



# PUDO Inc. Reports FY 2021 First Quarter End Results and Outlook

- Revenue up 45.9% to \$313,633 this quarter compared to the first quarter of FY 2020
- First quarter net loss decreased by \$270,432 to \$329,178 relative to the first quarter of FY 2020
- Q1 FY 2021 overall parcel volume decreased by 12.1% relative to the same quarter in the prior year

TORONTO, June 29, 2020 /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, 2020 ("Q1 FY 2021").

## Financial Results Summary

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

	Three Months Ended May 31,	
	2020	2019
Revenue	\$ 313,633	\$ 214,979
Cost of sales	(209,157)	(70,377)
<b>Gross profit</b>	<b>104,476</b>	144,602
Administrative expenses	(388,038)	(559,935)
Share-based compensation*	(39,351)	(153,789)
<b>Operating loss</b>	<b>(322,913)</b>	(569,122)
Finance costs	(6,265)	(30,488)
<b>Net loss and comprehensive loss for the period</b>	<b>(329,178)</b>	\$ (599,610)
<b>Loss per share basic and diluted</b>	<b>\$ (0.01)</b>	\$ (0.03)

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

During the three month period ended May 31, 2020, the Company's revenue was \$313,633 (May 31, 2019 - \$214,979), representing an increase of 45.9% over the same period last year due to new partner volumes and the successful sale of additional PUDO services to other partners, offset by the decrease in Failed First Attempt ("FFA") parcels to PUDOpoints as a result of a higher number of consumers being at home to accept their parcels during the COVID-19 pandemic ("COVID-19").

Gross profit for the three month period ended May 31, 2020 was \$104,476 (May 31, 2019 - \$144,602) representing a decrease of \$40,126 or 27.7 % over the same period last year. This is a result of new parcel services for 3PL parcel shipment processing and the fixed costs associated with the shipping fees, which generates a lower gross profit margin than PUDO's FFA and member services.

The Company reported a net loss of \$329,178 (\$0.01 basic and diluted loss per share), a decrease of \$270,432 compared with a net loss of \$599,610 (\$0.03 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. The majority of this decreased loss was attributable to a reduction in administrative expenses as a result of the decrease in salaries due to the changes in senior management and the non-cash expense related to share-based compensation.

"I am very pleased that, COVID-19-related parcel volume issues notwithstanding, the Company showed impressive growth in key areas that demonstrate the strategic wisdom of our growth and expansion plan," says PUDO CEO Frank Coccia. "It was no small feat for our home office and

PUDOpoint operators to maintain service and performance levels and the confidence of new partners, while the economy overall was very hesitant. I am very proud of how the company performed during the crisis".

## Operational Highlights

The Company continued to develop the PUDOpoint Network within Canada and the United States while working closely with current partners, identifying strategic areas where they required locations to support their various programs to customers. New locations have been activated where partners have indicated a need for PUDO's services, including Failed First Attempts, returns, 3PL parcel shipments, and Hub Counters. This has been partially offset by locations that have had operations suspended due to COVID-19. Additionally, PUDO continues to expand and develop its database of registered PUDOpoint locations that are ready to be activated in support of PUDO partners as they expand into those services and regions.

While the Company continued to strategically manage the growth and development of the Network throughout Q1 FY 2021, overall parcel volume decreased by 12.1% compared to the three month period ended May 31, 2019 ("Q1 FY 2020"). During this quarter, Q1 FY 2021, partner shipments increased 29.3% over the same quarter in the previous year. During the same three month period, member shipment volumes were down 66.7% as a result of the Canada USA border being closed to non-essential travel due to the COVID-19 pandemic. In Q1 FY 2021, partner shipments represented 83.6% of the Company's total volumes, up from 56.8% in the same quarter in the prior fiscal year.

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

- ***Courier Pickup Parcels:*** During Q1 FY 2021, PUDO courier pickup service at PUDOpoint locations increased by 312.9% compared to Q1 FY 2020. This is a result of a large customer expanding their use of PUDOpoint locations as drop off locations for courier pickups at a reduced shipping fee. In sequential quarters, courier pickup parcel volumes in Q1 FY 2021 as compared to Q4 FY 2020 increased by 86.6%.
- ***Third Party Logistics ("3PL") Parcels:*** During Q1 FY 2021, 3PL parcel shipments increased 63.5% over the prior year, Q1 FY 2020. In sequential quarters, 3PL parcel shipments in Q1 FY 2021 as compared to Q4 FY 2020 increased by 6.7%. The increase is a result of PUDO partners increasing the volume of parcel shipments that utilize PUDO's preferred shipping rates.
- ***Failed First Attempts Parcels:*** During Q1 FY 2021 total FFA parcel volume decreased by 9.1% relative to Q1 FY 2020. In sequential quarters, parcel volumes in Q1 FY 2021 compared to Q4 FY 2020 decreased by 45.2%. This decrease between these sequential quarters is related to the impact of COVID-19 and customers being home to accept their parcels, reducing the requirement of redirects to PUDO locations.
- ***Returns Parcels:*** During Q1 FY 2021 returns parcels decreased by 35.5% as compared to the prior year, Q1 FY 2020. In sequential quarters, returns parcel volume in Q1 FY 2021 as compared to Q4 FY 2020 decreased by 33.5%. These decreases resulted from the closure of donation receiving centres that were required to close during COVID-19 and fewer customers shipping parcels with donated goods. As well, the Company is expecting the deployment of pay on return label functionality to be available in early Q2 FY 2021, which can be utilized by PUDO returns partners.
- ***Member Shipments:*** During Q1 FY 2021 total member parcel volume decreased by 66.7% relative to Q1 FY 2020. Again, this decrease is a direct result of COVID-19 and the closure of the Canada – USA border to non-essential travel during the quarter. In sequential quarters, parcel volumes in Q1 FY 2021 compared to Q4 FY 2020 decreased by 65.1%, again due to COVID-19 and the border closure.
- ***Other Parcels:*** As previously disclosed, in Q4 FY 2020 the Company launched and conducted a successful pilot program with a large e-commerce provider, designed to integrate PUDOpoints into their Hub Counter network. In sequential quarters, this Hub Counter parcel volume in Q1 FY 2021 as compared to Q4 FY 2020 decreased by 36.4%. This decrease during

sequential quarters is related to normal retail seasonal fluctuations, with a portion of PUDO's previous quarter containing holiday shopping volumes.

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### **About PUDO Inc.**

PUDO Inc. is North America's only carrier-neutral parcel pick-up and drop-off counter Network, conceived to resolve the last-mile parcel-traffic-control gridlock that challenges North America's \$700B e-commerce sector, and eliminate over \$6B in door-dropped parcel theft.

PUDO's team of logistics and parcel traffic management experts have created a plug-and-play, pay-as-you-go platform and Network of parcel pick-up and drop-off storefront counters known as PUDOpoint Counters, strategically located very near to where people live, work and play.

The PUDO model reduces or eliminates crippling last-mile related expenses for online retailers, marketplaces and carrier/delivery partners, with fulfillment and distribution solutions that include parcel storage and consolidation for click-and-collect deliveries, online returns, and the nearly 35% of e-commerce parcels that are undeliverable on first attempt.


Membership in the PUDOpoint Counters Network program offers consumers 'parcel receipt certainty', early/late/weekend pick-up and return convenience, 100% elimination of door-drop parcel theft, and a mobile home-away-from-home address Network that goes wherever they do.

The PUDOpoint Counters Network provides all carriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

*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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