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

Form 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended **May 31, 2022**

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

For the transition period from _______ to _______

Commission file number: **000-50612**

UNIQUE LOGISTICS INTERNATIONAL, INC.
(Exact Name of registrant as specified in its charter)

Nevada	**01-0721929**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
154-09 146th Ave, Jamaica, NY	**11434**
(Address of principal executive offices)	(Zip Code)

Tel: (718) 978-2000

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act: Common Stock, par value $0.001 per share

Securities registered under Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 past 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 smaller reporting company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Check one:

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of the last business day of the registrants most recently completed second fiscal quarter was $4,709,921.

As of September 13, 2022, there were 799,141,770 shares of the registrant's common stock outstanding.

EXPLANATORY NOTE

In accordance with Rule 12b-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), We are filing this Amendment No. 1 on Form 10-K/A (this

"Form 10-K/A") to our Annual Report on Form 10-K for the fiscal year ended May 31, 2022, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on September 13, 2022 (the "Original Filing"), for the purpose of correcting a scrivener's error in the date of the Report of Independent Registered Public Accounting Firm. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed as exhibits to this 10-K/A.

Except as otherwise expressly noted above, this 10-K/A does not amend, update or change any other disclosures in the Original Filing. Accordingly, this 10-K/A should be read in conjunction with the Original Filing and our other filings with the SEC.

Item 15. Exhibits and Financial Statement Schedules.

a. Exhibits

(a) Exhibits.

Exhibit		Incorporated by Reference			Filed or Furnished
Number	Exhibit Description	Form	Exhibit	Filing Date	Herewith
31.1	Principal Executive Officer Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Principal Financial Officer Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Principal Executive Officer Certification Pursuant to Item 601(b)(32) of Regulation S-K, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Principal Financial Officer Certification Pursuant to Item 601(b)(32) of Regulation S-K, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

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.

Date: September 23, 2022

UNIQUE LOGISTICS INTERNATIONAL, INC.

By: */s/ Sunandan Ray*
Sunandan Ray
Chief Executive Officer, Chairman of the Board
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Sunandan Ray Sunandan Ray	Director, Chief Executive Officer *Principal Executive Officer*	September 23, 2022
/s/ Eli Kay Eli Kay	Chief Financial Officer *Principal Financial and Accounting Officer*	September 23, 2022
/s/ David Briones David Briones	Director	September 23, 2022
/s/ Patrick Lee Patrick Lee	Director	September 23, 2022

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2022

	Page(s)
Report of Independent Registered Public Accounting Firm (PCAOB ID 688)	F-2
Consolidated Balance Sheets as of May 31, 2022 and 2021	F-3
Consolidated Statements of Operations for the Years ended May 31, 2022 and 2021	F-4
Consolidated Statement of Changes in Stockholders' Equity for the Years ended May 31, 2022 and 2021	F-5
Consolidated Statements of Cash Flows for the Years ended May 31, 2022 and 2021	F-6

Notes to Consolidated Financial Statements F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Unique Logistics International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Unique Logistics International, Inc. (the "Company") as of May 31, 2022 and 2021, the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the two years in the period ended May 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended May 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2021.

New York, NY
September 13, 2022

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

		May 31, 2022		May 31, 2021
ASSETS				
Current Assets:				
Cash and cash equivalents	$	1,422,393	$	252,615
Accounts receivable, net		74,746,036		20,369,747
Contract assets		30,970,581		23,423,314
Factoring reserve		-		7,593,665
Other prepaid expenses and current assets		1,404,021		761,458
Total current assets		108,543,031		52,400,799
Property and equipment, net		188,889		192,092
Other long-term assets:				
Goodwill		4,463,129		4,463,129
Intangible assets, net		7,337,704		8,044,853
Operating lease right-of-use assets, net		2,408,098		3,797,527
Deferred tax asset, net		942,748		263,221
Deposits		1,028,336		292,141
Other long-term assets		16,180,015		16,860,871
Total assets	$	124,911,935	$	69,453,762
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	49,028,862	$	38,992,846
Accrued expenses and other current liabilities		5,666,159		2,383,915

Accrued freight	9,240,650	10,403,430
Contract Liabilities	468,209	-
Revolving credit facility	38,141,451	-
Current portion of notes payable, net of discount	608,333	2,285,367
Current portion of long-term debt due to related parties	301,308	397,975
Current portion of operating lease liability	912,618	1,466,409
Total current liabilities	104,367,590	55,929,942
Other long-term liabilities	282,666	565,338
Long-term-debt due to related parties, net of current portion	397,968	715,948
Notes payable, net of current portion, net of discount	-	3,193,306
Derivative liabilities	12,437,994	-
Operating lease liability, net of current portion	1,593,873	2,431,144
Total long-term liabilities	14,712,501	6,905,736
Total liabilities	119,080,091	62,835,678
Commitments and contingencies		
Stockholders' Equity:		
Preferred Stock, $.001 par value: 5,000,000 shares authorized		
Series A Convertible Preferred stock, $0.001 par value; 130,000 issued and outstanding as of May 31, 2022 and 2021. Liquidation preference $13 at May 31, 2022	130	130
Series B Convertible Preferred stock, $0.001 par value; 820,800 and 840,000 shares issued and outstanding as of May 31, 2022 and 2021, respectively. Liquidation preference $82 at May 31, 2022	821	840
Series C Convertible Preferred stock, $0.001 par value; 195 and none, issued and outstanding as of May 31, 2022 and 2021, respectively. Liquidation preference $15.5 million at May 31, 2022	-	-
Series D Convertible Preferred stock, $0.001 par value; 187 and none, issued and outstanding as of May 31, 2022 and 2021, respectively. Liquidation preference $15.1 million at May 31, 2022	-	-
Common stock, $0.001 par value; 800,000,000 shares authorized; 687,196,478 and 393,742,663 shares issued and outstanding as of May 31, 2022 and 2021, respectively.	687,197	393,743
Additional paid-in capital	292,155	4,906,384
Retained earnings	4,851,541	1,316,987
Total Stockholders' Equity	5,831,844	6,618,084
Total Liabilities and Stockholders' Equity	$ 124,911,935	$ 69,453,762

