PUDO INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

FEBRUARY 28, 2019

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

PUDO Inc.

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Introduction

The following management's discussion and analysis ("MD&A") 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 year ended February 28, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations.

This discussion should be read in conjunction with the audited financial statements of PUDO Inc. for the year ended February 28, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of June 19, 2019, unless otherwise indicated.

The Company's consolidated financial statements and the 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 about the Company is 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.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains 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 involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A are made only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain borrowings or equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favorable for funding and/or related parties discontinue funding the Company resulting in the Company not

Forward-looking statements	Assumptions	Risk factors
		being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans	The operating activities of the Company for the twelve months ending February 29, 2020 will be consistent with the Company's current expectations.	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. 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.

Overview

The audited consolidated financial statements for the year ended February 28, 2019 ("FY 2019") have been prepared with the assumption that the Company will continue its operation's for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations and do not include any adjustments that may be required if it were unable 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.

The Company has a history of operating losses; however, those losses are primarily the result of expenditures in attracting customers, business partners and costs related to building a robust infrastructure to serve as a platform for future growth.

PUDO was incorporated on February 28, 2015 and is listed on the Canadian Securities Exchange under the symbol "PDO" and on the OTCQB Venture Market under the symbol "PDPTF".

Description of Business

PUDO's purpose is to improve the connection between e-commerce and consumers. 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™ (a "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. The Company deploys its technology to provide consumers with convenient PUDOpoints (the "Network") to pick-up or drop-off ("PUDO") e-commerce parcels.

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 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 PUDOpoint for processing back to the retailer.

Overall Performance

Highlights

The Company's plans have focused on optimizing the Network to increase alignment with partner parcel volumes while leveraging this footprint to develop new relationships that further enhance revenue opportunity. These focused efforts have resulted in increased parcel volumes in PUDO's core revenue streams in the second half of this fiscal year. IT integration and enhancements remain a key focus as the Company looks to increase efficiencies, add new partners, and grow revenue. The Company is positioned well to add new partners for residential redirects, grow parcel volumes, and add new revenue streams 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. The Company is currently engaged in discussions with additional partners and is in the midst of a number of pilots to validate capabilities for customers – new and existing.

During FY 2019, the Company announced the following strategic partnerships with global leaders in shipping and returns, including:

- Landmark Global, an International 3PL that manages several billion parcels around the globe each year, delivering to five million addresses daily. PUDO has been engaged by Landmark Global to re-direct failed first deliveries to PUDOpoints and to offer its PUDOpoints as community fulfillment centres (staging centres for courier pick-up of 3PL parcels), thereby extending Landmark Global's network. Service commenced last fall and is being expanded with a strategic roll out to specific markets across Canada in the current and upcoming fiscal quarters.

- A global leader in return SaaS for e-commerce companies has completed its integration with PUDO with parcels beginning to pass through the Network in fiscal Q4. Another SaaS provider is currently working to complete technical integration. The Network offers the SaaS providers a valuable proposition for both domestic and international returns. These SaaS companies already have dozens of customers who can then easily add PUDO as a choice for their Canadian consumers who are returning goods. These integrations automatically add locations as the Network expands in Canada and will also add US locations when the Company begins expansion there.

- A specialty direct-to-consumer signature-required distribution company in the US, which has been growing rapidly. Their customers include producers 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 currently working with several US couriers already partnered with PUDO. These partners are working on IT integration upgrades to take advantage of the customer communication capabilities the Company is using in Canada as a pre-requisite to beginning service. As the US Network grows, this partner can provide base freight to establish a network from coast-to-coast.

- PUDO is working with a Bpost owned courier company with operations in select markets across Canada. This courier company is adding additional direct-to-consumer shipping business from other Canadian domestic customers to its operations. Such courier company has stated that the opportunity to redirect missed deliveries to nearby PUDOpoints was an important capability to win this business. They will be adding volume from three additional shippers to the volume they currently handle from Landmark Global. This will further enhance the strength of the partnership between our companies.

The majority of new parcels supplied by these partners will flow inside of Canada where the Company already has an extensive Network. Recent analysis with these partners has shown that the current Network, before further planned expansion, places a PUDOpoint within 3 km (2 mi) of 50% of Canadian consumers working with these companies, and within 5 km (3 mi) of more than 75% of consumers. The natural evolution of successful relationships with PUDO's new partners can lead to additional service opportunities in more geographic areas across Canada and the US, resulting in millions more parcels being managed in the Network.

Additionally, the Company announced the following during FY 2019:

- Engagement of an investment banking firm to assist with Network expansion and growth strategy. The Company signed an agreement with Panamax Capital LLC ("Panamax") and Partner Capital Group LLC, a FINRA registered broke, which are currently engaged in discussions and outreach to secure funding for the Company to add capability to the Company's Canadian operations, increase the pace of growth, and commence a US Network launch into select major 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. Further details, including details of the over $450B online retail market opportunity in North America, are available as a PDF download from the Presentations page of the website https://www.pudopoint.com/en/Investors.

Private Placements

During FY 2019, 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, 2019 and November 30, 2019, respectively. In each case, at the option of 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.

Capital Resources

The following proceeds from the exercise of warrants during FY 2019 were used for general corporate operating expenses:

- On April 3, 2018, 128,126 common shares of the Company were issued upon the exercise of 75,608 warrants at $1.75 per share and 52,518 warrants at $1.00 per share for total proceeds of $184,832.

