

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 complete copy of condensed interim unaudited financial statements for the three and nine month periods ended November 30, 2020 and 2019, is 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 9(b) and 14.

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
08Sep2020	Common Shares	Exercise of warrants	8,620	\$0.69	\$5,948	Cash		NIL
23Oct2020	Common Shares	Exercise of warrants	23,000	\$0.69	\$15,870	Cash		NIL
04Nov2020	Common Shares	Exercise of warrants	88,889	\$0.54	\$48,000	Cash	Related Person	NIL
05Nov2020	Common Shares	Exercise of warrants	48,685	\$0.54	\$48,000	Cash	Related Person	NIL
23Oct2020	Common Shares	Exercise of warrants	48,685	\$0.54	\$26,290	Cash		NIL
26Oct2020	Common Shares	Debt Conversion	22,222	\$1.98	\$43,999	Debt Conversion		NIL
20Nov2020	Common Shares	Debt Conversion	22,222	\$1.98	\$43,999	Debt Conversion		NIL

Please refer to Schedule A – Financial Statements – Note 10.

(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 12.

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, 11, and 12.

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.

<i>Frank Coccia</i>	<i>Chief Executive Officer</i>
<i>Doug Baker</i>	<i>Chief Financial Officer</i>
<i>Tom Bijou</i>	<i>Director - Chairman</i>
<i>Murray Cook</i>	<i>Director</i>
<i>Richard Cooper</i>	<i>Director</i>
<i>Ian McDougall</i>	<i>Director</i>
<i>Howard Westerman</i>	<i>Director</i>

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 November 30, 2020 and 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 **December 21, 2020**.

Frank Coccia
Name of Director or Senior Officer

/s/ Frank Coccia
Signature

CEO
Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/DD
PUDO Inc.	November 30, 2020	20/12/21
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.
Frank Coccia	Founder-CEO	(844) 300-8533
Contact Email Address	Web Site Address	
frank.coccia@pudopoint.com	www.pudopoint.com	

PUDO INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTH PERIODS ENDED
NOVEMBER 30, 2020**

(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	November 30, 2020	February 29, 2020
Assets			
Current assets			
Cash		\$ 848,867	\$ 2,038,493
Restricted short-term investment		25,504	25,378
Trade and other receivables	3, 5	304,979	213,701
Prepaid expenses and deposits		61,425	53,121
Total current assets		1,240,775	2,330,693
Non-current assets			
Equipment	6	68,681	52,942
Intangible assets	7	99,725	84,686
Total assets		\$ 1,409,181	\$ 2,468,321
Liabilities			
Current liabilities			
Trade and other payables	8, 14	\$ 386,711	\$ 507,683
Loans and borrowings	9	25,613	277,041
Total current liabilities		412,324	784,724
Non-current liabilities			
Loans and borrowings	9	-	13,045
Total liabilities		412,324	797,769
Shareholders' equity			
Share capital	10	8,747,353	8,260,886
Warrant reserve	11	1,128,537	1,499,079
Stock option reserve	12	2,104,747	2,069,620
Deficit		(10,983,780)	(10,159,033)
Shareholders' equity		996,857	1,670,552
Total liabilities and shareholders' equity		\$ 1,409,181	\$ 2,468,321

Nature of operations and going concern (note 1)**Commitments and contingencies (note 15)**

Approved by the Board of Directors:

"Thomas Bijou"

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)**

		Three Months Ended November 30		Nine Months Ended November 30	
	Notes	2020	2019	2020	2019
Revenue	3	\$ 485,087	\$ 277,567	\$ 1,068,405	\$ 722,517
Cost of sales	13	(343,226)	(122,866)	(722,179)	(279,466)
Gross profit		141,861	154,701	346,226	443,051
Administrative expenses	13	(604,558)	(407,419)	(1,345,166)	(1,480,084)
Share-based compensation	12	(80,874)	(149,418)	(198,448)	(456,996)
Operating loss		(543,571)	(402,136)	(1,197,388)	(1,494,029)
Finance costs	9	(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 diluted		\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.08)
Weighted average number of shares outstanding - basic and diluted		26,846,016	21,621,712	26,846,016	21,621,712

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 Debenture	Deficit	Total
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 12)	-	-	-	456,996	-	-	456,996
Broker warrants expired (note 11)	-	-	(83,944)	-	-	83,944	-
Issuance of common shares in private placement (note 10)	333,333	90,900	59,100	-	-	-	150,000
Issuance of common shares in lieu of debt (note 10)	1,715,555	467,831	304,169	-	-	-	772,000
Re-issuance of convertible debenture	-	-	-	-	2,974	7,410	10,384
Options forfeited (note 12)	-	-	-	(28,285)	-	28,285	-
Net loss for the nine month period ended November 30, 2019	-	-	-	-	-	(1,623,478)	(1,623,478)
Balance, November 30, 2019	21,621,712	6,560,416	363,269	2,902,694	34,598	(10,752,075)	(891,098)
Share-based compensation (note 12)	-	-	-	140,676	-	-	140,676
Issuance of common shares in private placement (note 10)	4,890,137	1,700,470	1,135,810	-	-	-	2,836,280
Partial Payment of convertible debentures	-	-	-	-	(34,598)	-	(34,598)
Options forfeited (note 12)	-	-	-	(973,750)	-	973,750	-
Net loss for the three month period ended February 29, 2020	-	-	-	-	-	(380,708)	(380,708)
Balance, February 29, 2020	26,511,849	8,260,886	1,499,079	2,069,620	-	(10,159,033)	1,670,552
Share-based compensation (note 12)	-	-	-	198,448	-	-	198,448
Stock options exercised (note 12)	120,529	270,325	-	(118,938)	-	-	151,387
Warrants exercised	169,194	128,144	(32,036)	-	-	-	96,108
Broker warrants expired (note 11)	-	-	(338,506)	-	-	338,506	-
Options forfeited (note 12)	-	-	-	(44,383)	-	44,384	1
Issuance of shares to settle payable to vendor (note 10)	44,444	87,998	-	-	-	-	87,998
Net loss for the nine month period ended November 30, 2020	-	-	-	-	-	(1,207,637)	(1,207,637)
Balance, November 30, 2020	26,846,016	\$ 8,747,353	\$1,128,537	\$ 2,104,747	\$ -	\$(10,983,780)	\$ 996,857

