

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, 2022 and 2021, 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 – Note 12.

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
27Oct2022	Common shares	Debt conversion	21,111	\$1.30	\$27,444	Debt conversion	CFO	Nil

Please refer to Schedule A – Financial Statements – Note 9.

- (b) summary of options granted during the period,

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

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

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.

FORM 5 – QUARTERLY LISTING STATEMENT

Please refer to Schedule A – Financial Statements – Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficiency) Equity Page 3 and Notes 9 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</i>
<i>Tracy K. Bramlett</i>	<i>Director</i>
<i>Murray Cook</i>	<i>Director</i>
<i>Richard Cooper</i>	<i>Director - Chairman</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, 2022 and 2021, 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 **January 4, 2023.**

Frank Coccia

Name of Director or Senior Officer

/s/ Frank Coccia

Signature

CEO

Official Capacity

<i>Issuer Details</i> Name of Issuer PUDO Inc.	For Quarter Ended November 30, 2022	Date of Report YY/MM/DD 23/01/04
Issuer Address 6600 Goreway Drive Unit D		
City/Province/Postal Code Mississauga, ON L4V 1S6	Issuer Fax No. ()	Issuer Telephone No. (844) 300-8533
Contact Name Frank Coccia	Contact Position CEO	Contact Telephone No. (844) 300-8533
Contact Email Address frank.coccia@pudopoint.com	Web Site Address www.pudopoint.com	

PUDO INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED NOVEMBER 30, 2022

(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, 2022	February 28, 2022
Assets			
Current assets			
Cash		\$ 265,181	\$ 134,750
Restricted short-term investment		25,632	25,632
Trade and other receivables	3, 5	390,937	325,312
Prepaid expenses and deposits		66,741	85,252
Total current assets		748,491	570,946
Non-current assets			
Equipment	6	4,486	23,449
Intangible assets	7	41,829	67,319
Total assets		\$ 794,806	\$ 661,714
Liabilities			
Current liabilities			
Trade and other payables	8, 12	\$ 777,324	\$ 713,521
Total liabilities		777,324	713,521
Shareholders' equity			
Share capital	9	9,094,720	9,043,688
Stock option reserve	10	478,773	2,115,613
Deficit		(9,556,011)	(11,211,108)
Shareholders' equity (deficit)		17,482	(51,807)
Total liabilities and shareholders' equity		\$ 794,806	\$ 661,714

Nature of operations and going concern (note 1)

Commitments and contingencies (note 13)

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)

	Notes	Three Months Ended November 30,		Nine Months Ended November 30,	
		2022	2021	2022	2021
Revenue	3	\$ 1,023,889	\$ 549,063	\$ 2,917,976	\$ 1,512,344
Cost of sales	11	(619,122)	(392,353)	(1,783,961)	(1,058,694)
Gross profit		404,767	156,710	1,134,015	453,650
Administrative expenses	11	(381,654)	(417,503)	(1,092,170)	(1,294,352)
Share-based compensation	12	(49,817)	(35,185)	(252,907)	(175,927)
Operating loss		(26,704)	(295,978)	(211,062)	(1,016,629)
Finance costs		-	-	-	(333)
Net loss and comprehensive loss for the period		\$ (26,704)	\$ (295,978)	\$ (211,062)	\$ (1,016,962)
Loss per share - basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)
Weighted average number of shares outstanding – basic		27,168,111	27,117,584	27,168,111	27,117,584
Weighted average number of shares outstanding - diluted		27,737,556	27,117,584	27,737,556	27,117,584