- On May 31, 2018, 200,000 common shares of the Company were issued upon the exercise of 200,000 warrants at $1.00 per share for total proceeds of $200,000.

- On August 24, 2018, 249,064 common shares of the Company were issued upon the exercise of 249,064 warrants at $1.00 per share for total cash proceeds of $221,210 and the remaining $27,854 was used to settle debt owing to an officer of the Company.

Operations

PUDO Parcel Analysis

Parcel volume and other factors within the e-commerce ecosystem can affect PUDO's goals and performance during its growth phase.

While the Company continued to strategically manage the growth and development of the Network throughout FY 2019, overall parcel volume increased by 10.7% compared to the year ended February 28, 2018 ("FY 2018"). Parcel volumes during Q4 FY 2019 increased by 12.9% compared to Q4 FY 2018. During this quarter, partner shipments increased 66% over the same quarter in the previous year. During the same time, member shipment volumes were down 22%, relating to reduced cross border shopping demand. In FY 2019, partner shipments represented 51% of the Company's total volumes, up from 41% in the prior fiscal year.

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

- *Failed First Attempts ("FFA") Parcels*: During FY 2019 total FFA parcel volume increased by 36.6% over FY 2018, while during Q4 FY 2019 FFA parcel volume increased a significant 63.1% as compared to FFA volume in Q4 FY 2018. In sequential quarters, parcel volumes in Q4 FY 2019 compared to Q3 FY 2019 decreased by 10.4%. This compares to a parcel decrease of 7.9% in the prior year between Q4 and Q3 FY 2018. This decrease during these sequential quarters is expected as PUDO's third quarter is its peak period due to holiday shopping.

- *Member Shipments*: During FY 2019 total consumer parcel volume decreased by 8.2% over FY 2018, while during Q4 FY 2019 consumer parcel volume decreased by 22.2% as compared to consumer volume in Q4 FY 2018. In sequential quarters, parcel volumes in Q4 FY 2019 compared to Q3 FY 2019 decreased by 5.8%. This compares to a parcel decrease of 1.0% in the prior year between Q4 and Q3 FY 2018. This decrease is primarily due to the continued weakness of the Canadian dollar coupled with negative media coverage of border-crossing friction impacting Canadian consumers' confidence with online ordering and shipping from the US.

- *Courier Pickup Parcels*: During FY 2019, PUDO continued to see growth within the courier pickup service with parcel volume close to five times that of FY 2018, although the volumes are relatively modest at this stage these parcels are an important benefit for partner couriers to access marketplace and other small office / home office business shipping demand.

- *Returns Parcels*: During Q4 FY 2019, PUDO began handling returns logistics from across Canada with a SaaS partner. Adding PUDOpoints to this retailer's return choices allowed new convenient options to help consumers drop-off returns with minimal effort. The Network parcel PUDOpoints are located close to where people live, work and play, streamlining the returns process.

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.

The Network

PUDO continues to earn revenue as a result of active carrier-neutral PUDOpoints being strategically available to connect stakeholders in new and efficient ways. The Company continues to work closely with current customers in identifying strategic areas of expansion to grow parcel volumes across the 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.

- Existing storefronts: existing bricks-and-mortar convenience type stores fly the PUDO flag and are already located near where consumers live, work, learn, play and vacation. Stores are paid per-parcel and benefit from additional foot traffic.

- Technology: PUDO's technology creates a fluid network of storefronts, transportation companies, fulfilment centers and retailers. Consumers can retrieve their parcels or drop off their returns; nearby and hassle-free.

- Integration: PUDO's technology is plug-and-play for desktops and mobile checkouts. Parcels can be re-directed by any courier when a consumer isn't home, or a consumer can choose PUDO directly from within integrated shopping carts.

As each link in the supply chain adopts PUDO's technology, delivery time, friction, and liability costs decrease while efficiency, convenience, brand and loyalty increase.

Strategic activation of PUDOpoints relies on providing sufficient parcel volume to ensure consistent familiarity with PUDO's services, systems, and processes. Parcel volume relies on system testing and strategic partnerships with fulfillment centers and national carriers. With continued research, testing and technology upgrades internally and with industry partners, PUDO has developed the right solution and partnerships to support Network expansion.

The Company's appeal broadens when the PUDOpoint Network is established and near online shoppers. Stakeholders from all verticals can leverage PUDO convenience which may result in cost savings of up to 50%. Early adopters now include e-commerce fulfillment and SaaS companies whose retailers are searching for more efficiency and choice.

Financial Condition and Performance

The following table includes PUDO's financial highlights as at and for the years ended February 28, 2019, February 28, 2018, and February 28, 2017:

	As at / Year Ended February 28, 2019 $	As at / Year Ended February 28, 2018 $	As at / Year Ended February 28, 2017 $
Total assets	480,633	818,441	1,011,041
Cash	50,639	373,827	445,723
Total liabilities	1,137,633	435,135	588,990
Deficit	(9,248,236)	(6,131,140)	(4,019,324)
Shareholders' (deficiency) equity	(657,000)	383,306	422,051
Revenue	832,885	695,960	905,747
Gross profit	562,055	506,141	612,577
Net loss and comprehensive loss	(3,387,819)	(2,161,770)	(1,298,782)
Loss per share - basic and diluted	(0.18)	(0.12)	(0.08)
Working capital	(815,134)	188,511	157,495
Cash used in operating activities	1,303,492	1,108,972	665,613
Cash provided by financing activities	1,052,546	1,097,664	351,308

The Company's revenues increased 19.7% relative to the prior fiscal year and realized an increased net loss of $1.2 million to $3.4 million relative to the previous year, of which $0.9 million was due to non-cash share-based compensation expense and $0.3 million in additional administrative costs. Gross profit also increased 11% to $0.6 million in FY 2019 relative to the previous year.