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	Nine Months Ended November 30, 2020	Nine Months Ended November 30, 2019
Cash flows used in operating activities			
Net loss for the period		\$ (1,207,637)	\$ (1,623,478)
Adjustments for:			
Amortization	6, 7	75,687	119,069
Accretion expense	9	10,249	126,528
Share-based compensation	12	198,448	456,996
Allowance for doubtful accounts		651	510
Net change in working capital:			
Restricted short-term investment		(126)	-
Trade and other receivables		(91,278)	(67,440)
Prepaid expenses and deposits		(8,304)	29,778
Trade and other payables		49,249	272,593
Cash flows used in operating activities		(973,061)	(685,444)
Cash flows used in investing activities			
Purchase of equipment	6	(54,965)	(26,787)
Purchase of intangible assets	7	(51,500)	(25,125)
Cash flows used in investing activities		(106,465)	(51,912)
Cash flows provided by (used in) financing activities			
Proceeds from exercise of warrants and options	11,12	167,241	-
Proceeds from director or officer	9	-	50,000
Transaction costs incurred for private placement	10,11	-	150,000
Proceeds from issuance of note payable	9	-	591,000
Repayment of advances payable and borrowings	9	(252,364)	(40,118)
Cash flows provided by (used in) financing activities		(85,123)	750,882
Change in cash during the period		(1,164,649)	13,526
Cash, beginning of period		2,038,493	50,639
Effect of translation of foreign currency		(24,977)	(8,027)
Cash, end of period		\$ 848,867	\$ 56,138
Supplemental information:			
Issuance of common shares in lieu of debt (note 12)		-	558,731
Options granted in settlement of debt (note 13)		-	363,269
Finance costs paid on borrowing (note 10)		-	772,000
Exercised option payment settled against Accounts Payable		81,563	-
Issuance of common shares in lieu of Accounts Payable		87,998	-

See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

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

Existing businesses, such as convenience stores or gas stations, provide services as a PUDOpoint™ (“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 and drop-off (“PUDO”) e-commerce parcels.

The Company’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.

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 November 30, 2020, the Company had a working capital surplus of \$828,451 (February 29, 2020 – \$1,545,969), had not yet achieved profitable operations, had used cash in operating activities of \$973,061 for the nine month period ended November 30, 2020 (November 30, 2019 - \$685,444), had a deficit of \$10,983,780 as at November 30, 2020 (February 29, 2020 - \$10,159,033) and had shareholders’ equity of \$996,857 (February 29, 2020 – \$1,670,552). 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 29, 2020.

The condensed interim consolidated financial statements of the Company for the three and nine month periods ended November 30, 2020 were approved and authorized for issue by the Board of Directors on December 21, 2020.

(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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of preparation (continued)

(c) Basis of consolidation

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

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

3. Financial risk management

(a) Fair values

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

(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 the 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 and 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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

3. Financial risk management (continued)

	Three Months Ended November 30		Nine Months Ended November 30	
	2020	2019	2020	2019
Revenue from one customer	\$ 249,716	\$ 155,563	\$ 611,896	\$ 403,537
% of total revenue	51%	56%	57%	56%

	November 30, 2020	February 29, 2020
Accounts Receivable from one Customer	109,490	107,189
% of total accounts receivable	43%	60%

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

	November 30, 2020	February 29, 2020
Cash	\$ 848,867	\$ 2,038,493
Restricted short-term investment	25,504	25,378
Trade and other receivables	304,979	213,701
	\$ 1,179,350	\$ 2,277,572

(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:

November 30, 2020	1 Year or Less	Greater than 1 year	Total
Trade and other payables	\$ 386,051	\$ -	\$ 386,051
Loans and borrowings	31,203	-	31,203
	\$ 417,254	\$ -	\$ 417,254

February 29, 2020	1 Year or Less	Greater than 1 year	Total
Trade and other payables	\$ 507,683	\$ -	\$ 507,683
Loans and borrowings	282,592	13,373	295,965
	\$ 790,275	\$ 13,373	\$ 803,648

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

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

3. Financial risk management (continued)

(iii) Market risk

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

Revenue by geographic region for the three and nine month periods ended November 30, 2020 is as follows:

	Three Months Ended November 30		Nine Months Ended November 30	
	2020	2019	2020	2019
Canada	\$ 387,976	\$ 210,673	\$ 922,744	\$ 510,292
United States of America	97,111	66,893	145,661	212,225
	\$ 485,087	\$ 277,566	\$ 1,068,405	\$ 722,517

(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 November 30, 2020 and February 29, 2020, the Company and its subsidiaries had cash, trade and other receivables and trade and other payables denominated in US dollars as follows:

As at November 30, 2020	USD	CAD Equivalent
Cash	\$ 12,995	\$ 16,848
Trade and other receivables	73,356	95,106
Trade and other payables	(39,184)	(50,802)
	\$ 47,167	\$ 61,152

As at February 29, 2020	USD	CAD Equivalent
Cash	\$ 313,555	\$ 421,073
Trade and other receivables	30,456	40,899
Trade and other payables	(49,908)	(67,021)
	\$ 294,103	\$ 394,951

(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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

3. Financial risk management (continued)

(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 shareholder's equity, loans and borrowings. As at November 30, 2020, the Company had a shareholders' equity of \$996,857 (February 29, 2020 – \$1,670,552) and loans and borrowings of \$25,613 (February 29, 2020 - \$290,086).

The Company's capital management objectives, policies and processes have remained materially unchanged during the nine month period ended November 30, 2020 and year ended February 29, 2020.

(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 November 30, 2020, would affect the net loss by approximately plus or minus \$1,000 during a year.

4. 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.

The judgments, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, have been updated based on information at November 30, 2020 and with particular respect to the analysis of potential impairment of the Company's assets and its ability to continue as a going concern.

