



PUDO Inc. Announces 2018 Full Year Results and Outlook

TORONTO, May 22, 2018 /CNW/ - PUDO Inc. ("PUDO" or "the Company") (CSE: PDO; OCTQB: PDPTF), North America's first courier-neutral Pick-Up Drop-Off Network ("Network"), filed today audited financial results and operational highlights for the Fiscal 2018 year ended February 28, 2018 ("FY 2018").

Financial Results Summary

Revenues decreased by approximately \$0.2 million to \$0.7 million for the year ended February 28, 2018 relative to the year ended February 28, 2017 ("FY 2017"), owing primarily to a reduction in volumes realized by a significant customer.

The Company's net loss was \$2.2 million in FY 2018, with basic and diluted loss per share of \$0.12. This compares with the net loss of \$1.3 million with basic and diluted loss per share of \$0.08 for FY 2017.

Gross profit of \$0.5 million in FY 2018 decreased \$0.1 million relative to the prior year. As a percentage of revenue, the gross profit in FY 2018 increased to 72.7%, up from 67.6% in the prior year. This is due to the increased distribution of higher margin shipments in FY 2018.

The Company had administrative expenses of \$1.9 million during FY 2018 compared to \$1.8 million during FY 2017. The increase of approximately \$0.1 million was a direct result of increases in salaries and benefits and consulting fees of \$0.4 million, offset by a reduction in amortization and impairment of \$0.2 million and reduced spending in all other administrative expenses of \$0.1 million in 2018 compared with the prior year.

The Company incurred \$0.8 million in share-based compensation in FY 2018 in comparison with \$0.1 million in FY 2017. The non-cash increase of approximately \$0.7 million in share-based compensation was a direct result of amendments to the stock option plan implemented to incentivize management with options granted that vest over the next four years.

"As the PUDO network reaches a critical mass in Canada with locations being less than three kilometers from the majority of online shoppers, PUDO has been attracting interest from other logistics companies focused on innovative solutions to the challenges of last mile delivery and hassle-free returns. These discussions are advancing and pilot programs have validated the capabilities and potential of our courier-neutral pick-up drop-off locations. We are looking forward to the potential parcel volumes these partnerships bring to our network, while reducing the friction consumers often experience in the delivery and returns process," says PUDO CEO Kurtis Arnold.

Operational Highlights

Parcel volume and other factors within the E-commerce ecosystem can affect PUDO's goals and performance during the growth phase. For example, while PUDO grew its network in FY 2018, it handled 83% of the parcel volume experienced during FY 2017, when the Canada Post strike (Q2) and Air Miles Redemption Program (Q4) disrupted typical parcel routing and volume. Average parcel volume for the Company in Q4 FY 2018 was 80% of the average quarterly parcel volume in Q4 FY 2017. As PUDO realizes its growth plan, a greater number of stakeholder partners and consumer members will minimize parcel volume losses and reduce dependence on specific carriers.

Membership benefit awareness among consumers grew in FY 2018. Forty-one percent of parcels handled by PUDO were introduced by courier partners, and 59% were introduced by consumer members who chose an alternative to traditional home delivery. Relative to the previous year, that is a 12%

increase of parcels handled by PUDO that were introduced by consumer members who chose an alternative to traditional home delivery.

Outlook

Retail spending in North America has undergone a tectonic shift, with double-digit annual gains, culminating in \$550B USD online sales in 2017 (Source: Statista 2017). This explosive growth has created last-mile gridlock within an outdated parcel delivery and return system that, without major disruption, will continue to stall parcel traffic domestically and inhibit connectivity with more mature E-commerce markets in Europe.

PUDO is equipped and committed to becoming North America's largest and most-preferred parcel pick-up and return network, and is positioning itself strategically to do so. By deploying PUDO technology incrementally with affiliated stakeholders within its network, region by region, network growth can deliver fixed cost savings and efficiencies to industry partners, and time savings, convenience and value-adds to consumers.

Pilot programs in strategic US cities continue, as several US courier partners invest in technology to sync themselves and their customers with the PUDO network. Advanced implementation and IT integration activities with a national specialized direct-to-consumer logistics partner are ongoing and parcel flow should commence in Texas in Q3 of this year.

While PUDO continues to work with an existing logistics customer to strategically increase PUDO's share of their addressable market in Canada, the Company remains focused on exploring new partnerships, both in Canada and the US, with other stakeholders in diversified categories and verticals.

"PUDO has been working on its parcel-traffic-control and reverse-logistics multi-platform technology for several years, with a team of logistics designers and engineers skilled in elegant back-end solutions that, while highly complex in their design, are seamless to stakeholders in the supply chain Network. The confidence that our pilot partners are currently placing in PUDO is gratifying; validation of our technology as a solution to E-commerce gridlock," concludes Arnold.

About PUDO Inc.

Founded in 2015, PUDO Inc. is developing North America's only "courier-neutral" parcel pick-up/drop-off network. No other company in North America offers staffed retail locations; open for extended hours, to receive consumer deliveries by any carrier. PUDO Points include convenience stores, gas station mini-marts, and grocery stores.

Through the PUDO Point network, consumers can control parcel deliveries – receiving online parcels wherever they want, whenever they want – a fully customizable and convenient method of delivery. When parcels arrive at the chosen PUDO Point, customers are automatically notified via text or email that their parcel has arrived and is ready for pick-up. E-commerce companies and other shippers utilizing PUDO can save on residential "last mile" delivery costs. Consumers can avoid the frustration and inconvenience of missed or stolen deliveries. The final destination of the parcel becomes the safe, staffed retail environment of a PUDO Point.

With a growing network of PUDO Point locations across the U.S. and Canada, PUDO is revolutionizing the North American parcel shipping model. PUDO was recently named one of the Top 20 most innovative public technology companies by the Canadian Innovation Exchange.

For more information, please visit: www.pudoinc.com or www.pudopoint.com. Follow PUDO on [Facebook](#) and [Twitter](#).

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. The use of any of the words "anticipate", "believe", "expect", "plan", "intend", "can", "will", "should", and similar expressions are intended to identify forward-looking statements. Since forward-looking statements are based on assumptions and address

future events and conditions, by their very nature they involve inherent risks and uncertainties. Risks, uncertainties, and other factors involved with forward-looking information could cause actual events, results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking information. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Factors that could cause actual results to differ materially from such forward-looking information include, without limitation, uncertainties with respect to service implementation, the economic results of the relationship on the operations of the Company, changes in general economic, market, or business conditions, and those risks set out in the Company's public documents filed on SEDAR. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by law.

SOURCE PUDO Inc.

View original content with multimedia:

<http://www.newswire.ca/en/releases/archive/May2018/22/c5908.html>

%SEDAR: 00009155E

For further information: about PUDO, please contact: Karen Speight, at 1-506-694-1250, karen.speight@pudopoint.com.

CO: PUDO Inc.

CNW 09:53e 22-MAY-18