FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: PUDO Inc. (“PUDO” or the “Issuer”).

Trading Symbol: PDO

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

A copy of interim financial statements for the three and six months period ended August 31, 2018, attached at the end of this form and can be found on the Issuer's profile on the CSE website at www.thecse.com and on SEDAR at www.sedar.com.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

Please refer to Schedule A – Financial Statements – Note 15.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Aug 24, 2018	Common Shares	Warrants Exercised		$1.00	$221,210	Cash		Nil
Aug 24, 2018	Common Shares	Warrants Exercised		$1.00	$27,854	Debt Settlement		Nil

Please refer to Schedule A – Financial Statements – Notes 12.

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

Please refer to Schedule A – Financial Statements – Note 13.

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Please refer to Schedule A – Financial Statements – Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency) Page 3 and Notes 11, 12, and 13.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Kurtis Arnold, Director and Chief Executive Officer
Doug Baker, Chief Financial Officer
Frank Coccia, President & Chief Strategy Officer
Matthew McDonough, Chief Operating Officer

Tom Bijou, Director - Chairman
Murray Cook, Director
Richard Cooper, Director
Ian McDougall, Director
Howard Westerman, Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

MD&A – Quarterly Highlights for the three and six month periods ended August 31, 2018, is attached at end of this form and can be found on the Issuer's profile on the CSE website at www.thecse.com ***and on SEDAR at*** www.sedar.com.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such

term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated **September 27, 2018**.

Kurtis Arnold
Name of Director or Senior Officer

/s/ Kurtis Arnold
Signature

Director & CEO
Official Capacity

Issuer Details Name of Issuer **PUDO Inc.**	For Quarter Ended **August 31, 2018**	Date of Report YY/MM/DD **18/09/27**
Issuer Address **6600 Goreway Drive Unit D**		
City/Province/Postal Code **Mississauga, ON L4V 1S6**	Issuer Fax No. **( )**	Issuer Telephone No. **(844) 300-8533**
Contact Name **Kurtis Arnold**	Contact Position **Director and CEO**	Contact Telephone No. **(844) 300-8533**
Contact Email Address **kurtis.arnold@pudopoint.com**	Web Site Address **www.pudopoint.com**	

PUDO INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED AUGUST 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of PUDO Inc. have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PUDO Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	Notes	August 31, 2018	February 28, 2018
Assets			
Current assets			
Cash		**$ 295,584**	$ 373,827
Restricted short-term investment		**25,126**	25,000
Trade and other receivables	4, 6	**129,270**	95,036
Prepaid expenses and deposits		**20,339**	28,167
Total current assets		**470,319**	522,030
Non-current assets			
Equipment	7	**31,245**	26,687
Intangible assets	8	**212,694**	269,724
Total assets		**$ 714,258**	$ 818,441
Liabilities			
Current liabilities			
Trade and other payables	9, 15	**$ 398,856**	$ 298,205
Loans and borrowings	10	**38,047**	35,314
Total current liabilities		**436,903**	333,519
Non-current liabilities			
Loans and borrowings	10	**81,884**	101,616
Total liabilities		**518,787**	435,135
Shareholders' equity			
Share capital	11	**6,001,685**	5,148,042
Warrant reserve	12	**83,944**	481,750
Stock option reserve	13	**1,889,687**	884,654
Deficit		**(7,779,845)**	(6,131,140)
Shareholders' equity		**195,471**	383,306
Total liabilities and shareholders' equity		**$ 714,258**	$ 818,441

Nature of operations and going concern (note 1)
Commitments and contingencies (note 16)

Approved by the Board of Directors:
"*Kurtis Arnold*"
Director
"*Richard Cooper*"
Director

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three Months Ended August 31, 2018	Three Months Ended August 31, 2017	Six Months Ended August 31, 2018	Six Months Ended August 31, 2017
Revenue	4	**$ 178,285**	$ 165,894	**$ 365,549**	$ 342,422
Cost of sales	14	**(53,199)**	(43,439)	**(103,046)**	(91,964)
Gross profit		**125,086**	122,455	**262,503**	250,458
Administrative expenses	14	**(526,841)**	(486,335)	**(1,076,408)**	(858,711)
Share-based compensation	13	**(1,036,819)**	(94,943)	**(1,063,533)**	(94,943)
Operating loss		**(1,438,574)**	(458,823)	**(1,877,438)**	(703,196)
Finance costs	10	**(4,715)**	(5,913)	**(9,846)**	(12,101)
Net loss and comprehensive loss for the period		**$(1,443,289)**	$ (464,736)	**$(1,887,284)**	$ (715,297)
Loss per share - basic and diluted		**$ (0.07)**	$ (0.03)	**$ (0.10)**	$ (0.04)
Weighted average number of shares outstanding - basic and diluted		**19,333,155**	17,285,425	**19,193,005**	16,957,907

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	# of Common Shares	Share Capital	Warrant Reserve	Stock Option Reserve	Deficit	Total
Balance, February 28, 2017	16,531,748	$ 3,971,811	$ 136,137	$ 333,427	$(4,019,324)	$ 422,051
Stock options exercised (note 13(i))	150,000	51,771	-	(21,771)	-	30,000
Stock options exercised (note 13(i))	1,200,000	414,187	-	(174,187)	-	240,000
Share-based payment	-	-	-	94,943	-	94,943
Share-based compensation forfeited (note 13(ii))	-	-	-	(20,669)	20,669	-
Issuance of common shares in private placement (note 11(b)(iii))	869,160	516,947	352,213	-	-	869,160
Issuance of common shares in lieu of debt (note 11(b)(i))	224,725	224,726	-	-	-	224,726
Transaction costs incurred for private placement (note 11(b)(i))	-	(58,000)	-	-	-	(58,000)
Net loss for the six month period ended August 31, 2017	-	-	-	-	(715,297)	(715,297)
Balance, August 31, 2017	18,975,633	$ 5,121,442	$ 488,350	$ 211,743	$(4,713,952)	$ 1,107,583
Share-based compensation (note 13)	-	-	-	682,196	-	682,196
Share-based compensation forfeited (note 13)	-	-	-	(29,285)	29,285	-
Issuance of stock options in lieu of debt (note 13(v))	-	-	-	20,000	-	20,000
Broker warrants exercised (note 12)	20,000	26,600	(6,600)	-	-	20,000
Net loss for the six month period ended February 28, 2018	-	-	-	-	(1,446,473)	(1,446,473)
Balance, February 28, 2018	18,995,633	$ 5,148,042	$ 481,750	$ 884,654	$(6,131,140)	$ 383,306
Share-based compensation forfeited (note 13)	-	-	-	(58,500)	58,500	-
Share-based compensation (note 13)	-	-	-	1,063,533	-	1,063,533
Broker warrants exercised (note 12)	1,122,768	853,643	(217,727)	-	-	635,916
Warrants expired			(180,079)		180,079	-
Net loss for the six month period ended August 31, 2018	-	-	-	-	(1,887,284)	(1,887,284)
Balance, August 31, 2018	20,118,401	$ 6,001,685	$ 83,944	$ 1,889,687	$(7,779,845)	$ 195,471