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended May 31, 2022	For the Year Ended May 31, 2021
Revenues:		
Airfreight services	$ 499,024,643	$ 137,055,903
Ocean freight and ocean services	446,977,162	196,041,832
Contract logistics	3,491,489	3,093,626
Customs brokerage and other services	64,993,386	35,695,911
Total revenues	1,014,486,680	371,887,272
Costs and operating expenses:		
Airfreight services	496,918,427	130,564,578
Ocean freight and ocean services	418,552,477	179,759,763
Contract logistics	1,771,415	1,267,360
Customs brokerage and other services	54,368,332	33,766,727
Salaries and related costs	11,736,610	9,184,390
Professional fees	1,079,819	1,350,369
Rent and occupancy	2,022,396	1,815,194
Selling and promotion	6,653,335	4,535,373
Depreciation and amortization	782,351	765,532
Fees on factoring agreements	27,000	4,471,540
Bad debt expense	2,541,676	240,000
Other	1,508,425	637,458
Total costs and operating expenses	997,962,263	368,358,284
Income from operations	**16,524,417**	**3,528,988**
Other income (expenses)		
Interest expense	(5,632,551)	(431,439)
Amortization of debt discount	(776,515)	(1,350,389)
Gain on forgiveness of promissory note	358,236	1,646,062
Change in fair value of derivative liabilities	(4,020,698)	-
Loss on extinguishment of convertible note	(564,037)	(1,147,856
Other income	60,000	-
Total other income (expenses)	(10,575,565)	(1,283,622)
Net income before income taxes	5,948,852	2,245,366

Income tax expense	2,414,298	519,869
Net income	**3,534,554**	**1,725,497**
Deemed Dividend	(4,565,725)	-
Net (loss) income available for common shareholders	**$ (1,031,171)**	**$ 1,725,497**
Net (loss) income available for common shareholders per common share		
– basic	$ -	$ -
– diluted	$ -	$ -
Weighted average common shares outstanding		
– basic	605,817,180	1,408,941,722
– diluted	605,817,180	10,030,364,061

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Years Ended May 31, 2022 and 2021

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, June 1, 2020	130,000	$ 130	870,000	$ 870	-	$ -	-	-	-	$ -	$ 1,523,811	$ (408,510)	$ 1,116,301
Issuance of Common Stock for services rendered	-	-	-	-	-	-	-	-	28,291,180	28,291	63,375	-	91,666
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	-	-	-	-	-	-	-	-	-	-	2,540,169	-	2,540,169
Issuance of common stock for the conversion of notes and accrued interest	-	-	-	-	-	-	-	-	35,455,872	35,456	28,236	-	63,692
Net income	-	-	-	-	-	-	-	-	-	-	-	1,725,497	1,725,497
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)	-	-
Conversion of debt to preferred C and D	-	-	-	-	195	-	192	-	-	-	-	-	-
Conversion of Preferred D to Common Stock	-	-	-	-	-	-	(5)	-	31,415,400	31,415	(31,415)	-	-
Issuance of Common Stock for the conversion of notes and accrued interest	-	-	-	-	-	-	-	-	136,346,191	136,347	108,584	-	244,931
Deemed Dividend	-	-	-	-	-	-	-	-	-	-	(4,565,725)	-	(4,565,725)
Net income	-	-	-	-					-			3,534,554	3,534,554
Balance, May 31, 2022	130,000	$ 130	820,800	$ 821	195	$ -	187	$ -	687,196,478	$ 687,197	$ 292,155	$ 4,851,541	$ 5,831,844

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended May 31, 2022	For the Year Ended May 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,534,554	$ 1,725,497
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	782,351	765,532
Amortization of debt discount	776,515	1,350,389
Amortization of right of use assets	1,389,429	1,195,995
Share-based compensation	-	91,666
Bad debt expense	2,541,676	240,000
Gain on forgiveness of notes payable	(358,236)	(1,646,062)
Loss on extinguishment of notes payable	564,037	1,147,856
Change in deferred tax asset	(679,527)	(264,000)
Change in fair value of derivative liabilities	4,020,698	-
Accretion of consulting agreement	(282,672)	(282,672)
Changes in operating assets and liabilities:		