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	Stock Option Reserve	Deficit	Total
Balance, February 28, 2021	27,162,028	\$ 9,060,580	\$ 2,204,607	\$ (10,349,436)	\$ 915,751
Share-based compensation	-	-	175,927	-	175,927
Cancellation of issuance of common shares to settle payable to vendor (note 9)	(44,444)	(87,999)	-	87,999	-
Net loss for the nine month period ended November 30, 2021	-	-	-	(1,016,962)	(1,016,962)
Balance, November 30, 2021	27,117,584	\$ 8,972,581	\$ 2,380,534	\$ (11,278,399)	\$ 74,716
Share-based compensation	-	-	29,595	-	29,595
Issuance of common shares to settle payable to vendor (note 9)	29,416	71,107	(32,866)	-	38,241
Stock options exercised (note 10)	-	-	(261,650)	261,650	-
Net loss for the three month period ended February 28, 2022	-	-	-	(194,359)	(194,359)
Balance, February 28, 2022	27,147,000	\$ 9,043,688	\$ 2,115,613	\$ (11,211,108)	\$ (51,807)
Share-based compensation	-	-	252,907	-	252,907
Issuance of common shares to settle payable to vendor (note 9)	21,111	51,032	(23,588)	-	27,444
Options forfeited (note 10)	-	-	(1,866,159)	1,866,159	-
Net loss for the nine month period ended November 30, 2022	-	-	-	(211,062)	(211,062)
Balance, November 30, 2022	27,168,111	\$ 9,094,720	\$ 478,773	\$ (9,556,011)	\$ 17,482

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, 2022	Nine Months Ended November 30, 2021
Cash flows used in operating activities			
Net loss for the period		\$ (211,062)	\$ (1,016,962)
Adjustments for:			
Amortization	6, 7	44,452	68,296
Accretion expense		-	329
Share-based compensation	12	252,907	175,927
Allowance for doubtful accounts	5	5,634	3,605
Net change in working capital:			
Restricted short-term investment		-	(128)
Trade and other receivables		(65,625)	73,793
Prepaid expenses and deposits		18,511	5,632
Trade and other payables		91,248	104,966
Cash flows received (used) in operating activities		136,065	(584,542)
Cash flows used in investing activities			
Purchase of equipment	6	-	(6,852)
Cash flows used in investing activities		-	(6,852)
Cash flows provided by (used in) financing activities			
Repayment of advances payable and borrowings		-	(13,045)
Cash flows used in financing activities		-	(13,045)
Change in cash during the period		136,065	(604,439)
Cash, beginning of period		134,750	749,708
Effect of translation of foreign currency		(5,634)	9,111
Cash, end of period		\$ 265,181	\$ 154,380

Supplemental information:

Exercised option payment settled against Accounts Payable	\$ 27,445	\$ -	-
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See accompanying notes to the unaudited condensed interim consolidated financial statements

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (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 PUDOpoinTM ("PUDOpoin^T"). PUDOpoin^Ts 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 PUDOpoin^Ts (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 PUDOpoin^Ts 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 PUDOpoin^T for processing back to the retailer.

The Company's registered office is at 6600 Goreway Drive, Unit D, Mississauga, Ontario, L4V 1S6. The Company is listed on the Canadian Securities Exchange ("CSE"), trading under the symbol "PDO" and is currently a member of the CSE Composite Index.

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, 2022, the Company had a working capital deficit of \$28,833 (February 28, 2022 – \$142,575), had not yet achieved profitable operations, had received cash in operating activities of \$136,065 for the nine-month period ended November 30, 2022 (November 30, 2021 - cash used in operating activities of \$584,542), had a deficit of \$9,556,011 as at November 30, 2022 (February 28, 2022 - \$11,211,108) and had shareholders' equity of \$17,482 (February 28, 2022 – deficit of \$51,807). 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 Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended February 28, 2022. Any subsequent changes to IFRS that are given effect in the Company's

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

2. Basis of preparation (continued)

annual consolidated financial statements for the year ending February 28, 2023, could result in restatement of these unaudited condensed interim consolidated financial statements.

The condensed interim consolidated financial statements of the Company for the three and nine month periods ended November 30, 2022 were approved and authorized for issue by the Board of Directors on January 4, 2023.

(b) Basis of presentation

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

(c) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries PUDOpoin 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 their management of capital.

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

(i) Credit risk

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

PUDO Inc.