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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

4. Critical accounting estimates and judgments (continued)

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.

5. Trade and other receivables

	November 30, 2020	February 29, 2020
Trade receivables	\$ 256,809	\$ 179,603
HST receivable	5,768	9,361
Other receivables	42,402	24,737
	\$ 304,979	\$ 213,701

Allowance for doubtful accounts as at November 30, 2020 was \$ 651 (February 29, 2020 – \$ nil).

6. Equipment

Scanners and Tablets	Cost	Accumulated Amortization	Net Book Value
Balance at February 28, 2019	\$ 221,870	\$ 174,431	\$ 47,439
Additions / amortization	40,029	34,526	5,503
Balance at February 29, 2020	\$ 261,899	\$ 208,957	\$ 52,942
Additions / amortization	54,965	39,226	15,739
Balance at November 30, 2020	\$ 316,864	\$ 248,183	\$ 68,681

7. Intangible assets

Computer Software	Cost	Accumulated Amortization	Net Book Value
Balance at February 28, 2019	\$ 676,923	\$ 505,603	\$ 171,320
Additions / amortization	32,475	119,109	(86,634)
Balance at February 29, 2020	\$ 709,398	\$ 624,712	\$ 84,686
Additions / amortization	51,500	36,461	15,039
Balance at November 30, 2020	\$ 760,898	\$ 661,173	\$ 99,725

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

8. Trade and other payables

	As at November 30, 2020	As at February 29, 2020
Trade payables	\$ 100,335	\$ 311,246
QST payable	5,539	6,610
Other payables	126,359	93,738
Accrued liabilities	154,478	96,089
	\$ 386,711	\$ 507,683

9. 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 \$5,106 (November 30, 2019 - \$9,955) for the nine month period ended November 30, 2020. The rate used in determining the appropriate present value of the borrowings was subject to management estimation.

	November 30, 2020	February 29, 2020
Loan payable (Atlantic Canada Opportunities Agency) 6 instalments repayable at \$4,458 per month	\$ 26,748	\$ 66,870
Less: Discount future contractual cash flows	1,135	6,244
	25,613	60,626
Less: Current portion	25,613	47,581
	\$ -	\$ 13,045

Future repayments on the loan as at November 30, 2020 include the following:

December 1, 2020 to February 28, 2021	\$ 13,374
March 1, 2021 to June 22, 2021	13,374
	\$ 26,748

(b) Promissory Note

During the year ended February 29, 2020, the Company raised \$591,000 via a promissory note from a company with a common officer and director. The note carried an interest rate of 20% per annum, payable on demand. On November 7, 2019, \$425,000 of the promissory note was settled by the issuance of 944,445 units. Each unit entitles the holder to receive one common share of the Company and one warrant with a strike price of \$0.54 and expiration date of November 7, 2020.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

9. Loans and borrowings (continued)

During the nine month period ended November 30, 2020, the \$232,855 balance of the promissory note including accrued interest was fully repaid in the first quarter.

Opening balance – February 28, 2019	\$	-
Promissory note		591,000
Interest expense		63,460
Partial settlement of promissory note		(425,000)
Balance – February 29, 2020	\$	229,460
Interest expense		3,395
Repayment of promissory note		(232,855)
Balance – November 30, 2020	\$	-

10. 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, 2019	19,572,824	\$ 6,001,685
Common shares issued (i) (ii) (iii) (iv)	6,939,025	2,259,201
Balance, February 29, 2020	26,511,849	\$ 8,260,886
Common shares issued (v) (vi) (vii) (viii) (xi) (x)	334,167	486,467
Balance, November 30, 2020	26,846,016	\$ 8,747,353

(i) On November 7, 2019, the Company closed a non-brokered private placement financing where the company issued 333,333 units of the Company for proceeds of \$150,000. Each unit consisted of one common share and one warrant of the Company. Based on the Black Scholes valuation model, the Company valued the common shares at \$90,900 and the warrants at \$59,100.

(ii) On November 7, 2019, the Company settled \$772,000 of debt owing to a company with a common director and officer by issuing 1,715,555 units of the Company. The settled debt consisted of \$425,000 of a promissory note and \$347,000 of Trade Payables. Each unit issued consisted of one common share and one warrant of the Company. Based on the Black Scholes Model, the Company valued the common shares at \$467,831 and the warrants at \$304,169.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

10. Share capital (continued)

(iii) In December 2019, the Company closed two non-brokered private placements where 180,957 units were issued for total proceeds of \$104,955. Each unit issued consisted of one common share and one warrant of the Company. Based on the Black Scholes valuation model, the Company valued the common shares at \$69,433 and valued the warrants at \$35,522.

(iv) In January 2020, the Company closed several non-brokered private placements where 4,709,180 units were issued for total proceeds of \$2,731,324. Each unit issued consisted of one common share and one warrant of the Company. Based on the Black Scholes valuation model, the Company valued the common shares at \$1,631,037 and the warrants at \$1,100,287.

(v) In August 2020, number of the Company's employees and consultants exercised their stock options. As a result, 120,529 shares at the exercise value of \$151,388 were issued. The common shares were valued at \$270,325.

(vi) In September 2020, a warrant holder exercised 8,620 warrants. As a result, 8,620 shares at the exercise value of \$5,948 were issued. The common shares and warrants were valued at \$7,930 and \$1,983, respectively.

(vii) In October 2020, a warrant holder exercised 23,000 warrants. As a result, 23,000 shares at the exercise value of \$15,870 were issued. The common shares and warrants were valued at \$21,160 and \$5,289, respectively.

(viii) In November 2020, a warrant holder exercised 48,685 warrants while allowing 84,648 remaining warrants to expire. As a result, 48,685 shares at the exercise value of \$26,290 were issued. The common shares were valued at \$35,053. The warrants that expired had a fair market value of \$14,991.

(xi) In November 2020, number of companies with a common director or officer exercised 88,889 warrants while allowing 1,826,666 remaining warrants to expire. As a result, 88,889 shares at the exercise value of \$48,000 were issued. The common shares were valued at \$64,000. The warrants that expired had a fair market value of \$338,506.