Accounts receivable		(56,917,965)		(12,677,437)
Contract assets		(7,547,267)		(18,586,306)
Factoring reserve		7,593,665		(6,622,941)
Other prepaid expenses and other current assets		(642,563)		(669,787)
Deposits and other assets		(736,195)		1,042
Accounts payable		10,036,018		29,465,943
Accrued expenses and other current liabilities		3,999,874		(1,226,702)
Accrued freight		(1,162,780)		6,926,050
Contract liabilities		468,209		-
Operating lease liability		(1,391,062)		(1,095,969)
Net Cash Used in Operating Activities		(34,011,241)		(161,906)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment		(72,001)		(51,489)
Net Cash Used in Investing Activities		(72,001)		(51,489)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from notes payable		2,000,000		5,174,902
Repayments of notes payable		(4,473,784)		(858,330)
Repayments of long-term debt due to related parties		(414,647)		(5,149,925)
Cash paid for debt issuance costs		-		(50,000)
Borrowings on line of credit, net		38,141,451		-
Net Cash Provided by (Used in) Financing Activities		35,253,020		(883,353)
Net change in cash and cash equivalents		1,169,778		(1,096,748)
Cash and cash equivalents - Beginning of year		252,615		1,349,363
Cash and cash equivalents - End of year	$	1,422,393	$	252,615
SUPPLEMENTARY CASH FLOW INFORMATION:				
Cash Paid During the year for:				
Income taxes	$	3,775,967	$	527,583
Interest	$	5,632,551	$	66,717
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Operating lease asset and liability additions	$	-	$	223,242
Non-cash note forgiveness due to UL HK	$	-	$	310,452
Fair value of warrants issued with convertible notes	$	-	$	1,126,497
Beneficial conversion feature of convertible notes	$	-	$	2,540,169
Issuance of Common Stock - Conversions and Awards	$	-	$	393,743
Conversion of Preferred Stock Series B preferred to common	$	125,673	$	-
Conversion of Preferred Stock Series D preferred to common	$	31,415	$	-
Issuance of common stock for the conversion of principal net of accrued interest capitalized to principal to Notes Payable	$	244,931	$	-
Reduction of debt due to exchange of Convertible Notes for Preferred Stock Series C & D	$	4,565,725	$	-
Derivative liability recognized related to exchange of Convertible Notes for Preferred Stock Series C and D	$	8,417,296	$	-

See notes to accompanying consolidated financial statements.

UNIQUE LOGISTICS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2022

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") and (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

On May 29, 2020, Unique Logistics Holdings, Inc., a privately held Delaware corporation headquartered in New York ("ULHI"), entered into a Securities Purchase Agreement with Unique Logistics Holdings Ltd, ("UL HK"), a Hong Kong company, (the "UL HK Transaction").

On October 8, 2020, Unique Logistics Holdings, Inc., Innocap, Inc., and Inno Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Innocap Inc. ("Merger Sub"), entered into an Acquisition Agreement and Plan of Merger pursuant to which the Merger Sub was merged with and into ULHI, with ULHI surviving as a wholly owned subsidiary of Innocap, Inc. (the "Merger"). The transaction took place on October 8, 2020 (the "Closing"). Innocap, Inc. was incorporated under the laws of the State of Nevada on January 23, 2004.

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

On January 13, 2021, the Company received notice from the Financial Industry Regulation Authority ("FINRA") that the above name change had been approved and took effect at the opening of trading on January 14, 2021. In connection with the name change, the Company changed its ticker symbol from "INNO" to "UNQL".

Liquidity

The accompanying 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.

As of May 31, 2022, the Company reported working capital of approximately $4.2 million compared with negative $3.5 million working capital as of May 31, 2021.

The Company took the following steps to improve liquidity year over year:

- Strong operational performance resulted in increase in EBITDA from $8.9 million during the year ended May 31, 2021 to $17.3 million during the year ended May 31, 2022
- The Company entered into Fourth Amendment to the TBK Loan Agreement to increase its credit facility from $47.5.0 million to $57.5 million until October 2022 with an option to extend beyond that date.
- The Company exchanged all of its Convertible Notes and associated Warrants into shares of Convertible Preferred Shares Series C and D

Since its inception, the Company has experienced significant business growth. To fund such growth operating capital was initially provided by third party investors through Convertible Notes and on December 10, 2021 exchanged into Convertible Preferred Shares Series A, C and D with fixed ownership percentage of the company. Preferred shares are more beneficial to the company because they don't require cash repayments. Due to the antidilution provision imbedded in the Convertible Preferred Shares, these provisions resulted in an embedded derivative and the company recorded a current liability during the quarter ended on February 28, 2022 in the amount of $12.7 million (See Derivative Liability note below). Prior to quarter ended February 28, 2022, this liability was not material. This liability is recorded as a long-term liability due to its future settlement in common stocks on the balance sheet and is being adjusted to market on each of the subsequent reporting period.

The Company is also in process of potentially raising additional capital through the planned underwritten offering of securities that would provide funds for planned acquisitions and operating capital. While we continue to execute our strategic plan, we will be tightly managing our cash and monitoring our liquidity position. We have implemented a number of initiatives to conserve our liquidity position including activities such as raising additional capital, increasing credit facilities, reducing cost of debt, controlling general and administrative expenditures and improving collection processes. Many of the aspects of the 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. Use of operating cash is an indicator that there could be a going concern issue, but based on our evaluation of the Company's projected cash flows and business performance subsequent to the balance sheet date, management has concluded that the Company's current cash and cash availability under the line of credit as of May 31, 2022, would be sufficient to alleviate a going concern issue for at least one year from the date these consolidated financial statements are issued.

COVID-19

Covid-19 remains a threat and certain countries, such as China, are still subject to restrictions related to Covid-19. While the threat level has declined to a significant extent in the USA and globally, any resurgence could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

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

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries stated in U.S. dollars, the Company's functional currency. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Use of Estimates

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

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

Fair Value Measurement

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

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

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying amounts for financial assets and liabilities such as cash and cash equivalents, accounts receivable - trade, contract assets, factoring reserve, other prepaid expenses and current assets, accounts payable – trade and other current liabilities, including contract liabilities, convertible notes, promissory notes, all approximate fair value due to their short-term nature as of May 31, 2022 and 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 May 31, 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 had been experienced, and management believes it is not exposed to any significant risk on credit.