**Notes to Condensed Interim Consolidated Financial Statements
Nine Months Ended November 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

3. Financial risk management (continued)

	Three Months Ended November 30, 2022		Nine Months Ended November 30, 2022	
	2022	2021	2022	2021
Revenue from one customer	\$ 282,553	\$ 337,876	\$ 937,429	\$ 859,645
% of total revenue	28%	62%	32%	57%
			November 30, 2022	February 28, 2022
Accounts Receivable from one Customer			87,419	102,746
% of total accounts receivable			22%	32%

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

	November 30, 2022	February 28, 2022
Cash	\$ 265,181	\$ 134,750
Restricted short-term investment	25,632	25,632
Trade and other receivables	390,937	325,312
	\$ 681,750	\$ 485,694

(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, 2022			Greater than 1 year	Total
	1 Year or Less			
Trade and other payables	\$ 777,324	\$ -	-	\$ 777,324
February 28, 2022				
February 28, 2022	1 Year or Less		Greater than 1 year	Total
Trade and other payables	\$ 713,521	\$ -	-	\$ 713,521

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

(iii) Market risk

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

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

3. Financial risk management (continued)

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

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2022	2021	2022	2021
Canada	\$ 997,259	\$ 535,582	\$ 2,841,133	\$ 1,439,301
United States of America	26,630	13,481	76,843	73,043
	\$ 1,023,889	\$ 549,063	\$ 2,917,976	\$ 1,512,344

(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, 2022 and February 28, 2022, 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, 2022	USD	CAD Equivalent
Cash	\$ 57,201	\$ 77,266
Trade and other receivables	22,795	30,791
	\$ 79,996	\$ 108,057

As at February 28, 2022	USD	CAD Equivalent
Cash	\$ 33,228	\$ 38,383
Trade and other receivables	40,483	51,406
Trade and other payables	(25,678)	(32,606)
	\$ 45,033	\$ 57,183

(v) Interest rate risk

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

(vi) Capital risk management

The Company reviews and manages its capital position from time to time to maintain a balance between its liability and equity levels. The Company uses the capital contributed by investors to finance its working capital requirements. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future developments of the business. The Company defines capital as shareholder's equity, loans and borrowings. As at November 30, 2022, the Company had shareholders'

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

3. Financial risk management (continued)

equity of \$17,482 (February 28, 2022 – deficit of \$51,807) and loans and borrowings of \$ nil (February 28, 2022 – \$ nil).

The Company's capital management objectives, policies and processes have remained materially unchanged during the nine-month period ended November 30, 2022 and the year ended February 28, 2022.

(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, 2022, 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.

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 non-financial assets) and at objective evidence, for a 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. The Company reviews property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of financial assets

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

Share-based compensation

The Company measures the cost of equity-settled transactions with employees, consultants, officers and directors by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

4. Critical accounting estimates and judgments (continued)

dependent on the terms and conditions of the grant. Assumptions are made and judgment is used in applying valuation techniques.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to increase revenues and working capital requirements.

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, 2022	February 28, 2022
Trade receivables	\$ 166,043	\$ 291,748
Other receivables	224,894	33,564
	\$ 390,937	\$ 325,312

Allowance for doubtful accounts as at November 30, 2022 was \$ 5,634 (February 28, 2022 – \$ 5,438).

6. Equipment

Scanners and Tablets	Cost	Accumulated Amortization	Net Book Value
Balance at February 29, 2021	\$ 316,857	\$ 256,517	\$ 60,340
Additions / amortization	6,852	43,743	(36,891)
Balance at February 28, 2022	\$ 323,709	\$ 300,260	\$ 23,449
Additions / amortization	-	18,963	(18,963)
Balance at November 30, 2022	\$ 323,709	\$ 319,223	\$ 4,486

7. Intangible assets

Computer Software	Cost	Accumulated Amortization	Net Book Value
Balance at February 29, 2021	\$ 774,392	\$ 668,848	\$ 105,544
Additions / amortization	-	38,225	(38,225)
Balance at February 28, 2022	\$ 774,392	\$ 707,073	\$ 67,319
Additions / amortization	-	25,490	(25,490)
Balance at November 30, 2022	\$ 774,392	\$ 732,563	\$ 41,829

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Months Ended November 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

8. Trade and other payables

	As at November 30, 2022	As at February 28, 2022
Trade payables	\$ 410,407	\$ 373,644
QST payable	4,926	5,902
Other payables	154,141	184,828
Accrued liabilities	207,850	149,147
	\$ 777,324	\$ 713,521

