020, there was no depreciation expense related to the property and equipment due to timing of the acquisition and the Company’s fiscal year-end.

5. GOODWILL

The carrying amount of goodwill was $4,773,584 at May 31, 2020. There were no changes in the carrying amount of goodwill during the period. All acquired goodwill from the above UL US acquisition transaction is being reviewed to determine if it is deductible for tax purposes.

No impairment in the carrying amount of goodwill was recognized during the period from inception, October 28, 2019, through May 31, 2020.

6. INTANGIBLE ASSETS

Intangible assets consist of the following at May 31, 2020:

		Cost Basis	Useful Life
Other Intangible Assets			
Trade names / trademarks	$	806,000	10 years
Customer relationships		7,633,000	12-15 years
Non-compete agreements		313,000	3 years
	$	8,752,000	

Amortizable intangible assets, including tradenames and non-compete agreements, are amortized on a straight-line basis over 3 to 10 years. Customer relationships are amortized on an accelerated basis over 12 to 15 years. For the period from inception, October 28, 2019, through May 31, 2020, there was no amortization expense related to the intangible assets due to timing of the acquisition and the Company’s fiscal year-end. As of May 31, 2020, the weighted average remaining useful lives of these assets were 2.8 years.

6. INTANGIBLE ASSETS (CONTINUED)

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

Twelve Months Ending May 31,		
2021	$	707,143
2022		707,143
2023		707,143
2024		602,810
2025		602,810
Thereafter		5,424,951
	$	8,752,000

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at May 31, 2020:

Contract liabilities	$	3,477,380
Accrued salaries and related expenses		145,165
Accrued sales and marketing expense		116,500
Accrued professional fees		117,040
Other accrued expenses and current liabilities		3,240,511
	$	7,096,596

8. FINANCING ARRANGEMENTS

Paycheck Protection Program Loans

The Company's wholly-owned subsidiaries received proceeds under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provided for loans to qualifying business for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The PPP Loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

During April and May 2020, the UL US Entities received aggregate proceeds of $1,646,062 through this program. The promissory notes mature for dates ranging from April 2022 through May 2022. As of May 31, 2020, the outstanding balance due under these promissory notes was $1,646,062.

The interest rate on the above PPP notes is 1.0% per annum, with interest accruing on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days. No payments of principal or interest are due during the six-month period beginning on the date of the Note ("Deferral Period").

As noted above, the principal and accrued interest under the Note evidencing the PPP Loans are forgivable after twenty-four weeks as long the Company has used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Company terminates employees or reduces salaries during the twenty-four-week period. The Company used the proceeds for purposes consistent with the PPP. In order to obtain full or partial forgiveness of the PPP Loan, the Company must request forgiveness and must provide satisfactory documentation in accordance with applicable Small Business Administration ("SBA") guidelines. Interest payable on the Note may be forgiven only if the SBA agrees to pay such interest on the forgiven principal amount of the Note. The Company will be obligated to repay any portion of the principal amount of the Note that is not forgiven, together with interest accrued and accruing thereon at the rate set forth above, until such unforgiven portion is paid in full.

8. FINANCING ARRANGEMENTS (CONTINUED)

Beginning one month following expiration of the Deferral Period and continuing monthly until 24 months from the date of the Note (the "Maturity Date"), the Company is obligated to make monthly payments of principal and interest to the Lender with respect to any unforgiven portion of the Note, in such equal amounts required to fully amortize the principal amount outstanding on the Note as of the last day of the Deferral Period by the Maturity Date. The Company is permitted to prepay the Note at any time without payment of any premium.

While there is no assurance the Company will obtain forgiveness of the PPP Loans in whole or in part, the Company expects to meet the requirements for full or substantial forgiveness of the loans under existing SBA guidelines. The PPP Loans will continue to be included as promissory notes on the consolidated balance sheet until the banks formally forgives the loans. On December 15, 2020, the Company submitted the application. There is no obligation to make payments until the forgiveness process is completed.

Notes Payable

On May 29, 2020, the Company entered into a $1,825,000 note payable as part of the acquisition related to UL ATL. The loan bears a zero percent interest rate and has a maturity of three years, or May 29, 2023. The agreement calls for six semi-annual payments of $304,166.67, for which the first payment due shall be November 29, 2020.

On May 29, 2020, the Company entered into a non-compete, non-solicitation and non-disclosure agreement with a former owner of UL ATL. The amount payable under the agreement is $500,000 a three-year period. The agreement calls for twenty-four monthly non-interest payments of $20,833.33 with the first payment on June 29, 2020.

Future minimum payments related to the above PPP loans and advance and notes payable is as follows:

For the Twelve Months Ending December 31,		
2021	$	1,476,642
2022		1,886,086
2023		608,334
	$	3,971,062

9. RELATED PARTY TRANSACTIONS

As part of the acquisition, the Company assumed the following debt due to related parties:

Due to Frangipani Trade Services (1)	$	959,303
Due to Unique Logistics Hong Kong ("ULHK") (2)		325,000
Note Payable ULHK (3)		5,000,000
Due to employee (4)		90,000
Due to employee (5)		200,000
	$	6,574,303

(1) Due to Frangipani Trade Services ("FTS"), an entity owned by the Company's CEO, is due on demand and is non-interest bearing.

(2) Due to Unique Logistics Holding Limited ("ULHK") is non-interest bearing and due within 12 months from the date of acquisition.

9. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) On May 29, 2020, the Company entered into a $5,000,000 note payable with ULHK as part of the ULUS acquisition. The loan bears a zero percent interest rate and has a maturity of 180 days from the date of the note. On November 12, 2020, the Company amended the note with ULHK in order to (i) extend the maturity date from November 25, 2020 to May 18, 2021, (ii) begin monthly payments of $833,333 commencing on December 18, 2020, (iii) change the interest rate to one-half percent (0.5%) per month and (iv) provide the Company the right to prepay the outstanding liability in whole or in part. Pursuant to the amendment, if the Company should default on the note, ULHK has the option to convert the outstanding principal and interest into shares of common stock of the Company based on the stated terms within the agreement.

(4) On May 29, 2020, the Company entered into a $90,000 payable with an employee for the acquisition of UL BOS common stock from a previous owner. The payment terms consist of thirty-six monthly non-interest bearing payments of $2,500 from the date of closing.

(5) On May 29, 2020, the Company entered into a $200,000 payable with an employee for the acquisition of UL BOS common stock from a previous owner. The payment terms consist of thirty-six monthly non-interest bearing payments of $5,556 from the date of closing.

Consulting Agreement

On May 29, 2020, the Company entered into a consulting agreement with ULHK for logistics services as well as assisting the Company with strategic introductions and negotiations with new customers. The Company shall pay to ULHK $500,000 per year until the expiration of the agreement on May 28, 2023.

Security Deposit

FTS provides Importer of Record (“IOR”) services to the Company’s customers on behalf of the Company. Pursuant to the IOR agreement with the Company, FTS maintains a Customs Bond in order to continue the agreed upon IOR services. In addition, FTS requires a security deposit which will be utilized by FTS to settle any charges, penalties or tax assessments incurred when performing IOR services for the Company.

Accounts Receivable – trade and Accounts Payable - trade

Transactions with related parties account for $1,321,473 and $4,171,839 of accounts receivable – trade and accounts payable – trade as of May 31, 2020, respectively.

Revenue and Expenses

Revenue from related party transactions is for export services from related parties or for delivery at place imports nominated by such related parties. These transactions represented $25,076 of total revenues.

Direct costs incurred from related party transactions are import shipments provided by related parties on behalf of the Company’s customers. These transactions represented $689,545 of total direct costs.

10. RETIREMENT PLAN

The Company had three separate 401 (k) plans up to July 31, 2020. In each Plan employees could contribute up to a maximum permitted by law. For one of the plans, the Company had the discretionary option of matching employee contributions. The second plan was a Safe Harbor Plan where up to first 3% contribution was matched at 100% and additional 2% contribution at 50% match. The third plan allowed for max. of 100% match. The Company did not record any expense for the period from inception, October 28, 2019, to May 31, 2020.

Effective August 1, 2020 the Company consolidated its 401 (k) plans into two plans, in one of which the Company has the discretionary option of matching employee contributions and in the other the Company matches 20% on the first 100% contribution. In either Plan, employees can contribute 1% to 98% of gross salary up to a maximum permitted by law.

11. STOCKHOLDERS' EQUITY

As of October 29, 2019, the Company is authorized to issue 110,000,000 shares of stock, of which 100,000,000 shares is deemed to be common stock and 10,000,000 shares deemed as preferred stock. Both common and preferred shares have a par value of $0.001 per share.

Of the common stock shares, 10,000,000 have been issued and outstanding. None of the preferred shares have been issued.

12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Leases

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

	May 31, 2020
Operating leases:	
Operating lease ROU assets - net	$ 4,770,280
Current operating lease liabilities, included in current liabilities	$ 1,288,216
Noncurrent operating lease liabilities, included in long-term liabilities	3,482,064
Total operating lease liabilities	$ 4,770,280

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

		For the Period from Inception, October 28, 2019 Through May 31, 2020
ROU assets obtained in exchange for lease liabilities:		
Operating leases	$	4,770,280
Weighted average remaining lease term (in years):		
Operating leases		4.48
Weighted average discount rate:		
Operating leases		4.25%

At May 31, 2020, future minimum lease payments under noncancelable operating leases are as follows:

Twelve Months Ending May 31,		
2021	$	1,461,307
2022		1,501,617
2023		850,701
2024		417,662
2025		341,778
Thereafter		676,215
Total lease payments	$	5,249,280
Less: imputed interest		(479,000)
Total lease obligations	$	4,770,280

As of May 31, 2020, the operating lease right-of-use asset on the consolidated balance sheet was $4,770,280. The incremental borrowing rate used 4.25%, based on the Company's current available borrowing rates. Weighted average remaining lease term is 4.48 years. Weighted average discount rate is 4.25%.