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Six Months Ended August 31, 2018	Six Months Ended August 31, 2017
Cash flows used in operating activities			
Net loss for the period		**$ (1,887,284)**	$ (715,297)
Adjustments for:			
Amortization	7, 8	**81,323**	91,394
Accretion expense	10	**9,746**	12,101
Share-based compensation	13	**1,063,533**	94,943
Net change in non-cash working capital:			
Restricted short-term investment		**(126)**	-
Trade and other receivables		**(34,234)**	(12,958)
Prepaid expenses and deposits		**7,828**	1,569
Trade and other payables		**128,494**	(57,262)
Cash flows used in operating activities		**(630,720)**	(585,510)
Cash flows used in investing activities			
Purchase of equipment	7	**(18,763)**	(8,590)
Purchase of intangible assets	8	**(10,088)**	(5,912)
Cash flows used in investing activities		**(28,851)**	(14,502)
Cash flows provided by (used in) financing activities			
Proceeds from exercise of warrants and options		**600,943**	270,000
Proceeds from issuance of common shares		**-**	869,160
Subscriptions receivable		**-**	(577,798)
Transaction costs incurred for private placement		**-**	(8,000)
Repayment of advances payable and borrowings		**(26,746)**	-
Cash flows provided by financing activities		**574,197**	553,362
Change in cash during the period		**(85,374)**	(46,650)
Cash, beginning of period		**373,827**	445,723
Effect of translation of foreign currency denominated cash		7,131	-
Cash, end of period		**$ 295,584**	$ 399,073
Supplemental information:			
Issuance of common shares in lieu of debt (note 11)		**-**	224,726
Options granted in settlement of debt (note 13)		**-**	6,341
Finance costs paid on borrowings (note 10)		**-**	12,101

See accompanying notes to the unaudited condensed interim consolidated financial statements

1. Nature of operations and going concern

PUDO Inc.'s (the "Company") principal activity is using technology to improve the connection between E-commerce and consumers. The Company deploys their technology to provide consumers with convenient locations to pick-up or drop-off E-commerce parcels. Through collaboration with online retailers, third party logistics companies ("3PL") and courier companies, consumers can take secure delivery of their parcels or drop-off returns where it's convenient, when it's convenient. Existing businesses, such as convenience stores or gas stations, provide services as PUDOpoints™ ("PUDOpoints").

Going Concern
These condensed interim consolidated financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at August 31, 2018, the Company had working capital of $33,416 (February 28, 2018 - $188,511), had not yet achieved profitable operations, had used cash in operating activities of $630,720 for the six month period ended August 31, 2018 (August 31, 2017 - $585,510), and had a deficit of $7,779,845 as at August 31, 2018 (February 28, 2018 - $6,131,140). These conditions reflect material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in raising the necessary funding to continue operations in the past, there is no assurance that it will be able to do so in the future. These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

The condensed interim consolidated financial statements of the Company were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using the accounting policies the Company adopted in its annual condensed consolidated financial statements as at and for the year ended February 28, 2018, except for the adoption of new standards effective as of March 1, 2018 and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements of the Company for the six month period ended August 31, 2018 were approved and authorized for issue by the Board of Directors on September 27, 2018.

(b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries PUDOpoint Inc., Grandview Gold (USA) Inc., and Recuperacion Realzada, S.A.C.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

3. Significant accounting policies

(a) New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting years beginning on or after March 1, 2019 or later years. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – *Leases* ("IFRS 16") was amended in January 2016 which replaces IAS 17 - *Leases* and addresses the accounting of leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets the requirement on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods. IFRS 16 is effective for annual years beginning on or after January 1, 2019.

(b) Changes in accounting standards

The Company has adopted the following standards effective March 1, 2018.

IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and August 2013 and replaces *IAS 39 Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual years beginning on or after January 1, 2018. There was no material impact on the adoption of these standards on the condensed interim consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

On March 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on March 1, 2018 using the full retrospective approach. As the company already observed a similar revenue recognition process, there was no material impact on adoption of IFRS 15.

IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the "risks and rewards' of the goods or services transfer to the customer.

The Company provides technology and a network of third party locations where consumers can pick up or drop off parcels and revenue is generated in two ways (i) when a courier cannot deliver a parcel to a residential customer, they may choose to drop the parcel off at a PUDOpoint; and (ii) consumers choose to have their parcels delivered directly to a Kinek or PUDOpoint.

In each event, the Company recognizes revenue when the services are provided, when persuasive evidence of an arrangement exists, the fixed price is determinable and there is reasonable assurance of collection.

3. Significant accounting policies (continued)

The Company has adopted the following amendments effective March 1, 2018.

IFRS 2 – *Share-based Compensation* ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based compensation transactions that include a performance condition, the classification of share-based compensation transactions with net settlement features and the accounting for modifications of share-based compensation transactions from cash-settled to equity-settled.

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability.

There was no material impact on the adoption of these amendments on the condensed interim consolidated financial statements.

