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 February 28, 2022

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)

(718) 978-2000
(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:

Title of each class	Trading symbol(s)	Name of exchange on which registered
Common Stock, par value $0.001 per share	UNQL	OTC Markets

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 April 19, 2022, there were 687,196,478 shares of the registrant's common stock outstanding.

UNIQUE LOGISTICS INTERNATIONAL, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 2022

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	February 28, 2022 (unaudited)	May 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 995,598	$ 252,615
Accounts receivable – trade, net	102,409,988	20,369,747
Contract assets	36,129,971	23,423,314
Factoring reserve	-	7,593,665
Other prepaid expenses and current assets	504,742	761,458
Total current assets	140,040,299	52,400,799
Property and equipment – net	191,908	192,092
Other long-term assets:		
Goodwill	4,463,129	4,463,129
Intangible assets – net	7,514,492	8,044,853
Operating lease right-of-use assets – net	2,693,878	3,797,527
Deposits and other assets	476,362	555,362
Other long-term assets	15,147,861	16,860,871
Total assets	$ 155,380,068	$ 69,453,762
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable – trade	$ 57,800,238	$ 38,992,846
Accrued expenses and other current liabilities	4,628,742	2,383,915
Accrued freight	15,800,769	10,403,430
Contract liabilities	10,403,335	-
Revolving credit facility	43,888,787	-
Current portion of notes payable – net of discount	1,651,686	2,285,367
Current portion of long-term debt due to related parties	174,822	397,975
Derivative liabilities	12,693,282	-
Current portion of operating lease liability	1,141,902	1,466,409
Total current liabilities	148,183,563	55,929,942
Other long-term liabilities	353,334	565,338
Long-term-debt due to related parties, net of current portion	699,177	715,948
Notes payable, net of current portion – net of discount	608,767	3,193,306
Operating lease liability, net of current portion	1,656,882	2,431,144
Total long-term liabilities	3,318,160	6,905,736
Total liabilities	151,501,723	62,835,678
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Preferred Stock, $0.001 par value: 5,000,000 shares authorized , with $5,000 liquidation preference;		
Series A Convertible Preferred stock, $0.001 par value; 130,000 issued and outstanding as of February 28, 2022 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 February 28,2022 and May 31, 2021, respectively	821	840
Series C Convertible Preferred stock, $0.001 par value; 195 and none, issued and outstanding as of February 28, 2022 and May 31, 2021, respectively	-	-
Series D Convertible Preferred stock, $0.001 par value; 192 and none, issued and outstanding as of February 28, 2022 and May 31, 2021, respectively	-	-
Common stock, $0.001 par value; 800,000,000 shares authorized; 655,781,078 and 393,742,663 shares issued and outstanding as of February 28, 2022 and May 31, 2021, respectively	655,782	393,743
Additional paid-in capital	323,570	4,906,384
Retained earnings	2,898,042	1,316,987
Total Stockholders' Equity	3,878,345	6,618,084
Total Liabilities and Stockholders' Equity	$ 155,380,068	$ 69,453,762

See notes to accompanying condensed consolidated financial statements.

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

	For the Three Months Ended February 28,		For the Nine Months Ended February 28,	
	2022	**2021**	**2022**	**2021**
Revenues:				
Airfreight services	$ 127,787,167	$ 25,331,969	$ 455,020,012	$ 115,218,997
Ocean freight and ocean services	104,379,472	54,399,755	343,102,200	127,653,935
Contract logistics	725,932	828,084	2,659,652	2,355,647
Customs brokerage and other services	17,543,324	10,402,606	44,856,580	27,788,522
Total revenues	250,435,895	90,962,414	845,638,444	273,017,101
Costs and operating expenses:				
Airfreight services	127,220,095	23,614,094	447,865,096	109,242,174
Ocean freight and ocean services	99,620,036	50,193,185	323,381,733	116,785,557
Contract logistics	459,492	354,723	1,529,318	916,549
Customs brokerage and other services	16,011,938	9,995,544	41,330,633	26,498,261
Salaries and related costs	2,551,481	2,424,476	8,120,799	6,716,612
Professional fees	190,765	425,676	669,091	1,084,156
Rent and occupancy	508,621	468,744	1,478,600	1,369,860
Selling and promotion	899,097	1,380,282	4,591,715	3,278,593
Depreciation and amortization	196,347	191,226	585,019	573,443
Fees on factoring agreements	-	1,271,384	27,000	3,155,647
Other	524,933	335,990	1,948,000	574,879
Total costs and operating expenses	248,182,805	90,655,324	831,527,004	270,195,731
Income from operations	**2,253,090**	**307,090**	**14,111,440**	**2,821,370**
Other income (expenses)				
Interest expense, net	(1,395,396)	(434,997)	(4,566,876)	(241,013)
Amortization of debt discount	-	(175,356)	(776,515)	(605,519)
Loss on extinguishment of convertible notes payable	(1,344,087)	-	(564,037)	(1,147,856)
Gain on forgiveness of promissory note	-	1,646,062	358,236	1,646,062
Change in fair value of derivative liabilities	(4,275,986)	-	(4,275,986)	-
Other Income	60,000	-	60,000	-
Total other income (expenses)	(6,955,469)	1,035,709	(9,765,178)	(348,326)
Net (loss) income before income tax provision	(4,702,379)	1,342,799	4,346,262	2,473,044
Income tax provision	228,207	77,801	2,765,207	385,000
Net (loss) income	(4,930,586)	1,264,998	1,581,055	2,088,044
Deemed Dividend	(4,565,725)	-	(4,565,725)	-
Net (loss) income available to common shareholders	$ (9,496,311)	$ 1,264,998	$ (2,984,670)	$ 2,088,044
Net income per common share				
– basic	$ (0.01)	$ 0.00	$ (0.01)	$ 0.01
– diluted	$ (0.01)	$ 0.00	$ (0.01)	$ 0.00
Weighted average common shares outstanding				
– basic	655,781,078	357,891,040	582,680,746	230,663,175
– diluted	655,781,078	9,976,549,430	582,680,746	9,849,321,565

See notes to accompanying condensed consolidated financial statements.

