



PUDO Inc. Reports FY 2019 Third Quarter End Results and Outlook

- Revenue up 35% to \$243,965 this quarter compared to the third quarter of FY 2018
- Third quarter net loss increased by \$348,443 to \$713,360 relative to the third quarter of FY 2018, primarily due to non-cash stock compensation expense
- Parcel volume up 16.9% in comparison to the third quarter of FY 2018
- Parcel volume in sequential quarters (ended Nov. 30th, and Aug. 31st) up 27.6% (compared to a 10.4% lift between Q2 and Q3 in FY 2018)

TORONTO, January 7, 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”), filed today interim financial results (unaudited) and operational highlights for its third quarter which ended November 30, 2018. The Company has gained substantial ground during this period in keeping with its refined focus on strategic key markets and partners capable of facilitating exponential growth.

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2018	2017	2018	2017
Revenue	\$ 243,965	\$ 180,157	\$ 609,514	\$ 522,579
Cost of sales	(87,938)	(49,175)	(190,984)	(141,138)
Gross profit	156,027	130,982	418,530	381,441
Administrative expenses	(546,238)	(496,609)	(1,622,646)	(1,355,321)
Share-based (compensation) re- covery*	(317,838)	6,341	(1,381,371)	(88,602)
Operating loss	(708,049)	(359,286)	(2,585,487)	(1,062,482)
Finance costs	(5,311)	(5,631)	(15,157)	(17,731)
Net loss and comprehensive loss for the period	\$ (713,360)	\$ (364,917)	\$(2,600,644)	\$ (1,080,213)
Loss per share basic and diluted	\$ (0.04)	\$ (0.02)	\$ (0.13)	\$ (0.06)

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

“Our logistics/analytics team has helped us achieve important milestones on the road to achieving cash flow break-even operations in Canada,” says PUDO CEO Kurtis Arnold. “We gained measurable traction, in both IT integration and strategic relationships which we expect will enable us to harness the potential of our Canadian Network, and achieve our goal of expanding into the larger U.S. market.”

Highlights include:

- Signed and successfully implemented the first phase of an agreement with Landmark Global, an international third-party logistics company, to enhance last-mile e-commerce parcel delivery services.
- Increased parcel volumes in key markets and PUDOPoints associated with optimizing the Network.



- Acquired significant new drop-ship revenue stream within the Canadian Network associated with marketplace sellers dropping parcels at PUDOpoints to be picked up by partner couriers.
- Engaged investment banking firm to assist with the company's North American Network expansion and growth strategy.
- Completed two non-brokered private placements of unsecured convertible debentures raising a total of \$500,000.
- Scheduled to activate PUDO technology's reverse logistics integration capabilities, currently in its final staging, schedule to activate in early 2019.
- Notable updates have been made to the investor section of the Company's website (www.pudopoint.com). The full PUDO story, including details of the \$473B online retail market opportunity in North America, is available as a PDF download.

“Overall during this quarter, we demonstrated the wisdom of important decisions made in previous months, related to editing and paring our Network, and reached what management believes is a strategic tipping point. By leveraging robust analytics together with the logistics experience and intelligence of our team and contracted Network partners handling millions of e-commerce parcels, we were able to design, test and refine end-to-end solutions which the Company believes will reduce or eliminate disproportionately high costs and friction associated with last-mile gridlock, i.e.: nobody home to accept delivery, return logistics, unattended parcel theft, and signature required/perishable goods. Small gains, made across several verticals within the e-commerce ecosystem, indicate that our integrated solution to last-mile gridlock is being recognized and appreciated for its simplicity by PUDO partners and their upstream and downstream customers,” adds Arnold

Operational Analysis

Parcel volumes for the quarter ended November 30, 2018 increased a significant 16.9% more than the equivalent quarter the previous year. Parcel volumes in Q3 FY 2019 increased 27.6% from those in Q2 FY 2019. During FY 2018, the change in parcel volumes between Q2 and Q3 consisted of a 10.4% increase. Increases from some customers were partially offset by decreased parcel volume in the Kinek network over the same FY 2019 period. This decrease is associated with the general strength of the U.S. dollar and negative media coverage that has cast uncertainty regarding border crossing processes and tariffs.

During Q3 FY 2019, Canada Post contract negotiations ceased for approximately a four-week period that resulted in rotating postal strikes, with delivery disruptions localized and transient. PUDO's partner carriers that would generally have been affected by these strike-related parcel volume fluctuations reported no significant strike-related increase in volume. However, they continue to see substantial growth in delivery demand overall as e-commerce volumes increase.

With IT integration and testing between PUDO and its transportation partners in its final stages, the company can begin marketing end-to-end service directly to a PUDOpoint selected by the consumer (the Direct to PUDO service). Where consumers participate in the last-mile by collecting their parcels from a PUDOpoint, PUDO can offer attractive delivery rates and speed through this program. These savings can be passed along to retailers looking to offer additional choices to their customers. The Company will increase marketing efforts across Canada during 2019 as it targets retailers and shippers who can most benefit from this type of service. Adoption of the Direct to PUDO service by shippers will require integration with PUDO, so there will inevitably be a period of adjustment between the time retailers commit to offering the Direct to PUDO service, and when it becomes available to consumers on their web checkouts.

Activating the Direct to PUDO service is of major significance and it provides PUDO with a marketing opportunity to communicate the integrated benefits of PUDO's technology and services to all players in



the e-commerce ecosystem simultaneously. This will allow the Company to create grassroots demand for last-mile relief from consumers up through the chain, and from retail and logistics partners down through to consumers, with the intent of inducing exponential adoption across all verticals.

Together with its reverse logistics partners, PUDO is perfecting IT integration protocols to become part of the constellation of returns options for Canadian consumers. With 'first-mile' testing complete, the PUDO Network will become available 'in the check-out' to consumer clients of select retailers early this year. Integration timelines are dependent on strategic partnerships previously announced.

Outlook

"We look forward to the successful completion of financing these next few months, to facilitate our strategic growth and expansion plans, especially to seize the opportunities in the U.S. I am confident that we can build on the progress made this quarter and start demonstrating in greater measure and across more verticals, how PUDO technology offers the ubiquitous solution for resolving last-mile gridlock in North America," concludes Arnold.

A complete copy of the unaudited interim financial statements for the three and nine month periods ended November 30, 2018, 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.pudopoint.com or 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 letter, 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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