Accounts Receivable Facility

On May 29, 2020, the Company entered into a Secured Accounts Receivable Facility (the "Facility") with Corefund Capital, LLC ("Core"), pursuant to which Core agreed to purchase from the Company up to an aggregate of $12,000,000 of accounts receivables. The Facility provides Core with security interests in purchased accounts until the accounts have been repurchased by the Company or paid by the customer. The Facility includes fees payable to Core based on the number of days between the date on which an account was purchased by Core and the date on which the Company repurchased the account or the customer paid, as follows: (i) Less than or equal to 30 days, a 1.5% fee; (ii) more than 30 days but less than or equal to 40 days, a 1.75% fee; (iii) more than 40 days but less than or equal to 50 days, a 2.0% fee; (iv) more than 50 days but less than or equal to 60 days, a 2.25% fee; (v) more than 60 days but less than or equal to 90 days, a 2.50% fee; (vi) if more than 90 days, a 2.50% fee for each additional week or portion thereof. Fees related to factoring transactions with Core were immaterial since execution of the Facility to May 31, 2020.

13. SUBSEQUENT EVENTS

All subsequent events have been evaluated from the date the consolidated financial statements were issued.

Pursuant to a certain Loan Authorization and Agreement (the "SBA Loan Agreement") in June 2020, the Company for securing a loan (the "EIDL Loan") with a principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning June 2021. The balance of principal and interest is payable thirty years from the date of the SBA Note.

13. SUBSEQUENT EVENTS (CONTINUED)

On October 8, 2020 Innocap, Inc. a Nevada corporation ("Innocap"), Inno Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Innocap ("Merger Sub"), and the Company entered into an Acquisition Agreement and Plan of Merger (the "Agreement") pursuant to which the Merger Sub was merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Innocap (the "Merger"). The transaction (the "Closing") took place on October 8,2020 (the "Closing Date"). Innocap acquired, through a reverse triangular merger, all of the outstanding capital stock of the Company in exchange for issuing the Company's shareholders (the "Unique Shareholders"), pro-rata, an aggregate of 1,000,000 million shares of preferred stock, with certain of unique shareholders receiving 130,000 shares of the Innocap's Series A Preferred Stock par value $0.001 per share, and certain of the Unique shareholders receiving of 870,000 shares of the Company's Series B Preferred Stock, par value $0.001 per share. Immediately after the Merger was consummated, and further to the Agreement, certain affiliates of the Innocap cancelled a total of 45,606,489 shares of the Innocap's common stock, and 1,000,000 shares of Preferred Stock held by them (the "Cancellation"). In consideration of the Cancellation of such shares of the Innocap's common stock and preferred stock, the Company agreed to assume certain liabilities of the Innocap. As a result of the Merger and the Cancellation, the Unique Shareholders became the majority shareholders of the Innocap.

Amendment to the Accounts Receivable Facility

On November 2, 2020, the Company, entered into an Amendment to Secured Accounts Receivable Facility (the "Amendment") with Corefund Capital, LLC ("Core"), pursuant to which the Company and Core agreed to increase the credit line provided in the original Secured Accounts Receivable Facility, dated May 29, 2020 (as discussed in Note 11), from $12,000,000 up to $25,000,000. The remaining terms of the Facility were unchanged by the Amendment.

Amendment to ULHK Note

On November 12, 2020, the Company amended the note with ULHK (as discussed in Note 8) in order to (i) extend the maturity date from November 25, 2020 to May 18, 2021, (ii) begin monthly payments of $833,333 commencing on December 18, 2020, (iii) change the interest rate to one-half percent (0.5%) per month and (iv) provide the Company the right to prepay the outstanding liability in whole or in part. Pursuant to the amendment, if the Company should default on the note, ULHK has the option to convert the outstanding principal and interest into shares of common stock of the Company based on the stated terms within the agreement.

Amendment to Articles of Incorporation

Effective January 11, 2021, the Company, amended and restated its articles of incorporation (the "Amended and Restated Articles of Incorporation") with the office of the Secretary of State of Nevada to, among other things, (i) change the Company's name to Unique Logistics International, Inc.; and (ii) increase the number of shares of common stock the Company is authorized to issue from 500,000,000 shares to 800,000,000 shares.

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Unique Logistics International (ATL), LLC

Consolidated Financial Statements

December 31, 2019 and 2018

BENNETT THRASHER LLP
Better Together

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Independent Auditor's Report

To the Board of Managers of
Unique Logistics International (ATL), LLC

We have audited the accompanying consolidated financial statements of Unique Logistics International (ATL), LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unique Logistics International (ATL), LLC as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bennett Thrasher LLP

July 28, 2020

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 669,665	$ 451,740
Accounts receivable, net	3,824,634	3,965,726
Unbilled receivables from sales recognized over time	543,582	1,066,011
Prepaid expenses	30,882	26,341
Total current assets	5,068,763	5,509,818
Non-current assets:		
Property and equipment, net	39,956	62,185
Goodwill	1,525,415	1,525,415
Intangible assets, net	151,063	291,617
Operating lease right-of-use asset	160,800	-
Security deposits and other assets	18,418	23,272
Total non-current assets	1,895,652	1,902,489
Total assets	$ 6,964,415	$ 7,412,307

See accompanying notes to consolidated financial statements.

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Liabilities and Members' Equity		
Current liabilities:		
Line of credit	$ 1,980,692	$ -
Accounts payable	1,178,703	3,474,533
Accrued liabilities	408,637	318,455
Operating lease liability	179,048	-
Due to parent	-	154,794
Current portion of related party notes payable	-	37,763
Total current liabilities	3,747,080	3,985,545
Operating lease liability, net of current portion	16,767	-
Total liabilities	3,763,847	3,985,545
Commitments and contingencies (Note 8)		
Members' equity	3,200,568	3,426,762
Total liabilities and members' equity	$ 6,964,415	$ 7,412,307

See accompanying notes to consolidated financial statements.

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Statements of Operations
For the Years Ended December 31, 2019 and 2018

	2019	2018
Net revenues	$ 44,162,228	$ 47,178,130
Cost of services	40,187,249	42,307,443
Gross profit	3,974,979	4,870,687
Operating expenses:		
General and administrative	3,917,079	4,372,621
Depreciation	32,833	37,510
Amortization	140,554	210,981
Total operating expenses	4,090,466	4,621,112
(Loss) income from operations	(115,487)	249,575
Interest expense	110,707	102,325
Net (loss) income	$ (226,194)	$ 147,250

See accompanying notes to consolidated financial statements.

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Statements of Changes in Members' Equity
For the Years Ended December 31, 2019 and 2018

	Members' Equity
Balance at December 31, 2017	$ 3,407,674
Cumulative effect of accounting change	118,973
Capital distributions	(247,135)
Net income	147,250
Balance at December 31, 2018	3,426,762
Net (loss)	(226,194)
Balance at December 31, 2019	$ 3,200,568

See accompanying notes to consolidated financial statements.

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net (loss) income	$ (226,194)	$ 147,250
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Change in allowance for doubtful accounts	75,000	(71,928)
Depreciation and amortization	408,787	248,491
Changes in assets and liabilities:		
Accounts receivable	66,092	48,942
Unbilled receivables from sales recognized over time	522,429	(947,038)
Security deposits and other assets	4,854	2,354
Prepaid expenses	(4,541)	4,308
Accounts payable	(2,295,830)	2,540,833
Accrued liabilities	90,182	(147,685)
Due to parent	(154,794)	179,648
Net cash (used in) provided by operating activities	(1,514,015)	2,005,175
Cash flows from investing activities:		
Acquisition of property and equipment	(10,604)	(12,058)
Net cash used in investing activities	(10,604)	(12,058)
Cash flows from financing activities:		
Net borrowings (payments) on line of credit	1,980,692	(1,428,926)
Payments on operating lease liability	(200,385)	-
Principal payments on related party notes payable	(37,763)	(148,257)
Capital distributions	-	(247,135)
Net cash provided by (used in) financing activities	1,742,544	(1,824,318)
Net increase in cash and cash equivalents	217,925	168,799
Cash and cash equivalents - beginning of year	451,740	282,941
Cash and cash equivalents - end of year	$ 669,665	$ 451,740

See accompanying notes to consolidated financial statements.

Unique Logistics International (ATL), LLC and Subsidiary

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 88,741	$ 89,535
Right-of-use assets acquired under operating lease obligation	$ 352,137	$ -

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Unique Logistics International (ATL), LLC and its wholly-owned subsidiary (collectively, the Company) provide international forwarding and logistics services, including customs brokerage, air and ocean freight, as well as marine insurance services.

Unique Logistics International (ATL), LLC (ULI), a limited liability company, was formed in the state of Georgia on October 1, 2008. Prior to forming Unique Logistics International (ATL), LLC, ULI was operating under the name Unique Logistics International (ATL), Inc. ULI operates in 65 countries, with a primary concentration in the Asia to USA and European markets. ULI's wholly owned subsidiary Embassy Freight International, LLC (EFI), a limited liability company, was formed in the state of Georgia on April 5, 2000.

