PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTH PERIODS ENDED NOVEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

PUDO Inc.

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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, 2018 ("Q3 FY 2019"), 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, 2018, the audited annual consolidated financial statements of the Company for the years ended February 28, 2018 and 2017, together with the notes thereto, and Management's Discussion and Analysis ("Annual MD&A") of the Company for the year ended February 28, 2018. 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 these Quarterly Highlights were prepared in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using the accounting policies the Company adopted in its annual consolidated financial statements as at and for the year ended February 28, 2018, except as for the adoption of new standards effective as of March 1, 2018 and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The Company's fiscal year end is February 28.

Further information regarding the Company and its operations are available on the Company's website at www.pudopoint.com and under the Company's SEDAR issuer profile at www.sedar.com, or upon request to the Company at 6600 Goreway Drive Unit D, Mississauga, Ontario, Canada, L4V 1S6.

Description of Business

PUDO is listed on the Canadian Securities Exchange ("CSE") under the symbol "PDO" and on the OTCQB exchange under the symbol "PDPTF".

PUDO's purpose is to improve the connection between e-commerce and consumers. PUDO deploys their technology to provide consumers with convenient locations to Pick-Up or Drop-Off ("PUDO" or "Network") 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, and when, it's convenient for them.

Existing businesses, such as convenience stores or gas stations, provide services as a PUDOpoint™ ("PUDOpoint"). PUDOpoints are typically open extended hours, seven days a week to make it convenient for busy consumers to quickly and efficiently collect what they've ordered online or drop off what they need to return.

PUDO's services provide courier companies and retailers with a presence in a broad variety of locations to better serve their customers. Not only convenient, these services can also save money. Couriers don't have to attempt delivery a second or third time or make other arrangements with customers who aren't home. Retailers can ship directly to PUDOpoints saving residential delivery costs, and the risk of theft or spoilage. PUDO also helps retailers reduce the cost and increase the convenience of their returns program. Consumers can drop off pre-labeled parcels at any PUDOpoint for processing back to the retailer.

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

Management of the Company considers the assumptions on which the forward-looking information contained herein are based to be reasonable. However, by its very nature, forward-looking statements inherently involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks include, without limitation those risks discussed in the "Risk Factors" section of PUDO's Annual MD&A dated May 17, 2018.

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

In keeping with its refined business plan, the Company focused on strategic key markets and partners capable of facilitating exponential growth and, as anticipated, these efforts resulted in increased parcel volumes in core revenue streams. IT integration with these key partners is near completion and should result in the development of new income streams during the upcoming quarters. 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. The Company is positioned strongly for new dialogue with retailers and shippers after the busy holiday shopping season.

During the third quarter of fiscal 2019, the Company announced the following:

- The signing and first phase implementation of an agreement with global third-party logistics company Landmark Global to enhance last-mile e-commerce parcel delivery services. Under the terms of the Agreement, PUDO's technology and Network is providing "hold for pick-up services" in cases where they are unable to delivery to the original address. Future phases include PUDO providing secure 'break bulk' distribution capabilities to expand the markets that Landmark Global can serve with their Sprintstar courier network.

- Engagement of an investment banking firm to assist with the Company's Network expansion and growth strategy. The Company signed an initial three month agreement with Panamax Capital LLC ("Panamax"), and Partner Capital Group LLC a FINRA registered broker ("PCG"), to help identify and secure expansion capital to facilitate fortification of Canadian operations, and fund US expansion beyond the beta test markets.

- In parallel with its partnership with Panamax, the Company made notable updates to the investor section of the Company's website www.pudopoint.com. The full PUDO story, including details of the

$473B online retail market opportunity in North America, is available as a PDF download, from the Presentations page https://www.pudopoint.com/en/Investors.

- The Company completed non-brokered private placements of unsecured convertible debentures in the amounts of $100,000 and $400,000. The debentures carry an interest rate of 12% and 9% respectively and mature on November 8 and November 30, 2019, respectively. At the option of the holder, the principal and interest may be converted to common shares of the Company at a conversion price of $0.95 per share and market price, respectively, at any time up to and including the maturity date of the debenture (with a hold period of four months plus one day). The proceeds of the convertible debentures are being used for general corporate purposes.