(c) Foreign currencies

The functional currency of the Company and its subsidiaries, Grandview Gold (USA) Inc., and Recuperacion Realzada, S.A.C., is the Canadian dollar ("CAD"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Prior to March 1, 2018, the functional currency of PUDOpoint Inc., a subsidiary of the Company, was the Canadian dollar. Per IAS 21 – The Effects of Changes in Foreign Exchange Rates ("IAS 21"), an entity's functional currency should reflect the underlying transactions, events and conditions that are relevant to the entity. Management considered primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators including the currency in which funds from financing activities are generating and the currency in which receipts from operations are usually retained.

Based on these factors, management concluded that effective March 1, 2018, PUDOpoint Inc.'s functional currency is the United States dollar ("USD"). One of the main factors affecting the decision was that the subsidiary began incurring expenses during the period, all which were in USD. As there have been no changes to the Company's operations, its functional currency remains CAD.

The Company has accounted for the change in functional currency prospectively, as provided for under IAS 21 with no impact of this change on prior year comparative information.

4. Financial risk management

(a) Fair values

The carrying amounts of trade and other receivables, cash, restricted short-term investment, trade and other payables and advances payable approximate their fair values, given their short-term nature.

(Expressed in Canadian Dollars)

4. Financial risk management (continued)

(b) Financial risk factors

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risk, and capital risk management. This note discloses information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and their management of capital.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The financial assets that potentially expose the Company to credit risk consist principally of cash or other receivables. The extent of the Company's exposure to credit risk approximate their carrying values are recorded in the Company's consolidated statement of financial position. A significant portion of the Company's revenues are from one customer. This customer is comprised of three different businesses operated independently under common control.

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	**2017**	**2018**	**2017**
Revenue from one customer	**$ 95,440**	$ 83,300	**$ 188,498**	$ 178,300
% of total revenue	**54%**	50%	**52%**	52%

	August 31, 2018	February 28, 2018
Account receivable from one customer	**$ 53,442**	$ 41,400
% of total accounts receivable	**53%**	47%

The maximum exposure to credit risk at the reporting date was:

	August 31, 2018	February 28, 2018
Cash	**$ 295,584**	$ 373,827
Restricted short-term investment	**25,126**	25,000
Trade and other receivables	**129,270**	95,036
	$ 449,980	$ 493,863

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to finance its operations and to mitigate the effects of fluctuations in cash flows. See going concern discussion in note 1.

4. Financial risk management (continued)

The following are the contractual maturities of financial liabilities:

August 31, 2018	1 Year or Less	Greater than 1 year	Total
Trade and other payables	$ 398,856	$ -	$ 398,856
Loans and borrowings (monthly instalments of $4,458)	53,496	93,618	147,114
	$ 452,352	$ 93,618	$ 545,970

February 28, 2018	1 Year or Less	Greater than 1 year	Total
Trade and other payables	$ 298,205	$ -	$ 298,205
Loans and borrowings (monthly instalments of $4,458)	53,496	120,366	173,862
	$ 351,701	$ 120,366	$ 472,067

In order to meet such cash commitments, the Company will be required to generate sufficient cash inflows from operating and financing activities.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All of the Company's equipment and intangible assets are located in Canada.

Revenue by geographic region for the three and six month periods ended is as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	**2017**	**2018**	**2017**
Canada	**$ 98,766**	$ 89,974	**$ 198,271**	$ 194,786
USA	**79,519**	75,920	**167,278**	147,636
	$ 178,285	$ 165,894	**$ 365,549**	$ 342,422

(iv) Currency risk

Since the Company has a bank account denominated in US dollars, it is exposed to foreign currency risk due to fluctuations in the exchange rate. The Company purchases goods and services and generates revenues in Canadian dollars and US dollars. Since the Company reports its results in Canadian dollars, the functional currency of the Company, it is exposed to changes in the value of the US dollar relative to that of the Canadian dollar. As at August 31, 2018 and February 28, 2018, the Company had cash, trade and other receivables and trade and other payables denominated in US dollars as follows:

(Expressed in Canadian Dollars)

4. Financial risk management (continued)

As at August 31, 2018		**USD**		**CAD Equivalent**
Cash	$	186,482	$	242,166
Trade and other receivables		34,194		44,304
Trade and other payables		(11,310)		(14,707)
	$	**209,366**	**$**	**271,762**

As at February 28, 2018		**USD**		**CAD Equivalent**
Cash	$	272,926	$	346,234
Trade and other receivables		35,336		44,827
Trade and other payables		(24,115)		(30,592)
	$	**284,147**	**$**	**360,469**

(v) Interest rate risk

The Company's exposure to risks of changes in market interest rates relates primarily to its cash and short-term investment balances. The Company regularly analyzes its interest rate exposure, giving consideration to potential renewals of existing positions, alternative financial positions and the mix of fixed and variable interest rates.

(vi) Capital risk management

The Company reviews and manages its capital position from time to time to maintain a balance between its liability and equity levels. The Company uses the capital contributed by investors to finance its working capital requirements. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future developments of the business. The Company defines capital as equity, loans and borrowings. As at August 31, 2018, the Company had equity of $195,471 (February 28, 2018 - $383,306) and loans and borrowings of $119,931 (February 28, 2018 - $136,930).

The Company's capital management objectives, policies and processes have remained materially unchanged during the six month period ended August 31, 2018 and year ended February 28, 2018.

(vii) Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are reasonably possible over the year. Sensitivity to a plus or minus 1% change in the US–Canadian dollar foreign exchange rate, based on the current US dollar denominated balances as at August 31, 2018, would affect the net loss by approximately plus or minus $3,000 during a year.

(Expressed in Canadian Dollars)

5. Critical accounting estimates and judgments

The Company makes estimates and judgments that affect the reported amounts of assets and liabilities within the next year. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Intangible assets and equipment
The useful life of intangible assets and equipment is determined by management at the time the software and equipment is acquired and brought into use and is regularly reviewed for appropriateness. For unique software products controlled by the Company, the estimated life is based on management's historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period end date.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Judgment is required in determining the Company's provisions for taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based compensation
The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Assumptions are made and judgment is used in applying valuation techniques.