The Company is a 60% majority-owned subsidiary of Unique Logistics Holdings Limited (the Parent), a company incorporated in Hong Kong. The Company was formed as a limited liability company (LLC) and will continue in existence until terminated by the members. The members have no personal liability.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation

The consolidated financial statements include Unique Logistics International (ATL), LLC and its wholly-owned subsidiary. All material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 those estimates.

Cash and Cash Equivalents

The Company maintains cash in demand deposit accounts with Federally insured banks. At times, balances in these accounts may be in excess of Federally insured limits. The Company believes it mitigates risk by depositing cash with major financial institutions.

Accounts Receivable

The Company extends credit to customers located worldwide based on its payment history, stability and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. As of December 31, 2019 and 2018, the Company recorded an allowance for doubtful accounts of $0 and $75,000, respectively.

Unbilled Receivables From Sales Recognized Over Time

Unbilled receivables from sales recognized over time represent the gross unbilled amount expected to be collected from customers for work performed to date. It is measured at cost plus profit recognized to date less progress billings. Cost includes all expenditures related directly to specific contracts.

Property and Equipment

Fixed assets are presented at cost less accumulated depreciation and any impairment losses. Depreciation is provided over the useful lives of the fixed assets using the straight line method. Estimated useful lives of fixed assets are as follows:

Software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of estimated useful life or life of the lease
Office equipment	5 years

Both the useful lives and residual values are reviewed annually and adjusted if appropriate.

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets at the time of retirement of disposal and are recognized as profit or loss on the date of retirement or disposal.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. Management has determined that no impairment existed as of December 31, 2019 or 2018.

Goodwill

Goodwill represents the excess of the purchase price of EFI over the fair value of the net tangible and intangible assets acquired in the purchase. Goodwill is not amortized, but rather is evaluated for potential impairment on an annual basis unless circumstances indicate the need for impairment testing between annual tests. The judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance, among other things. An impairment loss is recognized if the carrying value exceeds the asset's fair value. The Company performs its annual impairment test as of December 31. The results of the tests performed during 2019 and 2018 indicated no impairment of goodwill.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606). Accordingly, the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. To determine revenue recognition, the Company applies the following five steps:

1. Identify the contracts(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue as or when the performance obligation is satisfied.

The Company adopted ASC 606 on January 1, 2018 using the modified retrospective approach. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC 606.

Revenue is recognized in the consolidated statements of operations as follows:

i. Freight income - export sales
Freight income from the provision of air, ocean, and land freight forwarding services are recognized over time based on a relative transit time basis thru the sail or departure from origin port.

ii. Freight income - import sales
Freight income from the provision of air, ocean, and land freight forwarding services are recognized over time based on a relative transit time basis thru the delivery to the customer's designated location.

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

Revenue billed prior to realization is recorded as deferred revenue and costs incurred prior to revenue recognition are included in prepaid expenses.

The Company adopted the practical expedient to recognize commissions expense when incurred because the amortization period is less than one year. Commission expense recognition aligns with the Company's revenue recognition policy under ASC 606, as commission expense is recognized on a relative transit time basis.

As a result of using the modified retrospective approach for adoption of ASC 606, the Company recognized the cumulative effect adjustment to the 2018 opening balance of members' equity. The Cumulative effects at the time of initial application, January 1, 2018, were recognized in members' equity and are as follows:

	December 31, 2017	ASC 606 Cummulative Effect	January 1, 2018
Assets			
Current assets:			
Unbilled receivables from sales recognized over time	$ -	$ 846,370	$ 846,370
Liabilities and Members' Equity			
Members' equity	$ 3,407,674	$ 118,973	$ 3,526,647
Current liabilities:			
Accounts payable	$ -	$ 727,397	$ 727,397

The adoption of this new standard adjusted the revenue recognition timing of the Company's freight income sales performance obligations from a point in time to over time on a relative transit time basis and customs brokerage and other services to the point in time which the performance obligation is met. These adjustments resulted in a cumulative transition adjustment to the opening balance of members' equity, on January 1, 2018, of $118,973.

Distributions

The Operating agreement of the Company allows for 75% of the prior year profit to be distributed to the members. The distributions are not limited unless they cause the Company to be in default of their bank loan covenants. The Company records the distributions in the period the cash is distributed to the members.

Advertising

The Company expenses advertising costs as incurred. Advertising expenses were approximately $1,500 and $13,000 for the years ended December 31, 2019 and 2018, respectively.

Guaranteed Payments to Members

Guaranteed payments to equity members that are intended as compensation for services rendered are accounted for as company expenses rather than as allocations of company net income. Guaranteed payments that are intended as payments on capital accounts are not accounted for as expenses of the Company, but as a distribution.

During the years ended December 31, 2019 and 2018, guaranteed payments totaling approximately $385,000 and $350,000 were recorded as compensation expense, respectively.

Income Taxes

The Company is treated as a partnership for Federal and state income tax purposes. Accordingly, no provision or benefit for Federal or state income taxes is necessary since income, losses, and credits are reported on the members' income tax returns.

The Company is no longer subject to income tax examinations for calendar years up to and including 2016.

Fair Value of Financial Instruments

The Company's financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these assets and liabilities.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Accounting Standards Codification Topic 842 or ASC 842). ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The Company adopted the standard using the modified retrospective approach on January 1, 2019. Prior year financial statements were not recast under ASC 842. The Company elected the package of transition provisions available for expired or existing contracts, which allowed the Company to carryforward historical assessments of whether contracts are or contain leases, lease classification, and initial direct costs.

The cumulative effect was applied using the modified retrospective approach. Selected balance sheet line items, which reflect the adoption of ASC 842 as an adjustment at January 1, 2019 are as follows:

Balance Sheet	December 31, 2018	ASC 842 Cummulative Effect	January 1, 2019
Operating lease right-of -use asset, net	$ -	$ 352,137	$ 352,137
Operating lease liability, net	-	396,200	396,200
Accrued liabilities	318,455	(44,063)	274,392

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no material effect on previously reported results of operations or members' equity.

Note 2: Revenue

The following table presents the Company's revenue disaggregated by revenue type for the year ended December 31:

	2019	2018
Freight income import/export services	$ 23,087,762	$ 29,481,372
Customs brokerage and other services	21,074,466	17,696,758
Total revenue	$ 44,162,228	$ 47,178,130

Note 3: Property and Equipment

A summary of property and equipment at December 31, 2019 and 2018 is as follows:

	2019	2018
Office equipment	$ 165,867	$ 162,863
Furniture and fixtures	92,667	92,667
Software	50,979	43,379
Leasehold improvements	37,130	37,130
	346,643	336,039
Less accumulated depreciation	(306,687)	(273,854)
	$ 39,956	$ 62,185

Depreciation and amortization expense associated with property and equipment totaled $32,833 and $37,510 for the years ended December 31, 2019 and 2018, respectively.

Note 4: Intangible Assets

Intangible assets were comprised of the following at December 31, 2019:

	Estimated Life	Gross Amount	Accumulated Amortization	Net
Customer list	7 years	$ 986,000	$ (986,000)	$ -
Non-compete agreement	2 - 8 years	117,000	(110,937)	6,063
Trade name	10 years	580,000	(435,000)	145,000
		$ 1,683,000	$ (1,531,937)	$ 151,063

Intangible assets were comprised of the following at December 31, 2018:

	Estimated Life	Gross Amount	Accumulated Amortization	Net
Customer list	7 years	$ 986,000	$ (915,571)	$ 70,429
Non-compete agreement	2 - 8 years	117,000	(98,812)	18,188
Trade name	10 years	580,000	(377,000)	203,000
		$ 1,683,000	$ (1,391,383)	$ 291,617

Amortization expense related to the intangible assets with estimated lives totaled $140,554 and $210,981 for the years ended December 31, 2019 and 2018, respectively.

Estimated future amortization expense is as follows:

Year Ending December 31,	Amount
2020	$ 64,063
2021	58,000
2022	29,000
	$ 151,063

Note 5: Line of Credit

During June 2012, the Company entered into a revolving line of credit agreement with a financial institution. The secured agreement provided for a revolving loan of $2,500,000 (revolving line of credit). The revolving line of credit was renewed in August 2014 and was collateralized by substantially all assets of the Company. Borrowings under the revolving line of credit bore interest at adjusted LIBOR, as defined by the agreement, plus 3.00% per annum (5.39% as of December 31, 2018). In July 2017, the Company amended the credit agreement extending the maturity date to July 2019. The amendment increased the revolving loan amount to $3,500,000. The outstanding balance was $0 at December 31, 2018. On July 31, 2019 the revolving line of credit was terminated upon maturity and all outstanding amounts were paid in full.

During August 2019, the Company entered into a new revolving line of credit agreement with a different financial institution. The secured agreement provides for a revolving loan of up to $3,500,000 (new revolving line of credit) and is collateralized by substantially all assets of the Company. Borrowings under the new revolving line of credit bear interest at the Prime Rate, as defined by the agreement, per annum (4.75% as of December 31, 2019). The new revolving line of credit is subject to annual renewal by the bank in its sole discretion on September 30 of each year, and is subject to termination by either the Company or the bank at any time. The amount available for borrowing under the line of credit is limited to the Borrowing Base, as defined in the agreement. As of December 31, 2019, the Borrowing Base was $2,566,725 and the outstanding balance was $1,980,692. In connection with the line of credit agreement, the Company is required to adhere to certain non-financial covenants. The Company was in compliance with these covenants as of December 31, 2019.