  Additional information regarding the convertible debentures has been provided in the Material Change Reports filed on the CSE, please use the links below:

  1. November 8, 2018
  2. November 30, 2018

The e-commerce parcel landscape is evolving rapidly across the US and Canada. With a refined understanding of the landscape, PUDO has been working with key US partners to renew mutual commitment to the suite of services that PUDO is uniquely positioned to offer. PUDO is positioning itself so that when capital resources are in place, the Company will be ready to expand its service offerings to major US markets in 2019.

Operations

Parcel Volume Analysis

Overall, parcel volumes for the quarter ended November 30, 2018 increased a significant 16.9% over the same quarter last year. In sequential quarters, parcel volumes in Q3 FY2019 compared to Q2 FY2019 increased 27.6%. This compares to a parcel increase of 10.4% last year between Q3 and Q2 FY 2018. A number of factors contributed to parcel growth in Q3 FY2019:

- Retail parcel volumes, and therefore PUDO's addressable market, are subject to seasonal fluctuations in the retail purchasing. The final month of PUDO's Q3 is part of the peak period for consumer holiday shopping.

- PUDO's team leveraged robust analytics to optimize its Network of PUDOpoint locations, increasing alignment with current partner market volumes and demand across Canada. This has resulted in an increase to the average number of parcels received each week by active locations across the Network.

- Throughout the quarter, parcel volumes grew as PUDO's partners experienced parcel growth in the Business to Consumer (B2C) space. Analysis indicates that, as a percentage of total available parcel volumes moved through partner networks, PUDOpoint volumes associated with these same partners grew at a rate three (3) times greater — reinforcing the Company's optimization strategy and commitment to disciplined Network management.

- During this quarter, PUDO integrated operations and worked with Landmark Global to complete the national implementation of the first of its contracted services. As a result, PUDO is seeing new parcel volume, with the opportunity for additional growth as additional phases of implementation are managed, beginning again in the new year.

- In demonstration of the PUDO Network's emerging potential as a carrier-neutral Network of e-commerce parcel management counters, spontaneous organic growth happened for the Company when a major downstream client (vendor) of a major PUDO partner began using the PUDO Network as a series of Networked mid-point drop-ship locations. PUDO software and technology enabled the successful real time adoption of this vertical, resulting in reduced costs and increased efficiencies for the vendor, and partner couriers, and increased revenues for PUDO.

The continued weakness of the Canadian dollar coupled with media coverage of border-crossing friction have continued to weigh on member shipments to the Kinek network of border points. Seasonally, volumes increased, as would be expected, but overall the use of this service is less prevalent in PUDO's parcel volumes. This highlights the differences in revenue among service offerings. PUDO revenue and costs vary by the service or services provided. So, while Kinek volume decreases did have a partially offsetting effect to overall parcel growth, revenue increased overall at a percentage greater than parcel growth. Looking ahead, it's important for PUDO to maintain and grow diversity in its revenue streams to account for inevitable fluctuations in specific types of e-commerce.

The rotating strike by Canada Post this quarter did not create the kind of spike and shifting marketplace conditions that PUDO experienced during the most recent Canada Post service interruptions in 2016. PUDO's shipping partners reported that they did not see new customers requesting service as a direct result of the threat of job action, as had been the case in the past. The rotating nature of the strike caused delays in delivery in specific markets for up to a few days each. This minimized the effect of the strike on consumers and shippers alike, decoupling the effect of the strike from the organic growth experienced by PUDO and its partners.

PUDOpoint Network

The Company continues to work closely with current customers in identifying strategic areas of expansion to grow parcel volumes across the PUDOpoint Network. New locations continue to be opened where current and new customers have indicated a need for PUDO's services, partially offset by locations that have had operations suspended due to a current lack of demand for services in their immediate area. These and other locations may be activated when required as PUDO attracts new customers and sees growth in demand for its evolving suite of services.

Direct to PUDO Program

With IT integration and testing in its final stages between PUDO and its transportation partners, the Company can begin marketing end-to-end services directly to a PUDOpoint selected by the consumer. Where consumers participate in the last mile by collecting their parcels from a PUDOpoint, PUDO can offer attractive delivery rates and speed through this program. These savings can be passed along to retailers looking to offer additional choices to their customers. Marketing efforts will increase following the holiday season across Canada in 2019 as PUDO targets retailers and shippers who can most benefit from this type of service. Shippers offering this service will require integrating with PUDO, so inevitably there will be a period of integration and adjustment between the time retailers commit to offering this service, and when it becomes available to consumers on their web checkouts.