(x) In November 2020, the Company issued 44,444 common shares to pay for an \$87,998 liability owing to a vendor. This payment arrangement was part of the agreement between the Company and the vendor, signed prior to engaging the vendor.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

11. Warrant reserve

The following table reflects the continuity of warrants for the nine month period ended November 30, 2020 and the year ended February 29, 2020:

	Number of Warrants	Average Exercise Price
Balance, February 28, 2019	135,626	\$ 2.33
Warrants expired (i)	(135,626)	2.33
Warrants issued (note 10(b) (i))	333,333	0.54
Warrants issued (note 10(b) (ii))	1,715,555	0.54
Warrants issued (note 10(b) (iii))	180,957	0.69
Warrants issued (note 10(b) (iv))	4,709,180	0.69
Balance, February 29, 2020	6,939,025	\$ 0.65
Warrants exercised (note 10(b) (vi) (vii))	(31,620)	0.69
Warrants exercised (note 10(b) (viii) (xi))	(137,574)	0.54
Warrants expired (note 10(b) (viii) (xi))	(1,911,314)	0.54
Balance, November 30, 2020	4,858,517	\$ 0.69

The following table reflects the warrants issued and outstanding as at November 30, 2020:

Expiry Date	Exercise price (\$)	Issue date fair value (\$)	Number of warrants outstanding
December 20, 2020	0.69	35,522	180,957
January 6, 2021	0.69	41,500	172,414
January 9, 2021	0.69	152,375	633,044
January 24, 2021	0.69	899,140	3,872,102
		1,128,537	4,858,517

- (i) 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.

12. 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.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

12. Stock option reserve (continued)

The following table reflects the continuity of stock options for the nine month period ended November 30, 2020 and the year ended February 29, 2020:

	Number of stock options	Exercise Price
Balance, February 28, 2019	3,110,000	\$ 1.33
Options expired (i)	(102,000)	1.20
Options forfeited (ii)	(10,000)	1.20
Options forfeited (ii)	(25,000)	1.20
Options forfeited (iii)	(862,500)	1.30
Balance, February 29, 2020	2,110,500	\$ 1.35
Options issued (v)	225,000	1.14
Options issued (vi)	135,000	1.75
Options issued (vii)	325,000	1.20
Options exercised (ii)	(35,000)	1.20
Options exercised (iii)	(74,279)	1.30
Options exercised (v)	(11,250)	1.14
Options expired (ii)	(140,000)	1.20
Balance, November 30, 2020	2,534,971	\$ 1.35

The following table reflects the actual stock options issued and outstanding as at November 30, 2020:

Expiration Date	Exercise Price (\$)	Remaining contractual life (years)	Number of options outstanding	Options vested (exercisable)	Estimated grant date fair value
October 26, 2022 (iii)	1.30	2.00	1,753,221	1,277,596	2,041,866
January 28, 2021 (iv)	2.47	0.25	108,000	108,000	192,342
July 17, 2025 (v)	1.14	3.67	213,750	64,688	223,792
July 17, 2025 (vi)	1.75	3.67	135,000	33,750	129,739
July 17, 2025 (vii)	1.20	3.67	325,000	81,250	322,030
	1.57	2.65	2,534,971	1,565,284	2,909,769

(i) In July 2017, the Company granted an aggregate of 102,000 options to directors of the Company. The options were 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 expired 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. The amount of \$25,198 was reclassified to the deficit for the year ended February 29, 2020.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

12. Stock option reserve (continued)

(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 170,000 having vested on October 1, 2017 and 30,000 having vested on December 1, 2017. All 200,000 of the stock options expired on 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.

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 period ended February 29, 2020. On June 21, 2019, 5,000 options to an employee of the Company were forfeited and \$1,544 was classified to the deficit for the period ended February 29, 2020.

On February 29, 2020, 25,000 options granted to a former officer of the Company were forfeited and \$7,750 was classified to the deficit for the year ended February 29, 2020.

On August 2020, 35,000 options granted to employees and consultants were exercised at the exercise price of \$1.20. The option exercise payment for 20,000 this was Doug...happened in August options, was settled against accounts payable that was owed to the option holder. Cash value of account payable settled was \$24,000. For the remaining 15,000 options, the exercise payment was received in cash. In the same period, 140,000 of the options granted employees, directors and consultants expired.

(iii) 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 vested in 33.33% increments yearly with the first 33.33% having vested on February 28, 2019 and the remaining 66.67% of the options outstanding having vested by February 29, 2020. The balance of 2,465,000 options issued to officers will vest in 25% increments yearly with the first 25% having vested on February 28, 2018 and 75% of the options outstanding having vested by February 29, 2020. 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. On February 29, 2020, 862,500 options granted to a former officer of the Company were forfeited and \$966,000 was classified to the deficit for the year ended February 29, 2020.

On August 2020, 74,279 options granted to directors and consultants were exercised at the exercise price of \$1.30. The option exercise payment for 44,279 options, was settled against accounts payable that was owed to the option holder. Cash value of accounts payable settled was \$57,563. For remaining 41,250 options, the exercise payment was received in cash.

(iv) In January 2018, the Company granted 108,000 stock options to consultants of the Company. The options were exercisable at a price of \$2.47 per common share and will expire on January 28, 2021. The options vest in 50% increments yearly with the first 50% having vested on November 1, 2018 and the remainder having vested on November 1, 2019. 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 year ended February 29, 2020, \$34,972 was recorded as share-based compensation in the consolidated statement of loss.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

12. Stock option reserve (continued)

(v) In July 2020, the Company granted 225,000 stock options to directors of the Company. The options were exercisable at a price of \$1.14 per common share and will expire on July 17, 2025. The options vest in 25% increments yearly with the first 25% having vested on July 17, 2020. The grant date fair value of the stock options was estimated to be \$ 223,792 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 152%, risk-free interest rate of 0.18%, and expected life of 4 years. In August 2020, 11,250 of options these options were exercised.