Note 6: Related Party Notes Payable

In connection with the purchase of the non-controlling interest of EFI, the Company issued a note payable to the minority member in the amount of $435,016 in March 2016. The note carries an interest rate of 3.00%. The Company is required to make monthly payments of $12,651, which includes principal and interest, through the maturity date in March 2019. During the years ended December 31, 2019 and 2018, the Company incurred interest expense of approximately $300 and $3,400, respectively, related to the note. The outstanding balance of the note was $37,763 as of December 31, 2018. The Company paid off the note and all accrued interest outstanding during 2019.

Note 7: Members' Interest

Allocation of Company Profits and Losses

All Company profits and losses are allocated to each member based on their percentage interest on a pro rata basis, as defined in the October 1, 2008 Operating Agreement.

Repurchase of Member's Interest

During May 2020 the Parent entered into a redemption agreement to repurchase the remaining outstanding interest of the non-controlling member.

Note 8: Commitments and Contingencies

Leases

The Company leases office space and office equipment under non-cancelable lease agreements expiring on various dates through August 2022. The office lease contains provisions for future rent increases. During 2019, the Company adopted ASC 842, requiring the Company to recognize an asset and liability for lease arrangements with terms longer than 12 months. The Company has elected the practical expedient to not apply the recognition requirement to leases with a term of less than one year (short term leases). The Company uses its incremental borrowing rate to discount lease payments to present value. The incremental borrowing rate is based on the estimated interest rate the Company could obtain for borrowings over a similar term of the lease at commencement date. Rental escalations, renewal options and termination options, when applicable, have been factored into the Company's determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts.

At December 31, 2019, future minimum lease payments under noncancelable operating leases are as follows:

Year Ending December 31,	Amount
2020	$ 178,473
2021	14,157
2022	9,360
	$ 201,990

As of December 31, 2019, the operating lease right-of-use asset was $160,800. The discount rate used was 4.65%, based on nature and tenure of the lease term. For the year ended December 31, 2019, lease expense totaled $239,001, which includes approximately $5,000 of cost associated with short term leases, and is included in general and administrative expense in the accompanying consolidated statements of operations. Rent expense totaled $223,522 for the year ended December 31, 2018.

Litigation

The Company from time to time may become involved in various proceedings and litigations in the ordinary course of business. Although it is difficult to predict the ultimate outcome of any potential or threatened litigation, management believes any ultimate liability will not have a material adverse effect on the consolidated financial statements of the Company.

Note 9: Employee Retirement Plans

The Company sponsors an employee retirement plan known as Unique Logistics International (ATL) LLC 401(k) Safe Harbor Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Company matches employee contributions up to a maximum of 100% of the participant's salary deferral, limited to 3% of the employee's salary, plus 50% of the amount of the matched employee contributions that exceed 3% of the employee's salary but that do not exceed 5% of the employee's salary. Additionally, the Company may make discretionary contributions to the plan. Employer contributions fully vest after one year of service. Participant contributions are always 100% vested.

Matching contributions made by the Company were $46,148 and $57,709 for the years ended December 31, 2019 and 2018, respectively. No discretionary contributions were made for the years ended December 31, 2019 and 2018.

Note 10: Concentrations

Significant Vendor

A significant vendor is defined as one from which the Company receives at least 10% of its total purchases. For the years ended December 31, 2019 and 2018, the Company had purchases from two vendors totaling approximately $21,800,000 and three vendors totaling approximately $22,700,000, respectively. The accounts payable balance included approximately $217,000 and $1,606,000 due to these vendors at December 31, 2019 and 2018, respectively.

Note 11: Related Party Transactions

During the years ended December 31, 2019 and 2018, the Company paid approximately $0 and $59,000 for management services rendered from the Parent.

During the years ended December 31, 2019 and 2018, the Company paid approximately $2,717,000 and $1,652,000, respectively, for services rendered from affiliate companies under common ownership and received approximately $214,000 and $98,000 for services provided to these companies, respectively. For the years ended December 31, 2019 and 2018 the accounts receivable balance totaled approximately $15,000 and $22,000 for services rendered and the accounts payable balance owed to these companies totaled approximately $282,000 and $332,000, respectively.

Note 12: Subsequent Events

The Company evaluated subsequent events through July 28, 2020, when these financial statements were available to be issued. During this period, there were no recognized subsequent events or unrecognized subsequent events requiring disclosure other than those disclosed herein.

In March 2020, the World Health Organization officially designated COVID-19 as a pandemic, and as a result, businesses across the country and the world have had to take steps to protect their employees, and employees of companies with whom they do business. The associated business disruption has ranged from limited to significant, depending on the nature of the business being impacted. Management is presently unable to predict what short-term and long-term impact this level of disruption will have on the Company's operations, and there can be no assurances that a significant impact to the Company will not take place. There have been no adjustments to these financial statements as a result of this uncertainty.

On March 27, 2020, the United States Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act established the Paycheck Protection Program (PPP), which expands eligibility for Small Business Administration (SBA) loans. These loans are 100% guaranteed by the SBA and to be forgiven as long as the proceeds are used to cover payroll costs, mortgage interest, rent and utility costs over an 8-week to 24-week period following the date of the loan. Application for the loan is dependent upon a multitude of factors, as defined within the PPP. As of the date of these consolidated financial statements, the Company has been approved for and has received a loan in the amount of $479,409. The Company intends to apply for forgiveness under the CARES Act.

* * * * *

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Unique Logistics International (BOS), Inc.

We have audited the accompanying financial statements of Unique Logistics International (BOS), Inc. (a Massachusetts Corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unique Logistics International (BOS), Inc. as of December 31, 2019 and 2018, and the results of its operations, changes in stockholders' deficit and its cash flows for the years then ended, in accordance with with accounting principles generally accepted in the United States of America.

Aprio, LLP

Atlanta, Georgia

September 4, 2020

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.
BALANCE SHEETS
DECEMBER 31,

ASSETS

		2019		2018
Current assets				
Cash	$	236,150	$	156,872
Accounts receivable - trade		1,714,283		2,754,980
Prepaid expenses and other current assets		26,621		79,512
Total current assets		1,977,054		2,991,364
Property and equipment, at cost				
Computer equipment		90,460		87,055
Furniture and fixtures		28,941		28,941
Leasehold improvements		16,163		16,163
Less accumulated depreciation		(129,537)		(124,162)
Total property and equipment, net		6,027		7,997
Other assets				
Right of use asset		88,581		-
Security deposits		28,190		42,774
Total assets	$	2,099,852	$	3,042,135

See auditors' report and accompanying notes

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.
BALANCE SHEETS
DECEMBER 31,

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2019	2018
Current liabilities		
Accounts payable	$ 1,133,900	$ 1,694,849
Line of credit	741,969	701,969
Due to related parties	577,848	503,266
Due to shareholder	1,700,000	1,700,000
Lease liability, current	66,250	-
Total current liabilities	4,219,967	4,600,084
Long-term liabilities		
Lease liability, net of current	25,082	-
Total long-term liabilities	25,082	-
Stockholders' deficit		
Common stock, no par value, 12,500 shares authorized, 12,500 shares issued, and 8,000 shares outstanding at December 31, 2019 and 2018	11,740	11,740
Treasury stock, 4,500 shares at cost	(2,017,240)	(2,017,240)
Retained earnings (deficit)	(139,697)	447,551
Stockholders' deficit	(2,145,197)	(1,557,949)
Total liabilities and stockholders' deficit	$ 2,099,852	$ 3,042,135

See auditors' report and accompanying notes

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
Net sales	$ 28,152,805	$ 29,317,558
Cost of goods sold	25,899,134	26,575,667
Gross profit	2,253,671	2,741,891
Operating expenses		
Depreciation	5,375	11,107
Selling, general and administrative	2,795,553	2,830,917
Total operating expenses	2,800,928	2,842,024
Loss from operations	(547,257)	(100,133)
Other expense		
Interest expense	(39,991)	(22,643)
Net loss	$ (587,248)	$ (122,776)

See auditors' report and accompanying notes

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Common Stock		Treasury Stock		Retained Earnings	
	Shares	Amount	Shares	Amount	(Deficit)	Total
Balance at January 1, 2018	8,000	$ 11,740	4,500	$ (2,017,240)	$ 570,327	$ (1,435,173)
Net loss	-	-	-	-	(122,776)	(122,776)
Balance at December 31, 2018	8,000	11,740	4,500	(2,017,240)	447,551	(1,557,949)
Net loss	-	-	-	-	(587,248)	(587,248)
Balance at December 31, 2019	8,000	$ 11,740	4,500	$ (2,017,240)	$ (139,697)	$ (2,145,197)

See auditors' report and accompanying notes

UNIQUE LOGISTICS INTERNATIONAL (BOS), INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

Increase (Decrease) In Cash

	2019	2018
Cash flows from operating activities		
Net loss	$ (587,248)	$ (122,776)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	5,375	11,107
Amortization of right of use asset	138,036	-
Change in operating assets and liabilities:		
Accounts receivable - trade	1,040,697	(301,428)
Lease liability	(135,285)	-
Prepaid expenses and other current assets	52,891	359,732
Security deposits	14,584	(25,000)
Accounts payable	(560,949)	234,578
Due to related parties	74,582	(386,478)
Total adjustments	629,931	(107,489)
Cash provided (used) by operating activities	42,683	(230,265)
Cash flows from investing activities		
Acquisition of property and equipment	(3,405)	-
Cash used by investing activities	(3,405)	-
Cash flows from financing activities		
Borrowing from line of credit	741,969	701,969
Payment towards line of credit	(701,969)	(400,000)
Principal payments on note payable	-	(250,000)
Cash provided by financing activities	40,000	51,969
Net (decrease) increase in cash	79,278	(178,296)
Cash, beginning of the year	156,872	335,168
Cash, end of year	$ 236,150	$ 156,872

	2019	2018
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Interest	$ 39,991	$ 22,643

See auditors' report and accompanying notes

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Unique Logistics International (BOS), Inc., a corporation, was formed in the state of Massachusetts on October 31, 1996, and has its registered and principal place of business at 35 Village Road, Suite 701, Middleton, Essex County, Massachusetts, 01949, United States of America ("U.S."). The Company provides international forwarding and logistics services, including customs brokerage, air and ocean freight, as well as marine insurance services. The Company has a primary concentration in Asia to USA shipments.