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

For the Nine Months Ended February 28, 2022

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, May 31 2021	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
Balance, August 31, 2021	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
Balance, November 30, 2021	130,000	$ 130	820,800	$ 821	-	-	-	-	655,781,078	$ 655,782	$ 4,889,295	$ 7,828,628	$ 13,374,656
Conversion of debt to preferred C and D					195	-	192-	-	-	-	-		-
Deemed Dividend											(4,565,725)	-	(4,565,725)
Net loss	-	-	-	-					-			(4,930,586)	(4,930,586)
Balance, February 28, 2022	130,000	$ 130	820,800	$ 821	195	$ -	192	$ -	655,781,078	$ 655,782	$ 323,570	$ 2,898,042	$ 3,878,345

For the Nine months ended February 28, 2021

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, May 31, 2020	130,000	$ 130	870,000	$ 870	-	$ -	$ 1,523,811	$ (408,510)	$ 1,116,301
Net loss	-	-	-	-	-	-	-	(574,137)	(574,137)
Balance, August 31, 2020	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
Balance, November 30, 2020	130,000	$ 130	840,000	$ 840	357,829,365	$ 357,830	$ 3,170,273	$ 414,536	$ 3,943,609
Issuance of Common Stock for services rendered	-	-	-	-	457,426	457	41,209	-	41,666
Beneficial conversion feature of convertible notes	-	-	-	-	-	-	1,666,666	-	1,666,666
Net income	-	-	-	-	-	-	-	1,264,998	1,264,998
Balance, February 28, 2021	130,000	$ 130	840,000	$ 840	358,286,791	$ 358,287	$ 4,878,148	$ 1,679,534	$ 6,916,939

See notes to accompanying condensed consolidated financial statements.

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

	For the Nine Months Ended February 28,2022	For the Nine Months Ended February 28, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,581,055	$ 2,088,044
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	585,019	573,443
Amortization of debt discount	776,515	606,519
Amortization of right of use assets	1,103,649	1,044,792
Share-based compensation	-	91,666
Bad debt expense	850,000	110,000
Gain on forgiveness of note payable	(358,236)	(1,646,062)
Loss on extinguishment of convertible notes payable	564,037	1,147,856
Change in deferred tax asset	99,000	(140,000)
Change in fair value of derivative liabilities	4,275,986	-
Accretion of consulting agreement	(212,004)	(212,004)
Changes in operating assets and liabilities:		
Accounts receivable - trade	(82,890,241)	(16,850,718)
Contract assets	(12,706,657)	(11,638,673)
Factoring reserve	7,593,665	(1,453,563)
Other prepaid expenses and current assets	256,716	63,029
Deposits and other assets	(20,000)	1,042
Accounts payable - trade	18,807,393	26,165,558
Accrued expenses and other current liabilities	2,962,457	(1,159,684)
Accrued freight	5,397,339	1,611,915
Contract liabilities	10,403,335	-
Operating lease liability	(1,098,769)	(981,967)
Net Cash Used in Operating Activities	(42,029,741)	(578,807)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(54,474)	(26,543)
Net Cash Used in Investing Activities	(54,474)	(26,543)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	2,000,000	3,816,666
Repayments of notes payable	(2,821,664)	(491,667)
Repayments of long-term debt due to related parties	(239,924)	(2,627,420)
Borrowings on revolving credit facility, net	43,888,787	-
Cash paid for debt issuance costs	-	(50,000)
Net Cash Provided by Financing Activities	42,827,199	647,579
Net change in cash and cash equivalents	742,984	42,229
Cash and cash equivalents - Beginning of Period	252,615	1,349,363
Cash and cash equivalents - End of Period	$ 995,598	$ 1,349,363
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash Paid During the Period for:		
Income taxes	$ 2,375,900	$ 398,110
Interest	$ 4,072,366	$ 49,028
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
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	$ 244,931	$ -
Operating asset and liability	$ -	$ 223,242
Reduction of debt due to exchange of Convertible Notes for Preferred Stock Series C & D	3,861,162	-
Non-cash forgiveness of due to UL HK resulting in goodwill remeasurement	$ -	$ 310,455
Fair value of warrants issued with convertible debt	$ -	$ 1,126,497
Beneficial conversion feature of convertible notes	$ -	$ 2,540,169
Gain on forgiveness of notes payable (PPP)	$ -	$ 1,646,062

See notes to accompanying condensed consolidated financial statements.

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.