Accounts Receivable – Trade

Accounts receivable - trade from revenue transactions are based on invoiced prices which the Company expects to collect. In the normal course of business, the Company extends credit to customers that satisfy pre-defined credit criteria. The Company generally does not require collateral to support customer receivables. Accounts receivable - trade, as shown on the consolidated balance 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 consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, net of allowance for doubtful accounts. As of May 31, 2022 and 2021, the Company recorded an allowance for doubtful accounts of approximately $2.7 million and $0.2 million, respectively.

Concentrations

Revenue by three customers as a percentage of the Company's total revenue was48% for the year ended May 31, 2022, with customer A at35%, customer B at 7% and Customer C 6%. These three customers represented approximately 21% of all accounts receivable as of May 31, 2022 and no single customer represented more than 10% of total accounts receivable.

Two customers accounted for 44% of total revenue for the year ended May 31, 2021 with customer A at25%, customer B at 19%. No customer represented more than 10% of non-factored accounts receivable as of May 31, 2021.

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 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 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 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 years ended May 31, 2022 and 2021, the Company factored accounts receivable invoices totaling approximatelyNil and $233.4 million, 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 $4.5 million, pursuant to the agreements for the year ended May 31, 2021 and $27,000 for the year ended May 31, 2022. The Company recognizes factoring costs upon disbursement of funds. Factoring expenses are presented in costs and operating expenses on the consolidated statements of operations.

Factoring Reserve

When an invoice is sold to Factor, the amount received from the Factor is credited to accounts receivable – trade and a reserve is retained, less a fee, by Factor which is debited to "factoring reserve" on the consolidated balance sheets.

Factor Recovery

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

Recourse Liability

Company policy is to do a collectability review of uncollected factored receivables in conjunction with the Factor at each reporting date and assess the need to provide for risk of potential non-collection and resulting recourse.

Property and Equipment

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

Estimated useful lives of property and equipment are as follows:

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

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

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period. The Company did not record any impairment for the year ended May 21, 2022 or May 31, 2021.

Goodwill and Other Intangibles

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

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

The Company tests goodwill for impairment annually as of May 31 or if an event occurs or circumstances change that indicate that the fair value of the entity, or the reporting unit, may be below its carrying amount (a “triggering event”). Whenever events or circumstances change, entities have the option to first make a qualitative evaluation about the likelihood of goodwill impairment. If impairment is deemed more likely than not, management would perform the two-step goodwill impairment test. Otherwise, the two-step impairment test is not required. In assessing the qualitative factors, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of the relevant events and circumstances and how these may impact a reporting unit’s fair value or carrying amount involve significant judgements and assumptions. The judgement and assumptions include the identification of macroeconomic conditions, industry and market considerations, overall financial performance, Company specific events and share price trends, an assessment of whether each relevant factor will impact the impairment test positively or negatively, and the magnitude of such impact.

If a quantitative assessment is performed, a reporting unit’s fair value is compared to its carrying value. A reporting unit’s fair value is determined based upon consideration of various valuation methodologies, including the income approach, which utilizes projected future cash flows discounted at rates commensurate with the risks involved and multiples of current and future earnings. If the fair value of a reporting unit is less than its carrying amount, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

We test goodwill for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate the carrying value may not be recoverable. For the year ended May 31, 2022 and 2021 the Company conducted its annual review of impairment of goodwill and intangible assets and no impairment was identified.

Impairment of Long-Lived Assets

Long-lived assets are comprised of intangible assets and property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists, pursuant to the provisions of FASB ASC 360-10 *“Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of”*. If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows and fundamental analysis. The Company reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. The Company did not record any impairment for the years ended May 31, 2022 and 2021, as there were no triggering events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable.

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 and recorded derivative instruments arising from an anti-dilution provision in the Company's Series A, Series C, and Series D Preferred Stock during the quarter ended February 28, 2022. The Company recorded $12.4 million of derivative liabilities measured at fair value as of May 31, 2022 on its balance sheet. Derivative liability related to Preferred Convertible Stock Series A was immaterial as of May 31, 2021.

An embedded derivative liability is representing the rights of holders of Convertible Preferred Stock Series A, C and D to receive additional common stock of the Company upon issuance of any additional common stock by the Company prior to qualified financing event as defined in the agreement. Each reporting period, the embedded derivative liability, if material, would be adjusted to reflect fair value at each period end with changes in fair value recorded in the "Change in fair value of embedded derivative liability" financial statement line item of the company's statements of operations. The Company recorded change in fair value of $4,020,698 on the consolidated statements of operations.

	Level 1	Level 2	Level 3
Derivative liabilities as June 1, 2021	$ -	$ -	$ -
Addition	-	-	8,417,296
Changes in fair value	-	-	4,020,698
Derivative liabilities as May 31, 2022	$ -	$ -	$ 12,437,994

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.

The key inputs into the model were as follows:

	May 31, 2022	May 31, 2021
Risk-free interest rate	1.6%	0.7%
Probability of capital raise	53.9%	10%
Estimated capital raise amount	$ 39,000,000	$ 2,400,000
Estimated time to capital raise	0.5 years	1.0 years

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. 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 consolidated balance sheets and contract costs incurred prior to revenue recognition are recorded as contract assets on the consolidated balance sheets.

