

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

**FORM 10-Q**

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

**For the Quarterly Period Ended November 30, 2021**

or

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

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-50612**

**UNIQUE LOGISTICS INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other Jurisdiction  
of Incorporation or Organization)

**01-0721929**

(I.R.S. Employer  
Identification No.)

**154-09 146th Ave  
Jamaica, NY**

(Address of Principal Executive Offices)

**11434**

(Zip Code)

**678-365-6004**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of exchange on which registered</u>
None	None	None

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act:

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

As of January 14, 2022, there were 655,781,078 shares of the registrant's common stock outstanding.

UNIQUE LOGISTICS INTERNATIONAL, INC.  
FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED NOVEMEBR 30, 2021

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNIQUE LOGISTICS INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	November 30, 2021 (unaudited)	May 31, 2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 840,756	\$ 252,615
Accounts receivable – trade, net	142,577,549	20,369,747
Contract assets	50,004,259	23,423,314
Factoring reserve	-	7,593,665
Other prepaid expenses and current assets	980,779	761,458
Total current assets	<u>194,403,343</u>	<u>52,400,799</u>
Property and equipment – net	<u>200,721</u>	<u>192,092</u>
Other long-term assets:		
Goodwill	4,463,129	4,463,129
Intangible assets – net	7,691,279	8,044,853
Operating lease right-of-use assets – net	3,087,387	3,797,527
Deposits and other assets	879,362	555,362
Other long-term assets	<u>16,121,157</u>	<u>16,860,871</u>
Total assets	<u>\$ 210,725,221</u>	<u>\$ 69,453,762</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable – trade	\$ 75,885,954	\$ 38,992,846
Accrued expenses and other current liabilities	10,710,006	2,383,915
Accrued freight	49,337,707	10,403,430
Contract liabilities	20,331,879	-
Revolving credit facility	29,833,248	-
Current portion of notes payable – net of discount	3,918,339	2,285,367
Current portion of long-term debt due to related parties	198,933	397,975
Current portion of operating lease liability	1,399,186	1,466,409
Total current liabilities	<u>191,615,252</u>	<u>55,929,942</u>
Other long-term liabilities	424,002	565,338
Long-term-debt due to related parties, net of current portion	699,334	715,948
Notes payable, net of current portion – net of discount	2,812,704	3,193,306
Operating lease liability, net of current portion	<u>1,799,273</u>	<u>2,431,144</u>
Total long-term liabilities	<u>5,735,313</u>	<u>6,905,736</u>
Total liabilities	<u>197,350,565</u>	<u>62,835,678</u>
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Preferred Stock, \$0.001 par value; 5,000,000 shares authorized		
Series A Convertible Preferred stock, \$0.001 par value; 130,000 issued and outstanding as of November 30, 2021 and May 31, 2021	130	130
Series B Convertible Preferred stock, \$0.001 par value; 820,800 and 840,000 shares issued and outstanding as of November 30, 2021 and May 31, 2021, respectively	821	840
Common stock, \$0.001 par value; 800,000,000 shares authorized; 655,781,078 and 393,742,663 shares issued and outstanding as of November 30, 2021 and May 31, 2021, respectively	655,782	393,743
Additional paid-in capital	4,889,295	4,906,384
Retained earnings	7,828,628	1,316,987
Total Stockholders' Equity	<u>13,374,656</u>	<u>6,618,084</u>
Total Liabilities and Stockholders' Equity	<u>\$ 210,725,221</u>	<u>\$ 69,453,762</u>

See notes to accompanying condensed consolidated financial statements.

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

	For the Three Months Ended November 30,		For the Six Months Ended November 30,	
	2021	2020	2021	2020
<b>Revenues:</b>				
Airfreight services	\$ 275,070,204	\$ 72,388,144	\$ 327,232,845	\$ 89,887,028
Ocean freight and ocean services	115,421,970	42,601,314	238,722,728	73,254,180
Contract logistics	1,211,056	838,853	1,933,720	1,527,563
Customs brokerage and other services	13,727,459	8,811,109	27,313,256	17,385,916
<b>Total revenues</b>	<b>405,430,689</b>	<b>124,639,420</b>	<b>595,202,549</b>	<b>182,054,687</b>
<b>Costs and operating expenses:</b>				
Airfreight services	269,019,226	68,891,139	320,645,001	85,628,080
Ocean freight and ocean services	107,173,955	38,726,139	223,761,697	66,592,372
Contract logistics	679,426	297,758	1,069,826	561,826
Customs brokerage and other services	12,393,603	8,357,835	25,318,695	16,502,717
Salaries and related costs	2,817,938	2,191,247	5,569,318	4,292,136
Professional fees	184,459	228,739	478,326	658,480
Rent and occupancy	489,770	442,605	969,979	901,116
Selling and promotion	2,659,490	846,883	3,692,618	1,898,311
Depreciation and amortization	194,875	191,398	388,672	382,311
Fees on factoring agreements	-	1,410,203	27,000	1,884,263
Other	1,154,945	16,190	1,423,067	238,889
<b>Total costs and operating expenses</b>	<b>396,767,687</b>	<b>121,600,136</b>	<b>583,344,199</b>	<b>179,540,407</b>
<b>Income from operations</b>	<b>8,663,002</b>	<b>3,039,284</b>	<b>11,858,350</b>	<b>2,514,280</b>
<b>Other income (expenses)</b>				
Interest expense, net	(1,881,201)	(28,474)	(3,171,480)	(60,913)
Amortization of debt discount	(391,035)	(175,266)	(776,515)	(175,266)
Gain (loss) on extinguishment of convertible notes payable	-	(1,147,856)	780,050	(1,147,856)
Gain on forgiveness of promissory note	-	-	358,236	-
<b>Total other income (expenses)</b>	<b>(2,272,236)</b>	<b>(1,351,596)</b>	<b>(2,809,709)</b>	<b>(1,384,035)</b>
<b>Net income before income tax provision</b>	<b>6,390,766</b>	<b>1,687,688</b>	<b>9,048,641</b>	<b>1,130,245</b>
Income tax provision	1,902,541	290,505	2,537,000	307,199
<b>Net income</b>	<b>\$ 4,488,225</b>	<b>\$ 1,397,183</b>	<b>\$ 6,511,641</b>	<b>\$ 823,046</b>
<b>Net income per common share</b>				
- basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
- diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Weighted average common shares outstanding</b>				
- basic	1,764,049,961	1,393,560,488	1,687,489,133	1,308,705,539
- diluted	10,899,465,407	9,306,568,440	10,822,904,579	9,221,713,491

See notes to accompanying condensed consolidated financial statements.

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

For the Six Months Ended November 30, 2021

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance, June 1, 2021</b>	130,000	\$ 130	840,000	\$ 840	393,742,663	\$ 393,743	\$ 4,906,384	\$ 1,316,987	\$ 6,618,084
Conversion of Preferred B to Common Stock	-	-	(19,200)	(19)	125,692,224	125,692	(125,673)	-	-
Issuance of Common Stock for the conversion of notes and accrued interest	-	-	-	-	83,811,872	83,812	66,746	-	150,558
Net income	-	-	-	-	-	-	-	2,023,416	2,023,416
<b>Balance, August 31, 2021</b>	130,000	\$ 130	820,800	\$ 821	603,246,759	\$ 603,247	\$ 4,847,457	\$ 3,340,403	\$ 8,792,058
Issuance of Common Stock for the conversion of notes and accrued interest	-	-	-	-	52,534,319	52,534	41,838	-	94,372
Net income	-	-	-	-	-	-	-	4,488,225	4,488,225
<b>Balance, November 30, 2021</b>	130,000	\$ 130	820,800	\$ 821	655,781,078	\$ 655,782	\$ 4,889,295	\$ 7,828,628	\$ 13,374,656

For the Six Months Ended November 30, 2020

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance, June 1, 2020</b>	130,000	\$ 130	870,000	\$ 870	-	\$ -	\$ 1,523,811	\$ (408,510)	\$ 1,116,301
Net loss	-	-	-	-	-	-	-	(574,137)	(574,137)
<b>Balance, August 31, 2020</b>	130,000	\$ 130	870,000	\$ 870	-	\$ -	\$ 1,523,811	\$ (982,647)	\$ 542,164
Issuance of Common Stock for services rendered	-	-	-	-	27,833,754	27,834	22,166	-	50,000
Conversion of Preferred B to Common Stock	-	-	(30,000)	(30)	196,394,100	196,394	(196,364)	-	-
Recapitalization upon acquisition - net	-	-	-	-	133,601,511	133,602	(179,340)	-	(45,738)
Warrants issued with convertible notes	-	-	-	-	-	-	1,126,497	-	1,126,497
Beneficial conversion feature of convertible notes	-	-	-	-	-	-	873,503	-	873,503
Net income	-	-	-	-	-	-	-	1,397,183	1,397,183
<b>Balance, November 30, 2020</b>	130,000	\$ 130	840,000	\$ 840	357,829,365	\$ 357,830	\$ 3,170,273	\$ 414,536	\$ 3,943,609

See notes to accompanying condensed consolidated financial statements.