These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

6. Trade and other receivables

	August 31, 2018	February 28, 2018
Trade receivables	**$ 98,665**	$ 86,252
HST receivable	**17,649**	2,354
Other receivables	**12,956**	6,430
	$ 129,270	$ 95,036

Allowance for doubtful accounts as at August 31, 2018 was $1,977 (February 28, 2018 – $1,318).

(Expressed in Canadian Dollars)

7. Equipment

Scanners and Tablets		Cost		Accumulated Amortization		Net Book Value
Balance at February 28, 2017	$	149,998	$	88,468	$	61,530
Additions / amortization		25,716		60,559		86,275
Balance at February 28, 2018	$	175,714	$	149,027	$	26,687
Additions / amortization		18,763		14,205		32,968
Balance at August 31, 2018	**$**	**194,477**	**$**	**163,232**	**$**	**31,245**

8. Intangible Assets

Computer Software		Cost		Accumulated Amortization		Net Book Value
Balance at February 28, 2017	$	614,098	$	274,142	$	339,956
Additions / amortization		35,112		105,344		140,456
Balance at February 28, 2018	$	649,210	$	379,486	$	269,724
Additions / amortization		10,088		67,118		77,206
Balance at August 31, 2018	**$**	**659,298**	**$**	**446,604**	**$**	**212,694**

9. Trade and other payables

		August 31, 2018		February 28, 2018
Trade payables	**$**	**226,072**	$	177,847
Other payables		**79,381**		56,152
Accrued liabilities		**93,403**		64,206
	$	**398,856**	$	298,205

10. Loans and borrowings

On March 3, 2016, the Company assumed borrowings from 640624 N.B. Ltd. (o/a Kinek) payable to Atlantic Canada Opportunities Agency. The loan is unsecured and non-interest bearing. Interest equal to 3% higher than the average Bank of Canada discount rate for the previous month is charged on any overdue balances. The present value of non-current borrowings was estimated using the effective interest rate method by discounting the future contractual cash flows at the estimated current market estimated interest rates for an equivalent instrument. The discount rate applied was 15%. The Company recorded accretion expense of $5,131 and $9,746, respectively for the three and six month periods ended August 31, 2018 (August 31, 2017 - $5,913 and $12,101). The rate used in determining the appropriate present value of the borrowings was subject to management estimation.

(Expressed in Canadian Dollars)

10. Loans and borrowings (continued)

	August 31, 2018	February 28, 2018
Loan payable (Atlantic Canada Opportunities Agency)		
33 instalments repayable at $4,458 per month	$ **147,114**	$ 173,862
Less: Discount future contractual cash flows	**27,183**	36,932
	119,931	136,930
Less: Current portion	**38,047**	35,314
	$ **81,884**	$ 101,616

Future repayments on the borrowings as at August 31, 2018 include the following:

Future repayments on the borrowings as at August 31, 2018	
September 1, 2018 to February 28, 2019	$ 26,748
March 1, 2019 to February 28, 2020	53,496
March 1, 2020 to February 28, 2021	53,496
March 1, 2021 to June 22, 2021	13,374
	$ 147,114

11. Share capital

(a) Authorized

Unlimited number of common shares with no par value.

Unlimited number of preference shares. The preference shares are without par value, redeemable, non-voting and non-participating (none currently issued and outstanding).

(Expressed in Canadian Dollars)

11. Share capital (continued)

(b) Issued

Common Shares	Number		Amount
Balance, February 28, 2017	**16,531,748**	**$**	**3,971,811**
Exercise of stock options (note 13)	1,350,000		465,958
Issuance of common shares in private placement (i)	869,160		869,160
Issuance of common shares in lieu of debt (i)	224,725		224,726
Valuation of warrants issued in private placement (i)	-		(352,213)
Transaction costs incurred for private placement (i)	-		(58,000)
Balance, August 31, 2017	**18,975,633**	**$**	**5,121,442**
Exercise of broker warrants (note 12)	20,000		26,600
Balance, February 28, 2018	**18,995,633**	**$**	**5,148,042**
Exercise of broker warrants (note 12)	577,190	$	853,643
Balance, August 31, 2018	**19,572,823**	**$**	**6,001,685**

(i) In August 2017, the Company closed a non-brokered private placement of 533,580 units. Each unit is comprised of two common shares and two warrants. Each warrant entitles the holder to acquire one common share for $1.00 per share up to August 24, 2018. In addition to the 533,580 units, 26,725 common shares at an issue price of $1.00 per common share were issued to certain related party shareholders in settlement of $26,726 of debt. There were no warrants attached to these units.

The gross proceeds received as a result of the private placement was $869,160 for 434,580 units.

As part of this private placement the Company settled a total of $224,726 in debt to certain shareholders as follows:

	Units		Amount
Units to settle debt at the private placement issue price of $2.00 per unit	74,000	$	148,000
Units to settle debt at the private placement issue price of $1.00 per unit	26,725		26,726
Units to settle debt of finders fees at issue price of $2.00 per unit	25,000		50,000
	125,725	$	**224,726**

The Company incurred share issue costs of $58,000 in connection with the private placement which includes a finder's fee of 25,000 units at $2.00 per unit.

The warrants have an estimated grant date proportionate fair value of $352,213, using the Black-Scholes valuation model with the following assumptions: risk-free interest rate of 1.17%, expected life of 1.0 year, expected volatility of 98.33% based on the historical volatility of the Company's shares, and expected dividend yield of 0%.

(Expressed in Canadian Dollars)

12. Warrant reserve

The following table reflects the continuity of warrants for the six month period ended August 31, 2018 and the year ended February 28, 2018:

	Number of Warrants	Average Exercise Price	
Balance, February 28, 2017	**211,234**	**$**	**2.34**
Warrants issued in private placement (note 11(i))	1,067,160		1.00
Balance, August 31, 2017	**1,278,394**	**$**	**1.19**
Broker warrants exercised (i)	(20,000)		1.00
Balance, February 28, 2018	**1,258,394**	**$**	**1.19**
Broker warrants exercised (ii)	(75,608)		1.75
Broker warrants exercised (iii)	(501,582)		1.00
Warrants expired (iv)	(545,578)		1.00
Balance, August 31, 2018	**135,626**	**$**	**2.33**

The following table reflects the warrants issued and outstanding as of August 31, 2018:

Expiry Date	Exercise price ($)	Issue date fair value ($)	Number of warrants outstanding
March 29,2019	1.75	20,715	30,009
March 29,2019	2.50	63,229	105,617
		83,944	**135,626**

(i) On January 12, 2018, the Company issued 20,000 common shares upon the exercise of 20,000 broker warrants.

