

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 nine months period ended May 31, 2019, 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 – Notes 10(b) and 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

None in this Quarter - Please refer to Schedule A – Financial Statements – Note 10(c).

(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

None in this Quarter - 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' (Deficiency) Equity Page 3 and Notes 10(c), 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 nine month periods ended May 31, 2019, 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 July 9, 2019.

Kurtis Arnold
Name of Director or Senior Officer

/s/ Kurtis Arnold
Signature

Director & CEO
Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/DD
PUDO Inc.	May 31, 2019	19/07/09
Issuer Address		
6600 Goreway Drive Unit D		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Mississauga, ON L4V 1S6	()	(844) 300-8533
Contact Name	Contact Position	Contact Telephone No.
Kurtis Arnold	Director and CEO	(844) 300-8533
Contact Email Address	Web Site Address	
kurtis.arnold@pudopoint.com	www.pudopoint.com	

PUDO INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MAY 31, 2019

(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	May 31, 2019	February 28, 2019
Assets			
Current assets			
Cash		\$ 12,564	\$ 50,639
Restricted short-term investment		25,251	25,251
Trade and other receivables	4, 6	165,740	110,698
Prepaid expenses and deposits		52,150	75,286
Total current assets		255,705	261,874
Non-current assets			
Equipment	7	47,122	47,439
Intangible assets	8	147,438	171,320
Total assets		\$ 450,265	\$ 480,633
Liabilities			
Current liabilities			
Trade and other payables	9, 15	\$ 646,269	\$ 547,930
Loans and borrowings	10	857,431	529,078
Total current liabilities		1,503,700	1,077,008
Non-current liabilities			
Loans and borrowings	10	49,387	60,625
Total liabilities		1,553,087	1,137,633
Shareholders' (deficiency) equity			
Share capital	11	6,001,685	6,001,685
Warrant reserve	12	-	83,944
Stock option reserve	13	2,626,228	2,473,983
Equity component of convertible debentures	10	31,624	31,624
Deficit		(9,762,359)	(9,248,236)
Shareholders' (deficiency) equity		(1,102,822)	(657,000)
Total liabilities and shareholders' (deficiency) equity		\$ 450,265	\$ 480,633

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 May 31, 2019	Three Months Ended May 31, 2018
Revenue	4	\$ 214,979	\$ 187,264
Cost of sales	14	(70,377)	(49,848)
Gross profit		144,602	137,416
Administrative expenses	14	(559,935)	(549,567)
Share-based compensation	13	(153,789)	(26,714)
Operating loss		(569,122)	(438,865)
Finance costs	10	(30,488)	(5,131)
Net loss and comprehensive loss for the period		\$ (599,610)	\$ (443,996)
Loss per share - basic and diluted		\$ (0.03)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		19,066,853	19,066,853

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.
Consolidated Statements of Changes in Shareholders' (Deficiency)
Equity
(Expressed in Canadian Dollars)

(Unaudited)

	# of Common Shares	Share Capital	Warrant Reserve	Stock Option Reserve	Equity Component of Convertible Debentures	Deficit	Total
Balance, February 28, 2018	18,995,634	\$ 5,148,042	\$ 481,750	\$ 884,654	\$ -	\$ (6,131,140)	\$ 383,306
Share-based compensation forfeited (note 13)	-	-	-	(28,800)	-	28,800	-
Share-based compensation (note 13)	-	-	-	26,714	-	-	26,714
Broker warrants exercised (note 12)	328,126	520,368	(135,536)	-	-	-	384,832
Net loss for the three month period ended May 31, 2018	-	-	-	-	-	(443,996)	(443,996)
Balance, May 31, 2018	19,323,760	\$ 5,668,410	\$ 346,214	\$ 882,568	\$ -	\$ (6,546,336)	\$ 350,856
Share-based compensation forfeited (note 13)	-	-	-	(61,844)	-	61,844	-
Share-based compensation (note 13)	-	-	-	1,653,259	-	-	1,653,259
Broker warrants exercised (note 12)	249,064	333,275	(82,191)	-	-	-	251,084
Warrants expired	-	-	(180,079)	-	-	180,079	-
Issuance of convertible debenture	-	-	-	-	31,624	-	31,624
Net loss for the nine month period ended February 28, 2019	-	-	-	-	-	(2,943,823)	(2,943,823)
Balance, February 28, 2019	19,572,824	\$ 6,001,685	\$ 83,944	\$ 2,473,983	\$ 31,624	\$ (9,248,236)	\$ (657,000)
Share-based compensation (note 13)	-	-	-	153,789	-	-	153,789
Broker warrants expired (note 12)	-	-	(83,944)	-	-	83,944	-
Share-based compensation forfeited (note 13)	-	-	-	(1,544)	-	1,543	(1)
Net loss for the three month period ended May 31, 2019	-	-	-	-	-	(599,610)	(599,610)
Balance, May 31, 2019	19,572,824	\$ 6,001,685	\$ -	\$ 2,626,228	\$ 31,624	\$ (9,762,359)	\$ (1,102,822)