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

	For the Six Months Ended November 30, 2021	For the Six Months Ended November 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 6,511,641	\$ 823,046
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	388,672	382,217
Amortization of debt discount	776,515	175,356
Amortization of right of use assets	710,140	693,404
Share-based compensation	-	50,000
Bad debt expense	850,000	60,000
Gain on forgiveness of note payable	(358,236)	-
(Gain) loss on extinguishment of convertible notes payable	(780,050)	1,147,856
Change in deferred tax asset	(304,000)	(221,000)
Accretion of consulting agreement	(141,336)	(141,336)
Changes in operating assets and liabilities:		
Accounts receivable - trade	(123,057,802)	(19,555,154)
Contract assets	(26,580,945)	(7,362,508)
Factoring reserve	7,593,665	(7,284,449)
Other prepaid expenses and current assets	(219,321)	9,666
Deposits and other assets	(20,000)	1,042
Accounts payable - trade	36,893,108	27,528,499
Accrued expenses and other current liabilities	8,764,328	(1,976,209)
Accrued freight	38,934,277	6,880,696
Contract liabilities	20,331,879	-
Operating lease liability	(699,094)	(639,338)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(30,406,559)</b>	<b>571,788</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(43,727)	(15,026)
<b>Net Cash Used in Investing Activities</b>	<b>(43,727)</b>	<b>(15,026)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	2,000,000	150,000
Repayments of notes payable	(579,165)	(429,165)
Repayments of long-term debt due to related parties	(215,656)	(44,000)
Proceeds from convertible notes payable	-	2,000,000
Borrowings on revolving credit facility, net	29,833,248	-
Cash paid for debt issuance costs	-	(50,000)
<b>Net Cash Provided by Financing Activities</b>	<b>31,038,427</b>	<b>1,626,835</b>
<b>Net change in cash and cash equivalents</b>	<b>588,141</b>	<b>2,183,597</b>
<b>Cash and cash equivalents - Beginning of Period</b>	<b>252,615</b>	<b>1,349,363</b>
<b>Cash and cash equivalents - End of Period</b>	<b>\$ 840,756</b>	<b>\$ 3,532,960</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash Paid During the Period for:		
Income taxes	\$ 422,836	\$ 16,199
Interest	\$ 601,377	\$ -
<b>SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Conversion of Series B Preferred to Common Stock	\$ 125,673	\$ -
Issuance of common stock for the conversion of principal net of accrued interest capitalized to principal to Notes Payable	\$ 193,306	\$ -
Operating asset and liability	\$ -	\$ 223,242
Fair value of warrants issued with convertible notes	\$ -	\$ 1,126,497
Beneficial conversion feature of convertible notes	\$ -	\$ 873,503

See notes to accompanying condensed consolidated financial statements.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**November 30, 2021**

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

**Nature of Business**

Unique Logistics International, Inc. (the “Company” or “Unique”) is a global logistics and freight forwarding company. The Company currently operates via its wholly owned subsidiaries, Unique Logistics International (NYC), LLC, a Delaware limited liability company (“UL NYC”), and Unique Logistics International (BOS) Inc, a Massachusetts corporation (“UL BOS”), (collectively the “UL US Entities”). The Company provides a range of international logistics services that enable its customers to outsource sections of their supply chain process. This range of services can be categorized as follows:

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

**Liquidity**

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

From the inception the Company experienced adverse cash flows from operations, primarily due to significant business growth since inception, entering new markets and products and repayment of an acquisition related debt. As of November 30, 2021, the Company had working capital of approximately \$2.8 million compared with \$3.5 million negative working capital as of May 31, 2021. Liquidity fluctuations may raise the risk of there being substantial doubt about the Company’s ability to continue as a going concern.

In response to such factors, the Company’s took steps to alleviate the risk of substantial doubt by

- Repayment of significant portion of its acquisition related debt.
- Entering a Second Amendment to the TBK Agreement to increase the credit facility from \$40.0 million to \$47.5 million for the period through January 31, 2022.
- Entering into a Purchase Money Financing Agreement on September 8, 2021, with Corefund Capital, LLC to enable the Company to finance additional cargo charter flights for the peak shipping season.
- Entering into an Exchange Agreement on August 4, 2021 and into the Amendment to the Exchange Agreement on December 10, 2021 to exchange all of its Convertible debt into shares of common stock.

The Company also is preparing to raise additional funds through an uplisting on a major securities exchange in early 2022. The funds would be used for acquisitions and partially for operating capital.

**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. The Company has experienced increased air and ocean freight rates due to overall cargo restraints imposed by shippers and carriers and is in a position to pass these cost increases directly to the customers without significantly affecting its margins.

Due to impacts from the COVID-19 pandemic and the uncertain pace of recovery, seasonal variations in the availability of air and ocean carriers, the volatility of fuel prices and other supply and demand related factors, operating results for the three and six months ended November 30, 2021 are not necessarily indicative of operating results for the entire year.

While we continue to execute our strategic plan, the Company is also in a process of evaluating several other liquidity-oriented options such as raising additional capital, increasing credit limits of the revolving credit facilities, reducing cost of debt, controlling expenditures, and improving its cash collection processes. While many of the aspects of the Company's plan involve management's judgments and estimates that include factors that could be beyond our control and actual results could differ from our estimates. These and other factors could cause the strategic plan to be unsuccessful which could have a material adverse effect on our operating results, financial condition, and liquidity.

As of November 30, 2021, we expect to alleviate our going concern needs for at least the next twelve months from the time these financial statements are made available with existing cash and cash equivalents and cash flows from operations. The Company expects to meet its long-term liquidity needs with cash flows from operations and financing arrangements.

#### **Basis of Presentation**

The condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The unaudited interim financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. This report should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended May 31, 2021. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The condensed consolidated balance sheet at May 31, 2021 was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

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

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

## **Fair Value Measurement**

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

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

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying amounts for financial assets and liabilities such as cash and cash equivalents, accounts receivable - trade, contract assets, factoring reserve, other prepaid expenses and current assets, accounts payable – trade and other current liabilities, including contract liabilities, convertible notes, net and current portion of promissory loans approximate fair value due to their short-term nature as of November 30, 2021 and May 31, 2021. The carrying amount of the debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to the Company. Lease liabilities approximate fair value based on the incremental borrowing rate used to discount future cash flows. The Company had no Level 3 assets or liabilities as of November 30, 2021, and May 31, 2021. There were no transfers between levels during the reporting period.

## **Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. No loss has 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 condensed consolidated balance sheets, 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 condensed 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 November 30, 2021 and May 31, 2021, the Company recorded an allowance for doubtful accounts of approximately \$1,010,000 and \$240,000, respectively.

### Concentrations

Three major customers represented approximately 62% of accounts receivable as of November 30, 2021. Revenue by the significant customers were represented as follows:

Customer	For the Three Months Ended November 30, 2021	For the Three Months Ended November 30, 2020
A	54%	37%
B	10%	16%
C	8%	-
Total:	72%	53%

Customer	For the Six Months Ended November 30, 2021	For the Six Months Ended November 30, 2020
A	40%	33%
B	9%	16%
C	7%	-
Total:	56%	49%

### Off Balance Sheet Arrangements

On August 30, 2021, the Company terminated its agreement with an unrelated third party (the "Factor") for factoring of specific accounts receivable. The factoring under this agreement was 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 reflected the face value of the account less a fee, which is presented in costs and operating expenses on the Company's condensed consolidated statements 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 condensed consolidated balance sheets. The Company reported 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 condensed consolidated statements of cash flows. The net principal balance of trade accounts receivable outstanding in the books of the factor under the factoring agreement was \$31,747,702 as of May 31, 2021. On June 2, 2021 and on August 30, 2021, the Company repurchased all of its factored trade accounts receivables from the Factor, in the amounts of \$31,596,215 and \$1,415,445, respectively, utilizing its TBK revolving credit facility (See Note 5).

During the factoring agreement in place, the Company acted as the agent on behalf of the Factor for the arrangements and had 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.

During the three months ended November 30, 2020, the Company factored accounts receivable invoices totaling approximately \$73.8 million, pursuant to the Company's factoring agreement, representing the face value of the invoices. During the six months ended November 30, 2021 and 2020, the Company factored accounts receivable invoices totaling approximately \$4.3 million and \$111.7 million, respectively, pursuant to the Company's factoring agreement, representing the face value of the invoices. The Company recognizes factoring costs upon disbursement of funds. The Company incurred expenses totaling approximately \$1,410,000, pursuant to the agreements for the three months ended November 30, 2020. The Company recognizes factoring costs upon disbursement of funds. The Company incurred expenses totaling approximately \$27,000 and \$1,884,000, pursuant to the agreements for the six months ended November 30, 2021 and 2020. Factoring expenses are presented in costs and operating expenses on the condensed consolidated statement of operations.

### **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, 2020 for the UL US Entities, January 31, 2020 for the Company and May 31, 2020 for Unique Logistics Holdings, Inc. ("UL HI"), a Delaware corporation, formed on October 28, 2019, for the purpose of conducting a management buyout of three United States subsidiaries majority owned by Unique Logistics Holdings Ltd., a Hong Kong company ("UL HK").

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. As of November 30, 2021 and May 31, 2021, the Company recognized a deferred tax asset of \$568,000 and \$264,000, respectively, which is included in deposits and other assets on the condensed consolidated balance sheets. The Company regularly evaluates the need for a valuation allowance related to the deferred tax asset.

### **Revenue Recognition**

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

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

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

Revenue is recognized as follows:

i. Freight income - export sales

Freight income from the provision of air, ocean, and land freight forwarding services are recognized over time based on a relative transit time basis 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 are recognized at the point in time the performance obligation is met.

The Company's business practices require, for accurate and meaningful disclosure, that it recognizes revenue over time. The "over time" policy is the period from point of origin to arrival of the shipment at 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. The Company has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as of the end of the period as the Company's contracts with its customers have an expected duration of one year or less.

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

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

*Contract Assets*

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

*Contract Liabilities*

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

Significant Changes in Contract Asset and Contract Liability Balances for the six months ended November 30, 2021:

	<b>Contract Assets Increase (Decrease)</b>	<b>Contract Liabilities (Increase) Decrease</b>
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligation satisfied	\$ -	\$ -
Cash Received in advance and not recognized as revenue	-	(20,331,879)
Reclassification of the beginning contract assets to receivables, as the result of rights to consideration becoming unconditional	(11,003,081)	-
Contract assets recognized, net reclassification to receivables	37,584,026	-
<b>Net Change</b>	<b>\$ 26,580,945</b>	<b>\$ (20,331,879)</b>

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates gross revenue by significant geographic area for the three and six months ended November 30, 2021 and 2020 based on origin of shipment (imports) or destination of shipment (exports):

	<b>For the Three Months Ended November 30, 2021</b>	<b>For the Three Months Ended November 30, 2020</b>
China, Hong Kong & Taiwan	\$ 125,312,137	\$ 58,742,573
Southeast Asia	164,883,397	40,546,168
United States	16,212,165	14,946,011
India Sub-continent	78,801,261	6,370,739
Other	20,221,729	4,033,929
Total revenue	<b>\$ 405,430,689</b>	<b>\$ 124,639,420</b>

  

	<b>For the Six Months Ended November 30, 2021</b>	<b>For the Six Months Ended November 30, 2020</b>
China, Hong Kong & Taiwan	\$ 203,417,446	\$ 95,051,241
Southeast Asia	240,260,018	49,678,000
United States	23,204,268	20,223,652
India Sub-continent	99,449,575	10,386,329
Other	28,871,242	6,715,465
Total revenue	<b>\$ 595,202,549</b>	<b>\$ 182,054,687</b>

**Segment Reporting**

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

**Earnings per Share**

The Company adopted ASC 260, *Earnings per share*, guidance from the inception. 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. Basic EPS is computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding, including warrants exercisable for less than a penny, (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations (if that amount appears in the consolidated statements 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 following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income attributable to common stockholders per common share.