9. 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 29, 2021	27,162,028	\$ 9,060,580
Common shares cancelled (i)	(44,444)	(87,999)
Common shares issued (ii)	29,416	\$ 71,107
Balance, February 28, 2021	27,147,000	\$ 9,043,688
Common share issued (iii)	21,111	51,032
Balance, November 30, 2021	27,168,111	\$ 9,094,720

- (i) In November 2020, the Company issued 44,444 common shares to pay for an \$87,999 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. In April 2021, it was mutually agreed between the Company and the vendor to cancel the 44,444 common shares due to vendor not meeting the agreed upon deliverables.
- (ii) In February 2022, the Company's consultant exercised their stock options. As a result, 29,416 shares at the exercise value of \$38,240 were issued. The exercised value was settled against the payable towards the consultant. The common shares were valued at \$71,107.
- (iii) In October 2022, the Company's consultant exercised their stock options. As a result, 21,111 shares at the exercise value of \$27,444 were issued. The exercised value was settled against the payable towards the consultant. The common shares were valued at \$51,032.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements Nine Months Ended November 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

10. Stock option reserve

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

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

The following table reflects the continuity of stock options for the nine-month period ended November 30, 2022 and the year ended February 28, 2022:

	Number of stock options	Exercise Price
Balance, February 29, 2021	2,412,417	\$ 1.35
Options issued (i)	(325,000)	1.20
Options issued (ii)	(29,416)	1.30
Balance, February 28, 2022	2,058,001	\$ 1.35
Options issued (iii)	225,000	0.81
Options issued (iv)	344,445	0.81
Options exercised Note 9 (iii)	(21,111)	1.30
Options expired (v)	(1,688,140)	1.30
Balance, November 30, 2022	918,195	\$ 1.11

The following table reflects the actual stock options issued and outstanding as at November 30, 2022:

	Exercise Price (\$)	Remaining contractual life (years)	Weighted average number of options outstanding	Options vested (exercisable)	Estimated grant date fair value (\$)
July 17, 2025	1.14	2.67	213,750	124,688	223,792
July 17, 2025	1.75	2.67	135,000	78,750	129,739
March 1, 2027	0.81	4.25	569,445	106,771	367,071
	1.24	3.19	918,195	310,209	720,602

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Months Ended November 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

10. Stock option reserve (continued)

- (i) 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 BlackScholes 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 January 2022, 325,000 options were forfeited and \$261,650 were classified to the deficit for the year ended February 28, 2022.
- (ii) In February 2022, the Company's consultant exercised their stock options. As a result, 29,416 shares at the exercise value of \$38,240 were issued. The exercised value was settled against the payable towards the consultant. The common shares were valued at \$71,106.
- (iii) In March 2022, the Company granted 225,000 stock options to directors of the Company. The options were exercisable at a price of \$0.81 per common share and will expire on March 1, 2027. The options vest in 25% increments yearly with the first 25% having vested on March 1, 2022. The grant date fair value of the stock options was estimated to be \$ 145,038 using the BlackScholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 113%, risk-free interest rate of 0.62%, and expected life of 5 years.
- (iv) In March 2022, the Company granted 344,445 stock options to the consultants of the Company. The options were exercisable at a price of \$0.81 per common share and will expire on March 1, 2027. 325,000 of the options vest in 25% increments yearly with the first 25% having vested on March 1, 2022. 19,445,000 of the options vest in 25% increments quarterly with the first 25% having vested on June 1, 2022. The grant date fair value of the stock options was estimated to be \$ 222,033 using the Black-Scholes valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 113%, risk-free interest rate of 0.62%, and expected life of 5 years.
- (v) In October 2022, 1,688,140 options with a strike price of 1.30 expired. As a result, \$1,866,159 was removed from stock options reserve and recorded against deficit.

PUDO Inc.