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	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018
Cash flows (used in) provided by operating activities			
Net loss for the period		\$ (599,610)	\$ (443,996)
Adjustments for:			
Amortization	7, 8	39,982	47,063
Accretion expense	10	30,487	5,131
Share-based compensation	13	153,789	26,714
Allowance for doubtful accounts	6	255	-
Net change in working capital:			
Restricted short-term investment		-	(126)
Trade and other receivables		(55,042)	(50,181)
Prepaid expenses and deposits		23,136	3,104
Trade and other payables		98,339	15,896
Cash flows used in operating activities		(308,664)	(396,395)
Cash flows used in investing activities			
Purchase of equipment	7	(8,907)	(8,844)
Purchase of intangible assets	8	(6,875)	(1,338)
Cash flows used in investing activities		(15,782)	(10,182)
Cash flows provided by (used in) financing activities			
Proceeds from exercise of warrants and options	11,12	-	384,832
Proceeds from issuance of note payable	10(b)	300,000	-
Repayment of advances payable and borrowings	10(a)	(13,373)	-
Cash flows provided by financing activities		286,627	384,832
Change in cash during the period		(37,819)	(21,745)
Cash, beginning of period		50,639	373,827
Effect of translation of foreign currency		(256)	-
Cash, end of period		\$ 12,564	\$ 352,082

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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 May 31, 2019, the Company had a working capital deficiency of \$1,247,995 (February 28, 2019 – \$815,134), had not yet achieved profitable operations, had used cash in operating activities of \$308,664 for the three month period ended May 31, 2019 (May 31, 2018 - \$396,395), had a deficit of \$9,762,359 as at May 31, 2019 (February 28, 2019 - \$9,248,236) and had shareholders' deficiency of \$1,102,822 (February 28, 2019 – \$657,000). 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, 2019, except for the adoption of new standards effective as of March 1, 2019 and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements of the Company for the three month period ended May 31, 2019 were approved and authorized for issue by the Board of Directors on July 9, 2019.

(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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

3. Significant accounting policies

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.

(a) Changes in accounting standards

The Company has adopted the following standard effective March 1, 2019.

IFRS 16 – *Leases* (“IFRS 16”) was amended in January 2016 which replaces IAS 17 - *Leases* and addresses the accounting for 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. As of May 31, 2019 the Company does not hold any material operating leases and any leases held prior to May 31, 2019 were immaterial for purposes of IFRS 16, therefore this standard does not impact the condensed interim consolidated financial statements.

The Company had 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 when (i) 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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

3. Significant accounting policies (continued)

The Company had 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.

(b) 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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

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 May 31, 2019	Three Months Ended May 31, 2018
Revenue from one customer	\$ 124,646	\$ 93,058
% of total revenue	58%	50%

	As at May 31, 2019	As at February 28, 2019
Account receivable from one customer	\$ 51,699	\$ 55,722
% of total accounts receivable	32%	54%

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

	May 31, 2019	February 28, 2019
Cash	\$ 12,564	\$ 50,639
Restricted short-term investment	25,251	25,251
Trade and other receivables	165,740	110,698
	\$ 203,555	\$ 186,588

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

4. Financial risk management (continued)

(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.

