



PUDO Inc. Reports FY 2020 First Quarter End Results and Outlook

- Revenue up 14.8% to \$214,979 this quarter compared to the first quarter of FY 2019
- First quarter net loss increased \$155,614 to \$599,122 relative to the first quarter of FY 2019, primarily due to non-cash stock compensation expense
- Q1 FY 2020 partner parcels increased 56.6% over the same quarter in the prior year.

TORONTO, July 10, 2019 /CNW/ - PUDO Inc. ("PUDO" or the "Company") (CSE: PDO; OCTQB: PDPTF), North America's only carrier neutral parcel pick-up and drop-off network (the "**Network**"), today filed interim financial results (unaudited) and operational highlights for its first quarter which ended May 31, 2019 ("FY 2020"). The Company continued to see growth during this period, in keeping with its focus on strategic key markets and current and new partners capable of facilitating growth.

Financial Results Summary

PUDO Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended May 31,	
	2019	2018
Revenue	\$ 214,979	\$ 187,264
Cost of sales	(70,377)	(49,848)
Gross profit	144,602	137,416
Administrative expenses	(559,935)	(549,567)
Share-based compensation*	(153,789)	(26,714)
Operating loss	(569,122)	(438,865)
Finance costs	(30,488)	(5,131)
Net loss and comprehensive loss for the period	(599,610)	\$ (443,996)
Loss per share basic and diluted	\$ (0.03)	\$ (0.02)

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

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

"Continued double-digit growth of North American e-commerce creates exponential pressures on the last-mile gridlock that our PUDO solution was designed to resolve and monetize, and the industry is most definitely taking note," says PUDO CEO Kurtis Arnold. "I am pleased to say that we are benefitting from remarkable opportunities to pilot last mile parcel delivery and return logistics solution for and amongst some of the biggest names in online retail and logistics, and we expect these and additional opportunities to continue throughout the summer and fall, while e-commerce giants prepare for the busy holiday season."

Highlights include:

During Q1 of Fiscal Year 2020, PUDO continued to show strong revenue growth associated with growing demand for partner services which continues to reinforce the potential of the Company's

vision and corporate priorities. In this quarter, overall revenue was up 14.8% compared to the same quarter in the previous year. Strong growth in partner shipments was tempered by continued softness in member shipments. The Company continues to see an overall reduction in demand for member shipments sent to the Company's associated US border points. This weakness is in the context of overall reduced demand for cross border shopping influenced by factors that include the lower value of the Canadian dollar.

During this quarter, the Company continued to build parcel volume through the expansion of services to Canadian shipping partners. This quarter also provided indications of interest for PUDO to integrate with other partners in the coming quarters of this year. The Company continues to conduct pilot programs with new partners/services showing increasing traction. This interest is being reinforced as discussions are underway that would further expand these services.

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

The Company continues to work with its investment bankers who are leveraging these new opportunities in discussions with parties who are interested in funding the Company's growth through contributions towards Network expansion as well as technology to enable new value based fulfillment and returns solutions.

"As a team, we are leveraging volumes of logistics data, and all that we know empirically and intuitively about parcel traffic and the industry, to build out our Network in tandem with the needs of our partners, but with a vision of where the industry is going. By virtue of our experience, tenure and agnostic Network, we are singularly and uniquely positioned and able to advantage the last-mile crisis, and resolve gridlock. The industry is taking notice," says Arnold.

Operational Analysis

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

While the Company continued to strategically manage the growth and development of the Network throughout Q1 FY 2020, overall parcel volume increased by 10.3% compared to the three month period ended May 31, 2018 ("Q1 FY 2019"). During this quarter, Q1 FY 2020, partner shipments increased 56.6% over the same quarter in the previous year. During the same three month period, member shipment volumes were down 20.5%, as a result of continued reduced cross border shopping demand. In Q1 FY 2020, partner shipments represented 56.8% of the Company's total volumes, up from 40.9% in the prior fiscal year.

Outlook

As we enter the holiday pre-season, we are working with existing and piloting partners to test-drive parcel delivery and returns logistics through all levels of the ecosystem, to refine and integrate IT, and anticipate congestion. Together with our partners and potential partners, we are reaching targets and satisfying requirements, and this bodes well for the future, and for expansion.

"At such time as we are able, we will disclose details of Company trials and successes, and announce new partnerships, but for now we must respect the terms of in-place non-disclosure agreements and stay focused on funding and growing the Network," concludes Arnold.

A complete copy of the unaudited interim financial statements for the three month period ended May 31, 2019, can be found on the CSE website at www.thecse.com and on SEDAR at www.sedar.com

About PUDO Inc.

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

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

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

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

For more information, please visit: www.pudopoint.com or www.pudoinc.com.

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

or financial outlook has been prepared for the purpose of providing information about management's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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