**Notes to Condensed Interim Consolidated Financial Statements
Nine Months Ended November 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

11. Expenses categorized by nature

Cost of sales	Three Months Ended November 30, 2022		Nine Months Ended November 30, 2022	
	2022	2021	2022	2021
External processing charges	\$ 617,427	\$ 390,574	\$ 1,778,937	\$ 1,053,479
Computer and web access charges	1,695	1,779	5,024	5,215
	\$ 619,122	\$ 392,353	\$ 1,783,961	\$ 1,058,694

Administrative expenses	Three Months Ended November 30, 2022		Nine Months Ended November 30, 2022	
	2022	2021	2022	2021
Salaries and Benefits	\$ 206,680	\$ 244,294	\$ 601,485	\$ 734,125
General and administrative expenses	75,092	58,278	206,969	216,980
Professional fees	25,523	14,547	69,334	65,112
Investor relations	16,618	18,018	39,714	55,729
Travel and business development	15,772	14,206	35,922	26,199
Consulting Fees	14,572	10,338	39,410	34,584
Agent and filing fees	12,588	9,872	42,734	38,350
Accounting and office	2,798	24,595	13,811	52,884
Foreign exchange loss (gain)	(666)	423	(1,661)	2,093
Amortization (notes 6 and 7)	12,677	22,932	44,452	68,296
	\$ 381,654	\$ 417,503	\$ 1,092,170	\$ 1,294,352

12. Related party balances and transactions

During the three and nine month periods ended November 30, 2022 and 2021, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of \$4,068 and \$12,204 (November 30, 2021 - \$10,350 and 42,865), respectively to a company with a common officer and director.

During the three and nine month periods ended November 30, 2021 and 2020, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended November 30, 2022		Nine Months Ended November 30, 2022	
	2022	2021	2022	2021
Share Based Compensation	\$ 49,817	\$ 35,185	\$ 252,907	\$ 175,927
Salaries and benefits	47,778	37,089	154,165	132,514
Consulting fees	10,234	9,675	30,803	19,746
	\$ 107,829	\$ 81,949	\$ 437,875	\$ 328,187

As at November 30, 2022, balances payable to the related parties noted above amounted to \$33,133 (February 28, 2022 - \$25,186) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

PUDO Inc.

Notes to Condensed Interim Consolidated Financial Statements
Nine Months Ended November 30, 2022
(Expressed in Canadian Dollars)
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12. Related party balances and transactions (continued)

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

See also note 8, and 9.

13. 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, 2022.

14. Subsequent Event

On December 19, 2022, the Company entered into debt conversion agreements with three employees of the Company to eliminate their accrued vacation payable up to and including December 3, 2022, accrued vacation. In lieu of payment the Company will issue common shares. The reduction of accrued vacation liability and payout of the Company's common shares will take place in two tranches;- the first being completed by December 23, 2022, and the second by February 20, 2023.

On January 4, 2023, the Company announced that its board of directors appointed Elliott Etheredge as Chief Executive Officer. Frank Coccia will assume the role of Chief Operating Office, President and Founder continuing his leadership developing customer solutions and network expansion.

PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

NOVEMBER 30, 2022 and 2021

(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, 2022
Discussion dated: January 4, 2023

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, 2022 ("Q3 FY 2023"), 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, 2022, the audited annual consolidated financial statements of the Company for the years ended February 28, 2022, and February 28, 2021, together with the notes thereto, and the Management's Discussion and Analysis ("Annual MD&A") Report of the Company for the year ended February 28, 2022. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

The Company's unaudited condensed interim consolidated financial statements and financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of 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 "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 PUDOpoinTM ("PUDOpoin^T"). PUDOpoin^Ts 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 PUDOpoin^Ts (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 PUDOpoin^Ts 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 PUDOpoin^T for processing back to the retailer.

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Cautionary Note Regarding Forward-Looking Information

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

Management of the Company considers the assumptions on which the forward-looking information contained herein are based to be reasonable. However, by its very nature, forward-looking statements inherently involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks include, without limitation those risks discussed in the "Risk Factors" section of PUDO's Annual MD&A dated June 22, 2022.

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 impact and extent of the outbreak continues to be unknown and will depend on future developments. Most of 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 2023:

- 📍 For the nine months ended November 30, 2022, revenue increased \$1,405,632 to \$2,917,976 representing a 92.9% increase over the same period in the prior year primarily as a result of the increased utilization of the PUDO returns and consolidation services.
- 📍 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 existing and new service offerings with current and new partners. This included the ongoing enhancements to the PUDO Label returns service ("PUDO Label") that enables retailers' customers to print a return label for previously ordered products to drop off the return package at a PUDOpoin Counter location for an efficient and cost-effective consolidated pickup and returns process for the retailers.