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 February 28, 2022, the Company reported negative working capital of approximately $8.1 million compared with $3.5 million negative working capital as of May 31, 2021 Increase in negative reported working capital period over period was primarily due to recording $12.7 million derivative liability related to antidilution provision in Series A, C and D Convertible Preferred Stocks. (See Imbedded Liability note below), without such liability, the Company's working capital would be $4.2 million. 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 took steps to alleviate the risk of substantial doubt by

- Repayment most of its acquisition related debt.
- Entering into a Fourth Amendment to the TBK Loan Agreement to increase its credit facility from $47.5.0 million to $57.5 million until October 2022 (Subsequent Event Note 11)
- Recapitalizing its balance sheet by entering into an Exchange Agreement on December 10, 2021 to exchange all of its Convertible debt into shares of Convertible Preferred Shares Series C and D (Financial Arrangements Note 5)

The Company is in process of potentially raising capital through a planned underwritten offering of its securities.

As of February 28, 2022 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.

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 February 28, 2022 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.

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, and estimates and assumptions in valuation of debt and equity instruments. 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, imbedded derivative liabilities, convertible notes, promissory notes, all approximate fair value due to their short-term nature as of February 28, 2022 and May 31, 2021. The carrying amount of the long-term debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to the Company. Lease liabilities approximate fair value based on the incremental borrowing rate used to discount future cash flows. The Company had Level 3 liabilities (See Derivative Liabilities note) as of February 28, 2022. On May 31, 2021 Level 3 derivative liability balances were insignificant. 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 February 28, 2022 and May 31, 2021, the Company recorded an allowance for doubtful accounts of approximately $1,010,500 and $240,000, respectively.

Concentration

One major customer represented approximately 42% of all accounts receivable as of February 28, 2022. Revenue by this customer as a percentage of the Company's total revenue were 39% and 38% for three months ended February 28, 2022 and nine months ended February 28, 2022, respectively, compared with 19% and 29%, for the three months ended February 28, 2021 and nine months ended February 28, 2021, respectively.

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 $31.7 million 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 $31.6 million and $1.4 million, 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 February 28, 2022 and 2021, the Company factored accounts receivable invoices totaling approximately none and $64.7 million, pursuant to the Company's factoring agreement, representing the face value of the invoices. During the nine months ended February 28, 2022 and 2021, the Company factored accounts receivable invoices totaling approximately $4.3 million and $176.2 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 $1.3 million, pursuant to the agreements for the three months ended February 28, 2021 and none for the three months ended February 28, 2022. The Company recognizes factoring costs upon disbursement of funds. The Company incurred expenses totaling approximately $27,000 and $3.2 million, pursuant to the agreements for the nine months ended February 28, 2022 and 2021. Factoring expenses are presented in costs and operating expenses on the condensed consolidated statement of operations.

Derivative Liability

On December 10, 2021, the Company entered into an amended securities exchange agreement with the holders of convertible notes to exchange all Convertible Notes of the Company into shares of the newly created Convertible Preferred Stock Series C and D. For additional information on the exchange agreement see Note 5, Financing Arrangements.

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

The Company has identified derivative instruments arising from an anti-dilution provision in the Company's Series A, Series C, and Series D Preferred Stock during the three and nine months ended February 28, 2022. The Company had $12,693,282 of derivative liabilities measured at fair value as of February 28, 2022. Derivative liability related to Preferred Convertible Stock Series A existed but was immaterial as of May 31, 2021.

An embedded derivative liability representing the right of holders of Convertible Preferred Stock Series C and D to receive additional common stock of the Company upon issuance of any additional common stock by the Company prior to qualified financing event as defined in the agreement. Each reporting period, the embedded derivative liability, if material, would be adjusted to reflect fair value at each period end with changes in fair value recorded in the "Change in fair value of embedded derivative liability" financial statement line item of the company's statements of operations. There was no change in fair value during the three months ended February 28, 2022.

The underlying value of the anti-dilution provision is calculated from estimating the probability and value of a potential raise. The model used estimates the potential that the company completes a capital raise prior to the expiration of the anti-dilution feature and determines the value of the anti-dilution feature given these assumptions. The model requires the use of certain assumptions. These assumptions include probability a raise is completed, probability certain anti-dilution features are extended, estimated raise amount, term to a raise, and an appropriate risk-free interest rate.

	Level 1	Level 2	Level 3
Derivative liabilities as November 30, 2021	-	-	-
Addition	-	-	8,417,296
Changes in fair value	-	-	4,275,986
Derivative liabilities as February 28, 2022	$ -	$ -	$ 12,693,282

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.

The Company uses the assets and liability method of accounting for deferred income taxes. Deferred income 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 February 28, 2022 and May 31, 2021, the Company recognized a deferred tax asset of $165,000 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 nine months ended February 28, 2022:

	Contract Assets Increase (Decrease)	Contract Liabilities (Increase) Decrease
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligation satisfied	$ -	$ -
Cash Received in advance and not recognized as revenue	-	(10,403,335)
Reclassification of the beginning contract assets to receivables, as the result of rights to consideration becoming unconditional	(32,052,573)	-
Contract assets recognized, net reclassification to receivables	44,759,230	-
Net Change	$ 12,706,657	$ (10,403,335)

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates gross revenue by significant geographic area for the three and nine months ended February 28, 2022 and 2021 based on origin of shipment (imports) or destination of shipment (exports):

	For the Three Months Ended February 28, 2022	For the Three Months Ended February 28, 2021
China, Hong Kong & Taiwan	$ 82,006,657	$ 48,767,302
Southeast Asia	121,340,162	23,395,258
United States	5,049,985	5,947,013
India Sub-continent	34,943,595	5,645,861
Other	7,095,496	7,206,980
Total revenue	$ 250,435,895	$ 90,962,414

	For the Nine Months Ended February 28, 2022	For the Nine Months Ended February 28, 2021
China, Hong Kong & Taiwan	$ 285,424,103	$ 143,818,543
Southeast Asia	361,600,180	73,073,258
United States	28,254,253	26,170,665
India Sub-continent	134,393,170	16,032,190
Other	35,966,738	13,922,445
Total revenue	$ 845,638,444	$ 273,017,101

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.