The following are the contractual maturities of financial liabilities:

May 31, 2019	1 Year or Less	Greater than 1 year	Total
Trade and other payables	\$ 646,269	\$ -	\$ 646,269
Loans and borrowings	857,431	49,387	906,818
	\$ 1,503,700	\$ 49,387	\$ 1,553,087

February 28, 2019	1 Year or Less	Greater than 1 year	Total
Trade and other payables	\$ 547,930	\$ -	\$ 547,930
Loans and borrowings	541,583	66,870	608,453
	\$ 1,089,513	\$ 66,870	\$ 1,156,383

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 month periods is as follows:

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018
Canada	\$ 141,969	\$ 99,505
USA	73,010	87,759
	\$ 214,979	\$ 187,264

(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 May 31, 2019 and February 28, 2019, the Company and its subsidiaries had cash, trade and other receivables and trade and

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

4. Financial risk management (continued)

other payables denominated in US dollars as follows:

As at May 31, 2019	USD	CAD Equivalent
Cash	\$ 3,991	\$ 5,365
Trade and other receivables	39,869	53,593
Trade and other payables	(33,096)	(44,487)
	\$ 10,764	\$ 14,471

As at February 28, 2019	USD	CAD Equivalent
Cash	\$ 18,409	\$ 24,252
Trade and other receivables	29,225	38,502
Trade and other payables	(27,642)	(36,416)
	\$ 19,992	\$ 26,338

(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 May 31, 2019, the Company had a shareholders' deficiency of \$1,102,822 (February 28, 2019 – \$657,000) and loans and borrowings of \$906,818 (February 28, 2019 - \$589,703).

The Company's capital management objectives, policies and processes have remained materially unchanged during the three month period ended May 31, 2019 and year ended February 28, 2019.

(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 May 31, 2019, would affect the net loss by approximately plus or minus \$1,000 during a year.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

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, consultants, officers and directors by reference to the fair value of the equity instruments at the date on 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 behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

6. Trade and other receivables

	May 31, 2019	February 28, 2019
Trade receivables	\$ 152,509	\$ 91,950
HST receivable	11,519	14,908
Other receivables	1,712	3,840
	\$ 165,740	\$ 110,698

Allowance for doubtful accounts as at May 31, 2019 was \$11,393 (February 28, 2019 – \$11,138).

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

7. Equipment

Scanners and Tablets	Cost	Accumulated Amortization	Net Book Value
Balance at February 28, 2018	\$ 175,714	\$ 149,027	\$ 26,687
Additions / amortization	46,156	25,404	20,752
Balance at February 28, 2019	\$ 221,870	\$ 174,431	\$ 47,439
Additions / amortization	8,914	9,231	(317)
Balance at May 31, 2019	\$ 230,784	\$ 183,662	\$ 47,122

8. Intangible Assets

Computer Software	Cost	Accumulated Amortization and Impairment	Net Book Value
Balance at February 28, 2018	\$ 649,210	\$ 379,486	\$ 269,724
Additions / amortization	27,713	126,117	(98,404)
Balance at February 28, 2019	\$ 676,923	\$ 505,603	\$ 171,320
Additions / amortization	6,875	30,757	(23,882)
Balance at May 31, 2019	\$ 683,798	\$ 536,360	\$ 147,438

9. Trade and other payables

	As at May 31, 2019	As at February 28, 2019
Trade payables	\$ 424,888	\$ 347,002
Other payables	114,683	119,796
Accrued liabilities	106,698	81,132
	\$ 646,269	\$ 547,930

10. Loans and borrowings

(a) Loans

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 \$3,691 (May 31, 2018 - \$5,131) for the three month period ended May 31, 2019. The rate used in determining the appropriate present value of the borrowings was subject to management estimation.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

10. Loans and borrowings (continued)

	May 31, 2019	February 28, 2019
Loan payable (Atlantic Canada Opportunities Agency) 24 instalments repayable at \$4,458 per month	\$ 106,992	\$ 120,366
Less: Discount future contractual cash flows	15,057	18,750
	<u>91,935</u>	<u>101,616</u>
Less: Current portion	42,548	40,991
	<u>\$ 49,387</u>	<u>\$ 60,625</u>

Future repayments on the loan as at May 31, 2019 include the following:

June 1, 2019 to February 29, 2020	\$ 40,122
March 1, 2020 to February 28, 2021	53,496
March 1, 2021 to June 22, 2021	13,374
	<u>\$ 106,992</u>

(b) Promissory Note

During the three month period ended May 31, 2019, the Company raised \$300,000 via a promissory note, from a company with a common officer and director. This note carries an interest rate of 20% per annum, payable on demand.

