

PUDO Inc. Announces 2021 Full Year Results and Outlook

- Revenue up 49% to \$1.7 million this year compared to the prior fiscal year
- Net loss decreased by \$0.2 million to \$1.8 million relative to prior fiscal year
- Partner shipments up 31.4% in comparison to the prior fiscal year

TORONTO, May 26, 2021 /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**"), filed today audited financial results and operational highlights for the Fiscal 2021 year ended February 28, 2021 ("FY 2021").

Financial Results Summary for the years ended February 28, 2021 and February 29, 2020:

	2021		2020	
Revenue	\$	1,671,171	\$	1,121,430
Cost of sales		(1,166,924)		(515,011)
Gross profit		504,247		606,419
Administrative expenses		(1,810,415)		(1,864,807)
Share-based compensation*		(506,913)		(597,672)
Operating loss		(1,813,081)		(1,856,060)
Finance costs		(11,054)		(148,126)
Net loss and comprehensive loss for the period	\$	(1,824,135)	\$	(2,004,186)
Loss per share basic and diluted	\$	(0.07)	\$	(0.08)

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

Revenues increased by approximately \$0.55 million to \$1.7 million in FY 2021 relative to the previous year representing a 49.0% increase, owing primarily to significant increases in FPU, 3PL, and returns parcel volume, offset by a 77.4% decrease in member shipments due to the closure of the USA-Canada border.

Gross profit of \$0.5 million for the year ended February 28, 2021 decreased \$0.1 million, or 16.8%, relative to the prior year. As a percentage of revenue, the gross profit in FY 2021 decreased to 30.1%, down from 54.1% in the prior year. This is primarily related to the shift of revenue from border member shipments towards lower margin partner shipments. The direct costs associated with partner shipments are greater.

The Company's net loss was \$1.8 million for the year ended February 28, 2021, with basic and diluted loss of \$0.07 per share. This compares with a net loss of \$2.0 million with basic and diluted loss of \$0.08 per share for the year ended February 29, 2020.

The Company had administrative expenses of \$1.8 million during the year ended February 28, 2021 compared to \$1.9 million in the prior year representing a 2.9% decrease. The decrease was primarily a result of the receipt of the Canada Emergency Wage Subsidy totaling \$125,182 in FY 2021 and decreased consulting fees offset by increased investor relations costs.

"Our fiscal year-end coincides almost exactly with the one-year anniversary of the pandemic becoming formalized," says PUDO CEO Frank Coccia. "I could not have imagined a relatively small company, still in early stages of development, doing well during such a tumultuous time, in spite of seemingly insurmountable obstacles. It was indeed our flexibility and adaptability, and close relationships with key stakeholder partners, including North America's e-commerce and courier giants, that allowed us to slide naturally into our role as a real-time, on a dime, solutions provider. In hindsight, an opportunity amid tragedy and chaos."

Operational Highlights

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

While the Company continued to strategically manage the growth and development of the Network and new services throughout FY 2021, overall parcel volume in FY 2021 decreased by 6.3% compared to the year ended February 29, 2020 ("FY 2020") and overall parcel volumes during Q4 FY 2021 was flat as compared to Q4 FY 2020. During Q4 FY 2021, partner shipments increased 28.7% over the same quarter in the previous year, while during the same time period member parcel volumes were down 82% as a result of the Canada-USA border closure to non-essential travel throughout FY 2021 due to the COVID-19 pandemic. In FY 2021, partner shipments increased 31.4% and represented 92% of the Company's total parcel volumes, up from 65% in the prior fiscal year.

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

- Courier Pickup ("For Pickup" or "FPU"): During FY 2021, PUDO continued to see exciting growth within the FPU service with parcel volume increasing approximately 537% over FY 2020, while during Q4 FY 2021 FPU parcel volume increased approximately 829% as compared to FPU volume in Q4 FY 2020. In sequential quarters, parcel volumes in Q4 FY 2021 compared to Q3 FY 2021 increased by 61%. These volumes have increased as PUDO's courier partners increased their utilization of the PUDOpoint Network in Canada enabling their customers to use PUDOpoints as drop off locations for pre-labeled parcels for courier pickup and delivery.
- Failed First Attempt ("FFA"): During FY 2021 total FFA parcel volume decreased by 19.6% relative to FY 2020, while during Q4 FY 2021 FFA parcel volume decreased 25.1% as compared to FFA parcel volume in Q4 FY 2020. This decrease was a result of customers working from home, during the COVID-19 pandemic, and being available to accept home deliveries safely and securely, thereby foregoing a redirect by the courier partner as a FFA to a PUDOpoint. In sequential quarters, parcel volumes in Q4 FY 2021 compared to Q3 FY 2021 increased by 6.9%. This compares to a parcel increase of 23.6% in the prior year between Q4 and Q3 FY 2020. This increase between these sequential quarters is related to an increase in online shopping during the holiday shipping season offset by customers being home to accept their parcels, reducing the requirement of redirects to PUDOpoint locations.
- Third Party Logistics ("3PL"): During FY 2021, 3PL parcel shipments increased by approximately 757% relative to the prior year, FY 2020, while during Q4 FY 2021 3PL parcel volume increased approximately 358% as compared to 3PL volume in Q4 FY 2020. In sequential quarters, 3PL parcel shipments in Q4 FY 2021 as compared to Q3 FY 2021 increased by approximately 27.8%. These volumes have increased as a result of increased online shopping and increased utilization by PUDO's carrier partners of this relatively new service that was first offered during Q4 FY 2020.
- Returns: During FY 2021 total returns increased by approximately 1027% as compared to the prior year FY 2020, while during Q4 FY 2021 returns increased approximately 123% as compared to returns parcel volume in Q4 FY 2020. In sequential quarters, returns parcel volume increased 8.5% in Q4 FY2021 over Q4 FY 2020. Throughout FY 2021, PUDO continued to develop the handling returns logistics program nationally. This increase was a result of PUDO's partners increasing additional client volumes as the value of this service offering provided by PUDO reduced costs for their clients.
- Border Member: During FY 2021 total member parcel volume decreased by 77.4% relative to FY 2020, while during Q4 FY 2021 the member parcel volume decreased by 82.5% as compared to member volume in Q4 FY 2020. In sequential quarters, parcel volumes in Q4 FY 2021 compared to Q3 FY 2021 decreased by 1.3%. This compares to a parcel increase of

