

Pudo Inc. Updates Shareholders on Progress of Company and Ongoing Activities

TORONTO, Aug. 17, 2018 /CNW/ - PUDO Inc. (CSE:PDO) (OTCQB:PDPTF) ("PUDO" or the "Company"), PUDO Inc. is one of Canada's fastest-growing e-commerce companies, developing North America's only courier-neutral parcel pick-up and drop-off technology and logistics network. After two years of industry and market research, and successful beta testing the technology and PUDOpoint geography and protocols with major logistics stakeholders, PUDO is ready to activate its network through strategic partnerships.

PUDO has today released a letter to update shareholders on the progress of the company and ongoing activities in the context of the companies growth strategy:

August 17, 2018

Dear Shareholders

It is my pleasure to write this first Shareholder Update, to summarize operational and systems progress made during my first 12 months with PUDO Inc., and to give context to recent milestones and announcements as they affect network development and potential.

First, let me confirm my confidence that recent announcements regarding working agreements have validated our new business plan. It is no small accomplishment when major third party logistics companies whose interests include North America and the UK, invest time and money into developing IT compatibility and synergies with a disruptive new logistics technology company like PUDO. With millions of parcels in transit each month, these companies move precisely and with admirable due diligence.

These agreements and developments were many months in the works, but were of course confidential until recently, on announcement. As we evolve these new partnerships, details will be disclosed to the degree to which individual partners are comfortable disclosing their PUDO advantage to their own competitors. I appreciate your patience and understanding that stealth and confidentiality are often paramount to our partners, as we help them gain competitive advantage in their sector.

On that note, I reflect on the \$2.3T USD* generated by e-commerce globally in 2017, and the \$550B USD* generated in The Americas (*Statista).

E-commerce is in itself a megatrend — a global, sustained and macro economic force of development so large that it impacts business, economy, society, cultures and personal lives, thereby defining our future world and its increasing pace of change.



\$2.3T

Online retail globally
(2017) with 26% annual growth.
Expected to exceed \$4.8T by 2021.*



\$550B

Online retail in the Americas
(2017) with 14% annual growth.
Expected to exceed \$750B by 2021.*

proved this to be true.

We are at a tipping point in our development. It will require focused fulfilment of our business and financial plan, and continued board and shareholder support to ensure we keep pace with demand as we make detailed public announcements and scale parcels into the network. As exciting as this time is, it is critical that we succeed each and every time we expand the network or introduce a new partner. We have learned from the past, to move cautiously, strategically and regionally, rather than in volume, and I am committed to build on recent successes and the confidence of new partners.

YTD Highlights:

- We revised our sales & marketing strategy to focus on force multipliers - the unseen major players at the heart of e-commerce - that can facilitate parcel supported growth significantly and strategically, market by market. Examples include third-party-logistics, reverse-logistics, and specialty-third-party-logistics companies operating domestically and in Europe.
- We finalized transportation agreements to offer cost-effective and creative end-to-end solutions that expand sales opportunities for 3PLs and carriers looking to reduce last-mile time and expense.
- We evolved next-gen integration capabilities added to PUDOpoint software to support new service offerings. This process is ongoing and onerous, as partners and parcels enter the network, but once critical mass is met, maintenance only is required.
- We initiated and negotiated a many months long series of discussions with global leaders in shipping and returns, culminating in the signing of agreements. Namely:
 - **An International 3PL.** Globally this 3PL manages several billion parcels per year, delivering to five million addresses daily. PUDO is newly contracted to increase their competitive advantage across Canada, by re-directing failed first deliveries to PUDOpoints, and by using PUDOpoints as their community fulfillment centres (staging centres for courier pick-up of 3PL parcels) - thereby extending their network. Service is scheduled to commence early September.
 - **A Global Returns SaaS Provider.** A global leader in return systems for e-commerce companies, with some of the largest global fashion brands among its clients. PUDO is being integrated in the returns portal of UK retail websites, to provide service within the Canadian market; using PUDOpoints as drop-off locations for products returning to the UK, and in ways not currently permitted by marketing leading Canada Post. These efficiencies will reduce shipping costs and increase choice for consumers. There are additional opportunities for expansion with US PUDOpoint network. Service is scheduled to commence early this fall, or as soon as IT integration is complete.
 - **A US-Based Specialty 3PL.** The largest direct-to-consumer signature-required distribution company in the US, growing by 15% annually. Customers include producers, manufacturers and retailers from all over the US, many of whom manage perishable goods subject to spoilage if delayed or mismanaged in transit. This specialty 3PL is already working with several US couriers already integrated with PUDO technology. As the US network expands, this partner can provide base freight to establish a network from coast-to-coast. Service is scheduled to commence this fall, or as soon as IT integration is complete.
- Enough time has passed since we narrowed and re-focussed our attentions regionally that, our PUDOpoint operators are seeing the benefits of micro-supported membership - both in increased foot traffic and related increased sales - and a kind of organic growth is taking hold within the independent convenience store communities where PUDO is entrenched. Direct to PUDO business generated by consignees, and inquiries by potential PUDOpoints are growing steadily, unsolicited. Authentic demonstration of concept.

