



PUDO Inc. Reports FY 2020 Second Quarter End Results and Outlook

- Revenue up 28.9% to \$229,971 this quarter compared to the second quarter of FY 2019
- Q2 FY 2020 overall parcel volume increased 28.8% over the same quarter in the prior year
- Second quarter net loss decreased \$860,320 to \$582,969 relative to the second quarter of FY 2019, primarily due to an adjustment to non-cash stock compensation expense in the corresponding quarter of the prior year

TORONTO, October 29, 2019 - PUDO Inc. ("PUDO" or the "Company") (CSE: PDO; OCTQB: PDPTF), North America's only carrier-neutral parcel pick-up and drop-off network (the "Network"), today filed interim financial results (unaudited) and operational highlights for its second quarter which ended August 31, 2019 ("FY 2020"). The Company continued to see growth during Q2, specifically in partner shipments making use of its Canadian Network of PUDOpoints. Increasing 81% as PUDO's customers grew their business and deposited parcels in a larger number of Network locations.

Financial Results Summary

PUDO Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2019	2018	2019	2018
Revenue	\$ 229,971	\$ 178,285	\$ 444,950	\$ 365,549
Cost of sales	(86,223)	(53,199)	(156,600)	(103,046)
Gross profit	143,748	125,086	288,350	262,503
Administrative expenses	(512,730)	(526,841)	(1,072,665)	(1,076,408)
Share-based (compensation)*	(153,789)	(1,036,819)	(307,578)	(1,063,533)
Operating loss	(522,771)	(1,438,574)	(1,091,893)	(1,877,438)
Finance costs	(60,198)	(4,715)	(90,686)	(9,846)
Net loss and comprehensive loss for the period	\$ (582,969)	\$ (1,443,289)	\$ (1,182,579)	\$ (1,887,284)
Loss per share basic and diluted	\$ (0.03)	\$ (0.07)	\$ (0.06)	\$ (0.10)

*non-cash IFRS expense related to the amortization of performance options for management and directors.

Performance this quarter reflects the momentum gained as the Company continues to stabilize its Network, suite of logistics services, and customer base in direct response to increased demand from contracted and piloting stakeholders within the e-commerce ecosystem.



Highlights include:

During Q2 of Fiscal Year 2020, PUDO continued to show revenue growth associated with ongoing demand for partner services which continues to reinforce the potential of the Company's vision and corporate priorities. In this quarter, overall revenue was up 28.9% compared to the same quarter in the previous year. Strong growth in partner shipments was tempered by continued softness in member shipments sent to the Company's associated US border points. This weakness is in the context of overall reduced demand for cross border shopping influenced by factors that include the lower value of the Canadian dollar relative to the U.S. dollar.

During this quarter, the Company continued to build revenue and parcel volume through the expansion of services to Canadian partners. In Q2, the Company's discussions with a number of partners advanced to begin outlining service agreements and integration planning. Some of these opportunities are currently in the pilot testing phase, and successful testing, would see expansion through PUDO's Network in 2020.

As e-commerce continues to gain traction, large shippers and marketplaces are seeking out PUDO directly to help reduce friction in the fulfillment of orders to consumers as well as harnessing the potential of the Network when consumers/shippers need to drop parcels off at a convenient counter location.

The Company continues to work with its investment bankers who are leveraging these new opportunities in discussions with parties who are interested in funding the Company's growth through contributions towards Network expansion as well as technology to enable new value-based fulfillment and returns solutions.

Operational Analysis

While the Company continued to strategically manage the efficiencies of the Network throughout Q2 FY 2020, overall parcel volume increased by 28.8% compared to the three month period ended August 31, 2018 ("Q2 FY 2019"). During this quarter, Q2 FY 2020, partner shipments increased 81.0% over the same quarter in the previous year. During the same three month period, member shipment volumes were down 10.8% compared to the previous year, as a result of continued reduced cross border shopping demand. In Q2 FY 2020, partner shipments represented 60.6% of the Company's total volumes, up from 43.1% in the prior fiscal year. During the six months ended August 31, 2019 overall parcel volumes increased by 19.3% relative to the six months ended August 31, 2018 in the prior year.

Outlook

As we enter the holiday season, we are working with existing and potential new partners to maximize parcel delivery and returns logistics through all levels of the ecosystem, to refine and integrate IT, and anticipate congestion. Together with our current and potential partners, we are reaching targets and satisfying requirements, and this bodes well for the future, and for expansion.

The Company remains focused on attracting new opportunities with other significant logistics 3PL partners capable of supporting accelerated Network expansion on significant volumes and across multiple revenue streams.

A complete copy of the unaudited interim financial statements for the three and six month periods ended August 31, 2019, can be found on the CSE website at www.thecse.com and on SEDAR at www.sedar.com.



About PUDO Inc.

PUDO Inc. is developing North America's only courier-neutral parcel pick-up/drop-off technology and logistics network, as a means of solving the last-mile parcel-traffic-control gridlock that is crippling the \$550B e-commerce sector. E-commerce is faced with unprecedented cost control issues, based on disproportionately high last-mile delivery costs relating to undeliverable parcels, and parcels returning for refund or exchange. As labour and fuel costs increase in tandem with parcel traffic and volume, the problem worsens.

PUDO's team of logistics and parcel traffic management experts have created a market intelligence and trends driven solution comprising courier-neutral plug-and-play technology for desktop and mobile, plus a strategically located network of parcel pick-up and drop-off PUDOpoints for pay-as-you-go use by all players within the e-commerce ecosystem.

Adopting PUDO technology shortens the last-mile for the behemoths of e-commerce — fulfillment and distribution centers representing thousands of retailers and millions of consumers — by instantly extending their parcel staging and consolidation network and providing secure 'near end of the line' storage for the 30% of e-commerce parcels that are undeliverable on first attempt. PUDO's technology and network virtually eliminate costs associated with second-attempt deliveries, Unattended parcel theft and spoilage, and mis-managed reverse logistics on returns, and provides couriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

PUDO was founded in 2015 and was named one of the top 20 most innovative public technology companies by the Canadian Innovation Exchange the same year. After two years of industry and market research, and successful beta testing the technology and PUDOpoint geography and protocols with major logistics stakeholders, PUDO is activating its network through strategic partnerships. Activation will enable all stakeholders within the network to access and control scalable, fluid, strategic consolidation in real time when and where needed, to lower costs and satisfy customer expectations.

For more information, please visit: www.pudoinc.com.

Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, such as statements regarding estimated revenues from new contracts, increased parcel volume, activation and implementation of PUDO's technology and possible future expansions of PUDO's operations. This information is based on current expectations and assumptions of management, including assumptions concerning PUDO's ability to integrate its new customers into its network and successfully execute on its new and existing contracts. The use of any of the words "anticipate", "believe", "expect", "plan", "intend", "can", "will", "should", and similar expressions are intended to identify forward-looking statements. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Risks, uncertainties, and other factors involved with forward-looking information could cause actual events, results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking information. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Factors that could cause actual results to differ materially from such forward-looking information include, without limitation, uncertainties with respect to service implementation, the economic results of the relationship on the operations of the Company, changes in general economic, market, or business conditions, and those risks set out in the Company's public documents filed on SEDAR. This press release, in particular the information in respect of estimated revenues, may contain future-oriented financial information or financial outlook within the meaning of applicable securities laws. Such future-oriented financial information or financial outlook has been prepared for the purpose of providing information about management's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by law.

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