The Company is an 80% majority-owned subsidiary of Unique Logistics Holdings Limited (the "Parent"), a company incorporated in Hong Kong which has its registered and principal place of business at Unit B, 4th Floor, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong.

Liquidity:

The Company's current line of credit agreement with a financial institution is due on demand. The Company does not have sufficient liquidity to repay the debt with the bank in the event the debt is called. Management's plans with regard to this matter include seeking additional financing from the Parent. If necessary, the Parent intends to provide the Company with sufficient financial support to fund the continued operating activity of the Company through September 30, 2021. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Basis of Preparation:

The U.S. dollar is the functional currency of the Company's continuing operations. The balance sheets and results of operations of the Company are measured using its functional currency. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Note A
Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance

The Company adopted ASC 842 – Leases effective January 1, 2019 with all the available practical expedients, retroactively. There was no retained earnings impact on the adoption of ASC 842. The Company recognizes and measures its leases in accordance with ASC 842 Leases. The Company is a lessee in two leases for office space and office equipment. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Company's incremental borrowing rate. The implicit rate of the Company's lease is not readily determinable and accordingly, the Company used its incremental borrowing rate based on the information available at commencement date. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with our short-term leases on a straight-line basis over the lease term.

In May 2014, the FASB issued guidance which will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised 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. Subsequently, in August 2015 the FASB deferred the effective date of implementation for all entities by one year. In a related technical accounting pronouncement in April 2016, the FASB issued an amendment providing clarification on identifying performance obligations and the licensing implementation guidance. The Company is required to adopt the transition requirements for the new guidance and related amendments for fiscal years beginning after December 15, 2019. The Company is currently evaluating the timing and the impact of this new accounting standard on its financial statements.

Note A
Summary of Significant Accounting Policies (Continued)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates are used for, but not limited to, the accounting for allowance of accounts receivable and depreciation of property and equipment.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company has cash deposits with financial institutions that fluctuate in excess of federally insured (FDIC) limits. If these financial institutions were not to honor their contractual liability, the Company could incur losses. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks on cash.

Accounts Receivable - Trade:

The Company extends credit to customers located worldwide based on payment history, stability and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable, net of the allowance for doubtful accounts. Management has determined that no allowance for doubtful accounts is necessary at December 31, 2019 and 2018.

Note A
Summary of Significant Accounting Policies (Continued)

Property and Equipment:

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of estimated useful life or life of the lease

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

Impairment of Long-Lived Assets:

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. Management has determined that no impairment existed as of December 31, 2019 and 2018.

Treasury Stock:

The Company uses the cost method when it acquires its own common stock as treasury shares.

Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Company performs all services or delivers all products prior to recognizing revenue. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

Note A
Summary of Significant Accounting Policies (Continued)

(i) Freight income

Freight income from the provision of air, ocean, and land freight forwarding services are recognized upon arrival of shipment into the destination port. Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoers. A receivable is recognized by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(ii) Service income

Service income from the provision of other services are recognized when the services are rendered. Payment for services and management services are not due from the customer until the services are complete and therefore a contract asset is recognized over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Revenue based on service is as follows:

	2019	2018
Freight income	$ 27,180,277	$ 27,279,014
Service income	653,931	1,642,193
Other income	318,597	396,351
Total revenue	$ 28,152,805	$ 29,317,558

Revenue billed prior to realization is recorded as deferred revenue and costs incurred prior to revenue recognition are included in prepaid expenses.

Note A
Summary of Significant Accounting Policies (Continued)

Income Taxes:

The Company accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates scheduled to be in effect when temporary differences are expected to be recovered or settled. The effect of a change in enacted tax rates on the deferred tax assets and liabilities is recognized in income in the financial statement period when the new tax rates are enacted. The Company assesses the realizability of its deferred tax assets annually and records a valuation allowance when it is determined more likely than not that a deferred tax asset will not be realized in full.

The Company accounts for the uncertainty in income taxes as prescribed by the minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There were no uncertain tax positions as of December 31, 2019 and 2018.

The Company is no longer subject to income tax examinations for years prior to 2016.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these assets and liabilities.

Financial Statement Authorization:

The Company's Board of Directors authorized the issuance of these financial statements on September 4, 2020. In addition, neither the Board of Directors nor the stockholders have the power to amend the financial statements after issuance.

Note B
Long-Term Debt and Line of Credit

Note Payable:

In connection with the repurchase of treasury shares during December 2011, the Company entered into a $2,000,000 non-interest bearing, unsecured note payable with a former shareholder. The Company was required to make eight annual installments of $250,000. The first payment was made on December 1, 2011, and the remaining seven installments were due on each anniversary date following the first payment until the maturity date of December 1, 2018, when the remaining balance was paid in full.

Line of Credit:

In September 2018, the Company entered into a demand line of credit agreement with a new financial institution. The demand line of credit provides for a maximum credit limit of $750,000. The demand line of credit is due on demand and is collateralized by substantially all assets of the Company. Borrowings under the demand line of credit bear interest at the prime rate plus 1.0% per annum. The prime rate was 4.75% and 5.50% as of December 31, 2019 and 2018, respectively.

Note C
Income Taxes

The Company has generated a net operating loss carryforward for tax purposes of approximately $625,000, which can be carried forward to offset future taxable income. This net operating loss carryover prior to 2018 will expire beginning in 2034. The net operating loss carryover after 2018 does not expire.

Management recorded a full valuation allowance against the non-current deferred tax asset of approximately $132,000 and $43,000 at December 31, 2019 and 2018, arising from the net operating loss.

Note D
Commitments and Contingencies

Operating Leases:

The Company has obligations as a lessee for office space and office equipment with initial noncancelable terms in excess of one year. The Company's leases do not include termination options for either party to the leases or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments. ASC 842 does not require a lessee to recognize right of use ("ROU") assets nor liabilities for (a) short-term leases (i.e. leases of 12 months or less) and (b) leases of low value assets. As of December 31, 2019, short-term leases totaled approximately $13,200.

Note D
Commitments and Contingencies (Continued)

The components of the leases for the year ending December 31, 2019, are as follows:

		Amount
Operating leases cost:	$	136,050
Operating cash flow:		135,285
Right of use assets obtained:		219,860
Weighted-average remaining lease term:		2.83 years
Weighted-average discount rate:		4.50 %

Maturities of the lease liability under the noncancelable operating lease as of December 31, 2019, are as follows:

Year Ending December 31		Amount
2020	$	68,093
2021		18,240
2022		7,600
Total undiscounted lease payments		93,933
Less: imputed interest		(2,601)
Total lease liability	$	91,332

Note E
Employee Retirement Plans

The Company sponsors an employee retirement plan known as the Dynasty International, Inc. 401(k) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Company may make a discretionary contribution to the plan. Participant contributions are always 100% vested. The employer contributions vest 20% per year over five years.

Discretionary contributions of $74,959 and $74,510 were made by the Company for the years ended December 31, 2019 and 2018, respectively.

Note F
Concentrations

Significant Vendor:

A significant vendor is defined as one from which the company receives at least 10% its total purchases. For the year ended December 31, 2019, the Company had purchases from one supplier totaling approximately $14,705,000, which comprised approximately 56% of the Company's annual purchases. Amounts due to this vendor totaled approximately $223,000 at December 31, 2019.

For the year ended December 31, 2018, the Company had purchases from two suppliers totaling approximately $9,866,000, which comprised approximately 36% of the Company's annual purchases. The accounts payable balance included approximately zero to the vendor at December 31, 2018.

Significant Customer:

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company had sales to three customers totaling approximately $9,384,000, which comprised approximately 33% of annual revenues for the year ended December 31, 2019. The accounts receivable balance included approximately $219,000 from these customers at December 31, 2019.

The Company had sales to three customers totaling approximately $6,300,000, which comprised approximately 21% of annual revenues for the year ended December 31, 2018. The accounts receivable balance included approximately $544,000 from these customers at December 31, 2018.

Note G
Due to Shareholder

On December 31, 2014, the Company entered into a $1,700,000 non-interest bearing, unsecured note payable with a shareholder in relief of payables owed to related parties for services performed and cash advances made by the shareholder to the Company. The maturity date of the note is December 31, 2019, at which time, any outstanding balance becomes due. Subsequent to year end the note payable was forgiven with the securities purchase agreement referred to in Note I.

Note H
Related Party Transactions

During the years ended December 31, 2019 and 2018, the Company incurred costs of approximately $3,257,000 and $2,873,000 for services rendered by the Parent and associate companies under common ownership and recognized revenue of approximately $671,000 and $185,000 for services provided to these companies, respectively. The accounts receivable balance totaled $61,627 and $48,644 for services rendered and the accounts payable balance owed totaled $577,848 and $503,266 for the years ended December 31, 2019 and 2018, respectively.