	<b>For the Three Months Ended</b>	
	<b>November 30, 2021</b>	<b>November 30, 2020</b>
<b>Numerator:</b>		
Net income attributable to common stockholders	\$ 4,488,225	1,397,183
Effect of dilutive securities:	391,035	175,356
<b>Diluted net income</b>	<b>\$ 4,879,260</b>	<b>\$ 1,572,539</b>
<b>Denominator:</b>		
Weighted average common shares outstanding – basic	1,764,049,961	1,393,560,488
<b>Dilutive securities (a):</b>		
Series A Preferred	1,316,157,000	1,177,041,100
Series B Preferred	5,499,034,800	5,499,034,800
Convertible notes	2,320,223,646	1,236,932,052
Warrants	-	-
<b>Weighted average common shares outstanding and assumed conversion – diluted</b>	<b>10,899,465,407</b>	<b>9,306,568,440</b>
Basic net income per common share	\$ 0.00	\$ 0.00
Diluted net income per common share	\$ 0.00	\$ 0.00
(a) - Anti-dilutive securities excluded:	-	-
<b>For the Six Months Ended</b>		
	<b>November 30, 2021</b>	<b>November 30, 2020</b>
<b>Numerator:</b>		
Net income attributable to common stockholders	\$ 6,511,641	823,046
Effect of dilutive securities:	776,515	175,356
<b>Diluted net income</b>	<b>\$ 7,288,156</b>	<b>\$ 998,402</b>
<b>Denominator:</b>		
Weighted average common shares outstanding – basic	1,687,489,133	1,308,705,539
<b>Dilutive securities (a):</b>		
Series A Preferred	1,316,157,000	1,177,041,100
Series B Preferred	5,499,034,800	5,499,034,800
Convertible notes	2,320,223,646	1,236,932,052
Warrants	-	-
<b>Weighted average common shares outstanding and assumed conversion – diluted</b>	<b>10,822,904,579</b>	<b>9,221,713,491</b>
Basic net income per common share	\$ 0.00	\$ 0.00
Diluted net income per common share	\$ 0.00	\$ 0.00
(a) - Anti-dilutive securities excluded:	-	-

## 2. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Furniture and fixtures	\$ 97,716	\$ 84,085
Computer equipment	135,746	108,479
Software	30,609	27,780
Leasehold improvements	27,146	27,146
	<u>291,217</u>	<u>247,490</u>
Less: accumulated depreciation	(90,496)	(55,398)
	<u>\$ 200,721</u>	<u>\$ 192,092</u>

Depreciation expense charged to income for the three months ended November 30, 2021 and 2020 amounted to \$18,088 and \$14,611. Depreciation expense charged to income for the six months ended November 30, 2021 and 2020 amounted to \$35,098 and \$28,643.

## 3. INTANGIBLE ASSETS

Intangible assets consist of the following:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Trade names / trademarks	\$ 806,000	\$ 806,000
Customer relationships	7,633,000	7,633,000
Non-compete agreements	313,000	313,000
	<u>8,752,000</u>	<u>8,752,000</u>
Less: Accumulated amortization	(1,060,721)	(707,147)
	<u>\$ 7,691,279</u>	<u>\$ 8,044,853</u>

Amortizable intangible assets, including tradenames and non-compete agreements, are amortized on a straight-line basis over 3 to 10 years. Customer relationships are amortized on a straight-line basis over 12 to 15 years. For the three months ended November 30, 2021 and 2020, amortization expense related to the intangible assets was \$176,787. For the six months ended November 30, 2021 and 2020, amortization expense related to the intangible assets was \$353,574. As of November 30, 2021, the weighted average remaining useful lives of these assets was 7.83 years.

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

**Twelve Months Ending November 30,**

2022	\$	353,574
2023		707,148
2024		602,814
2025		602,814
2026		602,814
Thereafter		4,822,114
	\$	<u>7,691,279</u>

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

Accrued expenses and other current liabilities consisted of the following:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Accrued salaries and related expenses	\$ 351,021	\$ 672,455
Accrued sales and marketing expense	2,067,913	539,810
Accrued professional fees	181,066	75,000
Accrued income tax	2,678,991	256,286
Accrued overdraft liabilities	5,065,419	790,364
Accrued interest expense	249,557	-
Other accrued expenses and current liabilities	116,039	50,000
	<u>\$ 10,710,006</u>	<u>\$ 2,383,915</u>

**5. FINANCING ARRANGEMENTS**

Financing arrangements on the consolidated balance sheets consists of:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Revolving Credit Facility	\$ 29,833,248	\$ -
Promissory note (PPP)	-	358,236
Promissory notes (EIDL)	-	150,000
Notes payable	4,526,677	2,528,886
Convertible notes – net of discount of \$1,656,792 and \$1,607,283, respectively	2,204,366	2,441,551
	<u>36,564,291</u>	<u>5,478,673</u>
Less: current portion (1)	<u>(33,751,587)</u>	<u>(2,285,367)</u>
	<u>\$ 2,812,704</u>	<u>\$ 3,193,306</u>

- (1) As of November 30, 2021, a current portion of outstanding debt is represented by a revolving line of credit in the amount of \$29,833,248 and of a current portion of the notes payable in the amount of \$3,918,339.

**Revolving Credit Facility**

On June 1, 2021, the Company entered into a Revolving Purchase, Loan and Security Agreement (the “TBK Agreement”) with TBK BANK, SSB, a Texas State Savings Bank (“Purchaser”), for a facility under which Purchaser will, from time to time, buy approved receivables from the Seller. The TBK Agreement provides for Seller to have access to the lesser of (i) \$30 million (“Maximum Facility”) and (ii) the Formula Amount (as defined in the TBK Agreement). Upon receipt of any advance, Seller agreed to sell and assign all of its rights in accounts receivables and all proceeds thereof. Seller granted to Purchaser a continuing ownership interest in the accounts purchased under the Agreement. Seller granted to Purchaser a continuing first priority security interest in all of Seller’s assets. The facility is for an initial term of twenty-four (24) months (the “Term”) and may be extended or renewed, unless terminated in accordance with the TBK Agreement. The TBK Agreement replaced the Company’s prior agreement with Corefund Capital, LLC (“Core”) entered into on May 29, 2020, pursuant to which Core agreed to purchase from the Company up to an aggregate of \$25 million of accounts receivables (the “Core Facility”).

The Core Facility provided Core with security interests in purchased accounts until the accounts have been repurchased by the Company or paid by the customer. As of June 1, 2021, the Core Facility has been terminated along with all security interests granted to Core and replaced with the TBK Agreement. This facility temporarily renewed on June 17, 2021, under the same terms and conditions as the original agreement and the credit line was set at \$2.0 million and terminated again on August 31, 2021, after the Company repurchased all its factored accounts receivable.

On August 4, 2021, the parties to the TBK Agreement entered into a First Amendment Agreement to increase the credit facility from \$30.0 million to \$40.0 million during the Temporary Increase Period, the period commencing on August 4, 2021, through and including December 2, 2021, with all other terms of the original TBK Agreement remained unchanged.

On September 17, 2021, the parties to the TBK Agreement entered into a Second Amendment to the TBK Agreement primarily to increase the credit facility from \$40.0 million to \$47.5 million for the period commencing on August 4, 2021, through and including January 31, 2022.

#### **Purchase Money Financing**

On September 8, 2021 (the “Effective Date”), the Company entered into a Purchase Money Financing Agreement (the “Financing Agreement”) with Corefund Capital, LLC (“Corefund”) in order to enable the Company to finance additional cargo charter flights for the peak shipping season.

Pursuant to the Financing Agreement, the Company may, from time to time, request financing from Corefund to enable the Company to engage Company’s suppliers to provide chartered cargo flights for the Company’s clients. The Company may also request that Corefund tender payments directly to a supplier. Corefund requires payments from a buyer to be made to a Deposit Account Control Agreement account at an agreed upon bank where Corefund is the sole director and accessor to the account for the term of the relationship.

As collateral securing its obligations under the Financing Agreement, the Company granted Corefund a continuing security interest in all of the Company’s now owned and hereafter acquired Accounts Receivable (“Collateral”) subject to the security interest granted pursuant to that certain Revolving Purchase, Loan and Security Agreement, dated as of June 2, 2021. Immediately upon an Event of Default (as defined in the Financing Agreement), all outstanding obligations shall accrue interest at the rate of 0.1% (one-tenth of one percent) per day. If the Company substantially ceases operating as a going concern, and the proceeds of the Collateral created after the occurrence of an Event of Default (the “Default”) are in excess of the obligations at the time of Default, the Company shall pay to Corefund a liquidation success premium of 10 percent of the amount of such excess. The Financing Agreement contains ordinary and customary provisions for agreements and documents of this nature, such as representations, warranties, covenants, and indemnification obligations, as applicable.

#### **Promissory Note (PPP)**

On March 9, 2021, the Company was granted a loan in the aggregate amount of \$358,236, pursuant to the second round of the Paycheck Protection Program (the “PPP”) under the CARES Act. The Loan, which was in the form of a note, matures on March 5, 2026, and bears interest at a rate of 1% per annum. The Loan is payable in equal monthly instalments after the Deferral Period which ends on the day of the Forgiveness Deadline. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Loan was forgiven on August 9, 2021 and is included in gain on forgiveness of promissory notes on the condensed consolidated statements of operations.

## **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 was due on November 29, 2020. As of November 30, 2021, and May 31, 2021, the outstanding balance due under the note was \$912,500 and \$1,825,000, respectively.

