



PUDO Inc. reports FY 2021 third quarter end results and outlook

- Revenue up 74.8% to \$485,087 this quarter compared to the third quarter of FY 2020
- Third quarter net loss increased by \$103,936 to \$544,835 relative to the third quarter of FY 2020
- Q3 FY 2021 overall parcel volume increased by 7.5% relative to the same quarter in the prior year

TORONTO, December 22, 2020 - PUDO Inc. (“PUDO” or the “Company”) (CSE: PDO; OTCQB: PDPTF), North America’s only carrier-neutral parcel pick-up and drop-off network (the “Network”), today filed interim financial results (unaudited) and operational highlights for its third quarter that ended November 30, 2020 (“Q3 FY 2021”).

PUDO Inc.

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

	Three Months Ended November 30		Nine Months Ended November 30	
	2020	2019	2020	2019
Revenue	\$ 485,087	\$ 277,567	\$ 1,068,405	\$ 722,517
Cost of sales	(343,226)	(122,866)	(722,179)	(279,466)
Gross profit	141,861	154,701	346,226	443,051
Administrative expenses	(604,558)	(407,419)	(1,345,166)	(1,480,084)
Share-based compensation*	(80,874)	(149,418)	(198,448)	(456,996)
Operating loss	(543,571)	(402,136)	(1,197,388)	(1,494,029)
Finance costs	(1,264)	(38,763)	(10,249)	(129,449)
Net loss and comprehensive loss for the period	\$ (544,835)	\$ (440,899)	\$ (1,207,637)	\$ (1,623,478)
Loss per share basic and di- luted	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.08)

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

During the three month period ended November 30, 2020, revenue was \$485,087 (November 30, 2019 - \$277,567), representing an increase of 74.8% over the same period last year due to new third party logistics (“3PL”) shipments, increased returns parcels, and the successful implementation of additional PUDO services to current and new partners, offset by the decrease in failed first attempt home delivery (“FFA”) parcels to PUDOpoint Counter Locations as a result of a higher number of consumers being at home to accept their parcels during the COVID-19 pandemic and also due to the Canada-USA border being closed to non-essential travel due to the COVID-19 pandemic. For the nine months ended November 30, 2020, revenue increased \$345,888 to \$1,068,405 representing a 47.9% increase over the same period in the prior year as a result of the increase primarily in PUDO returns and 3PL services.

Gross profit for the three months ended November 30, 2020 was \$141,861 (November 30, 2019 - \$154,701) representing a decrease of \$12,840 or 8.3% over the same period last year. For the nine months ended November 30, 2020 gross profit decreased by \$96,825 or 21.8% over the same nine month period in the prior year. These decreases are primarily a result of the fixed costs associated with the shipping fees related to new parcel services for 3PL parcel shipments, which generates a lower gross profit margin relative to PUDO’s failed first attempts, for pickups, returns and border member parcel services.

During the three months ended November 30, 2020, the Company reported a net loss of \$544,835 (\$0.02 basic and diluted loss per share), an increase of \$103,936 compared with a net loss of \$440,899 (\$0.02 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. Most of this increased loss was attributable to an increase in administrative expenses as a result of the increase in salaries due to



the new full time customer support resources hired in FY 2021 to support the increased revenues, offset by the decrease in travel costs resulting from the COVID-19 pandemic travel restrictions and by the non-cash expense related to share-based compensation.

The net loss for the nine months ended November 30, 2020 was \$1,207,637 (\$0.05 basic and diluted loss per share), a 25.6% decrease from a net loss of \$1,623,478 (\$0.08 basic and diluted loss per share) in the corresponding period in the prior fiscal year, primarily due to a reduction in senior management salaries and benefits costs overall and non-cash share-based compensation relative to the corresponding period of the prior fiscal year.

"I credit the commitment and creativity of our growing team for maintaining impressive Network growth during a global pandemic, and for delivering the highest revenue quarter in the history of the Company," says PUDO CEO Frank Coccia. "By onboarding more returns and 3PL partners and volume as part of our overall expansion plan, we mitigated the affects of reduced failed-first-attempt volume within the Network and grew our per-parcel gross revenue strategically and substantially, and, we did it while saving our customers and their customers both time and money."

Operational Highlights

While the Company continued to strategically manage the growth and development of the PUDOpoint Counter network throughout Q3 FY 2021, overall parcel volume increased by 7.5% compared to the three month period ended November 30, 2019 ("Q3 FY 2020"). In sequential quarters, overall parcel volume volumes in Q3 FY 2021 as compared to Q2 FY 2021 increased by 49.7% even as COVID-19 continued to impact some services. During this quarter, Q3 FY 2021, partner shipments increased 55% over the same quarter in the previous year primarily as a result of new services added since the prior year.

During the same three month period, border member shipment volumes were down 81.9% as compared to Q3 FY 2020 and in sequential quarters were down 19.4% relative to Q2 FY 2021. These border member shipment decreases came as a result of the Canada-USA border closure extension to non-essential travel due to the COVID-19 pandemic. In Q3 FY 2021, partner shipments represented 94.1% of the Company's total volumes, up from 65.3% in the same quarter in the prior fiscal year.

During the nine months ended November 30, 2020 overall parcel volumes decreased by 9.3% relative to the nine months ended November 30, 2019 in the prior year, primarily as a result of the 75.8% decrease in border member shipments due to the Canada USA border being closed to non-essential travel due to the COVID-19 pandemic.

"Given that e-commerce spending continues to grow by 15% annually on average, and PUDO top line revenue and customer benefits scale in tandem with Network expansion under this expanded suite of services, I am confident that PUDO's next quarter revenues will keep pace or outpace the sector," concludes Coccia.

A complete copy of the condensed interim unaudited financial statements and the Management's Discussion and Analysis – Quarterly Highlights for the three and nine month periods ended November 30, 2020 and 2019, can be found on the CSE website at www.thecse.com and on SEDAR at www.sedar.com.

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For more information, please visit www.pudopoint.com

About PUDO Inc.

PUDO Inc. is North America's only carrier-neutral parcel pick-up and drop-off counter Network, conceived to resolve the last-mile parcel-traffic-control gridlock that challenges North America's \$827B retail e-commerce sector, and eliminate over \$6B in door-dropped parcel theft.



PUDO's team of logistics and parcel traffic management experts have created a plug-and-play, pay-as-you-go platform and Network of parcel pick-up and drop-off storefront counters known as PUDOpoint Counters, strategically located very near to where people live and work.

The PUDO model reduces or eliminates crippling last-mile related expenses for online retailers, marketplaces and carrier/delivery partners, with fulfillment and distribution solutions that include parcel storage and consolidation for click-and-collect deliveries, online returns, and the nearly 35% of e-commerce parcels that are undeliverable on first attempt in high density areas.

Membership in the PUDOpoint Counters Network program offers consumers 'parcel receipt certainty,' early/late/weekend pick-up and return convenience, 100% elimination of door-drop parcel theft, and a mobile home-away-from-home address Network that goes wherever they do.

The PUDOpoint Counters Network provides all carriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

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

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