Contract Assets

Contract assets represent amounts for which the Company has the right to consideration for the services provided while a shipment is still in-transit but for which it has not yet completed the performance obligation and has not yet invoiced the customer. Upon completion of the performance obligations, which can vary in duration based upon the method of transport and billing the customer, these amounts become classified within accounts receivable - 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 year ended May 31, 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	-	468,209
Reclassification of the beginning contract assets to receivables, as the result of rights to consideration becoming unconditional	(10,491,045)	-
Contract assets recognized	18,038,312	-
Net Change	$ 7,547,267	$ 468,209

There were no changes in contract assets or liabilities as of May 31, 2021.

<u>*Disaggregation of Revenue from Contracts with Customers*</u>

The following table disaggregates gross revenue from our clients (all US based) by significant geographic area for the years ended May 31, 2022 and 2021, based on origin of shipment (imports) or destination of shipment (exports):

	For the Year Ended May 31, 2022	For the Year Ended May 31, 2021
China, Hong Kong & Taiwan	$ 343,370,279	$ 186,932,382
Southeast Asia	422,869,068	104,475,697
United States	39,362,326	31,452,041
India Sub-continent	161,841,791	28,164,102
Other	47,043,216	20,863,050
Total revenue	$ 1,014,486,680	$ 371,887,272

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.

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 Year Ended	
		May 31, 2022	May 31, 2021
Numerator:			
Net income (loss) available for common shareholders	$	(1,031,171)	1,725,497
Effect of dilutive securities:		-	1,350,389
Diluted net (loss) income available for common shareholders	$	(1,031,171)	$ 3,075,886
Denominator:			
Weighted average common shares outstanding – basic		605,817,180	1,408,941,722
Dilutive securities:			
Series A Preferred		-	1,316,157,000
Series B Preferred		-	5,499,034,800
Convertible notes		-	1,806,230,539
Warrants		-	-
Series C Preferred		-	-
Series D Preferred		-	-
Weighted average common shares outstanding and assumed conversion – diluted		605,817,180	10,030,364,061
Basic net (loss) income available for common shareholders per common share	$	(0.00)	$ 0.00
		-	
Diluted net (loss)income available for common shareholders per common share	$	(0.00)	$ 0.00

The Company has excluded the following shares as of May 31, 2022, because they are antidilutive:

	May 31, 2022
Weighted average common shares outstanding – basic	605,817,180
Series A Preferred	1,233,209,295
Series B Preferred	5,373,342,576
Series C Preferred	1,206,351,359
Series D Preferred	1,174,935,959
Weighted average common shares outstanding and assumed conversion – diluted	9,593,656,369

Leases

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

During the period ended May 31, 2020, the Company adopted ASC 842 upon inception and recognized a right of use ("ROU") asset and liability in the consolidated balance sheet in the amount of $4,770,280 related to the operating lease for office and warehouse space.

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

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

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

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC Topic 718, "*Compensation – Stock Compensation"* (*"ASC 718"*), which establishes financial accounting and reporting standards for stock-based employee compensation. It defines a fair value-based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for stock option plans in accordance with ASC 718.

The Company recognizes all forms of share-based payments, including stock option grants, warrants and restricted stock grants, at their fair value on the grant date, which are based on the estimated number of awards that are ultimately expected to vest.

Share-based payments, excluding restricted stock, are valued using a Black-Scholes option pricing model. Grants of share-based payment awards issued to non-employees for services rendered have been recorded at the fair value of the share-based payment, which is the more readily determinable value. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service. Stock-based compensation expenses are included in costs and operating expenses depending on the nature of the services provided in the consolidated statements of operations.

For the year ended May 31, 2022 and May 2021, share-based compensation amounted to $0 and $91,666 for services provided.

Advertising and Marketing

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

Convertible Debt

The Company accounts for Convertible Debt based on the guidance in ASC 470, *"Debt with Conversion and Other Options"* ("ASC 470"). As such all convertible debt instruments that separated into debt and an equity component based on the beneficial conversion feature ("BCF") amount determined on the in-the-money amount of the conversion option. BCF is recorded in additional paid -in – capital with corresponding discount on the debt liability amortized to interest expense over the life of the debt instrument. There is no subsequent remeasurement of the amount recorded in equity while discount is amortized in the same manner as nonconvertible debt. See Note 7, Financing Arrangements for Convertible Notes outstanding and the associated unamortized discounts.

Sequencing Policy

Under ASC 815-40-35, *"Derivatives and Hedging – Contracts in Entity's Own Equity"* ("ASC 815"), the Company has adopted a sequencing policy whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuance of securities to the Company's employees or directors are not subject to the sequencing policy.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year's presentation.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Debt—"*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity"*. This ASU amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity, and also improves and amends the related EPS guidance for both Subtopics. ASU 2020-06 is effective for public business entities, other than smaller reporting companies as defined by the SEC starting January 1, 2022. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

2. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized below as of May 31, 2022 and 2021.

	May 31, 2022	May 31, 2021
Furniture and fixtures	$ 102,062	$ 84,085
Computer equipment	159,674	108,479
Software	30,609	27,780
Leasehold improvements	27,146	27,146
	319,491	247,490
Less: accumulated depreciation	(130,602)	(55,398)
	$ 188,889	$ 192,092

Depreciation expense charged to income for the years ended May 31, 2022 and May 31, 2021 amounted to $75,204 and $58,384.

