



## PUDO Inc. Reports FY 2020 Third Quarter End Results and Outlook

- Revenue up 13.8% to \$277,567 this quarter compared to the third quarter of FY 2019
- Q3 FY 2020 overall parcel volume increased 5.2% over the same quarter in the prior year
- Third quarter net loss decreased \$272,461 to \$440,899 relative to the third quarter of FY 2019, primarily due to a reduction in non-cash stock compensation expense relative to the corresponding quarter of the prior year

TORONTO, January 20, 2020 - PUDO Inc. ("PUDO" or the "Company") (CSE: PDO; OCTQB: PDPTF), North America's only carrier-neutral parcel pick-up and drop-off network (the "Network"), today filed interim financial results (unaudited) and operational highlights for its third quarter which ended November 30, 2019 ("FY 2020"). The Company continued to see growth during Q3, specifically in partner shipments making use of its Canadian Network of PUDOPoints, increasing 15.4% as PUDO's customers grew their business and deposited parcels in a larger number of Network locations.

### Financial Results Summary

**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	
	2019	2018	2019	2018
Revenue	\$ 277,567	\$ 243,965	\$ 722,517	\$ 609,514
Cost of sales	(122,866)	(87,938)	(279,466)	(190,984)
<b>Gross profit</b>	<b>154,701</b>	156,027	<b>443,051</b>	418,530
Administrative expenses	(407,419)	(546,238)	(1,480,084)	(1,622,646)
Share-based compensation	(149,418)	(317,838)	(456,996)	(1,381,371)
<b>Operating loss</b>	<b>(402,136)</b>	(708,049)	<b>(1,494,029)</b>	(2,585,487)
Finance costs	(38,763)	(5,311)	(129,449)	(15,157)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (440,899)</b>	\$(713,360)	<b>\$ (1,623,478)</b>	\$(2,600,644)
<b>Loss per share - basic and diluted</b>	<b>\$ (0.02)</b>	\$ (0.04)	<b>\$ (0.07)</b>	\$ (0.13)

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

Performance this quarter reflects the momentum gained as the Company continues to stabilize its Network, suite of logistics services, and customer base in direct response to increased demand from contracted and piloting stakeholders within the e-commerce ecosystem.

### Highlights include:

During Q3 of Fiscal Year 2020, PUDO continued to show revenue growth associated with ongoing demand for partner services which continues to reinforce the potential of the Company's vision and corporate priorities. In this quarter, overall revenue was up 13.8% compared to the same quarter in the previous year. Strong growth in partner shipments was tempered by continued softness in member shipments sent to the Company's associated US border points. This weakness is in the context of overall reduced demand for cross border shopping influenced by factors that include the lower value of the Canadian dollar relative to the U.S. dollar.



As in the prior quarter, the Company continued to build parcel volume through the expansion of services to Canadian shipping partners. The Company continued to evolve and expand its current pilot programs with new and current partners offering them new services and expanding the footprint of PUDO's existing suite of services as Network utilization grows.

As e-commerce continues to gain traction, large shippers and marketplaces are seeking out PUDO directly to help reduce friction in the fulfillment of orders to consumers as well as harnessing the potential of the Network when consumers/shippers need to drop parcels off at a convenient counter location.

## **Operational Analysis**

While the Company continued to strategically manage the efficiencies of the Network throughout Q3 FY 2020, overall parcel volume increased by 5.2% compared to the three month period ended November 30, 2018 ("Q3 FY 2019"). During this quarter, Q3 FY 2020, partner shipments increased 15.4% over the same quarter in the previous year. During the same three month period, member shipment volumes were down 9.8% compared to the previous year, as a result of continued reduced cross border shopping demand. In Q3 FY 2020, partner shipments represented 65.3% of the Company's total volumes, up from 61.4% in the prior fiscal year. During the nine months ended November 30, 2019 overall parcel volumes increased by 13.9% relative to the nine months ended November 30, 2018 in the prior year.

## **Outlook**

The Company continues to work with existing and potential new partners to maximize parcel delivery and returns logistics through all levels of the ecosystem, to refine and integrate IT, and anticipate congestion. Together with current and potential partners, PUDO is reaching targets and satisfying requirements, and this bodes well for the future, and for expansion. One of PUDO's partners took time in Q3 to reorganize efforts for parcel expansion with their new and existing customers. To manage the large growth potential, they are making changes to their systems including integrations with PUDO. Their new volume is expected to begin arriving in PUDO's Network late in Q4 FY 2020 or early in Q1 FY 2021. Planning efforts have expanded confidence in PUDO's partnerships, and there remains tremendous potential for greater expansion of the PUDO Network and parcel volumes.

The Company remains focused on attracting new opportunities with other significant logistics 3PL partners capable of supporting accelerated Network expansion on significant volumes and across multiple revenue streams.

A complete copy of the unaudited condensed interim financial statements for the three and nine month periods ended November 30, 2019 can be found on the CSE website at [www.thecse.com](http://www.thecse.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **About PUDO Inc.**

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 mis-managed 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 named one of the top 20 most innovative public technology companies by the Canadian Innovation Exchange the same year. 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 activating 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.

For more information, please visit: [www.pudoinc.com](http://www.pudoinc.com).

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

*The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by law.*

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