Activating the Direct to PUDO service is of major significance and it represents a marketing opportunity tipping point to communicate to all players in the e-commerce ecosystem simultaneously, about PUDO's integrated benefits — creating grassroots demand for *last-mile relief* from consumers up through the supply chain, and from retail and logistics partners down through to consumers, with the intent of creating exponential adoption across all verticals.

Reverse Logistics Program

Together with its reverse logistics partners, PUDO is perfecting IT integration protocols to become part of the constellation of returns options for Canadian consumers. With 'first mile' testing complete, the PUDO Network will become available 'in the check-out' to consumer clients of select retailers in the new year. Integration timelines are dependent on strategic partnerships previously announced.

Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and nine month periods ended November 30, 2018 and 2017 are included below:

PUDO Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2018	**2017**	**2018**	**2017**
Revenue	**$ 243,965**	$ 180,157	**$ 609,514**	$ 522,579
Cost of sales	**(87,938)**	(49,175)	**(190,984)**	(141,138)
Gross profit	**156,027**	130,982	**418,530**	381,441
Administrative expenses	**(546,238)**	(496,609)	**(1,622,646)**	(1,355,321)
Share-based (compensation) recovery*	**(317,838)**	6,341	**(1,381,371)**	(88,602)
Operating loss	**(708,049)**	(359,286)	**(2,585,487)**	(1,062,482)
Finance costs	**(5,311)**	(5,631)	**(15,157)**	(17,731)
Net loss and comprehensive loss for the period	**$ (713,360)**	$ (364,917)	**$(2,600,644)**	$ (1,080,213)
Loss per share basic and diluted	**$ (0.04)**	$ (0.02)	**$ (0.13)**	$ (0.06)

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

During the three month period ended November 30, 2018 revenues increased by 35.4% across the Network. The Company reported a net loss of $713,360 ($0.04 basic and diluted loss per share), an increase from a net loss of $364,917 ($0.02 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. The majority of this increased loss was attributable to non-cash expenses related to share-based compensation which is designed to maintain alignment between the objectives of Company leadership and shareholders. The net loss for the nine months ended November 30, 2018 was $2,600,644 ($0.13 basic and diluted loss per share), up from a net loss of $1,080,213 ($0.06 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year, again primarily due to increased non-cash share-based compensation in the current fiscal year.

Revenue for the three month period ended November 30, 2018, was $243,965 (November 30, 2017 - $180,157) representing an increase of $63,808 or 35.4% over the same period last year. Gross profit for the three month period ended November 30, 2018 was $156,027 (November 30, 2017 - $130,982) representing an increase of $25,045 or 19.1% over the same period last year.

Revenue for the nine months ended November 30, 2018 was $609,514 (November 30, 2017 – $522,597), representing a 16.6% increase over the same period last year. Gross profit for the nine months ended November 30, 2018 was $418,530 (November 30, 2017 – $381,441), representing a 9.7% increase over the same period last year.

The increases in revenue for both the three and nine month periods ended November 30, 2018 are attributable to increased parcel volumes and a shift in parcel volume by service offering. The growth in direct costs is also linked to this shift, as parcel volumes increased in revenue streams with direct costs and decreased in lower revenue streams without significant direct costs.

Administrative expenses for the three and nine month periods ended November 30, 2018 were $546,238 and $1,622,646 (November 30, 2017 - $496,609 and $1,355,321), respectively, representing an increase relative to the corresponding periods in the prior fiscal year. These cost increases relate primarily to the full year impact of additional full-time management hired in FY2018 and additional customer support employees hired in the current year to manage growing parcel volumes, and plan for system expansion.

Non-cash share-based compensation for the three and nine month periods ended November 30, 2018 was recorded as $317,838 and $1,381,371 (November 30, 2017 - $(6,341) and $88,602), respectively, representing an increase relative to the corresponding periods in the prior fiscal year. This is primarily related to the stock options issued in the third quarter of the prior fiscal year.

Cash Flows

During the nine months ended November 30, 2018 cash increased by $39,355 due to $1,060,825 (November 30, 2017 - $1,091,038) provided by financing activities including the exercise of warrants and the issuance of convertible debentures, and $7,795 movement in foreign currency, partially offset by $965,666 used in operating activities (November 30, 2017 - $828,134) and $63,599 used in equipment/software purchases (November 30, 2017 - $26,000) during the period.