(vi) In July 2020, the Company granted 135,000 stock options to employees and consultants of the Company. The options were exercisable at a price of \$1.75 per common share and will expire on July 17, 2025. The options vest in 25% increments yearly with the first 25% having vested on July 17, 2020. The grant date fair value of the stock options was estimated to be \$129,739 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 152%, risk-free interest rate of 0.18%, and expected life of 4 years.

(vii) In July 2020, the Company granted 325,000 stock options to a consultant of the Company. The options were exercisable at a price of \$1.20 per common share and will expire on July 17, 2025. The options vest in 25% increments yearly with the first 25% having vested on July 17, 2020. The grant date fair value of the stock options was estimated to be \$322,030 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 152%, risk-free interest rate of 0.18%, and expected life of 4 years.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Month Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

13. Expenses categorized by nature

Cost of sales	Three Months Ended November 30		Nine Months Ended November 30	
	2020	2019	2020	2019
External processing charges	\$ 341,222	\$ 120,359	\$ 714,474	\$ 270,530
Computer and web access charges	2,004	2,507	7,705	8,936
	\$ 343,226	\$ 122,866	\$ 722,179	\$ 279,466

Administrative expenses	Three Months Ended November 30		Nine Months Ended November 30	
	2020	2019	2020	2019
Salaries and Benefits	\$ 262,264	\$ 142,592	\$ 623,088	\$ 713,893
Investor relations	124,296	26,436	160,100	40,689
Travel promotion and business development	117,015	53,118	172,100	117,674
General and administrative expenses	55,018	43,267	161,832	134,588
Consulting Fees	30,728	63,700	94,570	151,743
Amortization (notes 7 and 8)	21,340	38,225	75,687	119,069
Accounting and office	16,680	29,850	95,398	113,550
Agent and filing fees	10,481	8,588	38,080	32,177
Professional fees	8,632	58	54,597	56,772
Foreign exchange loss (gain)	4,677	1,585	(11,150)	(71)
Canada Emergency Wage Subsidy	(46,573)	-	(119,136)	-
	\$ 604,558	\$ 407,419	\$ 1,345,166	\$ 1,480,084

During the three and nine month period ended November 30, 2020, the Company received funding under the Canada Emergency Wage Subsidy program in the amount of \$46,573 and \$119,136 respectively. The subsidy was used to offset administrative expenses as outlined in the table above.

14. Related party balances and transactions

During the three and nine month periods ended November 30, 2020 and 2019, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of \$16,680 and \$95,395 (November 30, 2019 - \$29,850 and \$113,550), respectively to a company with a common officer and director.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Month Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

14. Related party balances and transactions (continued)

During the three and nine month periods ended November 30, 2020 and 2019, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended		Nine Months Ended	
	November 30		November 30	
	2020	2019	2020	2019
Share-based compensation	\$ 80,874	\$ 149,418	\$ 149,418	\$ 456,996
Salaries and benefits	43,500	60,310	128,404	407,034
Consulting fees	10,660	10,703	34,502	33,020
	\$ 135,034	\$ 220,431	\$ 312,324	\$ 897,050

As at November 30, 2020, balances payable to the related parties noted above amounted to \$18,956 (February 29, 2020 - \$140,313) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

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

See also note 8, 9 and 12.

15. 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 November 30, 2020.

PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

November 30, 2020 and 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 and nine month periods ended November 30, 2020
Discussion dated: December 21, 2020

Introduction

The following interim Management's Discussion and Analysis – Quarterly Highlights (the “Quarterly Highlights”) of the financial condition and results of the operations of PUDO Inc. (“PUDO” or the “Company”) constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine month periods ended November 30, 2020 (“Q3 FY 2021”), 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 and nine month periods ended November 30, 2020, the audited annual consolidated financial statements of the Company for the years ended February 29, 2020 and February 28, 2019, together with the notes thereto, and the Management's Discussion and Analysis (“Annual MD&A”) Report of the Company for the year ended February 29, 2020. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

The Company's condensed interim unaudited 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 29, 2020, except for the adoption of new standards effective as of March 1, 2020 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. PUDO deploys their technology to provide consumers with convenient locations to Pick-Up or Drop-Off (“PUDO” or the “Network”) e-commerce parcels. Through collaboration with online retailers, third party logistics companies (“3PL”), Software as a Service (“SaaS”) providers, 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.

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.

PUDO Inc.
Interim Management's Discussion & Analysis - Quarterly Highlights
Three and nine month periods ended November 30, 2020
Discussion dated: December 21, 2020

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 relate 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 May 28, 2020.

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

The World Health Organization declared a global emergency on January 30, 2020 as a result of the 2019 novel coronavirus ("COVID-19"), then characterized it as a pandemic on March 11, 2020. The outbreak spread globally causing companies and various jurisdictions, including Canada and the United States, to impose restrictions, such as quarantines, closures, cancellations, and travel restrictions including closing the Canada – United States border. While these effects were expected to be temporary, and although some vaccines are being approved and administered, the duration of the business disruptions and the related financial impact cannot be reasonably estimated at this time. At this point, the extent to which COVID-19 may impact the Company's results and business for fiscal year 2021, including parcel volumes, is unclear. PUDO's consolidated results in Q3 FY 2021 have been negatively impacted by this event. The impact of the outbreak continues to be unknown. The extent of the impact will depend on future developments. The Company's employees continue to work from home to manage the PUDO Network in support of its partners and customers.

Below are a few Company highlights during Q3 FY 2021:

- Revenue was up 74.8% compared to the same quarter in the prior fiscal year as a result of increased 3PL shipments and returns parcels that used PUDO's discounted shipping rates along with access to the PUDOpoint Counters network for online retailers' customers to drop off parcels to be returned to retailers. The returns parcels are picked up and consolidated by PUDO leveraging their current relationships with courier/shipping partners. This increase in revenue was offset in two service areas the first being reduced failed first attempt home delivery (Failed First Attempt" or "FFA") parcels as more customers were at home during the COVID-19 pandemic and the requirement to work from home offices and the second as a result of the Canada-USA border being closed to non-essential travel due to the COVID-19 pandemic for border member shipments.