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 over a three-year period. The agreement calls for twenty-four monthly non-interest-bearing payments of \$20,833.33 with the first payment on June 29, 2020. As of November 30, 2021, and May 31, 2021, the outstanding balance due under the agreement was \$125,006 and \$500,000, respectively.

On March 19, 2021 the Company issued to an accredited investor a 10% promissory note in the principal aggregate amount of \$1,000,000 (the “Trillium Note”) due and payable in 30 days. The Company received aggregate gross proceeds of \$1,000,000. On April 7, 2021, the Company entered into an Amended and Restated Promissory Note (the “Amended and Restated Note”) superseding and replacing the Original Note. The Amended and Restated Note is in the principal aggregate amount of \$1,000,000 and bears interest at a rate of a guaranteed 7.5% or \$75,000 at maturity. The Amended and Restated Note matures on June 15, 2021. On September 23, 2021, the Company further amended the Amended and Restated Note pursuant to which the Company and Trillium agreed to extend the maturity date of the Amended and Restated Note to December 31, 2021. As of November 30, 2021, and May 31, 2021, the outstanding balance due under the agreement was \$1,249,166 and \$1,062,215, respectively.

On October 1, 2021, the Company entered into a Securities Purchase Agreement with Trillium Partners LP and Carpathia LLC (each a “Buyer”) pursuant to which the Company issued to each Buyer a Note in the aggregate principal amount of \$1,000,000, respectively, for a total of \$2,000,000 (collectively the “Notes”). The Notes mature on March 31, 2022 (the “Maturity Date”). Interest on this Notes shall initially accrue on the outstanding Principal Amount (as defined therein) at a rate equal to twelve (12) % per annum during the first 120 calendar days following the issuance date of this Note (“Issue Date”). Commencing 121 days following the Issue Date and continuing thereafter, absent an Event of Default, interest shall accrue on the outstanding Principal Amount at a rate equal to eighteen (18) % per annum. The Principal Amount and all accrued Interest shall become due and payable on the Maturity Date. Upon the occurrence of any Event of Default, including at any time following the Maturity Date, a default interest rate equal to twenty four percent (24%) per annum shall be in effect as to all unpaid principal then outstanding. The Company shall pay a minimum interest payment equal to twelve percent (12%) on the Principal Amount, or \$120,000 (“Minimum Interest Payment”). The Company may prepay the Notes at any time in whole or in part by making a payment equal to (a) the Principal Amount owed under the Notes plus (b) the greater of: (i) all accrued and unpaid interest, or (ii) the Minimum Interest Payment. As of November 30, 2021, the outstanding balance on each of these notes was \$1,120,000 and \$0, respectively. As of November 30, 2021, the each of the notes included \$120,000 of accrued interest.

## **Convertible Notes**

### *Trillium SPA*

On October 8, 2020, the Company entered into a Securities Purchase Agreement (the “Trillium SPA”) with Trillium Partners (“Trillium”) pursuant to which the Company sold to Trillium (i) a 10% secured subordinated convertible promissory note in the principal aggregate amount of \$1,111,000 (the “Trillium Note”) realizing gross proceeds of \$1,000,000 (the “Proceeds”) and (ii) a warrant to purchase up to 570,478,452 shares of the Company’s common stock at an exercise price of \$0.001946, subject to adjustment as provided therein (the “Trillium Warrant”). The Trillium Note was to mature on October 6, 2021 and is convertible at any time. The Company shall pay interest on a quarterly basis in arrears.

The Company initially determined the fair value of the warrant and the beneficial conversion feature of the note using the Black-Scholes model and recorded an adjustment to the carrying value of the note liability with an equal and offsetting adjustment to Stockholders' Equity.

The note was amended on October 14, 2020, to adjust the conversion price to \$0.00179638. Upon amendment, the Company accounted for the modification as debt extinguishment and recorded a loss in the statement of operations for the period ended November 30, 2020.

On June 1, 2021, this Note maturity was extended to October 6, 2022.

On August 19, 2021, Trillium entered into a Securities Exchange Agreement as discussed below.

During the six months ended November 30, 2021, a noteholder converted \$131,759 of principal and interest of the convertible note into 73,346,191 shares of the Company's common stock at a rate of \$0.00179640 per share. As of November 30, 2021, and May 31, 2021, the outstanding balance on the Trillium Note was \$1,030,000 and \$1,104,500.

### *3a SPA*

On October 14, 2020, the Company entered into a Securities Purchase Agreement (the "3a SPA") with 3a Capital Establishment ("3a") pursuant to which the Company sold to 3a (i) a 10% secured subordinated convertible promissory note in the principal aggregate amount of \$1,111,000 (the "3a Note") realizing gross proceeds of \$1,000,000 (the "Proceeds") and (ii) a warrant to purchase up to 570,478,452 shares of the Company's common stock at an exercise price of \$0.001946, subject to adjustment as provided therein (the "3a Warrant"). The 3a Note matures on October 6, 2021 (the "Maturity Date") and is convertible at any time.

The Company determined the fair value of the warrant using the Black-Scholes model and recorded an adjustment to the carrying value of the note liability with an equal and offsetting adjustment to Stockholders Equity. The warrant had a grant date fair value of \$563,156 and the beneficial conversion feature was valued at \$436,844.

On June 1, 2021, this Note maturity was extended to October 6, 2022. Upon this amendment the Company accounted for this modification as debt extinguishment and recorded a net gain of \$383,819 in the condensed consolidated statements of operations for the period ended November 30, 2021.

On August 19, 2021, 3a entered into a Securities Exchange Agreement as discussed below (See Securities Exchange Agreement).

As of November 30, 2021 and May 31, 2021 the total unamortized debt discount related to the 3a SPA was \$490,528 and \$391,757, respectively. During the three and six months ended November 30, 2021, the Company recorded amortization of debt discount totaling \$141,598 and \$285,048, respectively.

During the three months ended November 30, 2021, the noteholder converted \$41,317 in convertible notes into 23,000,000 shares of the Company's common stock at a rate of \$0.00179638 per share. During the six months ended November 30, 2021, a noteholder converted \$113,172 in convertible notes into 63,000,000 shares of the Company's common stock at a rate of \$0.00179638 per share. As of November 30, 2021 and May 31, 2021, the outstanding principal balance on the 3a Note was \$997,828 and \$1,111,000, respectively.

### *Trillium and 3a January Convertible Notes*

On January 28, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Trillium Partners LP ("Trillium") and 3a Capital Establishment ("3a" together with Trillium, the "Investors") pursuant to which the Company sold to each of the Investors (i) a 10% secured subordinated convertible promissory note in the principal aggregate amount of \$916,666 or \$1,833,333 in the aggregate (each a "Note" and together the "Notes") realizing gross proceeds of \$1,666,666 (the "Proceeds").

The Notes mature on January 28, 2022 (the “Maturity Date”) and are convertible at any time. The conversion price of the Note is \$0.0032 (the “Conversion Price”). The Company determined the fair value of the warrant using the Black-Scholes model and recorded an adjustment to the carrying value of the note liability with an equal and offsetting adjustment to Stockholders Equity. The beneficial conversion feature for both Notes was valued at \$1,666,666.

On June 1, 2021, maturity of these Notes was extended to January 28, 2023. Upon this amendment the Company accounted for this modification as debt extinguishment and recorded a net gain of \$247,586.

On August 19, 2021, investors entered into a Securities Exchange Agreement as discussed below (See Securities Exchange Agreement).

As of November 30, 2021 and May 31, 2021, the total unamortized debt discount related these Notes was \$1,157,290 and \$1,215,526, respectively. During the three months ended November 30, 2021 and 2020, the Company recorded amortization of debt discount totaling \$243,882 and \$162,212. During the six months ended November 30, 2021 and 2020, the Company recorded amortization of debt discount totaling \$491,467 and \$162,212. As of November 30, 2021, and May 31, 2021, the outstanding balance on these convertible notes was \$1,833,334.

#### *Covenants*

As of November 30, 2021 and May 31, 2020, the Company was in compliance with all covenants and debt agreements except for Trillium and 3a where the Company was deemed to be in default. On January 29, 2021, the Company and the investors (Trillium and 3a) entered into a waiver agreement which waived any and all defaults underlying the 3a, Trillium and 3a SPA's and the Trillium and 3a Notes for a period of six months. Subsequently, the Company signed the Securities Exchange Agreement extending this waiver until a Termination Date event as described below.

#### *Securities Exchange Agreements*

On August 4, 2021, the Company entered into a securities exchange agreement (the “Exchange Agreement”) with the investors (Trillium and 3a) holding the above listed notes and warrants of the Company (each, including its successors and assigns, a “Holder” and collectively the “Holders”). Pursuant to the Exchange Agreement, the Company agreed to issue, and the Holders agreed to acquire the New Securities (as defined herein) in exchange for the Surrendered Securities (the “Old Notes” defined as October and January Notes and Warrants in the Exchange Agreement). “New Securities” means a number of Exchange Shares (as defined in the Exchange Agreement) determined by applying the Exchange Ratio (as defined in the Exchange Agreement) upon consummation of a registered public offering of shares of the Company’s Common Stock (and warrants if included in such financing), at a valuation of not less than \$200,000,000.00 pre-money, pursuant to which the Company receives gross proceeds of not less than \$20,000,000 and the Company’s Trading Market is a National Securities Exchange (the “Qualified Financing”).

To extent that any events that have occurred prior to the date hereof that could have resulted in an event of default under the Old Notes the Holders hereby waive the occurrence of any such event of default. From the date hereof through the earlier of date of (i) the Closing of the Exchange, or (ii) the Termination Date, the Holders agree to forebear from declaring any such event of default and further agree that will not take any steps to collect on the Old Notes and collect any liquidated damages owed under the Old Registration Rights Agreement (“RRA”). In the event the Exchange closes on or before the Termination Date, the defaults under the Old Notes will be permanently waived and any liquidated damages accrued under the Old RRAs will be forgiven. If the Exchange does not close on or before the Termination Date, the Company will be required to pay all the liquidated damages accrued under the Old RRAs as if this Agreement was never executed and the Holders will be entitled to all of the rights and remedies under the Old Transaction Documents.