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Capital Resources

In October 2022, a consultant exercised their stock options. As a result, an option exercise payment for 21,111 options was settled against \$27,440 in accounts payable that was owed to the consultant. A total of 21,111 common shares were issued.

Operations

PUDOpoint Network

The Company continued to focus on optimizing the PUDO Network to increase alignment with partner parcel volumes while leveraging the Network to develop new partner relationships and services that further enhance revenue opportunities. These focused efforts resulted in a new service being added and increased parcel volumes in PUDO's core revenue streams in the first half of this fiscal year from many of its current partners. IT integration and enhancements remain a strategic focus as the Company looks to increase efficiencies, add new partners, and grow revenue. Through strategic partnerships the Company is positioned well to add new PUDOpoin locations in Canada and the USA. This will provide new e-commerce retail partner locations for residential redirects, increased parcel volumes for direct to PUDOpoin deliveries, and add new revenue service offerings in the coming quarters. The Network remains uniquely positioned to offer cost effective convenient services for returns and to consumers who are looking for an alternative to home delivery.

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 2023 the COVID-19 pandemic impacted overall parcel volume being delivered within the PUDO Network. With many businesses shut down or working at reduced capacity and employees working from home, first time delivery failures decreased as someone was 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 PUDOpoin supported their local communities as a safe haven for parcel deliveries.

While the Company continued to strategically manage the growth and development of the Network throughout Q3 FY 2023, overall parcel volumes increased by 122.6% compared to the three month period ended November 30, 2021 ("Q3 FY 2022"). In sequential quarters, overall parcel volumes in Q3 FY 2023 as compared to Q2 FY 2023 decreased 1.9%. During this quarter, Q3 FY 2023, partner shipments increased 120.7% over the same quarter in the previous year and during the first nine months partner shipments increased 103.8% compared to same period in the prior year. During the same three month period, member shipment volumes increased 153.3% relative to the year earlier quarter as a result of the Canada-USA border reopening with limited restrictions. In Q3 FY 2023, partner shipments represented 93.4% of the Company's total volumes, down from 94.2% in the same quarter in the prior fiscal year.

During the nine months ended November 30, 2022, overall parcel volumes increased by 106.5% relative to the nine months ended November 30, 2021, primarily as a result of increases in shipments in services that were previously launched or enhanced during the nine months ended November 30, 2022.

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

- 📍 **Returns and For Pickup ("RFPU"):** During Q3 FY 2023, PUDO continued to see growth within the RFPU service with parcel volumes increasing by 508.2% compared to Q3 FY 2022. These volumes increased as PUDO's courier partners increased their utilization of the PUDOpoin Network in Canada enabling their customers to use PUDOpoin locations as drop off sites for pre-labeled parcels for courier pickup, consolidation and delivery. In sequential quarters, RFPU parcel volumes

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in Q3 FY 2023 as compared to the period ended August 31, 2022 ("Q2 FY 2023") decreased by 4.1%. During the nine months ended November 30, 2022, RFFU parcel volumes increased 395.9% relative to the nine months ended November 30, 2021, as PUDO courier partners utilized the PUDOpoin Counter Network to offer a lower cost returns option to their e-commerce retailers using their courier services for returns.