Cash used in operations in the year ended February 28, 2019 increased by $0.2 million to $1.3 million due to the additional administrative expenses incurred, relative to the previous year. Together with a total $1.1 million in cash flow provided by financing activities resulted in overall cash being reduced by $0.3 million for the year ended February 28, 2019.

Trends

The US Department of Commerce reports that US e-commerce grew 14.2% in 2018 compared to 2017. Looking globally, reports indicate year over year growth of 18%, showing that other countries are catching up to the more developed e-commerce markets in parts of Europe and North America. With this change, the logistics industry continues to be forced to find capacity to absorb the deluge of new direct to consumer parcels flowing every day around the globe.

The U.K. remains a global leader in e-commerce from many perspectives. According to the Office for National Statistics in 2018 e-commerce sales represented 18% of total retail sales, growing 1.7% from 2017. (The US Department of Commerce reports online shopping represented 9.7% of total US retail sales.) Retailers in the U.K. market offer more product choice to consumers for online shopping, as well as more fulfillment and delivery and return options. With many competitors in this market PUDO is a generic term that represents the various brands offering "PUDO" services to consumers in the UK market and around all of Europe. In 2018, DHL acquired Pass My Parcel, a major UK based "PUDO" network that offered hold-for-pickup and returns services. PUDO services support the growing e-commerce marketplace as a conveniently located hub for consumers to collect purchases from multiple retailers at once. Growth in "PUDO" services in the UK is not limited to consumer-bound shipments. "PUDO" locations in the UK offer cost effective returns services too. Retailers are offering consumers the choice to return parcels nearby at the same place they are picking up their online purchases. This helps lift the network of "PUDO" locations in Europe with many networks handling as many or more returns as they are outbound shipments.

Looking at the value of PUDO's Canadian Network, we can see growing demand for services, and we have started to realize the opportunity, handling returns. Our partners couriers are growing, and so too is PUDO's associated parcel volume. Our partners are reporting that their parcel volumes and revenues grew beyond their forecasts for 2018. As direct to consumer shipments represent a larger segment of their overall business, the focus on aligning the Network for their drivers is increasing. PUDO is working very closely with our partners to activate new locations to meet their growing demand for PUDO's suite of services. PUDO is also in discussions with new sales prospects and has begun some limited pilot programs to test services for other customers – including returns services. The returns market will remain a strategic focus for PUDO, and further parcel analysis suggests that the Network is already within 3 kms of 50% of active online shoppers, and within 5 kms of 75% of active online shoppers. PUDO will remain focused on disciplined Network expansion working with our partners to identify and activate locations in other postal codes.

Selected Annual Financial Information

The following is selected financial data derived from the consolidated financial statements of the Company for the years ended February 28, 2019, February 28, 2018, and February 28, 2017:

	As at / Year Ended February 28, 2019 $	As at / Year Ended February 28, 2018 $	As at / Year Ended February 28, 2017 $
Total assets	480,633	818,441	1,011,041
Cash	50,639	373,827	445,723
Total liabilities	1,137,633	435,135	588,990
Deficit	(9,248,236)	(6,131,140)	(4,019,324)
Shareholders' (deficiency) equity	(657,000)	383,306	422,051
Revenue	832,885	695,960	905,747
Gross profit	562,055	506,141	612,577
Net loss and comprehensive loss	(3,387,819)	(2,161,770)	(1,298,782)
Loss per share - basic and diluted	(0.18)	(0.12)	(0.08)

Year ended February 28, 2019, compared with the year ended February 28, 2018

The Company's net loss was $3.4 million for the year ended February 28, 2019, with basic and diluted loss per share of $0.18. This compares with a net loss of $2.2 million with basic and diluted loss per share of $0.12 for the year ended February 28, 2018 and a net loss of $1.3 million with basic and diluted loss per share of $0.08 for the year ended February 28, 2017.

The increase of $1.2 million in the net loss in the year ended February 28, 2019 relative to the prior year was principally because:

- Revenues increased by approximately $0.1 million to $0.8 million in FY 2019 relative to the previous year representing a 19.7% increase, owing primarily to a significant increase in FFA parcel volume offset by decreased member shipments.

- Gross profit of $0.6 million for the year ended February 28, 2019 increased $0.06 million relative to the prior year representing an 11.0% increase. As a percentage of revenue, the gross profit in FY 2019 decreased to 67.5%, down from 72.7% in the prior year. This is related to the shift of revenue from member shipments towards partner shipments. The direct costs associated with partner shipments are greater, and so is the revenue per parcel.

- The Company had administrative expenses of $2.2 million during the year ended February 28, 2019 compared to $1.9 million the prior year representing a 19.4% increase. The increase was primarily a result of increases in salaries and benefits compared with the prior year.

- The Company incurred $1.7 million in non-cash share-based compensation during the year ended February 28, 2019 in comparison with $0.8 million during the year ended February 28, 2018.

Year ended February 28, 2018 compared with the year ended February 28, 2017

In FY 2018, the net loss grew $0.9 million to $2.2 million relative to the prior year principally because:

- Revenues decreased by approximately $0.2 million to $0.7 million in 2018 relative to the previous year, owing primarily to a reduction in volumes realized by a significant customer.