#### *Amended Securities Exchange Agreement*

On December 10, 2021, Unique Logistics International, Inc. (the “Company”) entered into an amended securities exchange agreement (See Subsequent Event Note 11)

Upon effectiveness of the Amended Exchange Agreement, the Company no longer has any outstanding convertible notes or warrants.

Future maturities related to the above promissory notes, notes payable and convertible notes are as follows:

**Twelve Months Ending November 30,**

2022	\$	3,918,339
2023		4,469,496
		<u>8,387,834</u>
Less: current portion		(3,918,339)
Less: unamortized discount		(1,656,792)
	\$	<u><u>2,812,704</u></u>

**6. RELATED PARTY TRANSACTIONS**

Related party debt consisted of the following:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Due to Frangipani Trade Services <sup>(1)</sup>	\$ 753,273	\$ 903,927
Due to employee <sup>(2)</sup>	45,000	60,000
Due to employee <sup>(3)</sup>	99,994	149,996
	<u>898,267</u>	<u>1,113,923</u>
Less: current portion	(198,933)	(397,975)
	<u>\$ 699,334</u>	<u>\$ 715,948</u>

(1) Due to Frangipani Trade Services (“FTS”), an entity owned by the Company’s CEO, is due on demand and is non-interest bearing. The principal amount of this Promissory Note bears no interest; provided that any amount due under this Note which is not paid when due shall bear interest at an interest rate equal to six percent (6%) per annum. The principal amount is due and payable in six payments of \$150,655 the first payment due on November 30, 2021, with each succeeding payment to be made six months after the preceding payment.

(2) 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.

(3) 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 Agreements**

Unique entered into a Consulting Services Agreement on May 29, 2020 for a term of three years with Great Eagle Freight Limited (“Great Eagle” or “GEFD”), a Hong Kong Company (the “Consulting Services Agreement”) where the Company pays \$500,000 per year until the expiration of the agreement on May 28, 2023. The fair value of the services was determined to be less than the cash payments and the difference was recorded as Contingent Liability on the consolidated balance sheets and amortized over the life of the agreement. Unique paid \$250,000 during the year ended May 31, 2021, and amortized balances were \$424,002 and \$565,338 as of November 30, 2021 and May 31, 2021, respectively.

The Company utilizes financial reporting services from the firm owned and controlled by David Briones, a member of the Board of Directors. The service fees are \$5,000 per month. Total fees were \$15,000 and none for three months ended November 30, 2021 and 2020, respectively. Total fees were \$30,000 and none for six months ended November 30, 2021 and 2020, respectively.

#### **Accounts Receivable - trade and Accounts Payable - trade**

Transactions with related parties account for \$39,565,861 and \$54,899,638 of accounts receivable and accounts payable as of November 30, 2021, respectively compared to \$1,274,250 and \$10,839,224 of accounts receivable and accounts payable as of May 31, 2021.

#### **Revenue and Expenses**

Revenue from related party transactions is for export services from related parties or for delivery at place imports nominated by such related parties. For the three and six months ended November 30, 2021, these transactions represented \$0.3 million and \$0.8 million of revenue, respectively.

Revenue from related party transactions is for export services from related parties or for delivery at place imports nominated by such related parties. For the three and six months ended November 30, 2020, these transactions represented \$0.6 million and \$1.2 million of revenue, respectively.

Direct costs are services billed to the Company by related parties for shipping activities. For the three and six months ended November 30, 2021, these transactions represented \$29.3 million and \$101.2 million of total direct costs, respectively.

Direct costs are services billed to the Company by related parties for shipping activities. For the three and six months ended November 30, 2020, these transactions represented \$23.2 million and \$27.6 million of total direct costs, respectively.

#### **7. RETIREMENT PLANS**

We have two savings plans that qualify under Section 401(k) of the Internal Revenue Code. Eligible employees may contribute a portion of their salary into the savings plans, subject to certain limitations. In one of which the Company has the discretionary option of matching employee contributions and in the other the Company matches 20% on the first 100% contribution. In either Plan, employees can contribute 1% to 98% of gross salary up to a maximum permitted by law. The Company recorded expense of \$52,028 and \$0 for the three months ended November 30, 2021 and 2020, respectively. The Company recorded expense of \$56,321 and \$12,727 for the six months ended November 30, 2021 and 2020, respectively.

#### **8. STOCKHOLDERS' EQUITY**

##### **Common Stock**

On June 28, 2021, a noteholder converted \$71,855.20 in convertible notes (principal and interest) into 40,000,000 shares of the Company's common stock at a rate of \$0.00179638 per share.

On July 8, 2021, a noteholder converted \$15,620.83 in convertible notes (principal and interest) into 8,695,727 shares of the Company's common stock at a rate of \$0.00179638 per share.

On August 3, 2021, a noteholder converted \$24,418.89 in convertible notes (principal and interest) into 13,593,388 shares of the Company's common stock at a rate of \$0.00179638 per share.

On August 9, 2021, a noteholder converted \$12,820.83 in convertible notes (principal and interest) into 7,137,037 shares of the Company's common stock at a rate of \$0.00179638 per share.

On September 28, 2021, a noteholder converted \$53,054.86 in convertible notes (principal and interest) into 29,534,319 shares of the Company's common stock at a rate of \$0.00179638 per share.

On October 27, 2021, a noteholder converted \$41,317 in convertible notes (principal and interest) into 23,000,000 shares of the Company's common stock at a rate of \$0.00179638 per share.

### **Preferred Shares**

#### *Series B Convertible Preferred*

On August 13, 2021, Unique Logistics International, Inc. (the "Company") issued 125,692,224 shares of the Company's common stock (the "Preferred Conversion Shares") pursuant to the conversion of 19,200 shares of Series B Convertible Preferred Stock held by Frangipani Trade Services Inc, an entity 100% owned by the Company's Chief Executive Officer.

### **Warrants**

The following is a summary of the Company's warrant activity:

	Warrants	Weighted Average Exercise Price
Outstanding – May 31, 2021	1,140,956,904	\$ 0.002
Exercisable – May 31, 2021	1,140,956,904	\$ 0.002
Granted	-	-
Outstanding – November 30, 2021	1,140,956,904	\$ 0.002
Exercisable – November 30, 2021	1,140,956,904	\$ 0.002

Warrants Outstanding			Warrants Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.002	1,140,956,904	3.85	\$ 0.002	1,140,956,904	\$ 0.002

On November 30, 2021, the total intrinsic value of warrants outstanding and exercisable was \$18,088,731.

## **9. COMMITMENTS AND CONTINGENCIES**

### *Pending acquisitions*

On August 23, 2021, the Company and Unique Logistics Limited, Hong Kong ("ULHK") entered into a Non-Binding Term Sheet for the Company's purchase from ULHK of (i) 65% of the capital stock of Unique Logistics International India (Private) Ltd.; (ii) 50% of the capital stock of ULI (North & East China) Company Limited; (iii) 50% of the capital stock of Unique Logistics International (Shanghai) Co. Ltd.; (iv) 50% of the capital stock of ULI International Co. Ltd.; (v) 49.99% of TGF Unique Limited; (vi) 100% of the capital stock of Unique Logistics International (H.K.) Limited; (vii) 65% of the capital stock of Unique Logistics International (Vietnam) Co. Ltd.; (viii) 70% of the capital stock of ULI (South China) Limited; (ix) 100% of the capital stock of Unique Logistics International (South China) Ltd.; and (x) 100 of the capital stock of Shenzhen Unique Logistics Limited (collectively the "ULHK Entities"). The initial purchase price, subject to adjustment, to be paid for the ULHK Entities is \$22,000,000 payable as follows (i) \$21,000,000 payable at closing (ii) \$1,000,000 in the form of a zero interest 24-month promissory note. Seller shall also be entitled to an additional \$2,500,000 payable (the "Earn-Out

Payment”) by March 31, 2023, in the event that ULHK Entities EBITDA exceeds \$5,000,000 for the calendar year of 2022. Should ULHK Entities EBITDA be less than \$5,000,000 but more than \$4,500,000 for the 2022 calendar year, the Earn-Out Payment will be adjusted to \$2,000,000. No Earn-Out will be paid if the EBITDA of the ULHK Entities is less than \$4,500,000 for the 2022 calendar year.

The purchase of ULHK Entities is subject to, among other things, due diligence, receipt and review of definitive agreements, receipt of certain regulatory approvals, audited financial statements, material third part consents and consent of minority shareholders of ULHK Entities

#### *Litigation*

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

#### *Leases*

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

The components of lease expense were as follows:

	<b>For the Three Months Ended November 30, 2021</b>	<b>For the Three Months Ended November 30, 2020</b>
Operating lease	\$ 430,483	\$ 383,860
Interest on lease liabilities	34,948	47,324
Total net lease cost	<u>\$ 465,431</u>	<u>\$ 431,184</u>
	<b>For the Six Months Ended November 30, 2021</b>	<b>For the Six Months Ended November 30, 2020</b>
Operating lease	\$ 792,684	\$ 737,424
Interest on lease liabilities	87,332	98,065
Total net lease cost	<u>\$ 880,016</u>	<u>\$ 835,489</u>

Supplemental balance sheet information related to leases was as follows:

	<u>November 30, 2021</u>	<u>May 31, 2021</u>
Operating leases:		
Operating lease ROU assets – net	\$ 3,087,387	\$ 3,797,527
Current operating lease liabilities, included in current liabilities	1,399,186	1,466,409
Noncurrent operating lease liabilities, included in long-term liabilities	1,799,273	2,431,144
Total operating lease liabilities	<u>\$ 3,198,459</u>	<u>\$ 3,897,553</u>

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

	<u>For the Six Months Ended November, 2021</u>	<u>For the Six Months Ended November, 2020</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases	\$ -	\$ 639,338
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ -	\$ 223,242
Weighted average remaining lease term (in years):		
Operating leases	3.90	4.20
Weighted average discount rate:		
Operating leases	4.25%	4.25%

Future minimum lease payments under noncancelable operating leases are as follows:

<u>Twelve Months Ending November 30,</u>	
2022	\$ 1,500,001
2023	525,640
2024	509,667
2025	354,528
2026	211,383
Thereafter	373,181
Total lease payments	<u>3,474,400</u>
Less: imputed interest	(275,941)
Total lease obligations	<u>\$ 3,198,459</u>

## 10. INCOME TAX PROVISION

The income tax expense consists of the following:

	<u>November 30, 2021</u>	<u>November 30, 2020</u>
<b>Federal provision (benefit)</b>		
Current	\$ 2,388,000	\$ 307,199
Deferred	(259,579)	-
<b>State and Local provision (benefit)</b>		
Current	453,000	-
Deferred	(44,421)	-
<b>Total provision</b>	<u>\$ 2,537,000</u>	<u>\$ 307,199</u>

A reconciliation of the provision for income taxes using the statutory federal income tax rate to our effective income tax rate for the period ended November 30, 2021, is as follows:

SCHEDULE OF EXPECTED TAX EXPENSE (BENEFIT)

	For the Six Months Ended November 30, 2021	For the Six Months Ended November 30, 2020
Federal statutory rate (%)	21%	21%
State income taxes, net of federal benefit	4%	4%
Change in valuation allowance	(3)%	-%
Other, net	6%	3%
Effective income tax rate (%)	<u>28%</u>	<u>27%</u>

As of November 30, 2020, the Company recorded a full valuation allowance against the deferred tax assets due to insufficient evidence to support the utilization of these benefits.