Financial Condition

As at November 30, 2018, the Company had total assets of $923,531 (February 28, 2018 - $818,441). The increase in the nine months ended November 30, 2018 was primarily attributed to the additional equity raised as a result of warrants exercised and the issuance of convertible debentures.

As at November 30, 2018, the Company had a working capital deficiency (defined as current assets less current liabilities) of $340,720 (February 28, 2018 – surplus of $188,511) and had not yet achieved profitable operations. The Company is seeking to fund its planned expansion of the PUDO Network through equity financings. See "*Liquidity*" below.

Liquidity and Capital Resources

PUDO intends to generate the capital necessary to fund the planned expansion through revenue from operations and equity financing activities.

On November 8, 2018, the Company completed a non-brokered private placement unsecured convertible debenture in the amount of $100,000. The debenture carries an interest rate of 12% with a maturity date of November 8, 2019. On November 30, 2018, the Company completed a non-brokered private placement unsecured convertible debenture in the amount of $400,000. The debenture carries an interest rate of 9% with a maturity date of November 30, 2019. At the option of the holder, the principal and the interest of both convertible debentures may be converted to common shares of the Company at a conversion price of

$0.95 per share and market price, respectively, at any time up to and including the maturity date of the respective debenture.

As noted in the Annual MD&A and prior Quarterly Highlights, the Company generates limited cash from operations. The Company's primary source of cash to date has been equity financings and more recently through convertible debentures. The Company's outstanding loans and borrowings as at November 30, 2018 consist of the following:

	November 30, 2018	February 28, 2018
Loan payable (Atlantic Canada Opportunities Agency)		
30 instalments repayable at $4,458 per month	**$ 133,740**	$ 173,862
Less: Discount future contractual cash flows	**22,796**	36,932
	110,944	136,930
Less: Current portion	**39,491**	35,314
	$ 71,453	$ 101,616

Convertible Debentures	
Opening balance – February 28, 2018	**$ -**
Convertible debentures	468,376
Accretion expense	229
Interest expense	696
Interest payment	-
Balance – November 30, 2018	**$ 469,301**

PUDO intends to raise equity capital to fund its planned expansion as well as increase its revenue at existing locations to eliminate operating losses. The Company has a history of successfully raising the capital needed to operate and believes it can continue to raise any necessary capital. However, the history of losses reflect material uncertainty which may cast significant doubt on the ability of the Company to continue to operate as a going concern.

The unaudited condensed interim consolidated financial statements for the three and nine month periods ended November 30, 2018 have been prepared with the assumption that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the course of operations. They do not include any adjustments that may be required if it were not able to continue as a going concern. The Company's financial statements for the year ended February 28, 2018 contain an emphasis of matter paragraph in its audit opinion related to its ability to continue as a going concern. Management believes that actions currently being taken, which primarily involve increasing revenues, controlling expenses, and raising additional capital will allow the Company to achieve profitability and allow the Company to continue as a going concern.

Related Party Transactions

During the three and nine month periods ended November 30, 2018 and 2017, the Company incurred accounting fees and office rental, which is included in accounting and office expense, of $41,850 and $125,550 (November 30, 2017 - $23,850 and $71,550), respectively, to a Company with a common officer and director.

During the three and nine month periods ended November 30, 2018 and 2017, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended November 30,		**Nine Months Ended November 30,**	
	2018	**2017**	**2018**	**2017**
Salaries and benefits	**$ 160,608**	$ 92,250	**$ 486,201**	$ 220,500
Consulting fees	**9,850**	70,401	**29,386**	152,662
	$ 170,458	$ 162,651	**$ 515,587**	$ 373,162

As at November 30, 2018, balances payable to the related parties noted above amounted to $193,719 (February 28, 2018 - $62,533) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

During the three and nine month periods ended November 30, 2018, common shares in the amount of nil and 27,854, respectively, were issued to an officer of the Company (November 30, 2017 - nil and nil) pursuant to the exercise of warrants in settlement of $27,854 debt owing to the officer.

In November 2018, the Company completed two non-brokered financings by way of issuance of convertible debentures, whereby $500,000 of the debentures are held by corporations under the control of a common director and officer of the Company. The convertible debentures are secured against the assets of the Company.

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

Risk Factors

The Annual MD&A for the year ended February 28, 2018, dated May 17, 2018 and filed on SEDAR, 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 2019 fiscal year and to the date of this report.