- Gross profit of $0.5 million for the year ended February 28, 2018 decreased $0.1 million relative to the prior year. As a percentage of revenue, the gross profit in 2018 increased to 72.7%, up from 67.6% in the prior year. This is due to the distribution of higher margin shipments in the year ended February 28, 2018.

- The Company had administrative expenses of $1.9 million during the year ended February 28, 2018 compared to $1.8 million during the year ended February 28, 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 non-cash share-based compensation during the year ended February 28, 2018 in comparison with $0.1 million during the year ended February 28, 2017. The increase of approximately $0.7 million in non-cash 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.

The consolidated statements of financial position of the Company as at February 28, 2019, 2018, and 2017 were as follows:

	As at February 28, 2019 $	**As at February 28, 2018 $**	**As at February 28, 2017 $**
Current assets	261,874	522,030	609,555
Non-current assets	218,759	296,411	401,486
Total assets	**480,633**	**818,441**	**1,011,041**
Current liabilities	1,077,008	333,519	452,060
Long-term liabilities	60,625	101,616	136,930
Total liabilities	**1,137,633**	**435,135**	**588,990**
Share capital	6,001,685	5,148,042	3,971,811
Warrant reserve	83,944	481,750	136,137
Stock option reserve	2,473,983	884,654	333,427
Equity component of convertible debentures	31,624	-	-
Deficit	(9,248,236)	(6,131,140)	(4,019,324)
Shareholders' (deficiency) equity	(657,000)	383,306	422,051
Total liabilities and shareholders' (deficiency) equity	**480,633**	**818,441**	**1,011,041**

The Company started operations in 2015 and has historically incurred operating losses associated with its expansion, as reflected in decreasing assets and an increasing deficit over time. The Company's ability to fund its operations is dependent upon securing additional financing or increasing earnings from revenue growth as it strives to get to profitability. See "Trends" and "Risk Factors." The Company has been successful in raising additional financing as is reflected in the increased share capital and warrant reserve.

Current liabilities increased due to the debentures that are classified as current. Long term liabilities in the form of loans and borrowings continued to decrease in the year ended February 28, 2019 to $0.06 million due to cash payments of approximately $54,000 in FY 2019 as a result of PUDO purchasing certain assets and liabilities of 640624 N.B. Ltd. ("Kinek") in March 2016, of which the total loans and borrowings assumed at that time was $0.2 million.

Summary of Quarterly Results

The following quarterly financial information is derived from the interim consolidated financial statements of the Company for the interim periods indicated below:

Three Months Ended	Total Revenue ($)	Profit or (Loss) Total ($)	Profit or (Loss) Per Share (Basic & Diluted) ($)	Gross Profit ($)	Admin Expenses ($)	Non-Cash Share Based Compensation ($)	Finance Costs ($)
2019-Feb. 28	223,371	(791,279)	(0.04)	143,525	(613,073)	(298,602)	(23,130)
2018-Nov. 30	243,965	(713,360)	(0.04)	156,027	(546,238)	(317,838)	(5,311)
2018-Aug. 31	178,285	(1,443,289)	(0.07)	125,086	(526,841)	(1,036,819)	(4,715)
2018-May. 31	187,264	(443,996)	(0.02)	137,416	(549,567)	(26,714)	(5,131)
2018-Feb. 28	173,381	(1,081,555)	(0.06)	124,701	(512,381)	(675,856)	(5,337)
2017-Nov. 30	180,157	(364,917)	(0.02)	130,982	(496,609)	(6,341)	(5,631)
2017-Aug. 31	165,894	(464,736)	(0.03)	122,455	(486,335)	(94,943)	(5,913)
2017-May. 31	176,528	(250,562)	(0.02)	128,003	(372,378)	-	(6,187)

Revenue and gross profit have fluctuated over the past eight quarters, as a result of new partners using the Network and services and also in relation to general consumer e-commerce demand which directly effects courier volumes and results in higher volumes typically leading to the Christmas season. The net loss is directly affected by revenues, gross profit, non-cash stock compensation expense as well as the level of administrative expenses, which have grown steadily over the past eight quarters as the management team has been gradually assembled to continue executing the growth plan.

Overall Objectives

The Company remains committed to broadening its customer base as it gains experience with integrating new customers and revenue streams. This is all focused on growing revenues to cover the Company's Network operating overhead costs. To facilitate growth, the Company has hired new resources focused on Network activation to align Network growth with our partners parcel growth and expanding footprints.

In Q4 FY 2019, the Company began processing returns. This pilot project with a single retailer has been successful and identified a series of incremental IT enhancements that are underway to further streamline the process. With this experience, PUDO has worked with its transportation and cross partners and obtained pricing to reduce the cost of processing returns through PUDOpoints. These efficiencies appeal to a broad market of large shippers looking to reduce the costs of managing returns while providing their customers with a large Network of nearby locations that offer flexible hours without line ups to drop off returns. At the same time, PUDO is working on improving its integration with other SaaS platforms to make the service easily available to a larger pool of retailers. This strategic move helps reduce integration complexity as PUDO reaches out to a broader pool of medium and large sized retailers who are looking for new choice for their customers.

PUDO's sales efforts continue to include selling core services that are offered broadly today to its customers. Discussions and pilot programs continue with several sizeable logistics companies. The ongoing feedback is positive, and PUDO is working with these companies to make plans to mobilize services at additional locations across Canada in time for the approaching holiday shopping season.