Opening balance – February 28, 2019	\$ -
Promissory note	300,000
Interest expense	7,259
Interest payment	-
Balance – May 31, 2019	\$ 307,259

(c) Convertible Debentures

On November 8, 2018, the Company completed a non-brokered private placement of an unsecured convertible debenture in the amount of \$100,000. The debenture carries an interest rate of 12% payable annually with a maturity date of November 8, 2019. At the option of the holder, the principal and the interest may be converted to common shares of the Company at a conversion price of \$0.95 per share and market price, respectively, at any time up to and including the maturity date of the debenture (with a vesting period of four months plus one day).

The fair value of the liability component of this convertible debenture was estimated to be \$104,544 by calculating the present value of the principal and interest payments, discounted at a rate of 17%, being management's best estimate of the rate that a non-convertible debenture would bear. The fair value of the option component of this convertible debenture at issuance was estimated to be \$4,274 using the residual method. The effective interest rate on this convertible debenture was estimated to be 17% per annum. The proceeds of the convertible debenture are being used for general corporate purposes.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

10. Loans and borrowings (continued)

On November 30, 2018, the Company completed a non-brokered private placement of an unsecured convertible debenture in the amount of \$400,000. The debenture carries an interest rate of 9% payable annually with a maturity date of November 30, 2019. At the option of the holder, the principal and the interest may be converted to common shares of the Company at a conversion price of \$0.95 per share and market price, respectively, at any time up to and including the maturity date of the debenture (with a vesting period of four months plus one day). The fair value of the liability component of this convertible debenture was estimated to be \$403,082 by calculating the present value of the principal and interest payments, discounted at a rate of 17%, being management's best estimate of the rate that a non-convertible debenture would bear. The fair value of the option component of this convertible debenture at issuance was estimated to be \$27,350 using the residual method. The effective interest rate on this convertible debenture was estimated to be 17% per annum. The proceeds of the convertible debenture are being used for general corporate purposes.

Opening balance – February 28, 2019	\$ 488,087
Convertible debentures	-
Accretion expense	11,878
Interest expense	7,661
Interest payment	-
Balance – May 31, 2019	\$ 507,626

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).

(b) Issued

Common Shares	Number	Amount
Balance, February 28, 2018	18,995,634	\$ 5,148,042
Exercise of broker warrants (note 12)	577,190	\$ 853,643
Balance, February 28, 2019	19,572,824	\$ 6,001,685
Common share activity	-	-
Balance, May 31, 2019	19,572,824	\$ 6,001,685

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

12. Warrant reserve

The following table reflects the continuity of warrants for the three month period ended May 31, 2019 and the year ended February 28, 2019:

	Number of Warrants	Average Exercise Price
Balance, February 28, 2018	1,258,394	\$ 1.19
Broker warrants exercised (i)	(75,608)	1.75
Broker warrants exercised (ii)	(501,582)	1.00
Warrants expired (iii)	(545,578)	1.00
Balance, February 28, 2019	135,626	\$ 2.33
Warrants expired (iv)	(135,626)	2.33
Balance, May 31, 2019	-	\$ -

- (i) 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.
- (ii) 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 \$221,210 and the remaining \$27,854 was used to settle debt owing to an officer of the Company.
- (iii) On August 24, 2018, 545,578 warrants expired. The estimated grant date fair value of the warrants that expired of \$180,079 was reclassified to the deficit.
- (iv) On March 29, 2019, 135,626 warrants expired. The estimated grant date fair value of the warrants that expired of \$83,944 was reclassified to the deficit.