## 11. SUBSEQUENT EVENTS

### *Information Statement*

On November 29, 2021, the Company filed an Information Statement with the SEC for the holders of record of the outstanding common stock, informing them of the actions to be effective at least 20 days after the mailing of the Information Statement. Contemplated actions are:

A reverse stock split of the Company's issued and outstanding shares of Common Stock (the "Reverse Stock Split") with a ratio within the range of 1-for-300 to 1-for-400 (the "Reverse Stock Split Ratio")

A decrease in the number of authorized shares of Common Stock from 800,000,000 shares to 250,000,000 shares.

The filing of an amendment to our Articles of Incorporation, as amended, to affect the Reverse Stock Split and the Decrease in Authorized Shares.

Amendment to the Unique 2020 Equity and Incentive Plan (the "2020 Plan") to set the number of shares of the Company's Common Stock available for issuance under the 2020 Plan to 1,500,000 shares effective upon the Reverse Stock Split.

### *Amended Securities Exchange Agreement*

On December 10, 2021, Unique Logistics International, Inc. (the "Company") entered into an amended securities exchange agreement (the "Amended Exchange Agreement") with two investors holding convertible notes, issued by the Company, in the aggregate remaining principal amount of \$3,861,160 plus interest; and warrants to purchase an aggregate of 1,140,956,904 shares of common stock of the Company (the "Surrendered Securities"). Pursuant to the Amended Exchange Agreement, the Company agreed to issue, and the Holders agreed to acquire, in exchange for the Surrendered Securities shares of the newly created Series C Convertible Preferred Stock, par value \$0.001 per share (the "Series C Preferred") and shares of Series D Convertible Preferred Stock, par value \$0.001 per share (the "Series D Preferred", and together with the Series C Preferred, the "Preferred Stock"), of the Company, upon entering into the Exchange Amendment.

In connection with the Amended Exchange Agreement, each of the Holders received that certain number of Preferred Stock equal to one share of Preferred Stock for every \$10,000.00 of Note Value held by such Holder (the "Exchange Ratio"). Specifically, the Company issued approximately 194.66 shares of Series C Preferred and issued approximately 191.45 shares of Series D Preferred. In the aggregate, each of the Series C Preferred and Series D Preferred may be converted up to an amount of common stock equal to 12.48% of the Company's capital stock on a fully diluted basis, subject to adjustment. The designations, rights, preferences, and privileges of the Series C Preferred and Series D Preferred are further described below (the "CODs").

Upon effectiveness of the Amended Exchange Agreement, the Company no longer has any outstanding convertible notes or warrants.

*Series C and D Preferred*

The Company has designated 200 shares of preferred stock, \$0.001 par value per share, for each of the Series C Preferred and Series D Preferred. The holders of the Preferred Stock shall be entitled to receive, upon liquidation, dissolution or winding up of the Company, the amount of cash, securities or other property to which such holder would be entitled to receive with respect to such shares of Preferred Stock if such shares had been converted to common stock immediately prior to such liquidation.

Holders of the Preferred Stock shall have no voting rights. However, as long as any shares of Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding series of Preferred Stock, (a) disproportionately alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend the CODs, (b) amend its certificate of incorporation or other charter documents in any manner that disproportionately adversely affects any rights of the holders of the Preferred Stock, (c) increase or decrease the number of authorized shares of each series of Preferred Stock or (d) enter into any agreement with respect to any of the foregoing.

*Repayment of Notes Payable*

On January 7, 2022, the Company repaid in full both subordinated notes issued on October 1, 2021 per Purchase Agreement with Trillium Partners LP and Carpathia LLC (each a “Buyer”) pursuant to which the Company issued to each Buyer a Note in the aggregate principal amount of \$1,000,000, respectively, for a total of \$2,000,000 (collectively the “Notes”). The Company also paid a minimum interest payment of \$90,000 on each Note and indebtedness was satisfied in full.

*Amended and Restated Promissory Note*

On April 7, 2021, the Company entered into an Amended and Restated Promissory Note (the “Amended and Restated Note”) with Trillium Partners (“Trillium”), pursuant to which the Company and Trillium amended and restated in its entirety that certain promissory note, issued to Trillium on March 19, 2020 (the “Original Note”). The Amended and Restated Note was to mature on June 15, 2021 (the “Maturity Date”). On September 23, 2021, the Company further amended the Amended and Restated Note pursuant to which the Company and Trillium agreed to extend the maturity date of the Amended and Restated Note to December 31, 2021. On January 6, 2022, the Company entered into a third amendment to the Amended and Restated Note pursuant to which the Company and Trillium agreed to extend the maturity date of the Amended and Restated Note to March 31, 2022.

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

### *Note Regarding Forward-Looking Statements*

This Quarterly Report on Form 10-Q includes a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") that reflect management's current views with respect to future events and financial performance. These statements are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by the Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used herein, the words "anticipate," "believe," "estimate," "expect," "forecast," "future," "intend," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company's business, industry, and the Company's operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report. The forward-looking statements made in this report are based only on events or information as of the date on which the statements are made in this report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this report and the documents we refer to in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we expect. These risks include, by way of example and without limitation:

- *The company provides services to customers engaged in international commerce. Everything that affects international trade has the potential to expand or contract our primary market and adversely impact our operating results.*
- *We depend on operators of aircrafts, ships, trucks, ports and airports.*
- *We derive a significant portion of our total revenues and net revenues from our largest customers.*
- *Due to our dependence on a limited number of customers, we are subject to a concentration of credit risk.*
- *Our earnings may be affected by seasonal changes in the transportation industry.*

- *Our business is affected by ever increasing regulations from a number of sources in the United States and in foreign locations in which we operate.*
- *As a multinational corporation, we are subject to formal or informal investigations from governmental authorities or others in the countries in which we do business.*
- *The global economy and capital and credit markets continue to experience uncertainty and volatility.*
- *Our business is subject to significant seasonal fluctuations driven by market demands and each quarter is affected by seasonal trends.*
- *Our revenue and direct costs are subject to significant fluctuations depending on supply and demand for freight capacity.*

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

As used in this Quarterly Report on Form 10-Q and unless otherwise indicated, the terms “Company,” “we,” “us,” and “our” refer to Unique Logistics International, Inc. (formerly known as Innocap, Inc.), and our wholly subsidiaries, Unique Logistics International (ATL) LLC, a Georgia limited liability company (“UL ATL”), Unique Logistics International (BOS) Inc, a Massachusetts corporation (“UL BOS”) and Unique Logistics International (NYC) LLC, a Delaware limited liability company (“UL NYC”). Unless otherwise specified, all dollar amounts are expressed in United States dollars.

#### *Business Overview*

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

Our range of services can be categorized as follows:

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

#### *Results of Operations for the Three Months ended November 30, 2021 and 2020*

##### **Revenue**

The Company’s recorded total revenue from operations for the three months ended November 30, 2021 and 2020 in the amounts of \$405.4 million and \$124.6 million, respectively. This increase represents management’s success in combining the acquired entities, achievement of synergies, as well as significant increase in a number of customers, shipping volumes and the market prices, for both air and ocean freight services. A significant increase in air freight revenue in the last three months relates primarily to a comprehensive air charter programs that the Company put in place starting August of 2021 to address increased shipping needs of two strategic customers. This program is planned to continue at least until the end of fiscal year and could be extended upon customer request. Management is projecting strong demand for international logistics services driven by a recovering US economy into the next twelve months and believes that the Company is in a strong position to deliver on its strategy, ensuring growth both organically and through acquisitions in strategic geographic areas of our business.

### **Costs and Operating Expenses**

Costs and operating expenses were \$396.8 million for the three months ended November 30, 2021, compared with \$121.6 million for the three months ended November 30, 2020. This increase in cost was attributable to a significant increase in shipping volume and market prices, as well as the cost associated with a comprehensive air charter program described above. The Company continues to focus on product gross margins and is anticipating to retain and improve its margins going forward.

### **Other Income (Expense)**

For the three months ended November 30, 2021, other income (expense) was comprised of interest expense and amortization of debt discount on convertible notes. During the three months ended November 30, 2021, interest expense and bank fees totaled approximately \$1.9 million. The Company recorded approximately \$0.4 million amortization of debt discount related to the convertible notes.

For the three months ended November 30, 2020, other income (expenses) is comprised of interest expense and loss on extinguishment of convertible debt. During the three months ended November 30, 2020, interest expense and bank fees totaled approximately \$28,000 for bank interest charges and \$175,266 for accretion of debt discount related to the Company's convertible notes. In addition, during the three months ended November 30, 2020, the Company modified an existing convertible note agreement with the lender resulting in a loss on extinguishment of \$1.15 million.

### **Net Income**

Net income was approximately \$4.5 million for the three months ended November 30, 2021, compared to a net income of approximately \$1.4 million for the three months ended November 30, 2020. The change was primarily due to the Company's management successfully combining acquired entities, achieved synergies, and strategically growing new business.