The Company remains focused on the acquisition of growth capital. This capital will help accelerate growth of the Company's strategic investments to make existing operations more efficient as well as permit the Company to accelerate parcel growth with its customers and add capabilities to appeal to larger shippers.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures, and capital resources that would be considered material to investors.

Outlook

The market in Canada for PUDO's services is growing. Our customers have been awarded business because they have counter networks that manage the problems of failed deliveries for retailers. One of our partners is not only adding new delivery routes and PUDO locations in new markets to manage business from existing customers, but has also begun adding business from new large shippers that will ramp up in time to manage holiday shopping volumes.

The Company's updated returns capabilities due to investments in IT and lower pricing options due to economies of scale have appealed to several large shippers that are in discussions with the Company. These opportunities serve to accelerate PUDO's objectives to reach cash-flow positive operations in Canada while growing the Network to be closer to Canadian consumers.

The US market remains of interest to PUDO and discussions are advancing to obtain the resources for meaningful expansion in that market. Consumer demands are evolving, and our existing partners in the US are updating their IT integration to take advantage of better consumer communications capabilities PUDO has added in the previous year. IT integration routinely takes longer to accomplish, and in these cases, our partners are the parties responsible for making such changes. We remain in routine contact with them and with trend setting shippers in the US. We are eagerly looking forward to launching additional services in select markets within the footprints of our partner couriers.

The Company has a history of operating losses and negative cash flow from operations, which cast doubt on the Company's ability to continue to operate as a going concern. As at February 28, 2019, the Company had cash of $50,639 (February 28, 2018 - $373,827), a working capital deficiency of $815,134 (February 28, 2018 – working capital surplus $188,511) and a shareholders' deficiency of $657,000 (February 28, 2018 – shareholders' equity $383,306). The losses were primarily the result of expenditures in attracting customers and business partners, and costs related to building a robust infrastructure to serve as a platform for, and to support, future growth initiatives.

The Company has been and expects to continue to be successful in raising the required capital to fund its operations, accelerate expansion and shorten the horizon to break-even operations. In the coming months, the Company will continue to explore these financing opportunities. However, there is no assurance that the Company will be able to raise the necessary funds as planned. If the Company is unable to secure the necessary funds, it could have a substantial impact on the Company's ability to continue operations at its present level.

Share Capital

As of the date of this MD&A, June 19, 2019, the Company has (i) 19,572,823 common shares outstanding; (ii) no warrants exercisable for the purchase of common shares (iii) 1,673,500 stock options exercisable for the purchase of 1,673,500 common shares and (iv) unsecured convertible debentures in the amount of $100,000 and $400,000 and 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).

Liquidity and Capital Resources

As noted in "Selected Annual Financial Information", the Company generates limited cash from operations. The Company's primary source of funding has been through the issuance of equity. Additional equity financing will be required for the Company to be able to successfully execute its business plan.

PUDO intends to raise equity capital to fund its planned expansion, as well as increase its revenue at existing locations in order to eliminate operating losses. The Company has a history of successfully raising the capital required to operate and believes that it can continue to raise necessary capital. However, the history of losses casts doubt on the ability of the Company to continue to operate as a going concern. While management expects to be able to raise the necessary capital, there is no assurance that any capital raise will be successfully completed at terms acceptable to the Company. Failure to raise sufficient capital may impact the Company's ability to expand as rapidly as planned, or even continue operations at the present level.

The Company's outstanding loans and borrowings consist of the following:

(a) Loans

	2019	2018	2017*
Loan payable (Atlantic Canada Opportunities Agency)			
27 instalments repayable at $4,458 per month	**$ 120,366**	$ 173,862	$ 227,358
Less: Discount on future contractual cash flows	**18,750**	36,932	60,005
	101,616	136,930	167,353
Less: Current portion	**40,991**	35,314	30,423
	$ 60,625	$ 101,616	$ 136,930

** The Company had advances payable of $15,025 at February 29, 2017 owing to a shareholder of the Company. These advances were settled in exchange for 15,025 common shares on August 24, 2017.*

Future repayments on the borrowings as at February 28, 2019 include the following:

March 1, 2019 to February 29, 2020	$ 53,496
March 1, 2020 to February 28, 2021	53,496
March 1, 2021 to June 22, 2021	13,374
Principal amount	**$ 120,366**

The acquired loans and borrowings assumed on March 3, 2016, as part of the purchase of Kinek are repayable to Atlantic Canada Opportunities Agency. The loan is unsecured and non-interest bearing and repayable in 27 instalments of $4,458 per month. Interest equal to 3% higher than the average Bank of Canada discount rate for the previous month is charged on any overdue balances. The present value of borrowings was estimated using the effective interest rate method by discounting the future contractual cash flows at the current market interest rates for an equivalent instrument. The discount rate applied was 15%. The Company recorded accretion expense of $18,177 (February 28, 2018 - $23,068) for the Kinek loan during the year ended February 28, 2019. The rate used in determining the appropriate present value of the borrowings was subject to management estimation.