- 📍 *Failed First Attempts ("FFA")*: During Q3 FY 2023, total FFA parcel volumes increased by 5.3% relative to Q3 FY 2022. In sequential quarters, parcel volumes in Q3 FY 2023 compared to Q1 FY 2022 increased by 3.0%. This increase between these sequential quarters is most likely related to the reduced impact of COVID-19 and customers returning to work offices and not home to accept their parcels, increased the requirement of redirects to PUDO locations. During the nine months ended November 30, 2022, FFA parcel volumes increased 2.6% relative to the nine months ended November 30, 2021.
- 📍 *Third Party Logistics ("3PL")*: During Q3 FY 2023, 3PL parcel shipments increased by 13.5% over the prior year, Q3 FY 2022. The increase is a result of PUDO partners increasing the volume of parcel shipments that utilize PUDO's preferred shipping rates. In sequential quarters, 3PL parcel shipments in Q3 FY 2023 as compared to Q2 FY 2023 increased by 23.9%. During the nine months ended November 30, 2022, 3PL parcel volumes decreased 11.4% relative to the nine months ended November 30, 2021. This decrease may have been a result of reduced shipping to remote locations due to transportation costs and significant fuel surcharge fees.
- 📍 *Border Member*: During Q3 FY 2023 total member parcel volumes increased by 153.3% relative to Q3 FY 2022. In sequential quarters, parcel volumes in Q3 FY 2023 compared to Q2 FY 2023 increased by 1.8%. During the nine months ended November 30, 2022, border member parcel volumes increased by 154.4% relative to the nine months ended November 30, 2021. These increases are a direct result of reduced COVID-19 restrictions and the reopening of the Canada – USA border.
- 📍 *Pickup Counters*: Over 700 PUDOpoin Counter locations are available as "Hub Counters" in the USA and Canada as alternative delivery options for online shopping customers of a large US and Canada e-commerce retailer. These Hub Counters provide a location for safe and secure storage for parcels for pickup by the customer. During Q3 FY 2023 total Pickup Counter parcel volumes increased by 35.1% relative to Q3 FY 2022. The increase is a result PUDOpoin locations now being fully utilized by the retailer's customers during checkout. In sequential quarters, Pickup Counter parcel volumes in Q3 FY 2023 as compared to Q1 FY 2022 decreased by 4.3%. During the nine months ended November 30, 2022, Hub Counter parcel volumes increased by 34.5% relative to the nine months ended November 30, 2021.

As PUDO continues to expand and maintain its services, a greater number of stakeholder partners and consumer members will minimize parcel losses and reduce dependence on specific carriers as PUDO provides a courier agnostic network of locations.

Outlook

PUDO continues to leverage its Canadian PUDOpoin network to meet the growing demand for the PUDO Label return services from its partners. The Company is doing this by making the drop off network available for multiple partners and their online retail customers. This is increasing PUDOpoin revenue per store and helping diversify the partners that utilize the services across network locations. With the success of the PUDO Label returns service in Canada, the Company is working with a current partner to expand the service in the United States by leveraging the available USA PUDOpoin Network currently being used for customers that want to ship directly to a PUDOpoin from their retailer's checkout process providing a safe and secure delivery location for online ecommerce purchases.

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Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and nine month periods ended November 30, 2022 and 2021 is included below:

PUDO Inc.

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

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2022	2021	2022	2021
Revenue	\$ 1,023,889	\$ 549,063	\$ 2,917,976	\$ 1,512,344
Cost of sales	(619,122)	(392,353)	(1,783,961)	(1,058,694)
Gross profit	404,767	156,710	1,134,015	453,650
Administrative expenses	(381,654)	(417,503)	(1,092,170)	(1,294,352)
Share-based compensation*	(49,817)	(35,185)	(252,907)	(175,927)
Operating loss	(26,704)	(295,978)	(211,062)	(1,016,629)
Finance costs	-	-	-	(333)
Net loss and comprehensive loss for the period	\$ (26,704)	\$ (295,978)	\$ (211,062)	\$ (1,016,962)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)

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

During the three month period ended November 30, 2022, revenue was \$1,023,889 (November 30, 2021 - \$549,063), representing an increase of 86.5% over the same period last year primarily due to new partner volumes and the successful sale of additional PUDO services to other partners. For the nine months ended November 30, 2022, revenue increased \$1,405,632 to \$2,917,976 representing a 92.9% increase over the same period in the prior year as a result of the increase in FFAs, RFPUs, and Border Member PUDO services.

Gross profit for the three month period ended November 30, 2022, was \$404,766 (November 30, 2021 - \$156,710) representing an increase of \$248,056 or 158.3% over the same period last year. Gross profit for the nine month period ended November 30, 2022, was \$1,134,015 (November 30, 2020 - \$453,650) representing an increase of \$680,365 or 150.0% over the same period in the prior year. These increases are a result of increased use of PUDOpoin Counters by courier partners and the associated costs associated with consolidation and shipping fees.

During the three month period ended November 30, 2022, the Company reported a net loss of \$26,705 (\$0.00 basic and diluted loss per share), a decrease of \$269,273 compared with a net loss of \$295,978 (\$0.01 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. Most of this decreased loss was attributable to an increase in revenues and gross profit, along with a decrease in administrative expenses.