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 three month period ended May 31, 2019 and the year ended February 28, 2018:

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

13. Stock option reserve (continued)

	Number of stock options	Exercise Price
Balance, February 28, 2018	3,166,750	\$ 1.35
Options forfeited (ii)	(5,000)	1.20
Options expired (vi)	(51,750)	2.25
Balance, February 28, 2019	3,110,000	\$ 1.33
Options forfeited (ii)	(5,000)	1.20
Balance, May 31, 2019	3,105,000	\$ 1.33

The following table reflects the actual stock options issued and outstanding as at May 31, 2019:

	Exercise Price (\$)	Remaining contractual life (years)	Weighted average number of options outstanding	Options vested (exercisable)	Estimated grant date fair value (\$)
August 16, 2019 (i)	1.20	0.25	102,000	102,000	25,198
August 31, 2020 (ii)	1.20	1.25	185,000	185,000	57,105
August 31, 2020 (iii)	1.20	1.25	20,000	20,000	20,000
October 26, 2022 (iv)	1.30	3.50	2,690,000	616,250	3,005,537
January 28, 2021 (v)	2.47	1.70	108,000	15,000	192,342
	1.33	1.80	3,105,000	938,250	3,300,182

(i) 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 16, 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 three month period ended May 31, 2019, \$25,198 was recorded as share-based compensation in the consolidated statement of loss.

(ii) 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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

13. Stock option reserve (continued)

On November 5, 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, 2019. On April 25, 2019, 5,000 options to an employee of the Company were forfeited and \$1,544 was classified to the deficit for the three month period ended May 31, 2019.

(iii) 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 three month period ended May 31, 2019, \$nil was recorded as share-based compensation in the consolidated statement of loss.

(iv) In October 2017, the Company granted 2,690,000 stock options to employees, consultants, 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 month periods ended May 31, 2019, \$nil was recorded as share-based compensation in the consolidated statement of loss.

(v) 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% having vested 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 month periods ended May 31, 2019, \$nil was recorded as share-based compensation in the consolidated statement of loss.

(vi) 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 options of the Company expired. The amount of \$29,700 was reclassified to the deficit for the three month period ended August 31, 2018. On September 1, 2018, 17,250 options of the Company expired. The amount of \$30,600 was reclassified to the deficit for the year ended February 28, 2019.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

14. Expenses categorized by nature

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018
Cost of sales		
External processing charges	\$ 67,197	\$ 46,932
Computer and web access charges	3,180	2,916
	\$ 70,377	\$ 49,848

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018
Administrative expenses		
Salaries and benefits	\$ 303,329	\$ 299,470
General and administrative expenses	45,202	38,895
Travel, promotion and business development	34,821	30,427
Consulting fees	42,428	43,580
Professional fees	28,525	25,864
Investor relations	12,128	3,059
Accounting and office	41,850	41,850
Agent and filing fees	10,312	13,025
Foreign exchange loss (gain)	1,358	6,334
Amortization (notes 7 and 8)	39,982	47,063
	\$ 559,935	\$ 549,567

15. Related party balances and transactions

During the three month period ended May 31, 2019, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of \$41,850 (May 31, 2018 - \$41,850), to a company with a common officer and director.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2019 and 2018 (Expressed in Canadian Dollars) (Unaudited)

15. Related party balances and transactions (continued)

During the three month period ended May 31, 2019, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018
Share-based compensation	\$ 153,789	\$ 26,714
Salaries and benefits	173,786	162,079
Consulting fees	10,028	9,750
	\$ 337,603	\$ 198,543

As at May 31, 2019, balances payable to the related parties noted above amounted to \$315,099 (February 28, 2019 - \$243,436) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

As described in the loans and borrowing note 10, as at May 31, 2019 a promissory note in the amount of \$300,000 at an annual interest rate of 20% was issued to a company with a common director and officer of the Company.

All related party transactions were made on terms equivalent to those that would prevail in arm's length transactions.

See also note 9, 10 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 May 31, 2019.

17. Subsequent events

PUDO is actively pursuing financing opportunities to support its business growth and future network expansion. In the interim, since May 31, 2019, operating working capital financing has been provided by a company with a common officer and director through a demand promissory note for \$80,000, at an interest rate of 20% per annum.



PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE MONTH PERIOD ENDED

MAY 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

PUDO Inc.

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

PUDO Inc.
Interim Management's Discussion & Analysis - Quarterly Highlights
Three Month Period Ended May 31, 2019
Discussion dated: July 9, 2019

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 month period ended May 31, 2019 (“Q1 FY 2020”), 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. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended May 31, 2019, the audited annual consolidated financial statements of the Company for the years ended February 28, 2019 and 2018, together with the notes thereto, and Management's Discussion and Analysis (“Annual MD&A”) of the Company for the year ended February 28, 2019. 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 these 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 consolidated financial statements as at and for the year ended February 28, 2019, except as for the adoption of new standards effective as of March 1, 2019 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 (“CSE”) under the symbol “PDO” and on the OTCQB exchange under the symbol “PDPTF”.

PUDO's purpose is to improve the connection between e-commerce and consumers. Through collaboration with online retailers, third party logistics companies (“3PL”), Software as a Service (“SaaS”), and courier companies, consumers can take secure delivery of their parcels or drop-off returns where, and when, it's convenient for them.

Existing businesses, such as convenience stores or gas stations, provide services as a PUDOpoint™ (a “PUDOpoint”). PUDOpoints are typically open extended hours, seven days a week to make it convenient for busy consumers to quickly and efficiently collect what they've ordered online or drop off what they need to return. The Company deploys its technology to provide consumers with convenient PUDOpoints (the “Network”) to pick-up or drop-off (“PUDO”) e-commerce parcels.

PUDO's services provide courier companies and retailers with a presence in a broad variety of locations to better serve their customers. Not only convenient, these services can also save money. Couriers don't have to attempt delivery a second or third time or make other arrangements with customers who aren't home. Retailers can ship directly to PUDOpoints saving residential delivery costs and reducing 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"). These statements related to future events or the Company's future performance. 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 June 19, 2019.

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 Q1 of Fiscal Year 2020, PUDO continued to show strong revenue growth associated with growing 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 14.8% compared to the same quarter in the previous year. Strong growth in partner shipments was tempered by continued softness in member shipments. The Company continues to see an overall reduction in demand for 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.

During this quarter, the Company continued to build parcel volume through the expansion of services to Canadian shipping partners. This quarter also provided indications of interest for PUDO to integrate with other partners in the coming quarters of this year. The Company continues to conduct pilot programs with new partners/services showing increasing traction. This interest is being reinforced as discussions are underway that would further expand these services.

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 fulfilment and returns solutions.

PUDO Inc.
Interim Management's Discussion & Analysis - Quarterly Highlights
Three Month Period Ended May 31, 2019
Discussion dated: July 9, 2019

Operations

Parcel Volume Analysis

Parcel volume and other factors within the e-commerce ecosystem can affect PUDO's goals and performance during its continued growth phase.

While the Company continued to strategically manage the growth and development of the Network throughout Q1 FY 2020, overall parcel volume increased by 10.3% compared to the three month period ended May 31, 2018 ("Q1 FY 2019"). During this quarter, Q1 FY 2020, partner shipments increased 56.6% over the same quarter in the previous year. During the same three month period, member shipment volumes were down 20.5%, as a result of continued reduced cross border shopping demand. In Q1 FY 2020, partner shipments represented 56.8% of the Company's total volumes, up from 40.9% in the prior fiscal year.

Below is a summary of PUDO's current parcel services being utilized by partners and customers:

- ***Failed First Attempts ("FFA") Parcels:*** During Q1 FY 2020 total FFA parcel volume increased by 44.7% over Q1 FY 2019, while during Q1 FY 2019 FFA parcel volume slightly decreased 2.5% as compared to FFA volume for three month period ended May 31, 2018 ("Q1 FY 2018"). In sequential quarters, parcel volumes in Q1 FY 2020 compared to Q4 FY 2019 decreased by 9.4%. This decrease during sequential quarters is related to normal retail fluctuations, with a portion of PUDO's previous quarter containing holiday shopping volumes.
- ***Member Shipments:*** During Q1 FY 2020 total consumer parcel volume decreased by 20.5% over Q1 FY 2019. This decrease is related to decreased cross border shipping demand associated with continued weakness of the Canadian dollar impacting Canadian consumers' desire for online ordering and shipping to a US KinekPoint location. In sequential quarters, parcel volumes in Q1 FY 2020 compared to Q4 FY 2019 increased by 2.7%. This compares to a parcel increase of 0.6% in the prior year in comparing Q1 FY 2019 and Q4 FY 2018.
- ***Courier Pickup Parcels:*** During Q1 FY 2020, PUDO continued to see growth within the courier pickup service with parcel volume increase of 2.6% compared to Q4 FY 2019. This trend is expected to continue as PUDO partners extend this service to their customers in targeted locations. Although the volumes are relatively modest, these parcels are an important benefit for partner couriers to access the marketplace and other small office / home office business shipping demand.
- ***Returns Parcels:*** During Q1 FY 2020, the recently added PUDO's returns logistics service, from across Canada with a SaaS partner, increased nine times as compared to Q3 FY 2019 returns. Adding the PUDOpoints to this retailer's return choices allowed new convenient options for consumers drop-off returns with minimal effort. The Network parcel PUDOpoints are located close to where people live, work and play, streamlining the returns process.

As PUDO realizes its growth plan, a greater number of stakeholder partners and consumer members will minimize parcel volume losses and reduce dependence on specific carriers.

Operations

The Company expanded its product offerings this quarter through work with existing and new partners. One of PUDO's major partners has obtained new business from large shippers, in part, by offering a convenient option in cases where delivery cannot be completed. Major shippers in the marketplace sought out couriers who had access to a network of counters similar to postal counters across Canada and PUDO gave these partners an edge. Consumers expect to be able to quickly collect parcels when they cannot meet the delivery at home. Analysis this quarter reinforced that PUDO's Network, while still being expanded, is

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already less than 5 km from more than 75% of consumers who are purchasing from the Company's potential partners online.

The Company's Network and growing parcel volumes are creating opportunities for further growth. Larger recognizable shippers are in discussions with and conducting pilot testing of PUDO's services to become part of their networks. Discussions remain underway, and currently are focused on expanding the number of PUDO points where these services are available to these new partners in time for the peak holiday shopping season. These trials and discussions are governed by non-disclosure agreements and the Company is looking forward to being able to soon make more substantive announcements about the opportunity and growing demand for its services.

At the same time, the Company is engaged with new SaaS partners that can support new innovative revenue streams that PUDO is uniquely positioned to offer. By matching up the capabilities of courier neutral counters as the connection point with companies that are not currently in the e-commerce ecosystem, the Company can offer substantive value to both consumers and shippers. These opportunities are in keeping with the Company's vision and areas of core focus. The IT enhancements necessary to make these revenue streams available are being finalized for production.

Overall, the Company's in a better position than ever to leverage the unique capabilities that it can bring to consumers and shippers, as friction in the marketplace is driving incumbents to find new, innovative and cost effective solutions to the multiple system failures that the marketplace currently has no choice but to accept and cope with.

Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three month period ended May 31, 2019 and 2018 are included below:

PUDO Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars)
Unaudited)

	Three Months Ended May 31,	
	2019	2018
Revenue	\$ 214,979	\$ 187,264
Cost of sales	(70,377)	(49,848)
Gross profit	144,602	137,416
Administrative expenses	(559,935)	(549,567)
Share-based compensation*	(153,789)	(26,714)
Operating loss	(569,122)	(438,865)
Finance costs	(30,488)	(5,131)
Net loss and comprehensive loss for the period	(599,610)	\$ (443,996)
Loss per share basic and diluted	\$ (0.03)	\$ (0.02)

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

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During the three month period ended May 31, 2019 revenue was \$214,979 (May 31, 2018 - \$187,264), representing an increase of 14.8% over the same period last year due to new partner volumes and uptake of additional PUDO services by other partners. The Company reported a net loss of \$599,610 (\$0.03 basic and diluted loss per share), an increase of \$155,164 compared with a net loss of \$443,996 (\$0.02 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. The majority of this increased loss was attributable to the non-cash expense related to share-based compensation which is designed to maintain alignment between the objectives of Company leadership and shareholders.