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- 📍 Management continued to invest in ongoing software development to enhance PUDO's current software technology and database structure to better manage API integration of PUDO's various new service offerings with current and new partners.
- 📍 Other significant announcements and media coverage during the third quarter include:
 - On September 24, 2020, PUDO CEO Frank Coccia was interviewed by Steve Darling from Proactive Investors, Vancouver to discuss the PUDOpoint Counters network.
 - <https://www.youtube.com/watch?v=TmLzltvjRVU>
 - On September 30, 2020, Frank Coccia participated in an OTC Markets Group Podcast to discuss how PUDO provides the technology that manages the PUDOpoint Counters pick-up and drop-off hubs throughout North America.
 - https://www.otcmarkets.com/podcast/otcqb?utm_source=hootsuite&utm_medium=social&utm_term=&utm_content=&utm_campaign=OTCQB%20Podcast
 - On October 15, 2020, PUDO and ZigZag Global announced through its partnership with UK-based ZigZag Global ("ZigZag"), a best-in-class returns portal for online retailers, that it had expanded e-commerce returns services to customers of some of the world's largest retailers by networking the PUDO Network with the ZigZag returns portals in online retail websites.
 - https://webfiles.thecse.com/2020-10-15_Release_ZigZag>Returns_Publish.pdf?YLZx3QOcx4Q.H4AfOwMHR5zdjjTu_Lsa
 - <https://www.zigzag.global/pudopoint-counters-partners-with-zigzag-global-to-provide-a-convenient-last-mile-solution-for-north-america/>
 - On October 24 and 25, 2020, B-TV Business Television News broadcasted the following story on national television. "PUDO Inc. is North America's only carrier-neutral parcel pick-up and drop-off counter Network. It was conceived to resolve the last-mile parcel-traffic-control gridlock that challenges North America's \$827B e-commerce sector, and eliminate over \$6B in door-dropped parcel theft annually. PUDO is connecting retailers, couriers and consumers for parcel pick up, drop off and returns with a network called PUDOpoint Counters. Further, the counters are strategically located very close to where people live, work and play."
 - [Link to 4 minute video](#)
 - On November 25, 2020, the Issuer announced an agreement with The Salvation Army Thrift Store, NRO to utilize PUDO's GiveBackCanada.ca program. This partnership will enable Canadians to ship their unwanted clothing and footwear to The Salvation Army Thrift Store from a PUDOpoint location at no cost by downloading a free shipping label and packing their donations in recycled cardboard boxes. By piggybacking on PUDO's existing returns logistics Network donations are consolidated at the community level and shipped from major Canadian cities, to regional warehouses for sorting and re-distribution to thrift stores.
 - https://webfiles.thecse.com/2020-11-25_PUDO_GBC_SATS_Publish.pdf?1dIT3Xlqb9njNT2pBk.VtYp9awVHiE.W

Capital Resources

During Q3 FY2021, the Company completed the following capital transactions:

- 📍 31,620 common shares were issued upon the early exercise of common share purchase warrants (expiry date January 24, 2020) for total proceeds of \$21,818 to the Company for ongoing operating activities.
- 📍 137,574 common shares were issued upon the exercise of common share purchase warrants (expiry date November 7, 2020) for total proceeds to the Company of \$74,290 for ongoing operating activities.

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- 📍 44,444 common shares were issued for professional advisory services to the Company valued at \$87,998.

Operations

PUDOpoint Network

The Company continued to develop the PUDOpoint Counter network within Canada and the United States while working closely with current partners, identifying strategic areas where they required locations to support their various programs to customers. New locations have been activated where partners have indicated a need for PUDO's services, including Failed First Attempts, returns, 3PL parcel shipments, and Pickup Counters. This has been minimally offset by PUDOpoint Counter locations that have had operations suspended due to COVID-19. As well, PUDO continues to expand and develop its database of registered PUDOpoint Counter locations that are ready to be activated in support of PUDO partners as they expand into those services and regions.

During Q3 FY 2021 the PUDOpoint Counter network expanded to 1,320 locations across Canada and the US, a 16.8% increase from the prior quarter ended August 31, 2020 ("Q2 FY 2021").

Parcel Volume Analysis

Parcel volume and other factors within the e-commerce ecosystem can affect PUDO's goals and performance during its continued growth and evolution. During Q3 FY 2021 the COVID-19 pandemic impacted overall parcel volume being delivered within the PUDO Network. With most businesses shut down and employees working from home, Failed First Attempts decreased as consumers were at home to accept packages, reducing the requirement for an alternative delivery location. PUDO's Network is comprised mainly of convenience stores that were deemed essential services. This allowed PUDO's partners to successfully utilize alternative delivery locations when they did require the Network. The PUDOpoint Counters support their local communities as a safe haven for parcel deliveries, returns, or donations.

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.

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

- 📍 *Courier Pickup ("For Pickup" or "FPU")*: During Q3 FY 2021, PUDO courier pickup service at PUDOpoint locations continued to see growth with parcel volume increasing by approximately 415% compared to Q3 FY 2020. This is a result of a large customer continuing to expand their use of PUDOpoint Counter locations as drop off locations for courier and customer pickups. In sequential quarters, courier pickup parcel volumes in Q3 FY 2021 as compared to Q2 FY 2021 increased by 53.6%

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as this service continued to expand. During the nine months ended November 30, 2020 Courier pickup parcel volumes increased by 360% relative to the nine months ended November 30, 2019 in the prior year