	For the Three Months Ended	
	February 28, 2022	February 28, 2021
Numerator:		
Net (loss) income available to common stockholders	$ (9,496,311)	1,264,998
Effect of dilutive securities:	-	431,163
Diluted net (loss) income	$ (9,496,311)	$ 1,696,161
Denominator:		
Weighted average common shares outstanding – basic	655,781,078	357,891,040
Dilutive securities (a):		
Series A Preferred	-	1,177,041,100
Series B Preferred	-	5,499,034,800
Convertible notes	-	1,809,848,927
Warrants	-	1,132,733,563
Series C Preferred	-	-
Series D Preferred	-	-
Weighted average common shares outstanding and assumed conversion – diluted	655,781,078	9,976,549,430
Basic net (loss) income per common share	$ (0.01)	$ 0.00
Diluted net (loss) income per common share	$ (0.01)	$ 0.00

	For the Nine Months Ended	
	February 28, 2022	February 28, 2021
Numerator:		
Net income available to common stockholders	$ (2,984,670)	2,088,044
Effect of dilutive securities:	-	606,519
Diluted net income	$ (2,984,670)	$ 2,694,963
Denominator:		
Weighted average common shares outstanding – basic	582,680,746	230,663,175
Dilutive securities (a):		
Series A Preferred	-	1,177,041,100
Series B Preferred	-	5,499,034,800
Convertible notes		1,809,848,927
Warrants		1,132,733,563
Series C Preferred	-	-
Series D Preferred	-	-
Weighted average common shares outstanding and assumed conversion – diluted	582,680,746	9,849,321,565
Basic net income per common share	$ (0.01)	$ 0.01
Diluted net income per common share	$ (0.01)	$ 0.00

2. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below:

	February 28, 2022	May 31, 2021
Furniture and fixtures	$ 97,716	$ 84,085
Computer equipment	146,493	108,479
Software	30,609	27,780
Leasehold improvements	27,146	27,146
	301,964	247,490
Less: accumulated depreciation	(110,056)	(55,398)
	$ 191,908	$ 192,092

Depreciation expense charged to income for the three months ended February 28, 2022 and 2021 amounted to $19,560 and $14,439. Depreciation expense charged to income for the nine months ended February 28, 2022 and 2021 amounted to $54,658 and $43,082.

3. INTANGIBLE ASSETS

Intangible assets consist of the following:

	February 28, 2022	May 31, 2021
Trade names / trademarks	$ 806,000	$ 806,000
Customer relationships	7,633,000	7,633,000
Non-compete agreements	313,000	313,000
	8,752,000	8,752,000
Less: Accumulated amortization	(1,237,508)	(707,147)
	$ 7,514,492	$ 8,044,853

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 February 28, 2022 and 2021, amortization expense related to the intangible assets was $176,787. For the nine months ended February 28, 2022 and 2021, amortization expense related to the intangible assets was $530,361. As of February 28, 2022, the weighted average remaining useful lives of these assets was 7.58 years.

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

Twelve Months Ending February 28,		
2022	$	176,787
2023		707,148
2024		602,814
2025		602,814
2026		602,814
Thereafter		4,822,114
	$	7,514,492

4. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

		February 28, 2022		May 31, 2021
Salaries and related expenses	$	300,000	$	672,455
Sales and marketing expense		2,323,484		539,810
Professional fees		110,000		75,000
Income tax		128,318		256,286
Overdraft liabilities		545,053		790,364
Interest expense		25,000		-
Other current liabilities		1,196,887		50,000
	$	4,628,742	$	2,383,915

5. FINANCING ARRANGEMENTS

Financing arrangements on the consolidated balance sheets consists of:

		February 28, 2022		May 31, 2021
Revolving Credit Facility	$	43,888,787	$	-
Promissory note (PPP)		-		358,236
Promissory notes (EIDL)		-		150,000
Notes payable		2,260,453		2,528,886
Convertible notes – net of discount		-		2,441,551
		46,149,240		5,478,673
Less: current portion		(45,540,473)		(2,285,367)
	$	608,767	$	3,193,306

As of February 28, 2022, a current portion of outstanding third-party debt represented by a revolving line of credit in the amount of $43,888,787 and of a current portion of the notes payable in the amount of $1,651,686.

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 to temporarily 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.

On January 31, 2022, the parties to the TBK Agreement entered into a Third Amendment to the TBK Agreement to permanently increase the credit facility from $40.0 million to $47.5 million.

On April 14, 2022, the parties to the TBK Loan Agreement entered into a Fourth Amendment to temporarily increase the credit facility from $47.5 million to $57.5 million from April 15, 2022 through October 31, 2022 (See Subsequent Events Note 11)

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.

The fees and interest related to CoreFund purchase money financing are included in the interest expense on the statement of operations. The fee paid to CoreFund for the three and nine months ended February 28, 2022 were $0.3 million and $0.9 million, respectively.