4. GOODWILL

The carrying amount of goodwill was $4,463,129 at May 31, 2022 and 2021. On February 19, 2021, the Company and UL HK agreed to reduce an existing $325,000 note assumed by the Company in the May 29, 2020 as part of the acquisition.

Beginning balance June 1, 2020	$ 4,788,129
Measurement Period Adjustment	(325,000)
Ending balance May 31, 2021 and 2022	$ 4,463,129

5. INTANGIBLE ASSETS

Intangible assets consist of the following at May 31, 2022 and 2021:

	May 31, 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		(1,414,296)		(707,147)
	$	7,337,704	$	8,044,853

Amortizable intangible assets, including tradenames and non-compete agreements, are amortized on a straight-line basis over3 to 10 years. Customer relationships are amortized on a straight-line basis over 12 to 15 years. For the year ended May 31, 2022 and 2021, amortization expense related to the intangible assets was $707,149 and $707,147. As of May 31, 2022, the weighted average remaining useful lives of these assets were7.33 years.

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

Twelve Months Ending May 31,		
2023		637,592
2024		637,592
2025		637,591
2026		602,814
2027		602,814
Thereafter		4,219,301
	$	7,337,704

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at May 31, 2022 and 2021:

		May 31, 2022		May 31, 2021
Accrued salaries and related expenses	$	625,000	$	672,455
Accrued sales and marketing expense		2,383,500		539,810
Accrued professional fees		1,350,170		75,000
Accrued income tax		559,544		256,286
Accrued overdraft liabilities		681,058		790,364
Other accrued expenses and current liabilities		66,887		50,000
	$	5,666,159	$	2,383,915

7. FINANCING ARRANGEMENTS

Financing arrangements on the consolidated balance sheets consists of:

		May 31, 2022		May 31, 2021
Revolving Credit Facility	$	38,141,451	$	-
Promissory note (PPP)		-		358,236
Promissory notes (EIDL)		-		150,000
Notes payable		608,333		2,528,886
Convertible notes – net of discount		-		2,441,551
		38,749,784		5,478,673
Less: current portion		(38,749,784)		(2,285,367)
	$	-	$	3,193,306

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 Forth 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.

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 year ended May 31, 2022 were approximately $1.0 million.

Promissory Note (PPP)

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

During April and May 2020, the UL US Entities received aggregate proceeds of $1,646,062 through this program. The promissory notes mature for dates ranging from April 2022 through May 2022. As of May 31, 2022 and 2021, the outstanding balance due under these promissory notes was $0 and $358,236, respectively.

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

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

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

During January 2021, the PPP notes, which were assumed without recourse in the May 2020 acquisition (see Note 2) were utilized for eligible purposes under the terms of the agreements and were forgiven after the expiration of the twenty four week period discussed above. The total amount forgiven was $1,646,062 and is included in gain on forgiveness of promissory notes on the consolidated statements of operations.

On March 9, 2021, the Company was granted an SBA loan (the "Loan") by Century Bank 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. As of May 31, 2021 , the outstanding balance was $358,236, and the full amount was forgiven as of May 31, 2022.

Promissory Note (EIDL)

Pursuant to a certain Loan Authorization and Agreement (the "SBA Loan Agreement") in June 2020, the Company securing a loan (the "EIDL Loan") with a principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning June 2021. The balance of principal and interest is payable thirty years from the date of the SBA Note. The note had an outstanding balance of $150,000 as of May 31, 2021. As of May 31, 2022 this note was fully repaid.

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 May 31, 2022 and 2021, the outstanding balance due under the note was $608,333 and $1,216,667, respectively.

On May 29, 2020, the Company entered into a non-compete, non-solicitation and non-disclosure agreement with a former owner of 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 May 31, 2022 and 2021, the outstanding balance due under the agreement was $0 and $250,004, respectively.

Promissory Note

On March 19, 2021 (the "Effective Date"), Unique Logistics International, Inc. (the "Company") issued to an accredited investor (the "Investor") a 10% promissory note in the principal aggregate amount of $1,000,000 (the "Note"). The Company received aggregate gross proceeds of $1,000,000. The purpose of the funds is to augment working capital resulting from a surge in business and new customer acquisition. The Note matures on the date that is thirty (30) days following the Effective Date (the "Maturity Date"). The Note bears interest at a rate of ten percent (10%) per annum (the "Interest Rate"). The Company may prepay the Note without penalty.

As of May 31, 2021, the outstanding balance due under the agreement was $1,062,215. On May 31, 2022, this note was paid in full.

Convertible Notes Payable

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 year ended May 31, 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 May 31, 2022 and 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 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 May 31, 2022 and 2021 the total unamortized debt discount related to the 3a SPA was $0 and $391,757, respectively. During the year ended May 31, 2022, the Company recorded amortization of debt discount totalling $285,048.

During the year ended May 31, 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 May 31, 2022 and 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.

As of May 31 2021, the outstanding balance on these convertible notes was $1,833,334.

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.

During the year ended May 31, 2022, the Company recorded amortization of debt discount totaling $491,467.

Covenants

As of May 31, 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 19, 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").

In the event the number of Exchange Shares would result in the Holder beneficially owning more than the Beneficial Ownership Limitation (as defined in the Exchange Agreement), all such Exchange Shares in excess of the Beneficial Ownership Limitation shall be issued as a number of shares of newly created Series C Convertible Preferred Stock

The closing will occur on the Trading Day on which all of the Transaction Documents (as defined in Exchange Agreement) have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Holders' obligations to tender the Surrendered Securities at such Closing, and (ii) the Company's obligations to deliver the New Securities, in each case, have been satisfied or waived (the "Closing Date").