- 📍 **Third Party Logistics ("3PL"):** During Q3 FY 2021, 3PL parcel shipments increased by approximately 1,200% relative to the prior year, Q3 FY 2020 as a result of 3PL being a relatively new service offered during Q3 FY 2020. In sequential quarters, 3PL parcel shipments in Q3 FY 2021 as compared to Q2 FY 2021 increased by approximately 165%. The increase was a result of a PUDO partner experiencing higher shipping volumes than expected due to the surge in online shopping as many bricks and mortar retail locations scaled back their in-store operations significantly due to COVID-19 restrictions. During the nine months ended November 30, 2020 3PL parcel shipments increased by approximately 2,330% relative to the nine months in the prior year. This increase was a result of this service being a new offering launched in late Q3 FY 2020.
- 📍 **Failed First Attempts ("FFA"):** During Q3 FY 2021 total FFA parcel volume decreased by 13.4% relative to Q3 FY 2020. In sequential quarters, parcel volumes in Q3 FY 2021 compared to Q2 FY 2021 increased by 32.6%. This increase between these sequential quarters is related to a dramatic increase in online shopping during the start of the holiday shipping season offset by customers being home to accept their parcels, reducing the requirement of redirects to PUDOpoint locations. During the nine months ended November 30, 2020 FFA parcel volumes decreased by 17.0% relative to the nine months in the prior year. This decrease was a result of many more customers being at home to accept parcels during COVID-19 reducing the need for a safe alternative delivery location.
- 📍 **Returns:** During Q3 FY 2021 returns parcels increased by approximately 170% as compared to the prior year, Q3 FY 2020. In sequential quarters, returns parcel volume in Q3 FY 2021 as compared to Q2 FY 2021 increased by 2.8%. These increases resulted from PUDO adding new clients to the PUDO returns service, thereby reducing returns costs for their clients. During the nine months ended November 30, 2020, returns parcels increased by approximately 90% relative to the nine months in the prior year. This increase was a result of PUDO's partners increasing additional client volumes as the value of this service offering provided by PUDO reduced costs for their clients
- 📍 **Border Member:** During Q3 FY 2021 total border member parcel volume decreased by approximately 80% relative to Q3 FY 2020. In sequential quarters, parcel volumes in Q3 FY 2021 compared to Q3 FY 2021 decreased by 19.4%. During the nine months ended November 30, 2020 border member parcel volume decreased by approximately 75% relative to the nine months in the prior year. These decreases were a direct result of COVID-19 and the continued closure of the Canada – USA border to non-essential travel during these three and nine month periods ended November 30, 2020 relative to the same periods in 2019.
- 📍 **Pickup Counters:** As a result of a successful program with large US e-commerce retailers that ran a piloted test program in Q4 FY 2020, followed by another pilot test program in Canada during Q2 FY 2021 over 700 PUDOpoint Counter locations are now appearing at checkout as alternative delivery options for the e-commerce retailer's customers. As a result of this new combined parcel volume generated by the pilot test programs during Q3 FY 2021, pickup counter parcel volumes increased by approximately 145% over the prior quarter, Q2 FY 2021.

Outlook

Revenue in Q3 FY 2021 was the highest of any financial quarter in PUDO's history, irrespective of the global COVID-19 pandemic and associated complications for the e-commerce sector and supply chains. Based on the current, long-awaited exponential growth of the PUDO Network, management believes that revenue and volume growth should continue into the future, with increases in per parcel gross revenues earned on returns and new cross-border services.

The expanded PUDO Network is very much like the internet, in that parcel traffic is in perpetual motion in both directions, consolidating and diverging in thousands of co-locations (PUDOpoint Counters, PUDO

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cross-docks, PUDO 3PLs) on demand and as required by users. As the PUDO Network grows domestically and abroad, and volumes increase, there exists more and more opportunities for stakeholders of all sizes to drop volumes into the stream at any point in the Network, and save both time and money by leveraging in-process traffic volume. As volumes increase incrementally, and PUDO logistics optimize two-way and cross-border parcel traffic, per-parcel revenues also increase.

In Q1 and Q2 FY 2022, management expects the addition of new international parcel traffic directly to PUDO locations, originating in the online checkouts of e-commerce retailers, as IT and Network integration discussions are presently ongoing between PUDO and new e-commerce retailers. Management notes that COVID-19 pandemic-related factors and uncertainties may delay launch.

Also starting in Q1 FY 2022, management expects that PUDO's operating costs will increase in order to expedite the activation of new PUDOpoint Counters, and to train new and existing operators on the Company's expanded suite of services. Expansion will be concentrated in high density areas where there are many multi-family and apartment-style dwellings without doormen to receive packages and where leaving packages unattended is unsafe. The Company is working together with major retail and courier partners to identify locations into which parcel traffic will flow immediately upon activation.

Overall, the future of e-commerce logistics is promising for companies like PUDO who can scale in real time, respond to change quickly, and do so virtually, with little capital investment. E-commerce has been forever changed by the global COVID-19 pandemic. Statista forecasts + 15% increases annually in parcel volume and spending through to 2025.

Within e-commerce, there has been and will continue to be a demand by all stakeholders, for a 'Counters' type of parcel pick-up, drop-off, and returns management solutions that PUDO offers. In the UK, where PUDO-like Counters services are ubiquitous and define e-commerce logistics, the service is known as 'click and collect' – consumers choose or are directed to a Counters location in online check-outs.

In North America, the click and collect option has been growing steadily in popularity for the past several years. In 2016, up to one-third of online shoppers chose a pick-up location, and that number has increased dramatically, with a 554% increase YOY in May of 2020 (bringg.com). E-commerce and omnichannel stakeholders in the United States and Canada are struggling to respond to demand, and innovators are turning to PUDO for relief.

Through expansion partnership with large e-commerce retailers and national couriers, PUDO is expanding its PUDOpoint Counters Network and 'click-and-collect' services in tandem, making them available to all registered and authorized carriers the moment they are activated.