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 February 28, 2022, 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 February 28, 2022 and May 31, 2021, the outstanding balance due under the agreement was $62,507 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. 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, 2022As of February 28, 2022, and May 31, 2021, the outstanding balance including accrued interest due under the agreement was $1,287,829 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. Both notes were paid off and indebtedness fully satisfied on January 7, 2022 including accrued interest paid in the amount of $180,000. Interest paid was less than the contractual amount resulting in recognition of gain of $60,000 in other income on the statement of operations.

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 and on December 10, 2021 into an amended Securities Exchange Agreement, as discussed below. Upon effectiveness of these agreements, Trillium Note was exchanged for Preferred Stock Series D.

During the nine months ended February 28, 2022, 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 February 28, 2022, and May 31, 2021, the outstanding balance on the Trillium Note was $0 and $1,104,500. The note did not have a discount related to a beneficiary conversion feature, due to modification of this Note in November of 2020, when this debt discount was recorded as a loss on extinguishment of debt.

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 and on December 10, 2021 into an amended Securities Exchange Agreement, as discussed below. Upon effectiveness of these agreements, 3A Note was exchanged for Preferred Stock Series C.
As of February 28, 2022 and May 31, 2021 the total unamortized debt discount related to the 3a SPA was $0 and $391,757, respectively. During the three and nine months ended February 28, 2022, the Company recorded amortization of debt discount totaling none and $285,048, respectively.

During the nine months ended February 2022, the 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 February 28, 2022 and May 31, 2021, the outstanding principal balance on the 3a Note was $0 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 and on December 10, 2021 into an amended Securities Exchange Agreement, as discussed below. Upon effectiveness of these agreements, Trillium and 3a January Convertible Notes were exchanged for Preferred Stocks Series C and D.

As of February 28, 2022, and May 31, 2021, the outstanding balance on these convertible notes was $0 and $1,833,334, respectively. During the three and nine months ended February 28, 2022, the Company recorded amortization of debt discount totaling none and $491,467, respectively.

Covenants

As of February 28, 2022 the Company was in full compliance with all covenants and debt agreements. As of May 31, 2021, 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 due to a violation of several covenants. 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 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, the Company entered into an amended securities exchange agreement Trillium and 3A (the "Holders") 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. 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 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 of Note Value held by such Holder (the "Exchange Ratio"). The Company issued 195 shares of Series C Preferred and 192 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 up to a specified date

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 February 28,		
2023	$	1,651,686
2024		608,767
		2,260,453
Less: current portion		(1,651,686)
	$	608,767

6. RELATED PARTY TRANSACTIONS

Related party debt consisted of the following:

		February 28, 2022		**May 31, 2021**
Due to Frangipani Trade Services (1)	$	753,273	$	903,927
Due to employee (2)		37,500		60,000
Due to employee (3)		83,226		149,996
		873,999		1,113,923
Less: current portion		(174,822)		(397,975)
	$	699,177	$	715,948

(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 $353,334 and $565,338 as of February 28, 2022 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 February 28, 2022 and 2021, respectively. Total fees were $45,000 and none for nine months ended February 28, 2022 and 2021, respectively.

Accounts Receivable - trade and Accounts Payable - trade

Transactions with related parties account for $1.9 million and $28.4 million of accounts receivable and accounts payable as of February 28, 2022, respectively compared to $1.3 million and $10.8 million 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 nine months ended February 28, 2022, these transactions represented $0.5 million and $1.3 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 February 28, 2021**,** these transactions represented $0.7 million and $1.9 million of revenue, respectively.

Direct costs are services billed to the Company by related parties for shipping activities. For the three and nine months ended February 28, 2022, these transactions represented $56.2 million and $157.4 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 February 28, 2021, these transactions represented $15.1 million and $42.7 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 legacy of the predecessor companies Eligible employees may contribute a portion of their salary into the savings plans, subject to certain limitations. In one of which the Company has the discretionary option of matching employee contributions and in the other the Company matches 20% on the first 100% contribution. In either Plan, employees can contribute 1% to 98% of gross salary up to a maximum permitted by law. The Company recorded expense of $--28,019 and $21,140 for the three months ended February 28, 2022 and 2021, respectively. The Company recorded expense of $41,219 and $33,867 for the nine months ended February 28, 2022 and 2021, 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

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

Series A Convertible Preferred

The Company has designated 130,000 shares of Series A Convertible Preferred stock and has 130,000 shares issued and outstanding as of February 28, 2022 and May 31, 2021, respectively. The holders of Series A Preferred. subject to the rights of holders of shares of the Company's Series B Preferred stock which shares will be pari passu with Series B Preferred in terms of liquidation preference and dividend rights and are subject to an anti-dilution provision, making the holders subject to an adjustment necessary to maintain their agreed upon fully diluted ownership percentage.

Series B Convertible Preferred

The Company has designated 870,000 shares of Series B Convertible Preferred stock and has 820,800 and 840,000 shares issued and outstanding as of February 28, 2022 and May 31, 2021, respectively. The holders of Series B Preferred, subject to the rights of holders of shares of the Company's Series A Preferred Stock which shares will be pari passu with the Series B Preferred in terms of liquidation preference and dividend rights, shall be entitled to receive, at their option, immediately prior an in preference to any distribution to the holders of the Company's common stock.