(ii) On April 3, 2018, 75,608 common shares of the Company were issued upon the exercise of 75,608 warrants at $1.75 per share for total cash proceeds of $132,314.

(iii) On April 3, 2018, 52,518 common shares of the Company were issued upon the exercise of 52,518 warrants at $1.00 per share for total cash proceeds of $52,518.

On May 31, 2018, 200,000 common shares of the Company were issued upon the exercise of 200,000 warrants at $1.00 per share for total cash proceeds of $200,000.

On August 24, 2018, 249,064 common shares of the Company were issued upon the exercise of 249,064 warrants at $1.00 per share for total cash proceeds of $216,111 and the remaining $27,854 was used to settle debt owing to an officer of the Company.

(iv) On August 24, 2018, 545,578 warrants expired. The estimated grant date fair value of the warrants of $180,079 was reclassified to the deficit.

(Expressed in Canadian Dollars)

13. Stock option reserve

The Company maintains an employee stock option plan under which the Board of Directors, or the compensation committee of the Board of Directors, may from time to time grant to employees, officers, directors or consultants of the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or the compensation committee of the Board of Directors.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall not exceed 20% of the total issued and outstanding common shares.

The following table reflects the continuity of stock options for the six month period ended August 31, 2018 and the year ended February 28, 2018:

	Number of stock options	Average Exercise Price
Balance, February 28, 2017	**1,429,000**	**$ 0.30**
Options exercised (i)	(1,350,000)	0.20
Options forfeited (ii)	(10,000)	3.00
Granted (iii, iv, and v)	322,000	1.20
Balance, August 31, 2017	**391,000**	**$ 1.38**
Options forfeited (iv)	(5,000)	1.20
Granted (vi)	2,690,000	1.30
Granted (vii)	108,000	2.47
Options expired (viii)	(17,250)	2.25
Balance, February 28, 2018	**3,166,750**	**$ 1.35**
Options expired (viii)	(34,500)	2.25
Balance, August 31, 2018	**3,132,250**	**$ 1.34**

The following table reflects the actual stock options issued and outstanding as at August 31, 2018:

	Exercise Price ($)	Remaining contractual life (years)	Weighted average number of options outstanding	Options vested (exercisable)	Estimated grant date fair value ($)
September 1, 2018	2.25	0.25	17,250	17,250	30,600
August 16, 2019 (iii)	1.20	1.25	102,000	102,000	25,198
August 31, 2020 (iv)	1.20	2.25	195,000	195,000	60,233
August 31, 2020 (v)	1.20	2.25	20,000	20,000	20,000
October 26, 2022 (vi)	1.30	4.40	2,690,000	616,250	3,005,537
January 28, 2021 (vii)	2.47	2.67	108,000	15,000	192,342
	1.34	2.18	3,132,250	965,500	3,333,910

13. Stock option reserve (continued)

(i) During the year ended February 28, 2018, an officer of the Company exercised 1,200,000 options at $0.20 per share and a director of the Company exercised 150,000 options at $0.20 per share.

(ii) On March 3, 2016, the Company granted 15,000 options to employees of the Company, 10,000 of which were subsequently forfeited in 2018. The amount of $20,669 was reclassified to the deficit for the year ended February 28, 2018.

(iii) In July 2017, the Company granted an aggregate of 102,000 options to directors of the Company. The options are exercisable at a price of $1.20 per common share and vest in 25% increments quarterly with the first 25% having vested on the date of grant. The stock options will expire on August 14, 2019. The grant date fair value of the stock options was estimated to be $25,198 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 1.24%, and expected life of 2.09 years. For the year ended February 28, 2018, $25,198 was recorded as share-based compensation in the consolidated statement of loss.

(iv) In July 2017, the Company granted an aggregate of 200,000 options to employees and officers of the Company. The options are exercisable at a price of $1.20 per common share with 30,000 having vested on December 1, 2017 and 170,000 having vested on October 1, 2017. The stock options will expire August 31, 2020. The grant date fair value of the stock options was estimated to be $61,818 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 1.32%, and expected life of 3.14 years. For the year ended February 28, 2018, $61,818 was recorded as share-based compensation in the consolidated statement of loss. On February 9, 2018, 5,000 options to an employee of the Company were forfeited and $1,585 was reclassified to the deficit for the year ended February 28, 2018.

(v) In July 2017, the Company granted 20,000 options to an officer of the Company in lieu of debt of $20,000. The vesting date was October 1, 2017. The options are exercisable at a price of $1.20 per common share. The stock options will expire on August 31, 2020. For the year ended February 28, 2018, $nil was recorded as share-based compensation in the consolidated statement of loss.

(vi) In October 2017, the Company granted 2,690,000 stock options to officers and directors of the Company. The options are exercisable at a price of $1.30 per common share and will expire on October 26, 2022. Of the total issued, 225,000 were issued to directors and vest in 33.33% increments yearly with the first 33.33% vesting on February 28, 2019. The balance of 2,465,000 options issued to officers vest in 25% increments yearly with the first 25% having vested on February 28, 2018. The grant date fair value of the stock options was estimated to be $3,005,537 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 1.76%, and expected life of 5 years. For the three and six month periods ended May 31, 2018 and August 31, 2018, respectively, $nil and $951,623 was recorded as share based compensation in the consolidated statement of loss (August 31, 2017 - $nil and $nil).