PUDO is the only e-commerce logistics Company creating an open counters Network, and with major e-commerce players already on-board, there is confidence that the 20-50 new PUDOpoint Counters activation path that the Company is currently on, will continue through 2021. As the Network continues to grow, a set of force-multiplying factors have been set into play that should continue to exponentially increase new and existing PUDOpoint Counters volumes, and demonstrate Network value to the e-commerce sector and to consumers. Namely:

- 📍 Continued growth of international returns, through SaaS partners like Zigzag Global
- 📍 Continued growth of domestic returns, dictated by existing retail and carrier partners
- 📍 Continued growth of failed-first-attempt volume, as existing partners access new Counters
- 📍 Growth of ship-direct-to-PUDO volume, as Counters appear in existing partner online checkouts
- 📍 Growth of ship-direct-to-PUDO volume, as new consumer/small business members realize click-and-collect convenience via PAGO - using a PPC address as their home-away-from-home address

The recent strategic alliance with Frontier Distribution, together with PUDOpoint Counters locations situated near the Canada-US border (Kinek) should figure prominently, as the Company activates this re-designed

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collective as a borderpoint mini network of one-stop customs-clearance centres for parcels moving across the border in either direction, destined for any Counters location. No other e-commerce logistics company offers a carrier-neutral cross-border service such as this, and confidence is high that small businesses and retailers will begin using the cost-effective open Network 3PL and customs clearance services unavailable to them previously.

"It has been an extraordinary challenge to maintain Network and corporate expansion during these past several months, amid a non-stop stream of complex COVID-19 related issues impacting the operations of our clients and partners, but we prevailed and I couldn't be more proud of our team," says PUDO CEO Frank Coccia. "We grew our expansion staff relatively seamlessly, and they were very quickly able to both help activate new PUDOpoint Counters location within our two-day average window and provide excellent support for existing and legacy operators. This speaks to our ability to continue scaling quickly and maintain scan compliance rates dictated by our major retail partners; a critical factor as we prepare to on-board major regional and national retail partners, and home-delivery carriers in the new year."

Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and nine month periods ended November 30, 2020 and 2019 is included below:

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 diluted	\$ (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 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 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

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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.

Administrative expenses for the three months ended November 30, 2020 was \$604,558 (November 30, 2019 - \$407,419), representing an increase of \$197,139 or 48.4% over the same period last year primarily as a result of new resources added to the customer support team and media and investor relations services. For the nine months ended November 30, 2020, administrative expenses decreased by \$134,918 or 9% relative to same nine month period in the prior fiscal year. This decrease relates primarily to the impact of the reduction in travel due to COVID-19 travel restrictions and reduced consulting fees relative to the prior year.

Non-cash share-based compensation for the three and nine month periods ended November 30, 2020 was \$80,874 and \$198,448 (November 30, 2019 - \$149,418 and \$456,996), respectively, representing a decrease relative to the corresponding periods in the prior fiscal year.

Financial Condition

As at November 30, 2020, the Company had total assets of \$1,409,181 (February 29, 2020 - \$2,468,321). This decrease was primarily attributed to the related costs associated with operations and repayment of debt owing to a company with a common officer and director.

The Company had a working capital surplus of \$828,451 (February 29, 2020 - \$1,545,969), had not yet achieved profitable operations, had used cash in operating activities of \$973,061 for the nine month period ended November 30, 2020 (November 30, 2019 - \$685,444), had a deficit of \$10,983,780 as at November 30, 2020 (February 29, 2020 - \$10,159,033) and had shareholders' equity of \$996,857 (February 29, 2020 - \$1,670,552). The continuing operations of the Company are dependent upon its ability to commence profitable operations and raise adequate financing 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.

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Cash Flows

During the nine month period ended November 30, 2020, cash decreased by \$1,164,649 to \$848,867 (February 29, 2020 – \$2,038,493) due to \$973,061 cash used in operating activities, \$106,465 in cash used in investing activities and a total of \$85,123 cash used in financing activities.

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 through equity financings. The Company's outstanding loans and borrowings as at November 30, 2020 consist of the following:

	November 30 2020	February 29 2020
Loan payable (Atlantic Canada Opportunities Agency) 6 instalments repayable at \$4,458 per month	\$ 26,748	\$ 66,870
Less: Discount future contractual cash flows	1,135	6,244
	25,613	60,626
Less: Current portion	25,613	47,581
	\$ -	\$ 13,045

Future repayments on the loan as at November 30, 2020 include the following:

December 1, 2020 to February 28, 2021	\$ 13,374
March 1, 2021 to June 22, 2021	13,374
	\$ 26,748

During the nine month period ended November 30, 2020, the \$232,855 balance of the promissory note including accrued interest was fully repaid in the first quarter.

Opening balance – February 29, 2019	\$ -
Promissory note	591,000
Interest expense	63,460
Partial settlement of promissory note	(425,000)
Balance – February 29, 2020	\$ 229,460
Interest expense	3,395
Total	\$ 232,855
Repayment of promissory note	(232,855)
Balance – November 30, 2020	\$ -

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 reflects 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 and nine month periods ended November 30, 2020 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 29, 2020 contain an emphasis of matter paragraph in its audit opinion related to its ability to continue as a going

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concern. Management believes that actions currently being taken, which primarily involve increasing revenues, controlling expenses, and raising additional capital will allow the Company to achieve profitability and allow the Company to continue as a going concern.

Related Party Transactions

During the three and nine month periods ended November 30, 2020 and 2019, the Company had the following transactions with shareholders, management, and directors:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2020	2019	2020	2019
Share-based compensation	\$ 80,874	\$ 149,418	\$ 149,418	\$ 456,996
Salaries and benefits	43,500	60,310	128,404	407,034
Consulting fees	10,660	10,703	34,502	33,020
	\$ 135,034	\$ 220,431	\$ 312,324	\$ 897,050

During the three and nine month periods ended November 30, 2020 and 2019, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of \$16,680 and \$95,395 (November 30, 2019 - \$29,850 and \$113,550), respectively to a company with a common officer and director.

As at November 30, 2020, balances payable to the related parties noted above amounted to \$18,956 (February 29, 2020 - \$140,313) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

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

Subsequent events

The Company evaluated subsequent events through December 21, 2020, the date these Interim Quarterly Highlights were approved and authorized for issue. There were no material subsequent events that required recognition or additional disclosure in the Quarterly Highlights.

Risk Factors

The Annual MD&A for the year ended February 29, 2020, dated May 28, 2020 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 2021 fiscal year and to the date of this report, other than the impact of the COVID-19 pandemic on the general North American economy, and more specifically on PUDO's operations. This continues to be monitored by PUDO's management team as their customers, partners and members deal with the impact of the COVID-19 pandemic.