Series C & D Convertible Preferred

The Company has designated 200 shares of preferred stock each for Series C and D Convertible Preferred Stock. The Company had 195 shares of Series C and 192 shares of Series D Preferred shares issued and outstanding as of February 28, 2022 and none as of May 31, 2021. 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. 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 antidilution provision until qualified financing event. (See Note 5 - Amended Securities Exchange Agreement)

As a result of the Company exchanging $3.9 million of convertible notes into Series C and D Preferred Stock on December 10, 2022, the Company recognized net loss on the extinguishment of convertible notes payable and warrants of approximately $1.3 million in Other Income (Expenses) and recognized approximately $4.6 million as deemed dividends as reflected in Comprehensive Income line item of the statement of operations, both reflected in the statement of operations for the three and nine months, ended February 28, 2022.

The Company also recorded $4.3 million net loss on the mark to market of the derivative liability associated with the Series A Preferred Stock in Other Income (Expenses) in the statement of operations for the three and nine months, ended February 28, 2022.

Since the anti-dilution provisions exist in the Preferred Stock Series A, C and D, derivative liabilities were recorded on the balance sheet as of February 28, 2022, at fair value (see Note 1, Derivative Liability).

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 – February 28, 2022	-	$ -
Exercisable – February 28, 2022	-	$ -

On December 10, 2021, the Company entered into an amended securities exchange with two investors holding convertible notes and warrants for Convertible Preferred Stock Series C and D. For additional information on the exchange agreement see Note 5, Financing Arrangements. Upon effectiveness of the amended exchange agreement, the Company no longer has any outstanding warrants.

At May 31, 2021, the total intrinsic value of warrants outstanding and exercisable was $111,875,388 with warrants outstanding as follows:

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	3.61	$ 0.002	1,140,956,904	$ 0.002

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. On April 11, 2022 the term sheet was extended to June 30, 2022.

Litigation

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

Leases

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

The components of lease expense were as follows:

	For the Three Months Ended February 28, 2022	For the Three Months Ended February 28, 2021
Operating lease	$ 310,965	$ 387,657
Interest on lease liabilities	16,910	43,200
Total net lease cost	$ 327,875	$ 430,857

	For the Nine Months Ended February 28, 2022	For the Nine Months Ended February 28, 2021
Operating lease	$ 1,103,649	$ 1,125,081
Interest on lease liabilities	104,242	141,265
Total net lease cost	$ 1,207,891	$ 1,266,346

Supplemental balance sheet information related to leases was as follows:

	February 28, 2022	May 31, 2021
Operating leases:		
Operating lease ROU assets – net	$ 2,693,878	$ 3,797,527
Current operating lease liabilities, included in current liabilities	(1,141,902)	(1,466,409)
Noncurrent operating lease liabilities, included in long-term liabilities	(1,656,882)	(2,431,144)
Total operating lease liabilities	$ (2,798,784)	$ (3,897,553)

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

	For the Nine Months Ended February 28, 2022	For the Nine Months Ended February 28, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases	$ 1,098,769	$ 981,967
ROU assets obtained in exchange for lease liabilities:		
Operating leases	$ -	$ 223,242
Weighted average remaining lease term (in years):		
Operating leases	3.98	4.20
Weighted average discount rate:		
Operating leases	4.25%	4.25%

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

Twelve Months Ending February 28,	
2022	$ 1,234,111
2023	535,217
2024	427,463
2025	310,223
2026	211,383
Thereafter	373,181
Total lease payments	3,091,578
Less: imputed interest	(292,794)
Total lease obligations	$ 2,798,784

10. INCOME TAX PROVISION

The income tax expense consists of the following:

	February 28, 2022	February 28, 2021
Federal provision (benefit)		
Current	$ 2,294,246	$ 436,000
Deferred	83,784	(116,393)
State and Local provision (benefit)		-
Current	371,961	89,000
Deferred	15,216	(23,607)
Total provision	$ 2,765,207	$ 385,000

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 February 28, 2022 and 2021, is as follows:

	For the Nine Months Ended February 28, 2022	For the Nine Months Ended February 28, 2021
Federal statutory rate (%)	21%	21%
State income taxes, net of federal benefit	9%	1%
Change in valuation allowance	(3)%	(2)%
Other, net	1%	(4)%
Effective income tax rate (%)	28%	16%

As of February 28, 2021, 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

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 March 31, 2022, the Company entered into a fourth amendment and agreed to extend the maturity date of this Amended and Restated Note to September 30, 2022, without changing any other terms of the agreement.

Revolving credit facility

On April 14, 2022, the parties to the TBK Loan Agreement entered into a Fourth Amendment to the TBK Agreement primarily to increase the credit facility from $47.5 million to 57.5 million for the period commencing on April 15, 2022 through and including October 15, 2022.

Preferred Stock Conversion

On April 5, 2022, a shareholder converted 5 shares of Series D Convertible Preferred Stock into 31,415,400 shares of the Company's common stock.

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 (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 February 28, 2022 and February 28, 2021

Revenue

The Company's recorded total revenue from operations for the three months ended February 28, 2022 and 2021 in the amounts of $250.4 million and $91.0 million, respectively. This increase represents management's success in combining the acquired entities, achievement of synergies, addition of new customers, significant increase in 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 to address increased shipping needs of several strategic customers. Management is projecting steady demand for international logistics services despite an anticipated slowdown in the 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 $248.2 million for the three months ended February 28, 2022, compared with $90.7 million for the three months ended February 28, 2021. 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.