(vii) In January 2018, the Company granted 108,000 stock options to consultants of the Company. The options are exercisable at a price of $2.47 per common share and will expire on January 8, 2021. The options vest in 50% increments yearly with the first 50% vesting on November 1, 2018. The grant date fair value of the stock options was estimated to be $192,342 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 130%, risk-free interest rate of 1.79%, and expected life of 3 years. For the three and six month periods ended May 31, 2018 and August 31, 2018, respectively, $26,714 and $111,910 was recorded as share-based compensation in the consolidated statement of loss (August 31, 2017 - $nil and $nil).

(viii) On February 1, 2018, 17,250 options of the Company expired. The amount of $27,700 was reclassified to the deficit for the year ended February 28, 2018. On March 1, 2018, 17,250 options of the Company expired. The amount of $28,800 was reclassified to the deficit for the three month period ended May 31, 2018. On June 1, 2018, 17,250

(Expressed in Canadian Dollars)

13. Stock option reserve (continued)

options of the Company expired. The amount of $29,700 was reclassified to the deficit for the three month period ended August 31, 2018.

14. Expenses categorized by nature

	Three Months Ended August 31,		Six Months Ended August 31,	
Cost of sales	**2018**	**2017**	**2018**	**2017**
External processing charges	**$ 48,122**	$ 40,015	**$ 95,053**	$ 86,306
Computer and web access charges	**5,077**	3,424	**7,993**	5,658
	$ 53,199	$ 43,439	**$ 103,046**	$ 91,964

	Three Months Ended August 31,		Six Months Ended August 31,	
Administrative expenses	**2018**	**2017**	**2018**	**2017**
Salaries and benefits	**$ 278,150**	162,164	**$ 577,620**	262,351
General and administrative expenses	**47,507**	36,283	**86,402**	76,041
Travel promotion and business development	**26,636**	48,034	**57,063**	91,734
Consulting fees	**43,881**	65,950	**87,461**	138,801
Professional fees	**30,841**	35,382	**56,705**	80,825
Investor relations	**3,986**	24,050	**7,045**	30,746
Accounting and office	**41,850**	29,700	**83,700**	47,700
Agent and filing fees	**14,354**	20,832	**27,379**	27,567
Foreign exchange loss (gain)	**5,376**	17,340	**11,710**	11,552
Amortization (notes 7 and 8)	**34,260**	46,600	**81,323**	91,394
	$ 526,841	$ 486,335	**$ 1,076,408**	$ 858,711

15. Related party balances and transactions

During the three and six month periods ended August 31, 2018 and 2017, the Company incurred bookkeeping fees and office rental, which is included in accounting and office expense, of $41,850 and $83,700 (August 31, 2017 - $18,000 and $36,000) to a company with a common officer and director.

(Expressed in Canadian Dollars)

15. Related party balances and transactions (continued)

During the three and six month periods ended August 31, 2018 and 2017, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	**2017**	**2018**	**2017**
Salaries and benefits	**$ 163,514**	$ 92,250	**$ 325,594**	$ 128,250
Consulting fees	**9,786**	40,034	**19,536**	82,260
	$ 173,300	$ 132,284	**$ 345,129**	$ 210,510

As at August 31, 2018, balances payable to the related parties noted above amounted to $124,336 (February 28, 2018 - $62,533) and are included in trade and other payables. These balances are unsecured, non-interest bearing and due on demand.

During the three and six month periods ended May 31, 2018 and August 31, 2018, nil and 27,854, respectively, common shares were issued to an officer of the Company (August 31, 2017 - nil) pursuant to the exercise of warrants in settlement of $27,854 debt owing to the officer.

See also notes 11 and 13.

16. Commitments and contingencies

The Company has entered into various agreements for services, which if terminated by the Company would not have any significant impact on the Company's financial statements. These amounts have not been accrued in the condensed interim consolidated financial statements as at August 31, 2018.

PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTH PERIODS ENDED AUGUST 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

PUDO Inc.

**6600 Goreway Drive Unit D, Mississauga,
Ontario, Canada L4V 1S6**

Introduction

The following interim Management's Discussion and Analysis – Quarterly Highlights (the "Quarterly Highlights") of the financial condition and results of the operations of PUDO Inc. ("PUDO" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six month periods ended August 31, 2018 ("Q2 FY 2019"), together with certain trends and factors that are expected to have an impact in the future.

These Quarterly Highlights have been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six month periods ended August 31, 2018, the audited annual consolidated financial statements of the Company for the years ended February 28, 2018 and 2017, together with the notes thereto, and Management's Discussion and Analysis ("Annual MD&A") of the Company for the year ended February 28, 2018. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

The Company's unaudited condensed interim consolidated financial statements and financial information contained in this Quarterly Highlights were prepared in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using the accounting policies the Company adopted in its annual condensed consolidated financial statements as at and for the year ended February 28, 2018, except as for the adoption of new standards effective as of March 1, 2018 and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The Company's fiscal year end is February 28.

Further information regarding the Company and its operations are available on the Company's website at www.pudopoint.com and under the Company's SEDAR issuer profile at www.sedar.com, or upon request to the Company at 6600 Goreway Drive Unit D, Mississauga, Ontario, Canada, L4V 1S6.

Description of Business

PUDO is listed on the Canadian Securities Exchange under the symbol "PDO" and on the OTC-QB exchange under the symbol "PDPTF".

PUDO's principal activity is using technology to improve the connection between E-commerce and consumers. PUDO deploys their technology to provide consumers with convenient locations to pick-up or drop-off E-commerce parcels. Through collaboration with online retailers, third party logistics companies ("3PL"), Software as a Service (SaaS) companies and courier companies, consumers can take secure delivery of their parcels or drop-off returns where it's convenient, when it's convenient.

Existing businesses, such as convenience stores or gas stations, each provide services as a PUDOpoint™ ("PUDOpoint"). PUDOpoints are typically open extended hours, seven days a week to make it convenient for busy consumers to easily pick up what they've ordered online or drop off what they need to return.

PUDO's services provide courier companies and retailers with a presence in a broad variety of locations to better serve their customers. The services are not only convenient but can also save money. Couriers don't have to attempt a second or third delivery or make other arrangements with customers who miss deliveries. Retailers can ship directly to PUDOpoints saving residential delivery costs, and the risk of theft or spoilage. PUDO also helps retailers reduce the cost and increase the convenience of their returns program. Consumers can drop off pre-labeled parcels at any PUDOpoint for processing back to the retailer.