*Results of Operations for the Six Months ended November 30, 2021 and 2020*

### **Revenue**

The Company's recorded total revenue from operations for the six months ended November 30, 2021 and 2020 in the amounts of \$595.2 million and \$182.1 million, respectively. This increase represents management's success in combining the acquired entities, achievement of synergies, as well as significant increase in a number of customers, shipping volumes and the market prices, for both air and ocean freight services. Management is also projecting strong demand for international logistics services driven by a recovering US economy. The Company is in a strong position to deliver on its strategy, ensuring growth both organically and through acquisitions in strategic geographic areas of our business.

### **Costs and Operating Expenses**

Costs and operating expenses were \$583.3 million for the six months ended November 30, 2021, compared with \$179.5 million for the six months ended November 30, 2020. This increase in cost was attributable to a significant increase in shipping volume and market prices. The Company is focused on product gross margins and is anticipating to retain and improve its margins as it continues to grow its customer base.

## Other Income (Expense)

For the six months ended November 30, 2021, other income (expense) was comprised of interest expense, gain on forgiveness of promissory notes, gain on extinguishment of debt and amortization of debt discount on convertible notes. During the six months ended November 30, 2021, interest expense and bank fees totaled approximately \$3.2 million. The Company recorded approximately \$0.8 million amortization of debt discount related to the convertible notes and approximately \$0.8 million gain on extinguishment of debt. In addition, during the six months ended November 30, 2021, the Company was granted forgiveness of the Paycheck Protection Program loans under the CARES Act, (the “PPP Loan”) and recorded a gain on forgiveness of approximately \$358,000.

For the six months ended November 30, 2020, other income (expenses) is comprised of interest expense and loss on extinguishment of convertible debt. During the six months ended November 30, 2020, interest expense and bank fees totaled approximately \$60,100 for bank interest charges and \$175,300 for accretion of debt discount related to the Company’s convertible notes. In addition, during the three and six months ended November 30, 2020, the Company modified an existing convertible note agreement with the lender resulting in a loss on extinguishment of \$1.15 million.

## Net Income

Net income was \$6.5 million for the six months ended November 30, 2021, compared to a net loss of \$0.8 million for the six months ended November 30, 2020. The change was primarily due to the Company’s management successfully combining acquired entities, achieved synergies, and strategically growing new business.

## Liquidity and Capital Resources

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

From the inception the Company experienced adverse cash flows from operations, primarily due to significant business growth since inception, entering new markets and products and repayment of an acquisition related debt. As of November 30, 2021, the Company had working capital of approximately \$2.8 million compared with \$3.5 million negative working capital as of May 31, 2021. Liquidity fluctuations may raise the risk of there being substantial doubt about the Company’s ability to continue as a going concern.

In response to such factors, the Company’s took steps to alleviate the risk of substantial doubt by

- Repayment of significant portion of its acquisition related debt
- Entering a Second Amendment to the TBK Agreement to increase the credit facility from \$40.0 million to \$47.5 million for the period through January 31, 2022
- Entering into a Purchase Money Financing Agreement on September 8, 2021, with Corefund Capital, LLC to enable the Company to finance additional cargo charter flights for the peak shipping season.
- Entering into an Exchange Agreement on August 4, 2021 and in the Amendment to the Exchange Agreement on December 10, 2021 to exchange all of its Convertible debt into shares of common stock.

The Company also is preparing to raise additional funds through an uplisting on a major securities exchange in early 2022. The funds would be used for acquisitions and partially for operating capital.

While we continue to execute our strategic plan, the Company is also in a process of evaluating several other liquidity-oriented options such as raising additional capital, increasing credit limits of the revolving credit facilities, reducing cost of debt, controlling expenditures, and improving its cash collection processes. While many of the aspects of the Company’s plan involve management’s judgments and estimates that include factors that could be beyond our control and actual results could differ from our estimates. These and other factors could cause the strategic plan to be unsuccessful which could have a material adverse effect on our operating results, financial condition, and liquidity.

As of November 30, 2021, we expect to meet our liquidity needs for the next twelve months with cash and cash equivalents and cash flows from operations. We expect to meet our long-term liquidity needs with cash flows from operations and financing arrangements.

The following table summarizes total current assets, liabilities and working capital on November 30, 2021 compared to May 31, 2021:

	<b>November 30, 2021</b>	<b>May 31, 2021</b>	<b>Change</b>
Current Assets	\$ 194,403,343	\$ 52,400,799	\$ 142,002,544
Current Liabilities	191,615,252	55,929,942	135,675,310
Working Capital (Deficit)	\$ 2,798,091	\$ (3,529,143)	\$ 6,327,234

Increase in current assets is primarily due to an increase in trade accounts receivable, approximately \$122.2 million as a result of increase in sales as well as a repurchase of approximately \$31.5 million of own accounts receivable from the Factor previously accounted off balance sheet. An increase in contract assets of approximately \$26.6 million related to Company's revenue recognition policy "over time" for shipments in transit. A decrease in factoring reserve \$7.6 million is a result of replacing factoring arrangements with a revolving line of credit on June 1, 2021.

Increase in current liabilities is primarily due to increase in trade accounts payables and addition of a revolving line of credit. Significant increase in customer orders led to increase in accounts payable of approximately \$36.9 million, increase in accrued expenses and other current liabilities of approximately \$8.3 million, an increase in accrued contact liabilities of \$20.3 million, an increase of \$38.9 million for the freight in transit, an increase in the outstanding balance on the line of credit of \$29.8 million and an increase in the current portion of notes payable by \$1.6 million.

	<b>For the Six Months Ended, November 30, 2021</b>	<b>For the Six Months Ended, November 30, 2020</b>	<b>Change</b>
Net cash provided by (used in) by operating activities	\$ (30,406,559)	\$ 571,788	\$ (30,978,347)
Net cash used in investing activities	(43,727)	(15,026)	(28,701)
Net cash provided by (used in) financing activities	31,038,427	1,626,835	29,411,592
Net increase in cash and cash equivalents	\$ 588,141	\$ 2,183,597	\$ (1,595,456)

Operating activities used cash of \$30.4 million for the six months ended November 30, 2021 compared to net cash provided by operations of \$0.6 million for the six months ended November 30, 2020. Primary reason for cash used for the six months ended November 30, 2021, was a significant increase in accounts receivables, reflecting repurchase of trade receivables from a factor taking advantage of a better interest rate on Company's new revolving credit facility. This cash outlays were balanced by a corresponding increase in accounts payable accrued expenses and accrued freight, reflecting the Company's ability to finance operations through extended credit with diverse network of suppliers, partners and shipping companies.

Investing activities used cash of \$43,727 for the six months ended November 30, 2021 compared to \$15,026 for the six months ended August 31, 2020. During the six months ended November 30, 2021 and 2020, investing activities consisted of purchasing office equipment.

Financing activities provided cash of \$31.0 million for the six months ended November 30, 2021 and were the result of receiving aggregate gross proceeds of \$2.0 million from an investor in exchange for a contemplated note payable and net proceeds of \$29.8 million from the line of credit facility in effect from June 1, 2021 used to repurchase factored trade receivables per above. These proceeds were offset by payments on notes payable and related party debt of \$579,165 and \$215,656, respectively.

### **Critical Accounting Policies**

Accounting policies, methods and estimates are an integral part of the condensed consolidated financial statements prepared by management and are based upon management's current judgments. These judgments are normally based on knowledge and experience regarding past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments. While there are a number of accounting policies, methods and estimates that affect our condensed consolidated financial statements, the areas that are particularly significant include revenue recognition; the fair value of acquired assets and liabilities; fair value of contingent consideration; the assessment of the recoverability of long-lived assets, goodwill and intangible assets; and leases.

We perform an impairment test of goodwill for each year unless events or circumstances indicate impairment may have occurred before that time. We assess qualitative factors to determine whether it is more-likely-than-not that the fair value of the reporting unit is less than the carrying amount. After assessing qualitative factors, if further testing is necessary, we would determine the fair value of each reporting unit and compare the fair value to the reporting unit's carrying amount.

Intangible assets consist of customer relationships, trade names and trademarks and non-compete agreements arising from our acquisitions. Customer relationships are amortized on a straight-line basis over 12 to 15 years. Tradenames, trademarks and non-compete agreements, are amortized on a straight-line basis over 3 to 10 years.

We review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, we estimate fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Our significant accounting policies are summarized in Note 1 of our condensed consolidated financial statements.

### ***Adjusted EBITDA***

We define adjusted EBITDA to be earnings before interest, taxes, depreciation and amortization, factoring fees, other income, net, stock-based compensation and expenses, merger and acquisition costs, restructuring, transition and acquisitions expense, net, goodwill impairment and certain other items.

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

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

Following is the reconciliation of our consolidated net income to adjusted EBITDA:

	<b>For the Three Months Ended November 30, 2021</b>	<b>For the Three Months Ended November 30, 2020</b>
Net income (loss)	\$ 4,488,225	\$ 1,397,183
<b>Add Back:</b>		
Income tax expense	1,902,541	290,505
Depreciation and amortization	194,875	191,398
Stock-based compensation	-	50,000
(Gain) loss on extinguishment of convertible notes	-	1,147,856
Factoring fees	-	1,410,203
Interest expense (including accretion of debt discount)	2,272,236	203,740
Adjusted EBITDA	\$ 8,857,887	\$ 4,690,885
	<b>For the Six Months Ended November 30, 2021</b>	<b>For the Six Months Ended November 30, 2020</b>
Net income (loss)	\$ 6,511,641	\$ 823,046
<b>Add Back:</b>		
Income tax expense	2,537,000	307,199
Depreciation and amortization	388,672	382,217
Stock-based compensation	-	50,000
Gain on forgiveness of promissory notes	(358,236)	-
(Gain) loss on extinguishment of convertible notes	(780,050)	1,147,856
Factoring fees	27,000	1,884,263
Interest expense (including accretion of debt discount)	3,947,995	236,179
Adjusted EBITDA	\$ 12,274,022	\$ 4,830,760

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

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

#### **ITEM 4. CONTROLS AND PROCEDURES**

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact there are resource constraints and management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated, as of the end of the period covered by this Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, which took into consideration the recent acquisition and integration of three private companies, our Principal Executive Officer and Principal Financial Officer concluded as of November 30, 2021 that our disclosure controls and procedures were not effective and require remediation in order to be effective at the reasonable assurance level. Prior to the business combination, we have been a private company with limited accounting personnel and other resources with which we address our internal control over financial reporting. In connection with the audit of our financial statements as of and for the year ended May 31, 2021, our management identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses identified relate to the fact that we did not design and maintain an effective control environment commensurate with our financial reporting requirements, including (a) lack of a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience. Management’s general assessment of the above processes in light of the company’s size, maturity and complexity, as to the design and effectiveness of the internal controls over financial reporting is that the key controls and procedures in each of these processes provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

#### **Changes in Internal Control Over Financial Reporting**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) has occurred during the three months ended November 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Management is currently assessing a remediation plan and intends to implement such controls and procedures. Management intends to have the controls and procedures implemented and in place by May 31, 2022.