While I am extremely pleased by the re-organization and progress made by our uniquely talented team, I am mindful that, given the scope of our business plan and its myriad moving parts, we are

still an early-stage company. Assuming successful execution of recent agreements, parcel volumes are estimated to start growing soon, though realization of implementation could take from six to 12 months.

Longterm, our business plan estimates that PUDOpoint network expansion force-multipliers could reach critical mass in as little as 18-24 months, creating network expansion exponentially and organically.

Every day, millions of e-commerce packages fly across the planet, en-route primarily to residential consignees. More than 50% of the time, flight paths are interrupted or amended - 100% of the time at considerable cost. I believe wholeheartedly that if we redouble our efforts and commitment to the company, PUDO can advantage this trend and chart a new and profitable path to success for all stakeholders and for shareholders.

In closing, I thank you sincerely for the confidence you have placed in me as CEO, and assure you that I will continue my best efforts to fulfill PUDO's potential.

Please do not hesitate to be in touch by phone or email, should you have any questions.

Yours most sincerely,

Kurtis Arnold
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About PUDO

PUDO Inc. is developing North America's only courier-neutral parcel pick-up/drop-off technology and logistics network, as a means of solving the last-mile parcel-traffic-control gridlock that is crippling the \$550B e-commerce sector. E-commerce is faced with unprecedented cost control issues, based on disproportionately high last-mile delivery costs relating to undeliverable parcels, and parcels returning for refund or exchange. As labour and fuel costs increase in tandem with parcel traffic and volume, the problem worsens.

PUDO's team of logistics and parcel traffic management experts have created a market intelligence and trends driven solution comprising courier-neutral plug-and-play technology for desktop and mobile, plus a strategically located network of parcel pick-up and drop-off PUDOpoints for pay-as-you-go use by all players within the e-commerce ecosystem.

Adopting PUDO technology shortens the last mile for the behemoths of e-commerce — fulfillment and distribution centers representing thousands of retailers and millions of consumers — by instantly extending their parcel staging and consolidation network and providing secure 'near end of the line' storage for the 30% of e-commerce parcels that are undeliverable on first attempt. PUDO's technology and network virtually eliminate costs associated with second-attempt deliveries, unattended parcel theft and spoilage, and mismanaged reverse logistics on returns, and provides couriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

PUDO was founded in 2015 and was recently named one of the Top 20 most innovative public technology companies by the Canadian Innovation Exchange. After two years of industry and market research, and successful beta testing the technology and PUDOpoint geography and protocols with major logistics stakeholders, PUDO is ready to activate its network through strategic partnerships. Activation will enable all stakeholders within the network to access and control scalable, fluid, strategic consolidation in real time when and where needed, to lower costs and satisfy customer expectations.

Information in this email 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.

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