Cautionary Note Regarding Forward-Looking Information

These Quarterly Highlights contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements address possible future events, conditions and financial performance based upon management's current expectations, estimates, projections and assumptions.

Management of the Company considers the assumptions on which the forward-looking information contained herein are based to be reasonable. However, by its very nature, forward-looking statements inherently involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks include, without limitation those risks discussed in the "Risk Factors" section of PUDO's Annual MD&A dated May 17, 2018.

All forward-looking statements herein are expressly qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in these Quarterly Highlights are made only as of the date of these Quarterly Highlights or as of the date specified in such statement. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Highlights

During the second quarter of fiscal 2019, the Company announced strategic partnerships with global leaders in shipping and returns, including:

- An International 3PL that manages several billion parcels per year, delivering to five million addresses daily. PUDO is newly contracted to increase their competitive advantage across Canada, by re-directing failed first deliveries to PUDOpoints, and by using PUDOpoints as their community fulfillment centres (staging centres for courier pick-up of 3PL parcels), thereby extending their network. Service is scheduled to commence with a strategic roll out to areas across Canada in the third quarter.

- A global leader in return systems for E-commerce companies, with some of the largest global fashion brands among its clients. PUDO is being integrated in the returns portal of UK retail websites to provide service within the Canadian market using PUDOpoints as drop-off locations for products returning to the UK. These efficiencies will reduce shipping costs and increase choice for consumers. There are additional opportunities for expansion with this partner to expand the US PUDOpoint network. The PUDO network is being integrated with its partner's system and is expected to be available for consumers in the third quarter.

- The largest direct-to-consumer signature-required distribution company in the US, which has been growing rapidly. Their customers include producers, manufacturers, and retailers from all over the US, many of whom manage perishable goods subject to spoilage if delayed or mismanaged in transit. This specialty 3PL is already working with several US couriers already integrated with PUDO's technology. As the US network expands, this partner can provide base freight to establish a network from coast-to-coast. PUDO and this customer are integrating their systems to enhance customer communication capabilities for missed deliveries. It is also expected that services will commence in the third quarter.

The majority of new parcels supplied by these partners will flow inside of Canada where the Company already has an extensive network. Recent analysis with these partners has shown that PUDO's current network, before further planned expansion, places a PUDOpoint within 3 km (2 mi) of 50% of Canadian consumers working with these companies, and within 5 km (3 mi) of more than 75% of consumers. The natural evolution of successful relationships with PUDO's new partners can lead to additional service opportunities in more geographic areas across Canada and the US, resulting in millions more parcels in the PUDO network.

During this quarter, the Company invested in software enhancements for both its parcel control system, as well as PUDOpoint location software. These software enhancements enable the Company to add new services including staging parcels for 3rd party couriers, as well as the notifications and API capability to manage returns. These enhancements were necessary for these new partners to complete their integration with PUDO. These enhancements also improve the ability for PUDO to communicate with consumers and reduce the development work necessary for other new customers to complete integration.

The Company is pleased to report that PUDOpoint operators are seeing the benefits of micro-supported membership - both in increased foot traffic resulting in increased sales - and stronger organic growth is taking hold within the independent convenience store communities where PUDO is entrenched. Direct to PUDO business generated by unsolicited consignees and inquiries by potential PUDOpoints are growing steadily, which confirms PUDO is on the right track.

Operations

Parcel Volume Analysis

During the six month period ended August 31, 2018 parcel volumes increased by 5.1% relative to the six month period ended August 31, 2017, due to activation of new PUDOpoints in strategic areas driven by the requirements of a significant PUDO customer. Compared to the first quarter, parcel volumes in Q2 FY2019 decreased 5.7%, due to the reduced volume of Kinek member shipments. This is associated with the general increasing strength of the US dollar as well as a period of negative media coverage that has cast uncertainty regarding border crossing processes and tariffs. This decrease was partially offset with increased parcel volume and other services across the Canadian PUDO network.

PUDOpoint Network

The Company continues to work closely with current customers in identifying strategic areas of expansion to grow parcel volumes across the PUDOpoint Network. New locations have been opened where current and new customers have indicated a need for PUDO's services, partially offset by locations that have had operations suspended due to a current lack of demand for services in their immediate area. These and other locations may be activated when required as PUDO attracts new customers and sees growth in demand and locations for its evolving suite of services.

Direct to PUDO Program

PUDO continues to expand its IT integration with transportation partners to enable it to offer end-to-end service directly to a PUDOpoint selected by the consumer at checkout. These transportation partners are able to offer attractive delivery rates and speed through this program and these savings can be passed along to retailers looking to offer additional choices to their customers. This expansion has been further strengthened by the strategic partnerships referred to earlier in this report.

Reverse Logistics Program

PUDO will continue to develop the reverse logistics program with its partners for E-commerce customers facing escalating costs and demanding consumer expectations. PUDO's technology allows partner retailers to let their customers drop-off returns at any PUDOpoint and PUDO's network facilitates the returns process while saving shipping costs. The strategic partnerships referred to earlier are expected to significantly enhance this program for PUDO.

Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and six month periods ended August 31, 2018 and 2017 are included below:

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,	
	2018	**2017**	**2018**	**2017**
Revenue	**$ 178,285**	$ 165,894	**$ 365,549**	$ 342,422
Cost of sales	**(53,199)**	(43,439)	**(103,046)**	(91,964)
Gross profit	**125,086**	122,455	**262,503**	250,458
Administrative expenses	**(526,841)**	(486,335)	**(1,076,408)**	(858,711)
Share-based compensation	**(1,036,819)**	(94,943)	**(1,063,533)**	(94,943)
Operating loss	**(1,438,574)**	(458,823)	**(1,877,438)**	(703,196)
Finance costs	**(4,715)**	(5,913)	**(9,846)**	(12,101)
Net loss and comprehensive loss for the period	**$ (1,443,289)**	$ (464,736)	**$(1,887,284)**	$ (715,297)
Loss per share - basic and diluted	**$ (0.07)**	$ (0.03)	**$ (0.10)**	$ (0.04)
Weighted average number of shares outstanding - basic and diluted	**19,333,155**	17,285,425	**19,193,005**	16,957,907

During the three month period ended August 31, 2018, the Company reported a net loss of $1,443,289 ($0.07 basic and diluted loss per share), an increase from a net loss of $464,736 ($0.03 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. This increase is primarily a result of increased administrative expenses and share-based compensation, partially offset by increased revenues and gross profit.