2.4% in the prior year between Q4 and Q3 FY 2020. These decreases are primarily a result of the Canada-USA border closure to non-essential travel throughout FY 2021 due to the COVID-19 pandemic.

- *Pickup Counters:* As a result of a successful program with a large US e-commerce retailer that ran a pilot test program during Q4 FY 2020 and Q1 FY 2021, followed by another pilot test program in Canada during Q2 FY 2021, over 700 PUDOpoint Counter locations were available for alternative delivery options for the e-commerce retailer's customers. During FY 2021 Pickup Counter parcels increased by over 1,700% over FY 2020, while during Q4 FY 2021 Pickup Counter volume increased by over 750% as compared to Q4 FY 2020. In sequential quarters, Pickup Counter volume increased 28.4% compared to Q3 FY 2021.

As PUDO realizes its growth plan, it is expected that having a greater number of stakeholder partners and consumer members will minimize parcel volume losses and reduce dependence on specific carriers.

Outlook

After a tumultuous year of growth, reinterpretation, and reinvention to both survive and advantage a global pandemic, PUDO enters a new fiscal year with high expectations that the partnerships, pilots, lessons, and confidences built and experienced over the past several years will continue to consolidate, as the PUDO Network continues to expand throughout North America.

The global pandemic changed retail and consumer buying behaviour forever. What was an anomaly has become business as usual, and for PUDO this only underscored the need for a click-and-collect Network as such exists in the UK and western Europe. The Company's foresight in partnering with major e-commerce retailers, leading parcel returns SaaS companies, major carriers, and major bricks-and-mortar alliances over the course of the past five years confirms management insight, setting PUDO apart from and ahead of unconsolidated logistics plays.

Close to 1,200 PUDOpoint Counter locations are currently managing parcels in Canada and the United States, with more networked and ready for activation. The creation of this Network, by a small and stealth team was a major accomplishment and bodes well for the Company's ability to scale quickly with extraordinarily low capital investment per location. By utilizing a strategic formula that combines low-cost/low-margin parcel traffic to illustrate efficiencies, and low-cost/high-margin parcel traffic attracted by aforementioned efficiencies, to fuel profitability, the Company should be able to scale impressively moving forward.

"It has been a challenge to communicate the many victories and successes of this past year to shareholders, while under NDA embargoes with pilot and stakeholder partners, and while successfully negotiating a pandemic, but I am extraordinarily pleased that the PUDOpoint Network is growing as quickly in reputation and level of service provided, as it is in number of locations. Given the nature, scale, and progress of business development currently, I am confident that fiscal year 2022 will be pivotal for the Company, and that we can continue turning our attention to our brand and to building awareness," says Frank Coccia.

COVID-19

Subsequent to year end, the spread of COVID-19 continues to impact many local economies around the globe. In many countries, including Canada and the U.S.A., businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

As of May 26, 2021, the Company has been impacted by COVID-19 through temporary closure of some of the PUDOpoints as well as customers being at home to accept their parcels, thereby reducing the number of failed first delivery attempts being brought to PUDOpoints. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government imposed restrictions remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

"We spent considerable time and attention re-building our online frontline and back-of-house technologies this past year, enabling quick and efficient integration with partners, and online shoppers. In tandem with growing our Network, we can now step out with confidence and grow our B2C and B2B membership base to drive traffic back through our own Network, earning per-parcel revenues for the Company, for PUDOpoint operators, and for our loyal stakeholder partners. I look forward to sharing much good news with shareholders, these next many months", concludes Coccia.

A complete copy of the audited financial statements and the Management's Discussion and Analysis Report for the year ended February 28, 2021, can be found on the CSE website at www.thecse.com and on SEDAR at www.sedar.com.

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

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 over \$800B retail 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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