During the years ended December 31, 2019 and 2018, salaries and benefits recognized on key management of the Company was approximately $250,000 and was recorded in selling, general and administrative expenses on the accompanying statements of operations for both years.

Note I
Subsequent Events

The Company evaluated subsequent events through September 4, 2020, when these financial statements were available to be issued. Except as noted below, management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the financial statements.

COVID-19:

The Company's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Company's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Paycheck Protection Program:

On March 27, 2020, Coronavirus Aid, Relief, and Economic Act was enacted. The Act provided relief to small businesses under Paycheck Program via U.S. Small Business Administration loans. On May 6, 2020, the Company obtained a loan for approximately $357,000 under this new program, some of which may be forgivable if certain criteria is met. The loan has a fixed interest rate of 1%. The loan matures on May 6, 2022, with monthly principal and interest payments deferred for first six months. After the deferral period, monthly principal and interest payments are amortized over the remaining 18 months.

Note I
Subsequent Events (Continued)

Securities Purchase Agreement:

On May 29, 2020, Unique Logistics Holdings Limited, a Hong Kong company and majority shareholder, and the minority shareholder entered into a securities purchase agreement with Unique Logistics Holdings, Inc. to sell all common stock.

Lease Amendment:

On March 31, 2020, the Company entered into a lease amendment with respect to office space to extend the term of the lease to July 31, 2025, and to otherwise modify certain terms and conditions. Minimum monthly payments are approximately $10,600 and escalate to approximately $12,200 over the term.

UNIQUE LOGISTICS INTERNATIONAL (USA), INC.
AND SUBSIDIARIES
CONSOLIDATED
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

SCHISSEL SMALLBERG LLP

UNIQUE LOGISTICS INTERNATIONAL (USA), INC. AND SUBSIDIARIES
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

CONTENTS

SCHISSEL SMALLBERG LLP

SCHISSEL SMALLBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors of
Unique Logistics International (USA), Inc and Subsidiaries
154-09 146th Avenue
Jamaica, NY 11437

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Unique Logistics International (USA), Inc and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in capital deficiency, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unique Logistics International (USA), Inc and Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Policy

As discussed in Note 1, Change in Accounting Policy to the consolidated financial statements, the Company had a change in accounting policy effective as of January 1, 2019 related to the adoption of Topic 842, Leases. Our opinion is not modified with respect to this matter.

Subsequent Event – Covid 19

As discussed in Note 12, Subsequent Events, to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

Schissel Smallberg LLP

November 3, 2020
New York, New York

UNIQUE LOGISTICS INTERNATIONAL (USA), INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 1,305,708	$ 54,383
Accounts receivable:		
Trade	5,299,086	5,562,830
Related parties	411,989	0
Prepaid expenses and other current assets	31,634	0
Total current assets	7,048,417	5,617,213
Property and equipment, net	211,405	119,792
Other assets:		
Security deposits	263,269	68,519
Right of use asset	3,202,737	0
Goodwill – net	525,000	0
Total other assets	3,991,006	68,519
Total assets	$11,250,828	$5,805,524

LIABILITIES LESS CAPITAL DEFICIENCY

	2019	2018
Current liabilities:		
Line of credit	$ 1,499,000	$1,499,000
Accounts payable:		
Trade	3,355,581	1,507,129
Related parties	1,027,001	602,499
Accrued expenses and other current liabilities	145,331	109,120
Operating lease liability, current	1,108,261	0
Due to shareholder	400,000	200,000
Total current liabilities	7,535,174	3,917,748
Other liabilities:		
Security deposit payable	70,131	0
Operating lease liability, net of current	2,155,202	0
Long term – due to shareholder	927	927
Long term – due to shareholders' – subordinated	2,313,500	2,313,500
Total other liabilities	4,539,760	2,314,427
Total liabilities	12,074,934	6,232,175
Commitment and contingency		
Capital deficiency	(824,106)	(426,651)
Total liabilities less capital deficiency	$11,250,828	$5,805,524

The accompanying independent auditor's report and notes
are an integral part of these consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL (USA), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
Gross revenue	$45,228,611	$47,325,095
Direct costs	38,560,953	41,579,071
Gross margin	6,667,658	5,746,024
Selling, general and administrative expenses	6,939,675	5,785,224
Loss from operations	(272,017)	(39,200)
Other expenses:		
Interest expense	(95,046)	(74,321)
Interest expense - shareholder	(20,510)	(2,382)
Net other expenses	(115,556)	(76,703)
Loss before income taxes	(387,573)	(115,903)
Income taxes	9,882	14,439
Net loss	$ (397,455)	$ (130,342)

The accompanying independent auditor's report and notes
are an integral part of these consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL (USA), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2019	**2018**
Cash flows from (used in) operating activities:		
Net income (loss)	$ (397,455)	$ (130,342)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	51,338	26,886
Amortization of right to use assets	1,030,018	0
Bad debt reserves	45,770	0
(Increase) decrease in:		
Accounts receivable	(194,015)	(322,523)
Prepaid expenses and other current assets	(31,634)	149,096
Security deposit	(194,750)	5,800
Increase (decrease) in:		
Accounts payable	2,272,954	(605,937)
Accrued expenses	36,211	42,278
Security deposit payable	70,131	0
Total adjustments	3,086,023	(704,400)
Net cash flows provided by (used in) operating activities	2,688,568	(834,742)
Cash flows (used in) investing activities:		
Acquisition of customer listing	(525,000)	0
Purchase of property and equipment	(142,951)	(32,808)
Net cash flows (used in) investing activities	(667,951)	(32,808)
Cash flows from financing activities:		
Borrowings on line of credit	0	770,000
Payments on line of credit	0	(170,000)
Payments on lease liability	(969,292)	0
Borrowings on shareholders' loan	200,000	37,500
Net cash flows from financing activities	(769,292)	637,500
Net increase (decrease) in cash	1,251,325	(230,050)
Cash and cash equivalents, beginning of year	54,383	284,433
Cash and cash equivalents, end of year	$1,305,708	$ 54,383
Supplemental disclosures of cash flow information		
Cash paid during the year:		
Interest	$ 115,556	$ 76,703
Income taxes	9,882	14,439
Supplemental schedule of non-cash investing and financing activities:		
Right to use assets acquired under operating lease obligations	$4,232,756	$ 0

The accompanying independent auditor's report and notes are an integral part of these consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL (USA), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE TWO YEARS ENDED DECEMBER 31, 2019

	Total Capital Deficiency	Common Stock	Accumulated Deficit
Balance at beginning of year – January 1, 2018	$(296,309)	$ 100	$(296,409)
Net loss for the year ended December 31, 2018	(130,342)	0	(130,342)
Balance at end of year – December 31, 2019	(426,651)	$ 100	(426,751)
Net loss for the year ended December 31, 2019	(397,455)	0	(397,455)
Balance at end of year – December 31, 2019	$(824,106)	$ 100	$(824,206)

The accompanying independent auditor's report and notes
are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company was incorporated on October 14, 2010 under the laws of New York. The company was created to be the parent company of the operating companies. The operating companies began operations in 2006. The primary business is Sea and Air Freight forwarding, servicing customers throughout the United States.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrued basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

These financial statements consolidate the operations and accounts of Unique Logistics International (USA), Inc. and its subsidiaries, Unique Logistics International (NYC), LLC, Unique Logistics (LAX), Inc.

All significant intercompany transactions and accounts are eliminated in consolidation.

Changes in Accounting Policy – Adoption of New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Accounting Standards Codification Topic 842 or ASC 842). ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The Company adopted the standard using the modified retrospective approach on January 1, 2019. Prior year financial statements were not recast under ASC 842. The Company elected the package of transition provisions available for expired or existing contracts, which allowed the Company to carryforward historical assessments of whether contracts are or contain leases, lease classification, and initial direct costs.

The cumulative effect was applied using the modified retrospective approach. Selected balance sheet line items, which reflect the adoption of ASC 842 as an adjustment at January 1, 2019 are as follows:

Balance Sheet	December 31, 2018	ASC 842 Cummulative Effect	January 1, 2019
Right-of-use asset, net	$ -	$ 642,982	$ 642,982
Operating lease liability	-	642,982	642,982

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncement – Not Yet Adopted

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In May 2020, the FASB deferred the effective date of the revenue recognition guidance for nonpublic entities to reporting periods beginning after December 15, 2020. Early adoption is permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Management has not elected early adoption and is assessing the future impact on revenue and disclosures.

Use of Estimates

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

Fair Value Measurement

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

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

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

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

The carrying amounts financial assets and liabilities of cash and cash equivalents, accounts receivables, accounts payable, and accrued expenses approximate fair value due to their short term nature as of December 31, 2019 and 2018.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at fair value. The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. No loss had been experienced, and management believes it is not exposed to any significant risk on credit.

Accounts Receivable, Net

Accounts receivable from revenue transactions are based on invoiced prices which the Company expects to collect. In the normal course of business, the Company extends credit to customers that satisfy pre-defined credit criteria. The Company generally does not require collateral to support customer receivables. Accounts receivable, net, as shown on the balance sheet, is net of allowances. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, net of allowance for doubtful accounts. As of December 31, 2019 and 2018, the Company has provided for an allowance for doubtful accounts in the amount of $12,000 and $4,755, respectively.

Property and Equipment

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

Estimated useful lives of property and equipment are as follows:

Software	3 years
Computer equipment	3 -5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of estimated useful life or life of the lease

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

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Other Intangibles – Net

The Company accounts for business acquisitions in accordance with GAAP. Goodwill in such acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets, and liabilities assumed. GAAP specifies criteria to be used in determining whether intangible assets acquired in a business combination must be recognized and reported separately from goodwill. Amounts assigned to goodwill and other identifiable intangible assets are based on independent appraisals or internal estimates.