(b) Convertible Debentures

Opening balance – February 28, 2018	**$**	**-**
Convertible debentures		468,376
Accretion expense		7,410
Interest expense		12,301
Interest payment		-
Balance – February 28, 2019	**$**	**488,087**

On November 8, 2018, the Company completed a non-brokered private placement of an unsecured convertible debenture in the amount of $100,000. The debenture carries an interest rate of 12% payable annually with a maturity date of November 8, 2019. At the option of the holder, the principal and the 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 fair value of the liability component of this convertible debenture was estimated to be $100,520 by calculating the present value of the principal and interest payments, discounted at a rate of 17%, being management's best estimate of the rate that a non-convertible debenture would bear. The fair value of the option component of this convertible debenture at issuance was estimated to be $4,274 using the residual method. The effective interest rate on this convertible debenture was estimated to be 17% per annum. The proceeds of the convertible debenture are being used for general corporate purposes.

On November 30, 2018, the Company completed a non-brokered private placement of an unsecured convertible debenture in the amount of $400,000. The debenture carries an interest rate of 9% payable annually with a maturity date of November 30, 2019. At the option of the holder, the principal and the 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 fair value of the liability component of this convertible debenture was estimated to be $387,567 by calculating the present value of the principal and interest payments, discounted at a rate of 17%, being management's best estimate of the rate that a non-convertible debenture would bear. The fair value of the option component of this convertible debenture at issuance was estimated to be $27,350 using the residual method. The effective interest rate on this convertible debenture was estimated to be 17% per annum. The proceeds of the convertible debenture are being used for general corporate purposes.

A summary of the cash flows and essential components thereof for the years ended February 28, 2019 and February 28, 2018 are outline below.

Details	As at / year ended Feb. 28, 2019 ($)	As at / year ended Feb 28, 2018 ($)	Comments
Total assets	480,633	818,441	
Cash & cash equivalents	75,890	398,827	*Includes restricted cash of $25,251*
Working capital (deficiency)	(815,134)	188,511	*Includes non-cash working capital*
Cash flows used in operating activities (including non-cash)	(1,303,492)	(1,108,732)	*Increase attributable to an increase in the operating loss and trade and other receivables, offset by an increase in trade and other payables as at Feb. 28, 2019.*
Cash flows used in investing activities	(73,869)	(60,828)	*Increased FY 2019 cash outflows include purchase of equipment.*
Cash provided by financing activities	1,052,546	1,097,664	*Net proceeds of private placement of common shares, options and warrants exercised, and convertible debentures.*

Significant accounting policies

(a) New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting years beginning on or after March 1, 2019. Many are not applicable or do not have a significant impact on the Company. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – *Leases* ("IFRS 16") was amended in January 2016 which replaces IAS 17 - *Leases* and addresses the accounting of leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets the requirement on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods. IFRS 16 is effective for annual years beginning on or after January 1, 2019. As of February 28, 2019 the Company does not hold any operating leases, therefore it is expected that adoption of this standard will not have an impact on the Company's financial statements.

(b) Changes in accounting standards

The Company has adopted the following standards effective March 1, 2018.

IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and August 2013 and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual years beginning on or after January 1, 2018. There was no material impact on the adoption of these standards on the Company's financial statements.

IFRS 15 *Revenue from Contracts with Customers* - On March 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on March 1, 2018 using the full retrospective approach. As the Company already observed a similar revenue recognition process, there was no material impact on adoption of IFRS 15. IFRS 15 requires entities to recognize revenue when "control" of goods or services transfers to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the "risks and rewards" of the goods or services transfer to the customer. The Company provides technology and a Network of third-party locations where consumers can pick up or drop off parcels and revenue is generated in two ways when (i) a courier cannot deliver a parcel to a residential customer, they may choose to drop the parcel off at a PUDOpoint; and (ii) consumers choose to have their parcels delivered directly to a Kinek or PUDOpoint. In each event, the Company recognizes revenue when the services are provided, when persuasive evidence of an arrangement exists, the fixed price is determinable and there is reasonable assurance of collection.

The Company has adopted the following amendments effective March 1, 2018.

IFRS 2 – *Share-based Compensation* ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based compensation transactions that include a performance condition, the classification of share-based compensation transactions with net settlement features and the accounting for modifications of share-based compensation transactions from cash-settled to equity-settled.

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

There was no material impact from the adoption of these amendments on the Company's financial statements.

<u>(c) Foreign currencies</u>

The functional currency of the Company and its subsidiaries, Grandview Gold (USA) Inc., and Recuperacion Realzada, S.A.C, is the Canadian dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Prior to March 1, 2018, the functional currency of PUDOpoint Inc., a subsidiary of the Company, was the Canadian dollar. Per IAS 21 – The Effects of Changes in Foreign Exchange Rates ("IAS 21"), an entity's functional currency should reflect the underlying transactions, events and conditions that are relevant to the entity. Management considered primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators including the currency in which funds from financing activities are generating and the currency in which receipts from operations are usually retained.

Based on these factors, management concluded that effective March 1, 2018, PUDOpoint Inc.'s functional currency became the United States dollar ("USD"). One of the main factors affecting the decision was that the subsidiary began incurring expenses during the period, all which were in USD.

The Company has accounted for the change in functional currency prospectively, as provided for under IAS 21 with no impact of this change on prior year comparative information.

(d) Revenue recognition

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company provides technology and a Network of third-party locations where consumers can pick up or drop off parcels and revenue is generated in two ways when (i) a courier cannot deliver a parcel to a residential customer, they may choose to drop the parcel off at a PUDOpoint; and (ii) consumers choose to have their parcels delivered directly to a Kinek or PUDOpoint.

