



November 22, 2018

PUDO CEO Update to Shareholders

Dear Shareholders:

It is my pleasure to report and comment on Company progress related to previously disclosed contracts and partnerships.

Following on the heels of the several-months-long period of adjustment referred to in my last update, we continue to gain traction and forward momentum across almost all business verticals and revenue streams.

Remaining focused on core basics associated with our business, we continue to optimize our Network to suit current partner needs, and have been working hard to secure new partners and customers capable of multiplying Network parcel volumes and revenues.

I would like to address some important actioned initiatives, and specifically where those are taking us operationally:

- The Canadian PUDOpoint Network has been undergoing a substantial refresh. We referred previously to the need to optimize the PUDO Network based on needs of our partners' parcel demand, and to that end we have continued to both activate PUDOpoint locations in areas of demand for our services, and contemporaneously, suspend operations at PUDOpoints ill-suited to servicing current partners. PUDO Network expansion will remain considered and deliberate as we focus efforts around locations that benefit our partners — that is, the integrated Network of shippers/carriers/couriers, and the storefront counters that operate as PUDOpoints.
- This Network refinement has benefited both PUDO and our partners, as demonstrated by an increase in the total number of PUDOpoints receiving parcels each week. As an example, the number of locations that receive parcels weekly from just one courier partner in our Network has increased 20% over the previous six months, and indications are this growth will continue and scale across more Network partners.
- The teams focus on optimization has resulted in significant parcel volume increases. During the first six months of this fiscal year, PUDO managed between 13 & 15 thousand parcels each month for one of our partners. This volume has grown by more than 30% in September, and a further 40% in October. Network optimization factors into parcel growth, as does overall increases in parcel volume being managed by our partners. Thousands of consumers who miss their deliveries each week are now collecting their parcels at their convenience near where they live, work or play.

While Network optimization benefits PUDO's core offerings and increases parcel volumes overall, member shipments to the US border points branded Kinek (a PUDO owned subsidiary) have trended in the opposite direction. Kinek experienced similar parcel volume declines in the past where the Canadian dollar weakened. Kinek is increasing social media outreach to help spur use of this services as the holiday season approaches. While the impact of this has indeed tempered our growth, cumulative parcel volumes so far this quarter are up compared with previous quarters this year.



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PUDO's revenue-per-parcel varies substantially depending on which service or combination of services each individual parcel accesses. Revenue changes therefore, do not necessarily track parcel volume. Overall, revenue is up more than 15% so far this quarter over last quarter, and we are only just coming into peak season.

Another PUDO service is seeing increased uptake. PUDO's partners can use PUDOpoints as drop-off locations for parcels. We are seeing that marketplace sellers are increasingly dropping off parcels at PUDOpoints to be picked up by couriers for delivery onward to consignees. This additional revenue is still relatively small but has grown rapidly in recent months. This further demonstrates the value of the suite of services PUDO offers in concert with our partners.

Operationally, we are pleased to report that national integration and deployment of the first suite of services for Landmark Global was completed on time by the end of October. Indications are that this parcel volume will continue to grow as they undertake a series of steps to increase last mile efficiency over the next six to nine months.

As previously reported, PUDO has been working through the process of integrating operations with returns Software as a Service (SaaS) partners. As of last week, the second batch of test parcels arrived at our partner's consolidation facility validating the work on the IT systems. Implementation efforts are continuing so that soon, PUDO will offer convenient hassle-free returns services for consumers of select retailers.

Earlier in the year, we announced an initiative in Texas that was expected to commence this fall. I must report that our partners have experienced delays in the systems integration required for proper communication with consignees. Our partners remain committed to the endeavor, though with peak parcel season upon us, this service will not launch until the new year.

The e-commerce parcel landscape is evolving domestically and in the US. Having a better understanding of the landscape, we have been working with key US partners to renew our mutual commitment to the services that together we are uniquely positioned to offer. With the capital resources in place, PUDO is positioning itself to be ready to extend our service offering in the US in 2019.

In closing, I thank you for your continued commitment and confidence in PUDO. We are very excited to see the momentum building in our business and we look forward to scaling that success as parcel volumes continue to grow in the coming year.

Yours most sincerely,

A handwritten signature in blue ink that reads 'Kurtis Arnold'.

Kurtis Arnold

CEO

PUDO Inc.

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About PUDO

PUDO Inc. is developing North America's only carrier-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 carrier-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, un-attended parcel theft and spoilage, and mismanaged reverse logistics on returns, and provides carriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

PUDO was founded in 2015 and was recently named one of the Top 20 most innovative public technology companies by the Canadian Innovation Exchange. 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 ready to activate 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.pudoinc.com or www.pudopoint.com.

Information in this letter that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, such as statements regarding possible capital raising activity 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 raise additional capital. 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 letter, 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



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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 letter 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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