In accordance with GAAP, the Company does not amortize goodwill or indefinite-lived intangible assets. Management evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life. Amortizable intangible assets are amortized on a straight-line basis over 2 to 10 years.

Goodwill impairment tests consist of a comparison of each reporting unit's fair value with its carrying value. The fair value of a reporting unit is an estimate of the amount for which the unit as a whole could be sold in a current transaction between willing parties. Generally, estimates of fair value are based on discounted cash flows. If the carrying value of a reporting unit exceeds its estimated fair value, goodwill is written down to its implied fair value. For the years December 31, 2019 and 2018, no impairment of goodwill was identified.

Valuation of Long-Lived Assets

Long-lived assets are comprised of intangible assets and property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists, pursuant to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows and fundamental analysis. The Company reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company files a consolidated income tax return for federal and most state purposes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest and penalties on any income tax liability would be reported as interest expense. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three to four years from the filing date and the current and prior three to four years remain subject to examination as of December 31, 2019.

The Company uses the assets and liability method of accounting for deferred taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax basis.

Revenue Recognition

The Company's revenues primarily consist of freight and other cargo charges billed to customers. Revenue is measured at the fair value of the consideration received or receivable. The Company performs all services or delivers all products prior to recognizing revenue. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit and loss as follows:

- Freight income – Freight income from the provision of air, ocean, and land freight forwarding services are recognized upon arrival of shipment into the destination port.
- Customs brokerage and other service income –Customs brokerage and other service income form the provision of other services is recognized at the point in time the performance obligation is met.

Revenues billed prior to realization is recorded as deferred revenue and costs incurred prior to revenue recognition are included in prepaid expenses.

Freight and other cargo charges incurred by the Company have been shown as direct costs.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Marketing

All costs associated with advertising and marketing of Group products are expensed during the periods when the activities take place. For the year ended December 31, 2019 and 2018, advertising and marketing costs amounted to $284,017 and $490,165, respectively.

2. PROPERTY AND EQUIPMENT

Major classifications of property and equipment and their respective depreciable lives are summarized below as of December 31,

	2019	2018	Depreciable Lives
Furniture	137,279	105,107	7 years
Office equipment	437,907	327,128	3 - 5 years
Leasehold improvements	5,979	5,979	Life of lease
	581,165	438,214	
Less: Accumulated depreciation	369,760	318,422	
Net	$211,405	$119,792	

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to $51,338 and $26,886, respectively.

3. GOODWILL AND OTHER INTANGIBLE ASSETS

In June 2019, the Company entered into an agreement with a third party to acquire and assume a third party's lease and customer base. The value of the customer base and related non-compete had an estimated value of $525,000.

4. LINE OF CREDIT

In March 2018, the Company renewed and increased its existing uncommitted discretionary demand line of credit from $1,000,000 to $1,500,000. As of December 31, 2019 and 2018, the Company has borrowed $1,499,000 against the line of credit. The Company can borrow 75% of eligible accounts receivables. All assets of the Company have been pledged as collateral against this debt. Interest on the line of credit is 1% over prime. The interest rate at December 31, 2019 and 2018 is 5.75% and 6.25%, respectively.

5. DUE TO SHAREHOLDERS

During 2018, the Company borrowed $200,000 from a shareholder. The loan is due on demand and bears a 5% interest rate. In 2019, the Company borrowed an additional $200,000 from the shareholder under the same terms. As of December 31, 2019 and 2018, the balance related to the loan is $400,000 and $200,000, respectively. Interest expense related to the loan was $20,510 and $2,382 for the years ended December 31, 2019 and 2018, respectively.

Prior to 2018, the Company had borrowed funds in support of operations from its shareholders totaling $2,314,427, of which $2,313,500 is subordinated to the bank. These funds are not interest bearing. There have been no changes to the loan balance and remains at $2,314,427 for the years December 31, 2019 and 2018.

6. SHAREHOLDERS' OWNERSHIP

The Company is owned 65% by Unique Logistics Holdings Limited, a Hong Kong Company and 35% by Frangipani Trade Services, Inc., a United States Corporation.

7. DEFERRED INCOME TAXES

The tax effects of temporary differences that give rise to significant portion of the deferred tax asset at December 31, 2019 and 2018 are as follows:

	2019	2018
Net operating loss carried forward	$ 737,000	$ 525,000
Less valuation allowance	737,000	525,000
	$ 0	$ 0

These net operating losses expire between 2026 and 2033.

8. RETIREMENT PLAN

The Company has a 401(k) plan for which the eligible employees can contribute up to 15% of gross salary with a maximum contribution as allowed by law. The Company has the discretionary option of matching employees' contributions. The Company will pay all plan expenses. For the year ended December 31, 2018, the Company paid or accrued plan contribution and expenses totaling $7,263. The Company incurred no expenses during 2019 related to the plan.

9. COMMON STOCK – NO PAR VALUE

400 voting shares, authorized, issued and outstanding	
1,000 non-voting shares, authorized	
600 non-voting shares, issued and outstanding	$100

10. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space and office equipment under non-cancelable lease agreements expiring on various dates through April 2024. Office leases contain provisions for future rent increases. During 2019, the Company adopted ASC 842, requiring the Company to recognize an asset and liability for lease arrangements with terms longer than 12 months. The Company has elected the practical expedient to not apply the recognition requirement to leases with a term of less than one year (short term leases). The Company uses its incremental borrowing rate to discount lease payments to present value. The incremental borrowing rate is based on the estimated interest rate the Company could obtain for borrowing over a similar term of the lease at commencement date. Rental escalations, renewal options and termination options, when applicable, have been factored into the Company's determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts.

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

At December 31, 2019, future minimum lease payments under noncancelable operating leases are as follows:

Year Ending December 31	Amount
2020	$1,226,527
2021	1,146,561
2022	972,307
2023	93,712
2024	39,421
Total payments	3,478,528
Less imputed interest	(215,065)
Present value lease obligation	$3,263,463

As of December 31, 2019, the operating lease right-of-use asset was $3,202,738. The discount rate was 4.50%, based on nature and tenure of the lease term. For the year ended December 31, 2019, lease expense totaled $1,081,026 and is included in selling, general and administrative expenses in the accompanying consolidated statements of operations. Operating lease cash flow amounted to $1,061,572. Weighted average remaining lease term is 2.89 years. Weighted average discount rate is 4.46%. Rent expense totaled $700,583 for the year ended December 31, 2018.

12. SUBSEQUENT EVENTS

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

The Company was sold and acquired by Unique Logistics Holdings, Inc. on May 29, 2020.

All subsequent events have been evaluated from the date November 3, 2020 the consolidated financial statements were available to be issued.

SCHISSEL SMALLBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS

450 SEVENTH AVENUE, SUITE 2710
NEW YORK, NEW YORK 10123
T 212-760-8200 • F 212-760-8823

Independent Auditor's Report on Supplementary Information

To the Board of Directors of
Unique Logistics International (USA), Inc and Subsidiaries
154-09 146th Avenue
Jamaica, NY 11437

We have audited the consolidated financial statements of Unique Logistics International (USA), Inc and Subsidiaries as of and for the years ended December 31, 2019 and 2018, and our report thereon dated November 3, 2020 which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedules of Selling, General and Administrative Expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Schissel Smallberg LLP
November 3, 2020
New York, NY

UNIQUE LOGISTICS INTERNATIONAL (USA) INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
Rent	$1,081,026	$ 700,583
Insurance	14,144	34,636
Office and administrative salaries	3,699,699	3,163,857
Health costs	505,838	425,704
Payroll processing fees	5,654	1,061
Advertising	1,510	67
Automobile expense	138,325	100,329
Bank charges	42,055	56,221
Depreciation	51,338	26,886
Dues and subscriptions	228,018	218,330
Professional fees	298,737	80,420
Telephone	35,461	49,696
Travel and entertainment	54,339	74,009
Utilities	27,061	22,489
Employee benefits	0	17,263
Hiring and recruitment	13,895	8,253
Repairs and maintenance	79,900	73,550
Office supplies and equipment	40,704	36,221
Postage and messenger	34,524	40,560
Warehouse charges	260,983	161,092
Marketing expenses	282,507	490,098
Filing fees	484	474
Bad debt	45,770	0
Sundry taxes	(6,298)	0
Charitable contribution	1,500	0
Group conference expenses	2,501	3,425
Total	$6,939,675	$5,785,224

See independent auditor's report on supplementary information.