In each event, the Company recognizes revenue when the parcel has arrived at the PUDOpoint or KinekPoint which is the point at which the Company has satisfied its performance obligation under its contracts with consumers, couriers and third-party locations and revenue is reliably measurable and collection is reasonably assured.

(e) Equipment

Equipment, which consists primarily of computer tablets and scanners, is initially recorded at cost. Computer tablets and scanners are amortized using the straight-line method over their estimated useful life of 2 years.

(f) Intangible assets

Intangible assets, which consist of computer systems software, including software acquired in a business combination, are initially recorded at cost. Computer systems software is amortized using the straight-line method over its estimated useful life of 4 years.

(g) Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statements of loss and comprehensive loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At each reporting date, the Company assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the statement of loss and comprehensive loss.

<u>(h) Financial instruments</u>

The Company's accounting policies in respect of its financial instruments are set out below:

Financial assets

Recognition and Initial Measurement
Financial assets and financial liabilities are recognised in the financial statements when the Company becomes party to the contractual provision of a financial instruments. Trades receivable are initially measured at transaction price. Cash, restricted short-term investments and other amounts receivables are initially measured at fair value.

Classification and Subsequent Measurement
The Company classifies financial assets, at the time of initial recognition, according to the instrument's attributes and the contractual terms of the cash flows. They are classified to be subsequently measured at amortized cost or fair value through profit or loss. The objective of the financial assets is to hold and contractual cash flows are solely payments of principal and interest on the outstanding principal amount. Therefore subsequent measurements are made at amortized cost.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is recorded in profit or loss.

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial liabilities
Financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or amortized cost. Trade and other payables, advances payable, loans and borrowings are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Trade and other payables, advances payable, loans and borrowings are initially recognized at fair value. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Fair value measurement
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Offsetting
Financial assets and liabilities are offset and the net amount presented in the financial statements when and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

<u>(i) Share-based compensation</u>

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based compensation note.

Fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to stock options reserve.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

On exercise, the value originally recorded in stock option and warrant reserves is recorded in share capital with proceeds received. For those stock options and warrants that expire after vesting, the recorded value is transferred from stock option and warrant reserves to deficit.

<u>(j) Share capital</u>

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

<u>(k) Income taxes</u>

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as stock options and warrants. Stock options and warrants are dilutive when the Company has income from operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. As the stock options and warrants would be anti-dilutive, they have been excluded from the diluted loss per share calculations for the years ended February 28, 2019 and February 28, 2018.

(m) Short-term investments

Short-term investments are comprised of guaranteed investment certificates with original maturities of greater than three months and up to one year. As at February 28, 2019 and February 28, 2018, the short-term investment was comprised of a cashable guaranteed investment certificate to be held as collateral for a corporate credit card for as long as the credit card is active and has been reflected as a restricted asset. The restricted short-term investment amount would change if there is any change in the credit limit on the credit card.

(n) Segment information

The Company operates in one operating segment: providing technology and a Network of third-party locations for alternative drop-off and pick up options for parcels.

The Company has identified its operating segment based on the financial information that is reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a single segment perspective and assesses the performance of the segment based on measures of profit and loss as well as assets and liabilities. These measures include revenue, operating expenditures, working capital, non-current assets and total debt.

Financial information about the operating segment is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Related Party Transactions

During the year ended February 28, 2019, the Company incurred bookkeeping fees and office rental, which is included in accounting and office expense, of $167,400 (2017 - $107,400) from a company with a common officer and director.

During the years ended February 28, 2019 and 2018, the Company had the following transactions with shareholders, management and directors:

		2019		**2018**
Share-based compensation	**$**	**1,679,973**	$	777,139
Salaries and benefits		**671,665**		322,121
Consulting fees		**39,448**		222,510
	$	**2,391,087**	$	1,321,770

As at February 28, 2019, balances payable to the related parties noted above amounted to $243,436 (2018 - $62,533) and are included in trade and other payables. These balances are unsecured, non-interest bearing and due on demand.

On August 24, 2018, 249,064 common shares of the Company were issued upon the exercise of 249,064 warrants at $1.00 per share for total cash proceeds of $221,210 and the remaining $27,854 was used to settle debt owing to an officer of the Company.

In November 2018, the Company completed two non-brokered financial transactions by way of issuance of convertible debentures, whereby $500,000 of the debentures are held by a corporation under the control of a common director and officer of the Company.

PUDO is actively pursuing financing opportunities to support its business growth and future network expansion. In the interim, since the fiscal year end to the date of this report, operating working capital financing has been provided by a company with a common officer and director through a demand promissory note for $350,000, at an interest rate of 20% per annum.

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

Financial Risk Management

Information about the Company's exposure to various financial risks is disclosed below.

(a) Fair values

The carrying amounts of trade and other receivables, cash, restricted short-term investment, 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. 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 is disclosed below.

The board of directors of the Company (the "Board") 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 is approximated by the carrying values recorded in the Company's consolidated statement of financial position. The Company has one customer with significant revenues. This customer is comprised of three different businesses operated independently under common control.

		2019		2018
Revenue from one customer	**$**	**483,158**	$	363,307
% of total revenue		**58%**		52%
Account receivable from one customer	**$**	**55,722**	$	41,400
% of total accounts receivable		**54%**		47%

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

		2019		2018
Cash	**$**	**50,639**	$	373,827
Restricted short-term investment		**25,251**		25,000
Trade and other receivables		**110,698**		95,036
	$	**186,587**	$	493,863

(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.