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 $608,333 due during the twelve months ended May 31, 2023.

8. RELATED PARTY TRANSACTIONS

As part of the UL HK Transaction and related transactions, the Company assumed the following debt due to related parties:

	May 31, 2022	May 31, 2021
Due to Frangipani Trade Services (1)	$ 602,618	$ 903,927
Due to employee (2)	30,000	60,000
Due to employee (3)	66,658	149,996
	699,276	1,113,923
Less: current portion	(301,308)	(397,975)
	$ 397,968	$ 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 Other Long Term Liabilities line item on the consolidated balance sheets and amortized over the life of the agreement. The unamortized balances were $282,666 and $565,338 as of May 31, 2022 and 2021, respectively.

Accounts Receivable - trade and Accounts Payable - trade

Transactions with related parties account for $3.0 million and $15.2 million of accounts receivable and accounts payable as of May 31, 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 year ended May 31, 2022, these transactions represented approximately $3.9 million of revenue.

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 year ended May 31, 2021, these transactions represented $2.4 million of revenue.

Direct costs are services billed to the Company by related parties for shipping activities. For the year May 31, 2022, these transactions represented approximately $192.8 million of total direct costs.

Direct costs are services billed to the Company by related parties for shipping activities. For the year May 31, 2021, these transactions represented $54.9 million of total direct costs.

9. RETIREMENT PLAN

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 $0.1 million and $0.05 million for the year ended May 31, 2022 and 2021, respectively.

10. STOCKHOLDERS' EQUITY

Common Stock

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

During the year ended May 31, 2021

- 28,291,180 shares of the Company's common stock were issued to a consultant. The shares have an aggregated fair value of $91,666 which was expensed immediately.
- On October 9, 2020, the Company's Chief Executive Officer converted 30,000 shares of Series B Preferred Stock into an aggregate of 196,394,100 shares of the Company's common stock.
- On April 12, 2021, a noteholder converted $63,692.00 in principal and interest into 35,455,872 shares of the Company's common stock. See Note 7.

During the year ended May 31, 2022:

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

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.

On June 23, 2021, a noteholder converted $25,842.22 in convertible notes (principal and interest) into 14,385,720 shares of the Company's common stock at a rate of $0.00179638 per share.

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.

As of May 31, 2022 and 2021, there were 687,196,478 and 393,742,663 shares of Common Stock issued and outstanding, respectively.

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 May 31, 2022 and 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 May 31, 2022 and

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 had195 shares of Series C and 187 shares of Series D Preferred shares issued and outstanding as of May 31, 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)

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 May 31, 2022, at fair value (see Note 1, Derivative Liability). As a result of the Company exchanging $3.9 million of convertible notes into Series C and D Preferred Stock, the Company also recognized net loss on the extinguishment of debt of approximately $4.6 million recorded in the financial statements as deemed dividend and $4.3 million net loss on the mark to market of the derivative liability associated with the Series A Preferred Stock recorded in Other Income (Expenses), both reflected in the statement of operations for the year ended May 31, 2022.

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
Cancelled	(1,140,956,904)	$ -
Outstanding – May 31, 2022	-	$ -
Exercisable – May 31, 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, as of May 31, 2022 the Company no longer has any outstanding warrants.

11. COMMITMENTS AND CONTINGENCIES

Pending acquisitions

On April 28, 2022, Unique Logistics International, Inc. (the "Company") entered into a stock purchase agreement (the "Purchase Agreement"), by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation (the "Seller"), whereby the Company acquired from the Seller all of Seller's share capital (the "Purchased Shares") in nine (9) of Seller's subsidiaries (collectively the "Subsidiaries") as listed in Schedule I of the Purchase Agreement. As consideration for the Purchased Shares, the Company agreed to (i) pay the Seller $21,000,000 (the "Cash Consideration"); and (ii) issue to the Seller a $1,000,000 promissory note (the "Note" and, together with the Cash Consideration, the "Purchase Price"). The Purchase Price is subject to certain adjustments set forth in the Purchase Agreement.

In addition to the Purchase Price, Seller will be eligible for an additional one-time cash earn-out payment (the "Earn Out Payment"), in the amount of (i) $2,500,000, if the EBITDA of the Purchased Shares, in the aggregate, exceeds $5,000,000 for the one-year period beginning on July 1, 2022 and ending June 30, 2023 (the "Earn Out Period"), or (ii) $2,000,000, if the EBITDA of the Purchased Shares, in the aggregate is equal to or less than $5,000,000 but exceeds $4,500,000, for the Earn Out Period, in each case, to be paid by the Company within 90 days of June 30, 2023.

The transactions contemplated by the Purchase Agreement shall be contingent upon and subject to successful completion of the Company's anticipated public offering of securities (the "Financing"). If the Company is unable to obtain the Financing, the Company may provide written notice to Seller stating that the Company has been unable to obtain the Financing and notify Seller that the Company has elected to either (i) waive the condition of the Financing , in which event the Purchase Agreement will continue as if the Financing had been obtained or (ii) terminate the Purchase Agreement.