Unique Logistics International, Inc.
Pro Forma Consolidated Combined Balance Sheets
May 31, 2020
(unaudited)

	Unique	Innocap (1)	Adjustments	AJE #	Consolidated Balance
Assets					
Current assets:					
Cash and cash equivalents	$ 1,349,363	$ 48	$ 1,950,000	1	$ 3,299,411
Accounts receivable - trade	7,932,310	-	-		7,932,310
Prepaid expenses and other current assets	5,899,403	-	-		5,899,403
Total current assets	15,181,076	48	1,950,000		17,131,124
Property and equipment	198,988	-	-		198,988
Other assets:					
Intangibles	8,752,000	-	-		8,752,000
Goodwill	4,773,584	-	-		4,773,584
Operating lease right-of-use assets	4,770,280	-	-		4,770,280
Deposits and other assets	292,404	-	-		292,404
Total other long-term assets	18,588,268	-	-		18,588,268
Total assets	$ 33,968,332	$ 48	$ 1,950,000		$ 35,918,380
Liabilities and Stockholders' Equity (Deficit)					
Current liabilities:					
Accounts payable - trade	$ 9,591,780	$ -	$ -		$ 9,591,780
Accrued expenses and other current liabilities	7,096,596	25,352	48,593	4	7,170,541
Accrued expenses and other current liabilities - related party	-	235,336	-		235,336
Project advances	-	535,300	-		535,300
Convertible note payable, net	-	-	915,740	1,2	915,740
Current portion of notes payable	858,333	-	-		858,333
Current portion of long-term debt due to related parties	6,380,975	-	-		6,380,975
Current portion of promissory notes	618,309	-	-		618,309
Current portion of operating lease liability	1,288,216	-	-		1,288,216
Total current liabilities	25,834,209	795,988	964,333		27,594,530
Long-term liabilities:					
Other long-term liabilities	848,010	-	-		848,010
Promissory notes, net of current portion	1,027,753	-	-		1,027,753
Long-term debt due to related parties, net of current portion	193,328				193,328
Notes payable, net of current portion	1,466,667	-	-		1,466,667
Operating lease liability, net of current portion	3,482,064	-	-		3,482,064
Total long-term liabilities	7,017,822	-	-		7,017,822
Total liabilities	32,852,031	795,988	964,333		34,612,352
Commitments and contingencies					
Stockholders' equity (deficit):					
Preferred Stock	-	1,000	(1,000)	3	-
Series A Preferred Stock	-	-	130	3	130
Series B Preferred Stock	-	-	840	3,5	840
Common Stock	10,000	172,075	329,996	4,5	512,071
Additional paid in capital	1,514,811	733,105	879,029	2,4,5	3,126,945
Accumulated deficit	(408,510)	(1,702,120)	(223,328)		(2,333,958)
Total stockholders' equity (deficit)	1,116,301	(795,940)	985,667		1,306,028
Total liabilities and stockholders' equity (deficit)	$ 33,968,332	$ 48	$ 1,950,000		$ 35,918,380

(1) Innocap balance sheet is as of January 31, 2020, the company's fiscal year end. Due to the size of the company and the limited activity, this is viewed as a good approximation of the May 31, 2020 balance sheet.

Unique Logistics International, Inc.
Pro Forma Consolidated Combined Statements of Operations
For the Twelve Months Ended May 31, 2020
(unaudited)

	Unique (1)	Innocap (2)	Adjustments	AJE #	Consolidated Balance
Revenues:					
Airfreight services	$ 31,110,026	$ -	$ -		$ 31,110,026
Ocean freight and ocean services	48,928,202	-	-		48,928,202
Contract logistics	2,351,335	-	-		2,351,335
Customs brokerage and other services	32,758,704	-	-		32,758,704
Total revenues	115,148,267	-	-		115,148,267
Costs and operating expenses:					
Airfreight services	27,481,311	-	-		27,481,311
Ocean freight and ocean services	42,865,448	-	-		42,865,448
Contract logistics	821,297	-	-		821,297
Customs brokerage and other services	30,732,866	-	-		30,732,866
Acquisition costs	239,350	-	-		239,350
Professional fees	470,737	-	-		470,737
Salaries and related costs	9,339,500	-	-		9,339,500
Rent and occupancy	1,865,263	-	-		1,865,263
Depreciation and amortization	178,015	-	-		178,015
Selling and promotion	1,089,605	-	-		1,089,605
Other	1,271,318	154,379	-		1,425,697
Total costs and operating expenses	116,354,710	154,379	-		116,509,089
Loss from operations	(1,206,443)	(154,379)	-		(1,360,822)
Other expense:					
Impairment of investment	-	(200,000)	-		(200,000)
Interest expense	(337,766)	-	(223,328)	1,2	(561,094)
Total other expense	(337,766)	(200,000)	(223,328)		(761,094)
Loss before taxes	(1,544,209)	(354,379)	(223,328)		(2,121,916)
Income tax expense	4,781	-	-		4,781
Net loss	$ **(1,548,990)**	$ **(354,379)**	$ **(223,328)**		$ **(2,126,697)**
Net loss per common share - basic	$ **(0.15)**	$ **-**	$ -		$ **(0.02)**
Net loss per common share - diluted	$ **(0.15)**	$ **-**	$ -		$ **(0.02)**
Weighted average common shares outstanding					
- basic	**10,000,000**	**155,691,438**	-		**133,000,000**
- diluted	**10,000,000**	**155,691,438**	-		**133,000,000**

(1) Unique statement of operations is presented as if the transaction was consummated on June 1, 2019.

(2) Innocap statement of operations is for the year ended January 31, 2020, the company's fiscal year end. Due to the size of the company and the limited activity, this is viewed as a good approximation of the twelve months ended May 31, 2020 statement of operations.

The adjustments included in the pro forma combined financial statements are as follows:

(1) To record convertible notes and accretion.

Description	Debit	Credit
Cash	$ 1,950,000	-
Convertible note payable, net	-	$ 1,957,300
Interest expense	$ 7,300	-

(2) To record discount on convertible notes and accretion.

Description	Debit	Credit
Convertible note payable net	$ 1,041,560	-
Additional paid in capital	-	$ 1,257,588
Interest expense	$ 216,028	-

(3) To account for recast of common shares to preferred shares.

Description	Debit	Credit
Preferred Stock	$ 1,000	-
Series A Preferred Stock	-	$ 130
Series B Preferred Stock	-	$ 870

(4) To record recapitalization.

Description	Debit	Credit
Additional paid in capital	$ 182,195	-
Common Stock	-	$ 133,602
Accrued Liabilities	-	$ 48,593

(5) To record conversion of preferred shares to common stock.

Description	Debit	Credit
Series B Preferred Stock	$ 30	-
Additional paid in capital	$ 196,364	-
Common Stock	-	$ 196,394

On October 8, 2020 (the "Closing Date") Innocap, Inc. a Nevada corporation ("Innocap"), Inno Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Innocap ("Merger Sub"), and the Company, entered into an Acquisition Agreement and Plan of Merger (the "Agreement") pursuant to which the Merger Sub was merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Innocap (the "Merger"). Innocap acquired, through a reverse triangular merger, all of the outstanding capital stock of the Company in exchange for issuing the Company's shareholders (the "Company Shareholders"), pro-rata, an aggregate of 1,000,000 million shares of preferred stock, with certain of the Company shareholders receiving 130,000 shares of Innocap's Series A Preferred Stock par value $0.001 per share, and certain of the Company's shareholders receiving of 870,000 shares of the Innocap's Series B Preferred Stock, par value $0.001 per share. Immediately after the Merger was consummated, and further to the Agreement, certain affiliates of Innocap cancelled a total of 45,606,489 shares of Innocaps's common stock, and 1,000,000 shares of Preferred Stock held by them (the "Cancellation"). In consideration of the Cancellation of such shares of Innocap's common stock and preferred stock, the Company agreed to assume certain liabilities of Innocap. As a result of the Merger and the Cancellation, the Company Shareholders became the majority shareholders of the Innocap.

On October 9, 2020, the Company's current Chief Executive Officer converted 30,000 shares of Series B Preferred Stock into an aggregate of 196,394,100 shares of Innocap's common stock.

In connection with the Merger, on October 8, 2020, Innocap, Star Exploration Corporation, a Texas corporation and wholly-owned subsidiary of Innocap (the "Split-Off Subsidiary"), and Paul Tidwell, an individual in his capacity as the Split-Off Subsidiary purchaser, entered into a Split-Off Agreement (the "Split-Off Agreement"). Pursuant to the terms of the Split-Off Agreement, Innocap, as seller, in consideration of the Cancellation and the assignment and assumption of $797,000 of the Company's liabilities, sold to Mr. Tidwell all of the issued and outstanding shares of the Split-Off Subsidiary including and all assets related to Innocap's current business.

The Merger was accounted for as a reverse acquisition involving only the exchange of equity. The Company is the accounting acquirer and Innocap is the legal acquirer. In order to account for the acquisition, management closed the books of Innocap on the Closing Date, closed all equity accounts to additional paid in capital and merged the balance sheets as of the Closing Date. The Company maintained its historical financial statements, only recasting the equity accounts to that of Innocap. All assets and liabilities of Innocap were spun off, except those liabilities agreed to be maintained by the Company.

Because the transaction was between two operating companies, the consideration assumed by Innocap to effectuate the Merger, approximately 2% of fully diluted capital structure post-merger, was fair valued utilizing the market capitalization of the Innocap immediately prior to the merger. The market capitalization prior to merger was approximately $1.5 million ($0.008 market price per share and 172,000,000 shares outstanding). As such, consideration assumed by Innocap was approximately $30,000.

All assets were transferred and the Company assumed approximately $48,600 in liabilities.

The Company consolidated Innocap as of the closing date of the agreement, and the results of operations of the Company include that of Innocap.

The pro forma combined balance sheet as of May 31, 2020 combines the historical consolidated balance sheet of the Company as of May 31, 2020 with the historical consolidated balance sheet of Innocap as of May 31, 2020, giving pro forma effect to the proposed merger as if they had consummated on June 1, 2019.

The pro forma combined statement of operations for the year ended May 31, 2020 combines the historical consolidated statement of operations of the Company from October 29, 2019 (inception) to May 31, 2020 with the historical consolidated statement of operations of Innocap for the year ended May 31, 2020, giving pro forma effect to the proposed merger as if they had consummated as of June 1, 2019.