The net loss for the six months ended August 31, 2018 was $1,887,284 ($0.10 basic and diluted loss per share), up from a net loss of $715,297 ($0.04 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. This increase relates primarily to increased administrative expenses and share-based compensation, partially offset by increased revenues and gross profit.

Revenue for the three month period ended August 31, 2018, was $178,285 (August 31, 2017 -- $165,894) representing a 7.5% increase over the same period last year. Gross profit for the three month period ended August 31, 2018 was $125,086 (August 31, 2017 -- $122,455). These increases were due to increased parcel volume and a modest price increase implemented March 1, 2018.

Revenue for the six months ended August 31, 2018 was $365,549 (August 31, 2017 – $342,422), representing a 6.7% increase over the same period last year. Gross profit for the six months ended August 31, 2018 was $262,503 (August 31, 2017 – $250,458). These increases due to increased parcel volume and a modest price increase implemented March 1, 2018.

Administrative expenses for the three and six month periods ended August 31, 2018 were $526,841 and $1,076,408 (August 31, 2017 - $486,335 and $858,711), respectively, representing an increase relative to the corresponding periods in the prior fiscal year. These cost increases relate primarily to the impact of additional full-time management hired last year and additional customer support employees hired this year.

Share-based compensation for the three and six month periods ended August 31, 2018 was $1,036,819 and $1,063,533 (August 31, 2017 - $94,943 and $94,943), respectively, representing an increase relative to the corresponding periods in the prior fiscal year. This was primarily related to the stock options issued in the latter part of the prior fiscal year.

Cash Flows

During the six months ended August 31, 2018 cash decreased by $85,374 due to $630,720 cash used in operating activities (August 31, 2017 - $585,510) and $28,851 in equipment/software purchases (August 31, 2017 - $14,502), partially offset by $574,197 (August 31, 2017 - $553,362) provided by financing activities including the exercise of warrants.

Financial Condition

As at August 31, 2018, the Company had total assets of $714,258 (February 28, 2018 - $818,441). The decrease in the six months ended August 31, 2018 was primarily attributed to the excess of expenses over revenues, partially offset by additional equity raised as a result of warrants exercised.

As at August 31, 2018, the Company had working capital (defined as current assets less current liabilities) of $33,416 (February 28, 2018 - $188,511) and had not yet achieved profitable operations. The Company plans to fund its planned expansion of the PUDO network through equity financings. See "*Liquidity*" below.

Liquidity and Capital Resources

PUDO intends to generate the capital necessary to fund the planned expansion through revenue from operations and equity financing activities.

On August 24, 2018, 249,064 common shares of the Company were issued upon the exercise of 249,064 warrants at $1.00 per share for total cash proceeds of $221,210 and $27,854 in settlement of debt owing to an officer of the Company.
As noted in the Annual MD&A, the Company generates limited cash from operations. The Company's primary source of cash to date has been equity financings. The Company's outstanding loans and borrowings as at August 31, 2018 consist of the following:

		August 31, 2018		February 28, 2018
Loan payable (Atlantic Canada Opportunities Agency)				
33 instalments repayable at $4,458 per month	**$**	**147,114**	$	173,862
Less: Discount future contractual cash flows		**27,183**		36,932
		119,931		136,930
Less: Current portion		**38,047**		35,314
	$	**81,884**	$	101,616

PUDO intends to raise equity capital to fund its planned expansion as well as increase its revenue at existing locations to eliminate operating losses. The Company has a history of successfully raising the capital needed to operate and believes it can continue to raise any necessary capital. However, the history of losses may cast doubt on the ability of the Company to continue to operate as a going concern.

The unaudited condensed interim consolidated financial statements for the three and six month periods ended August 31, 2018 have been prepared with the assumption that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the course of operations. They do not include any adjustments that may be required if it were not able to continue as a going concern. The Company's financial statements for the year ended February 28, 2018 contain an emphasis of matter paragraph in its audit opinion related to its ability to continue as a going concern. Management believes that actions currently being taken, which primarily involve increasing revenues, controlling expenses, and raising additional capital will allow the Company to achieve profitability and allow the Company to continue as a going concern.

Related Party Transactions

During the three and six month periods ended August 31, 2018 and 2017, the Company incurred bookkeeping fees and office rental, which is included in accounting and office expense, of $41,850 and $83,700 (August 31, 2017 - $18,000 and $36,000), respectively, to a company with a common officer and director. During the three and six month periods ended August 31, 2018, 27,854 common shares were issued to an officer of the Company (August 31, 2017 - nil) pursuant to the exercise of warrants in settlement of $27,854 debt owing to the officer.

During the three and six month periods ended August 31, 2018 and 2017, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended August 31,		**Six Months Ended August 31,**	
	2018	**2017**	**2018**	**2017**
Salaries and benefits	**$ 163,514**	$ 92,250	**$ 325,594**	$ 128,250
Consulting fees	**9,786**	40,034	**19,536**	82,260
	$ 173,300	$ 132,284	**$ 345,129**	$ 210,510

As at August 31, 2018, balances payable to the related parties noted above amounted to $124,336 (February 28, 2018 - $62,533) and are included in trade and other payables. These balances are unsecured, non-interest bearing and due on demand.

Risk Factors

The Annual MD&A for the year ended February 28, 2018, dated May 17, 2018 and filed on SEDAR, sets out a brief summary of certain risk factors for which adverse occurrences may have a material impact on the Company's future financial performance. We draw our readers' attention to that disclosure of risk factors. No significant changes to those risk factors have occurred in the 2019 second fiscal quarter and to the date of this report.