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 Year Ended May 31, 2022	For the Year Ended May 31, 2021

Operating lease	$	1,717,807	$	1,506,090
Interest on operating lease liabilities		209,536		148,039
Total net lease cost	$	1,927,343	$	1,654,129

Supplemental balance sheet information related to leases was as follows:

	May 31, 2022		May 31, 2021	
Operating leases:				
Operating lease ROU assets – net	$	2,408,098	$	3,797,527
Current operating lease liabilities, included in current liabilities	$	912,618	$	1,466,409
Noncurrent operating lease liabilities, included in long-term liabilities		1,593,873		2,431,144
Total operating lease liabilities	$	2,506,491	$	3,897,553

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

	For the Year Ended May 31, 2022		For the Year Ended May 31, 2021	
ROU assets obtained in exchange for lease liabilities:				
Operating leases	$	1,805	$	223,242
Weighted average remaining lease term (in years):				
Operating leases		3.88		4.04
Weighted average discount rate:				
Operating leases		4.02%		4.25%

As of May 31, 2022, future minimum lease payments under noncancelable operating leases are as follows:

Future Minimum Payments for the Twelve Months Ending May 31,		
2023	$	1,002,244
2024		573,301
2025		448,460
2026		260,309
2027		198,255
Thereafter		249,406
Total lease payments		2,731,975
Less: imputed interest		(225,484)
Total lease obligations	$	2,506,491

12. INCOME TAX PROVISION

The income tax provision consists of the following:

	May 31, 2022		May 31, 2021	
Federal				
Current	$	2,052,526	$	521,293
Deferred		(554,294)		(208,560)
State and Local				
Current		1,041,298		262,576
Deferred		(125,232)		(55,440)
Income tax expense	$	2,414,298	$	519,869

The Company has U.S. federal net operating loss carryovers (NOLs) of approximately none, and $0.1 million as of May 31, 2022 and 2021, respectively, available to offset taxable income through 2021. The Company also had California State Net Operating Loss carry overs of $262,678 as of May 31, 2021 and 2022, available to offset future taxable income through 2041.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon future generation for taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. For the year ended May 31, 2022, there was no valuation allowance necessary.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

If applicable, interest costs related to the unrecognized tax benefits are required to be calculated and would be classified as "Other expenses – Interest" in the statement of operations. Penalties would be recognized as a component of "General and administrative."

No interest or penalties on unpaid tax were recorded during the year ended May 31, 2022 and no liability for unrecognized tax benefits was required to be reported. The

Company does not expect any significant changes in its unrecognized tax benefits in the next year.

The Company's deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

Deferred Tax Assets	For the Year Ended May 31, 2022	For the Year Ended May 31, 2021
Debt discount liability	$ -	$ 288,555
Allowance for doubtful accounts	733,139	39,414
Contract liability	230,263	-
Lease liability	659,460	-
Other	238,006	19,513
Total deferred tax assets	1,860,868	347,482
Valuation allowance	-	-
Deferred tax asset, net of valuation allowance	1,860,868	347,482
Deferred Tax Liabilities		
Operating lease right-of-use assets	(631,173)	-
Goodwill and intangibles	(256,533)	-
Fixed assets	(30,414)	(84,261)
Net deferred tax asset (liability)	$ 942,748	$ 263,221

The expected tax expense (benefit) based on the statutory rate is reconciled with actual tax expense benefit as follows:

	For the Year Ended May 31, 2022	For the Year Ended May 31, 2021
US Federal statutory rate (%)	21.0	21.0
State income tax, net of federal benefit	16.4	8.4
Impact of debt exchange	18.9	-
FDII deduction	(10.1)	-
PPP Loan Forgiveness	(1.3)	-
Change in valuation allowance	-	(1.7)
Other permanent differences, net	(4.3)	(4.5)
Income tax provision (benefit) (%)	40.6	23.2

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the consolidated financial statements were available to be issued. Based on this evaluation, the Company has identified the following reportable subsequent events other than those disclosed elsewhere in these consolidated financial statements.

Preferred Stock Conversions

On June 21, 2022, a shareholder converted 3 shares of Series D Convertible Preferred Stock into 18,849,240 shares of the Company's common stock.

On June 28, 2022, a shareholder converted 4 shares of Series D Convertible Preferred Stock into 25,132,320 shares of the Company's common stock.

On July 29, 2022, a shareholder converted 9,935 shares of Series A Convertible Preferred Stock into 67,963,732 shares of the Company's common stock.

Exhibit 31.1

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

I, Sunandan Ray, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-K/A of Unique Logistics International, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 controls 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 for the period in which this annual 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;

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;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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

Date: September 23, 2022

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

Exhibit 31.2

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

I, Eli Kay, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-K/A of Unique Logistics International, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 controls 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 for the period in which this annual 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;

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;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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

Date: September 23, 2022

By: */s/ Eli Kay*
Eli Kay
Chief Financial Officer

Exhibit 32.1

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

In connection with this Amendment No. 1 on Form 10-K/A of Unique Logistics International, Inc. (the "Company"), for the year ended May 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Sunandan Ray, Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Amendment No. 1 on Form 10-K/A for the year ended May 31, 2022, 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 such Amendment No. 1 on Form 10-K/A for the year ended May 31, 2022, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 23, 2022

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

Exhibit 32.2

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

In connection with this Amendment No. 1 on Form 10-K/A of Unique Logistics International, Inc. (the "Company"), for the year ended May 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Eli Kay, Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Amendment No. 1 on Form 10-K/A for the year ended May 31, 2022, 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 such Amendment No. 1 on Form 10-K/A for the year ended May 31, 2022, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 23, 2022

By: */s/ Eli Kay*
Eli Kay
Chief Financial Officer