The net loss for the nine months ended November 30, 2022 was \$211,062 (\$0.01 basic and diluted loss per share), a decrease of \$805,900 from a net loss of \$1,016,629 (\$0.04 basic and diluted loss per share) in the corresponding nine months in the prior fiscal year, primarily due to a decrease in salary and benefits

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costs and administrative expenses overall and non-cash share-based compensation, offset by increased revenues and gross profit relative to the corresponding period of the prior fiscal year.

Administrative expenses for the three and nine month periods ended November 30, 2022, were \$381,654 and \$1,092,170 (November 30, 2021 - \$417,503 and \$1,292,170), respectively, representing a decrease relative to the corresponding periods in the prior fiscal year. These cost decreases relate primarily to the impact of the decreased salary and benefits costs during the three and nine month periods as compared to the prior year.

Non-cash share-based compensation for the three and nine month periods ended November 30, 2022, was recorded as \$49,817 and \$252,907 (November 30, 2020 - \$35,185 and \$175,927), respectively, representing an overall increase relative to the corresponding periods in the prior fiscal year primarily due to an issuance of options in March 2022.

Financial Condition

As at November 30, 2022, the Company had total assets of \$794,806 (February 28, 2022 - \$661,714). This increase was primarily attributed to the reduced costs associated with operations.

As at November 30, 2022, the Company had a working capital deficit of \$28,833 (February 28, 2022 – \$142,575), had not yet achieved profitable operations, had received cash in operating activities of \$136,065 for the nine-month period ended November 30, 2022 (November 30, 2021 - cash used in operating activities of \$584,542), had a deficit of \$9,556,011 as at November 30, 2022 (February 28, 2022 - \$11,211,108) and had shareholders' equity of \$17,482 (February 28, 2022 – deficit of \$51,807). 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.

Cash Flows

At the nine months ended November 30, 2022, ending cash was \$265,181 (November 30, 2021 – \$154,380) with \$136,065 cash received (November 30, 2021 – (\$584,542)) from operating activities, nil cash was used in investing activities (November 30, 2021 – (\$6,852)) and nil cash was used in financing activities (November 30, 2021 – (\$13,045)). The effects of translation of foreign currency was (\$5,634) (November 30, 2021 – \$9,111).

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 convertible debentures, promissory notes and equity financings. The Company's outstanding loans and borrowings as at November 30, 2022 are fully repaid.

Related Party Transactions

During the three and nine month periods ended November 30, 2022, and 2021, the Company incurred accounting fees and office rental, which are included in accounting and office expense, of \$4,068 and \$12,204 (November 30, 2021 - \$10,350 and \$42,865), respectively to a company with a common officer and director.

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Three and nine month periods ended November 30, 2022
Discussion dated: January 4, 2023

During the three and nine month periods ended November 30, 2022, and 2021, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2022	2021	2022	2021
Share Based Compensation	\$ 49,817	\$ 35,185	\$ 252,907	\$ 175,927
Salaries and benefits	47,778	37,089	154,165	132,514
Consulting fees	10,234	9,675	30,803	19,746
	\$ 107,829	\$ 81,949	\$ 437,875	\$ 328,187

As at November 30, 2022, balances payable to the related parties noted above amounted to \$33,133 (February 28, 2022 - \$25,186) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

Subsequent events

The Company evaluated subsequent events through January 4, 2023, the date these Interim Management's Discussion & Analysis - Quarterly Highlights were approved and authorized for issue.

On December 19, 2022, the Company entered into debt conversion agreements with three employees of the Company to eliminate their accrued vacation payable up to and including December 3, 2022, accrued vacation. In lieu of payment the Company will issue common shares. The reduction of accrued vacation liability and payout of the Company's common shares will take place in two tranches; the first being completed by December 23, 2022, and the second by February 20, 2023.

On January 4, 2022, the Company announced that its board of directors appointed Elliott Etheredge as Chief Executive Officer. Frank Coccia will assume the role of Chief Operating Officer, President and Founder continuing his leadership developing customer solutions and network expansion.

Risk Factors

The Annual MD&A for the year ended February 28, 2022, dated June 23, 2022, 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 2023 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 recover from the impact of the COVID-19 outbreak.