Gross profit for the three month period ended May 31, 2019 was \$144,602 (May 31, 2018 - \$137,416) representing an increase of \$7,186 or 5.2% over the same period last year. This corresponds to an increase in the number of Failed First Attempt, Courier Pickup, and Returns parcels flowing through the PUDO services.

Financial Condition

As at May 31, 2019, the Company had total assets of \$450,265 (February 28, 2019 - \$480,633). This decrease was primarily attributed to the related costs associated with operations offset by an advance from a company with a common officer and director.

As at May 31, 2019, the Company had a working capital deficiency (defined as current assets less current liabilities) of \$1,247,995 (February 28, 2019 – \$815,134), had not yet achieved profitable operations, had used cash in operating activities of \$308,664 for the three month period ended May 31, 2019 (May 31, 2018 - \$396,395), had a deficit of \$9,762,359 as at May 31, 2019 (February 28, 2019 - \$9,248,236) and had shareholders' deficiency of \$1,102,822 (February 28, 2019 – \$657,000). 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. The Company is seeking to fund its planned expansion of the PUDO Network through equity financings. See "Liquidity" below.

Cash Flows

During the three month period ended May 31, 2019 cash decreased by \$38,075 to \$12,564 (February 28, 2019 – \$50,639) due to \$308,664 cash used in operating activities and \$15,782 cash used in investing activities with a total of \$286,627 cash provided by financing activities including the issuance of a note payable of \$300,000 provided by a company with a common officer and director.

Liquidity and Capital Resources

As noted in the Annual MD&A and previous Quarterly Highlights, the Company generates limited cash from operations. The Company's primary source of cash to date has been equity financings and more recently through convertible debentures and a promissory note. The Company's outstanding loans and borrowings as at May 31, 2019 consist of the following:

	May 31, 2019	February 28, 2019
Loan payable (Atlantic Canada Opportunities Agency)		
24 instalments repayable at \$4,458 per month	\$ 106,992	\$ 120,366
Less: Discount future contractual cash flows	15,057	18,750
	91,935	101,616
Less: Current portion	42,548	40,991
	\$ 49,387	\$ 60,625

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During the three month period ended May 31, 2019, the Company raised \$300,000 via a promissory note from a company with a common officer and director. This note carries an interest rate of 20.0% per annum, payable on demand.

Opening balance – February 28, 2019	\$	-
Promissory note		300,000
Interest expense		7,259
Interest payment		-
Balance – May 31, 2019	\$	307,259

As indicated in the Annual MD&A, the Company had convertible debentures with the following amounts as of February 28 and May 31, 2019.

Opening balance – February 28, 2019	\$	488,087
Convertible debentures		-
Accretion expense		11,878
Interest expense		7,661
Interest payment		-
Balance – May 31, 2019	\$	507,626

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 reflect material uncertainty which may cast significant 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 month period ended May 31, 2019 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, 2019 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 month period ended May 31, 2019, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of \$41,850 (May 31, 2018 - \$41,850), to a company with a common officer and director.

During the three period ended May 31, 2019 and 2018, the Company had the following transactions with shareholders, management and directors:

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	Three Months Ended May 31,	
	2019	2018
Share-based compensation	\$ 153,789	\$ 26,714
Salaries and benefits	\$ 173,786	\$ 162,079
Consulting fees	10,028	9,750
	\$ 337,603	\$ 198,543

As at May 31, 2019, balances payable to the related parties noted above amounted to \$315,099 (February 28, 2019 - \$243,436) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

During the three month period ended May 31, 2019, operating working capital financing has been provided by a company with a common officer and director through a demand promissory note for \$300,000, at an interest rate of 20% per annum, payable on demand.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Subsequent events

PUDO is actively pursuing financing opportunities to support its business growth and future Network expansion. In the interim, since May 31, 2019 operating working capital financing has been provided by a company with a common officer and director through a demand promissory note for \$80,000, at an interest rate of 20% per annum.

Risk Factors

The Annual MD&A for the year ended February 28, 2019, dated June 19, 2019 and filed on SEDAR (www.sedar.com), 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 2020 fiscal year and to the date of this report.