Other Income (Expense)

For the three months ended February 28, 2022, Other Expenses were $7.0 million and comprised of interest expense, loss on exchange of the convertible notes for preferred convertible shares and changes in fair value of imbedded derivative related to antidilutive provision in preferred convertible shares.

During the three months ended February 28, 2022, interest expense and bank fees totaled approximately $1.4 million. The Company recorded $1.3 million in non-operating loss during the third quarter related to the exchange of convertible notes and warrants into convertible preferred shares and recording a loss of $4.3 million for change in fair value of an imbedded derivative (antidilution provision) as part of the Convertible Preferred Stock mark to market adjustment.

For the three months ended February 28, 2021, interest expense totaled $0.4 million. Increase in interest expense is due to increased borrowing capacity of the company as discussed in notes, financing arrangements, in the company's financial statements.

Net Income

Net loss was approximately $4.9 million for the three months ended February 28, 2022, compared to a net income of approximately $1.3 million for the three months ended February 28, 2021.

As a result of the Company exchanging $3.9 million of convertible notes into Series C and D Preferred Stock on December 10, 2022, the Company recognized net loss on the extinguishment of convertible notes payable and warrants of approximately $1.3 million in Other Income (Expenses) and recognized approximately $4.6 million as deemed dividends in , both reflected in the statement of operations for the three months ended February 28, 2022.

The Company also recorded $4.3 million net loss on the mark to market of the derivative liability associated with the Series A Preferred Stock in Other Income (Expenses) in the statement of operations for the three months ended February 28, 2022.

Since the anti-dilution provisions exist in the Preferred Stock Series A, C and D, derivative liabilities were recorded on the balance sheet as of February 28, 2022, at fair value. The derivative liability associated with the anti-dilution provisions will expire upon the maturity of the provision, reducing the derivative liability to zero, or upon the conversion of preferred stock to common stock, ultimately reducing the derivative liability and increasing paid in capital for the fair value at the time conversion.

Without the derivative liability impact, net income for three month ended February 28, 2022 would be $0.7 million.

Results of Operations for the Nine Months ended February 28, 2022 and 2021

Revenue

The Company's recorded total revenue from operations for the nine months ended February 28, 2022 and 2021 in the amounts of $845.6 million and $273.0 million, respectively. This increase represents management's success in combining the acquired entities, achievement of synergies, addition of new customers, significant increase in shipping volumes and the market prices, for both air and ocean freight services. Management is also projecting steady demand for international logistics services despite a slowing 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 $831.5 million for the nine months ended February 28, 2022, compared with $270.2 million for the nine months ended February 28, 2021. 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 improve its margins as it continues to grow its customer base.

Other Income (Expense)

For the nine months ended February 28, 2022, Other Expense was approximately $9.8 million and was primarily comprised of interest expense, gain on forgiveness of promissory notes, gain on extinguishment of debt and amortization of debt discount on convertible notes, loss on exchange of the convertible notes for preferred convertible shares and changes in fair value of imbedded derivative related to antidilutive provision in preferred convertible shares.

During the nine months ended February 28, 2022, interest expense and bank fees totaled approximately $4.6 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 nine months ended February 28, 2022, 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 $0.4 million. At the same time, as discussed above, the Company recorded $1.3 million in non-operating loss during the third quarter related to the exchange of convertible notes and warrants into convertible preferred shares and recording a loss of $4.3 million for change in fair value of an imbedded derivative (antidilution provision) as part of the Convertible Preferred Stock mark to market adjustment.

For the nine months ended February 28, 2021, other income (expenses) is comprised of interest expense and loss on extinguishment of convertible debt. During the nine months ended February 28, 2021, interest expense totaled $0.8 million. In addition, during nine months ended February 28, 2021, the Company modified an existing convertible note agreement with the lender resulting in a loss on extinguishment of debt of $1.1 million and also recorded a gain on forgiveness of promissory note of $1.6 million.

Net Income

Net income was $1.6 million and $2.1 million for the nine months ended February 28, 2022 and 2021, respectively.

As a result of the Company exchanging $3.9 million of convertible notes into Series C and D Preferred Stock on December 10, 2022, the Company recognized net loss on the extinguishment of convertible notes payable and warrants of approximately $1.3 million in Other Income (Expenses) and recognized approximately $4.6 million as deemed dividends, both reflected in the statement of operations for nine months ended February 28, 2022.

The Company also recorded $4.3 million net loss on the mark to market of the derivative liability associated with the Series A Preferred Stock in Other Income (Expenses) in the statement of operations for the nine months ended February 28, 2022.

Since the anti-dilution provisions exist in the Preferred Stock Series A, C and D, derivative liabilities were recorded on the balance sheet as of February 28, 2022, at fair value. The derivative liability associated with the anti-dilution provisions will expire upon the maturity of the provision, reducing the derivative liability to zero, or upon the conversion of preferred stock to common stock, ultimately reducing the derivative liability and increasing paid in capital for the fair value at the time conversion.

Without the derivative liability impact, net income for nine month ended February 28, 2022 would be $7.2 million.