### **PART II – OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations, except as set forth below. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

#### **ITEM 1A. RISK FACTORS**

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

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed or Furnished	
		Form	Exhibit	Filing Date	Herewith
3.1	<a href="#">Amended and Restated Bylaws</a>	8-K	3.1	11/09/21	
3.1	<a href="#">Certificate of Designations of the Series C Convertible Preferred Stock</a>	8-K	3.1	12/13/21	
3.2	<a href="#">Certificate of Designations of the Series D Convertible Preferred Stock</a>	8-K	3.2	12/13/21	
3.3	<a href="#">Certificate of Correction of the Series C Convertible Preferred Stock</a>	8-K	3.3	12/13/21	
3.4	<a href="#">Certificate of Correction of the Series D Convertible Preferred Stock</a>	8-K	3.4	12/13/21	
3.5	<a href="#">Certificate of Correction of the Series C Convertible Preferred Stock</a>				X
3.6	<a href="#">Certificate of Correction of the Series D Convertible Preferred Stock</a>				X
4.1	<a href="#">Third Amendment to Amended and Restated Promissory Note dated January 6, 2022</a>	8-K	4.1	01/10/22	
10.1	<a href="#">Form of Amended Exchange Agreement</a>	8-K	10.1	12/13/21	
10.2	<a href="#">Form of Registration Rights Agreement</a>	8-K	10.2	12/13/21	
31.1*	<a href="#">Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.</a>				X
31.2*	<a href="#">Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.</a>				X
32.1**	<a href="#">Section 1350 Certification of Chief Executive Officer.</a>				X
32.2**	<a href="#">Section 1350 Certification of Chief Financial Officer.</a>				X
101.INS*	XBRL Instance Document				
101.SCH*	XBRL Taxonomy Extension Schema Document				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

\*\* In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**UNIQUE LOGISTICS INTERNATIONAL, INC.**

By: /s/ Sunandan Ray  
Sunandan Ray  
Chief Executive Officer (Principal Executive Officer)  
Date: January 14, 2022

**UNIQUE LOGISTICS INTERNATIONAL, INC.**

By: /s/ Eli Kay  
Eli Kay  
Chief Financial Officer (Principal Financial Officer)  
Date: January 14, 2022

**BARBARA K. CEGAVSKE**  
*Secretary of State*

**KIMBERLEY PERONDI**  
*Deputy Secretary for  
Commercial Recordings*

STATE OF NEVADA



OFFICE OF THE  
SECRETARY OF STATE

*Commercial Recordings Division  
202 N. Carson Street  
Carson City, NV 89701  
Telephone (775) 684-5708  
Fax (775) 684-7138  
North Las Vegas City Hall  
2250 Las Vegas Blvd North, Suite 400  
North Las Vegas, NV 89030  
Telephone (702) 486-2880  
Fax (702) 486-2888*

**Business Entity - Filing Acknowledgement**

12/15/2021

**Work Order Item Number:** W2021121500845-1780867  
**Filing Number:** 20211960222  
**Filing Type:** Certificate of Correction  
**Filing Date/Time:** 12/15/2021 1:23:00 PM  
**Filing Page(s):** 1

**Indexed Entity Information:**

**Entity ID:** C1495-2004                      **Entity Name:** Unique Logistics  
International, Inc.  
**Entity Status:** Active                      **Expiration Date:** None

Commercial Registered Agent  
THE CORPORATE PLACE, INC.  
601 E CHARLESTON BLVD STE 100, LAS VEGAS, NV 89104, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

Handwritten signature of Barbara K. Cegavske in black ink.

BARBARA K. CEGAVSKE  
Secretary of State



BARBARA K. CEGAVSKE  
 Secretary of State  
 202 North Carson Street  
 Carson City, Nevada 89701-4201  
 (775) 684-5708  
 Website: www.nvsos.gov

Filed in the Office of <i>Barbara K. Cegavske</i>	Business Number C1495-2004
Secretary of State State Of Nevada	Filing Number 20211960222
	Filed On 12/15/2021 1:23:00 PM
	Number of Pages 1

**Certificate of Correction**  
 (PURSUANT TO NRS CHAPTERS 78,  
 78A, 80, 81, 82, 84, 86, 87, 87A, 88,  
 88A, 89 AND 92A)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

Certificate of Correction

ABOVE SPACE IS FOR OFFICE USE ONLY

(Pursuant to NRS Chapters 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A)

1. The name of the **entity** for which correction is being made:

Unique Logistics International, Inc.

2. Description of the original document for which correction is being made:

Certificate of Designation of Series C Convertible Preferred Stock

3. Filing date of the original document for which correction is being made:

12/07/2021

4. Description of the inaccuracy or defect:

In the Certificate of Designation of Series C Convertible Preferred Stock, Section 7(i) and 7(ii) erroneously references Series D Preferred Stock

5. Correction of the inaccuracy or defect:

All references to "Series D Preferred Stock" in Section 7(i) and 7(ii) of the Certificate of Designation of Series C Convertible Preferred Stock shall be replaced with "Series C Preferred Stock"

6. Signature:

X   
 Authorized Signature

CEO  
 Title \*

12/13/2021  
 Date

\* If entity is a corporation, it must be signed by an officer if stock has been issued, OR an incorporator or director if stock has not been issued; a limited-liability company, by a manager or managing members; a limited partnership or limited-liability limited partnership, by a general partner; a limited-liability partnership, by a managing partner; a business trust, by a trustee.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

**BARBARA K. CEGAVSKE**  
*Secretary of State*

**KIMBERLEY PERONDI**  
*Deputy Secretary for  
Commercial Recordings*

**STATE OF NEVADA**



**OFFICE OF THE  
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*Commercial Recordings Division  
202 N. Carson Street  
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Telephone (775) 684-5708  
Fax (775) 684-7138  
North Las Vegas City Hall  
2250 Las Vegas Blvd North, Suite 400  
North Las Vegas, NV 89030  
Telephone (702) 486-2880  
Fax (702) 486-2888*

**Business Entity - Filing Acknowledgement**

12/15/2021

**Work Order Item Number:** W2021121500868-1780895  
**Filing Number:** 20211960236  
**Filing Type:** Certificate of Correction  
**Filing Date/Time:** 12/15/2021 1:30:00 PM  
**Filing Page(s):** 1

**Indexed Entity Information:**

**Entity ID:** C1495-2004                      **Entity Name:** Unique Logistics  
International, Inc.  
**Entity Status:** Active                      **Expiration Date:** None

Commercial Registered Agent  
THE CORPORATE PLACE, INC.  
601 E CHARLESTON BLVD STE 100, LAS VEGAS, NV 89104, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

A handwritten signature in black ink that reads "Barbara K. Cegavske".

BARBARA K. CEGAVSKE  
Secretary of State



BARBARA K. CEGAVSKE  
 Secretary of State  
 202 North Carson Street  
 Carson City, Nevada 89701-4201  
 (775) 684-5708  
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Filed in the Office of <i>Barbara K. Cegavske</i>	Business Number C1495-2004
Secretary of State State Of Nevada	Filing Number 20211960236
	Filed On 12/15/2021 1:30:00 PM
	Number of Pages 1

**Certificate of Correction**  
 (PURSUANT TO NRS CHAPTERS 78,  
 78A, 80, 81, 82, 84, 86, 87, 87A, 88,  
 88A, 89 AND 92A)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

**Certificate of Correction**

ABOVE SPACE IS FOR OFFICE USE ONLY

(Pursuant to NRS Chapters 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A)

1. The name of the **entity** for which correction is being made:

Unique Logistics International, Inc.

2. Description of the original document for which correction is being made:

Certificate of Designation of Series D Convertible Preferred Stock

3. Filing date of the original document for which correction is being made:

12/07/2021

4. Description of the inaccuracy or defect:

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5. Correction of the inaccuracy or defect:

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6. Signature:

X   
 \_\_\_\_\_  
 Authorized Signature

CEO  
 \_\_\_\_\_  
 Title \*

12/13/2021  
 \_\_\_\_\_  
 Date

\* If entity is a corporation, it must be signed by an officer if stock has been issued, OR an incorporator or director if stock has not been issued; a limited-liability company, by a manager or managing members; a limited partnership or limited-liability limited partnership, by a general partner; a limited-liability partnership, by a managing partner; a business trust, by a trustee.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Correction  
 Revised: 1-5-15

**UNIQUE LOGISTICS INTERNATIONAL, INC.**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sunandan Ray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unique Logistics International, Inc. for the period ended November 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Sunandan Ray*

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Sunandan Ray  
Chief Executive Officer (Principal Executive Officer)  
Date: January 14, 2022

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**UNIQUE LOGISTICS INTERNATIONAL, INC.**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sunandan Ray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unique Logistics International, Inc. for the period ended November 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Eli Kay

Eli Kay  
Chief Financial Officer (Principal Financial and Accounting Officer)  
Date: January 14, 2022

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**UNIQUE LOGISTICS INTERNATIONAL, INC.  
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q for the period ended November 30, 2021 of Unique Logistics International, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ Sunandan Ray

Sunandan Ray

Chief Executive Officer (Principal Executive Officer)

Date: January 14, 2022

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**UNIQUE LOGISTICS INTERNATIONAL, INC.  
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q for the period ended November 30, 2021 of Unique Logistics International, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ Eli Kay

Eli Kay

Chief Financial Officer (Principal Financial and Accounting Officer)

Date: January 14, 2022

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