The following are the contractual maturities of financial liabilities, including interest, where applicable:

As at February 28, 2019	**1 Year or Less**	**Greater than 1 year**	**Total**
Trade and other payables	$ 547,930	$ -	$ 547,930
Loans and borrowings	541,583	66,870	608,453
	$ 1,089,513	$ 66,870	$ 1,156,383

As at February 28, 2018	**1 Year or Less**	**Greater than 1 year**	**Total**
Trade and other payables	$ 298,205	$ -	$ 298,205
Loans and borrowings	53,496	120,366	173,862
	$ 351,701	$ 120,366	$ 472,067

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.

Revenue by geographic region is as follows:

	2019	**2018**
Canada	**$ 521,521**	$ 391,167
United States of America	**311,364**	304,793
	$ 832,885	$695,960

(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 foreign exchange rate. The Company purchases goods and services 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 February 28, 2019 and 2018, the Company had cash, trade and other receivables and trade and other payables denominated in US dollars as follows:

As at February 28, 2019	USD	CAD Equivalent
Cash	$ 18,409	$ 24,252
Trade and other receivables	29,225	38,502
Trade and other payables	(27,642)	(36,416)
	$ 19,992	**$ 26,338**

As at February 28, 2018	USD	CAD Equivalent
Cash	$ 272,926	$ 346,234
Trade and other receivables	35,336	44,827
Trade and other payables	(24,115)	(30,952)
	$ 284,147	**$ 360,109**

(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 shareholders' equity and loans and borrowings. As at February 28, 2019, the Company had a shareholders' deficiency of ($657,000) (2018 – shareholders' equity $383,306) and loans and borrowings of $589,703 (2018 - $136,930).

The Company's capital management objectives, policies and processes have remained materially unchanged during the years ended February 28, 2019, February 28, 2018, and February 28, 2017.

(vii) Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are reasonably possible over a year. Sensitivity to a plus or minus 1% change in the US–Canadian dollar foreign exchange rate, based on the US dollar denominated balances as at February 28, 2019, would affect the net loss by approximately $1,000 during a year.

Risk Factors

Financing

The Company will need additional financing to fund the growth of its business, but has no assurance that such funding will be available to it. The Company is currently in the process of arranging additional funding and the ability of the Company to arrange this additional financing depends, in part, on the prevailing capital market conditions as well as the business performance of the Company. Failure to obtain sufficient financing may result in delaying or the indefinite postponement of the growth strategy into the US market and it could have a substantial impact on the Company's ability to continue operations at its present level.

There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If the Company raises additional funds through the sale of equity securities, shareholders may have their investments diluted.

Financial Risk Factors and Credit Facilities

See above under heading "Financial Risk Management" – (b) Financial Risk Factors

Currently, none of the loans extended to the Company contain financial covenants related to the Company's financial position and earnings.

Economic Downturns

The Company cannot be certain that economic or political conditions will generally be favorable or that there will not be significant fluctuations that adversely affect the economy as a whole or the key markets that the Company targets.

Changes in the Regulatory Environment

The Company's results of operations can be affected significantly by changes in the regulatory environment.

Dependence on Key Personnel

The success of the Company depends on its senior management team and other key employees, including their ability to retain and attract skilled employees. The loss of the services of key personnel could have a material adverse effect on the business, financial condition, results of operations or future prospects. The Company may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

Investment Risk

From time to time, the Company may divest of a business that is not meeting performance expectations. This may result in losses from the disposal or wind-up of that business operation.

The Company purchases goods and services in Canadian dollars and US dollars. Since the Company reports its results in Canadian dollars, it is exposed to changes in the value of the US dollar relative to that of the Canadian dollar.

History of Operating Losses

The Company has a history of operating losses and while it has a plan to reach profitability, there is no assurance that the plan can be achieved. The plan may be affected by other risk factors discussed in this section and will require additional capital to be raised to achieve this plan. This history of losses casts doubt on the ability of the Company to continue operating as a going concern. While management expects to be able to raise the necessary capital, there is no assurance that such capital can be raised on terms acceptable to the Company.

Potential Future Developments

Management of the Company, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Company's securities. The Company's policy is not to publicly disclose information concerning potential strategic opportunities or transactions unless and until a definitive binding agreement is reached or the respective boards are confident that the transaction will be completed, in accordance with applicable securities regulations. There can be no assurance that investors who buy or sell securities of the Company are doing so at a time when the Company is not pursuing a particular strategic opportunity or transaction which, when announced, would have a significant effect on the price of the Company's securities.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and
(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the Company's generally accepted accounting principles, which follow IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Disclosure for Venture Corporations

The expenses categorized by nature, incurred by the Company for the years ended February 28, 2019 and February 28, 2018 are as follows:

Cost of sales	**February 28, 2019**	**February 28, 2018**
External processing charges	$ 257,508	$ 177,741
Computer and web access charges	13,322	12,078
Total cost of sales	**$ 270,830**	**$ 189,819**

Administrative expenses	**February 28, 2019**	**February 28, 2018**
Salaries and benefits	$ 1,177,424	$ 708,288
General and administrative expenses	196,469	150,211
Consulting fees	172,884	394,652
Accounting and office	167,400	107,400
Travel, promotion, and business development	127,020	94,062
Professional fees	108,918	136,901
Investor relations	66,536	41,805
Agent and filing fees	44,295	47,410
Foreign exchange loss	19,148	21,072
Amortization	151,521	165,903
Total administrative expenses	**$ 2,231,615**	**$ 1,867,704**