Liquidity and Capital Resources

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 February 28, 2022, the Company reported negative working capital of approximately $8.1 million compared with $3.5 million negative working capital as of May 31, 2021 Increase in negative reported working capital period over period was primarily due to recording $12.7 million derivative liability related to antidilution provision in Series A, C and D Convertible Deferred Stocks. Once these deferred shares exchanged into Common Stock, this liability would be reversed. Without this derivative liability, Company's working capital as of February 28, 2022 would be positive $4.6 million. 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 took steps to alleviate the risk of substantial doubt by

- Repayment most of its acquisition related debt.
- Entering into a Fourth Amendment to the TBK Loan Agreement to increase its credit facility from $47.5.0 million to $57.5 million until October 2022 (Subsequent Event Note 11)
- Recapitalizing its balance sheet by entering into an Exchange Agreement on December 10, 2021 to exchange all of its Convertible debt into shares of Convertible Preferred Shares Series C and D (Financial Arrangements Note 5)

The Company is in process of potentially raising capital through a planned underwritten offering of its securities.

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 February 28, 2022, we fully 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 February 28, 2022 compared to May 31, 2021:

	February 28, 2022	May 31, 2021	Change
Current Assets	$ 140,040,299	$ 52,400,799	$ 87,639,500
Current Liabilities	148,183,563	55,929,942	92,252,621
Less Derivative Liabilities	(12,693,282)	-	(12,693,282)
Net Working Capital (Deficit)	$ 4,550,018	$ (3,529,143)	$ 8,079,161

Increase in current assets is primarily due to an increase in trade accounts receivable, approximately $82.0 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 $12.7 million related to increase of approximately $79.7 million of 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 revolving line of credit of $43.9 million 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 $18.8 million, increase in accrued expenses and other current liabilities of approximately $2.5 million, an increase in accrued contract liabilities of $10.4 million, an increase of $5.4 million for the freight in transit, an increase in the outstanding balance on the line of credit of $43.9 million, offset by a decrease in the current portion of notes payable by $0.6 million.

	For the Nine Months Ended, February 28, 2022	For the Nine Months Ended, February 28, 2021	Change
Net cash provided by (used in) by operating activities	$ (42,029,741)	$ (578,807)	$ (41,450,934)
Net cash used in investing activities	(54,474)	(26,543)	(27,931)
Net cash provided by (used in) financing activities	42,827,199	647,579	42,179,620
Net increase in cash and cash equivalents	$ 742,984	$ 42,229	$ 700,755

Operating activities used cash of $42.0 million for the nine months ended February 28, 2022 compared to net cash used in operations of $0.6 million for the nine months ended February 28, 2021. Primary reason for cash used for the six months ended February 28, 2022, was a significant increase in accounts receivables, reflecting repurchase of trade receivables using new revolving credit facility and significant increase in business during nine months ended February 28, 2022. This increase in receivables completely offset by increase in financing operations via new line of credit. Because the line of credit was used to repurchase receivables from the factor, net cash from operations appear to be negative, and these two should be viewed together for a net cash from operations of $0.8 million.

Investing activities used cash of $54,474 for the nine months ended February 28, 2022 compared to $26,543 for the nine months ended February 28, 2021. During the nine months ended February 28, 2022 and February 28, 2021, investing activities consisted of purchasing office equipment.

Financing activities provided cash of $42.8 million for the nine months ended February 28, 2022 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 $43.9 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 $2,821,664 and $239,924, 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:

	For the Three Months Ended February 28, 2022	For the Three Months Ended February 28, 2021
Net income (loss)	$ (4,930,586)	$ 1,264,998
Add Back:		
Income tax expense	228,207	77,801
Depreciation and amortization	196,347	191,226
Stock-based compensation	-	41,666
(Gain) loss on extinguishment of convertible notes	1,344,087-	(1,646,062)
Factoring fees	-	1,271,384
Interest expense (including accretion of debt discount)	1,395,396	610,353
Change in fair value of derivative liabilities	4,275,986	-
Adjusted EBITDA	$ 2,509,437	$ 1,811,366

	For the Nine Months Ended February 28, 2022	For the Nine Months Ended February 28, 2021
Net income (loss)	$ 1,581,055	$ 2,088,044
Add Back:		
Income tax expense	2,765,207	385,000
Depreciation and amortization	585,019	573,443
Stock-based compensation	-	91,666
Gain on forgiveness of promissory notes	(358,236)	(1,646,062)
Loss on extinguishment of convertible notes	564,037	1,147,856
Factoring fees	27,000	3,155,647
Change in fair value of derivative liabilities	4,275,986	-
Interest expense (including accretion of debt discount)	5,343,391	846,532
Adjusted EBITDA	$ 14,783,459	$ 6,642,126

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 February 28, 2022 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 February 28, 2022 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 effective controls and procedures implemented and in place by May 31, 2023.

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 Form	Exhibit	Filed or Furnished Filing Date	Herewith
10.1	Third Amendment to Revolving Purchase, Loan and Security Agreement.	8-K	10.1	02/03/22	
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.				X
31.2*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.				X
32.1**	Section 1350 Certification of Chief Executive Officer.				X
32.2**	Section 1350 Certification of Chief Financial Officer.				X
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

** 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: April 19, 2022

UNIQUE LOGISTICS INTERNATIONAL, INC.

By: */s/ Eli Kay*
Eli Kay
Chief Financial Officer (Principal Financial Officer)
Date: April 19, 2022

Exhibit 31.1

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 February 28, 2022;

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
Sunandan Ray
Chief Executive Officer (Principal Executive Officer)
Date: April 19, 2022

Exhibit 31.2

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

I, Eli Kay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unique Logistics International, Inc. for the period ended February 28, 2022;

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: April 19, 2022

Exhibit 32.1

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 February 28, 2022 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: April 19, 2022

Exhibit 32.2

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 February 28, 2022 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: April 19, 2022