

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: PUDO Inc. (“PUDO” or the “Issuer”).

Trading Symbol: PDO

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

*A complete copy of condensed interim unaudited financial statements for the three month periods ended May 31, 2024 and 2023, is attached at the end of this form and can be found on the Issuer's profile on the CSE website at [www.thecse.com](http://www.thecse.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

*Please refer to Schedule A – Financial Statements – Note 12.*

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

*Nil in this Quarter - Please refer to Schedule A – Financial Statements – Note 9.*

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

*Nil in this Quarter - Please refer to Schedule A – Financial Statements – Note 10.*

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

*Please refer to Schedule A – Financial Statements – Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficiency) Equity Page 3 and Notes 9 and 10.*

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

*Elliott K. Etheredge  
Doug Baker*

*Chief Executive Officer  
Chief Financial Officer*

*Tom Bijou  
Tracy K. Bramlett  
Murray Cook  
Richard Cooper  
Howard Westerman*

*Director  
Director  
Director  
Director - Chairman  
Director*

## **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

*MD&A – Quarterly Highlights for the three month periods ended May 31, 2024 and 2023, is attached at end of this form and can be found on the Issuer's profile on the CSE website at [www.thecse.com](http://www.thecse.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **Certificate of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated July 30, 2024.

Elliott Etheredge

Name of Director or Senior Officer

/s/ Elliott Etheredge

Signature

CEO

Official Capacity

<b>Issuer Details</b> Name of Issuer  <b>PUDO Inc.</b>	For Quarter Ended  <b>May 31, 2024</b>	Date of Report YY/MM/DD  <b>24/07/30</b>
Issuer Address  <b>6600 Goreway Drive Unit D</b>		
City/Province/Postal Code  <b>Mississauga, ON L4V 1S6</b>	Issuer Fax No.  <b>( )</b>	Issuer Telephone No.  <b>(844) 300-8533</b>
Contact Name  <b>Frank Coccia</b>	Contact Position  <b>CEO</b>	Contact Telephone No.  <b>(844) 300-8533</b>
Contact Email Address  <b>elliott.etheredge@pudopoint.com</b>	Web Site Address  <b>www.pudopoint.com</b>	

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# **PUDO INC.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIODS ENDED MAY 31, 2024 AND  
2023**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

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### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of PUDO Inc. have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

**PUDO Inc.**
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

As at	Notes	May 31, 2024	February 29, 2024
<b>Assets</b>			
Current assets			
Cash		\$ 196,428	\$ 155,725
Restricted short-term investment		26,302	25,850
Trade and other receivables	3, 5	433,883	370,999
Prepaid expenses and deposits		76,645	97,117
<b>Total current assets</b>		<b>733,258</b>	<b>649,691</b>
<b>Non-current assets</b>			
Equipment	6	1,702	1,526
Intangible assets	7	44,721	45,002
<b>Total assets</b>		<b>\$ 779,681</b>	<b>\$ 696,219</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	8, 12	\$ 941,812	\$ 796,271
<b>Total current liabilities</b>		<b>941,812</b>	<b>796,271</b>
<b>Total liabilities</b>		<b>941,812</b>	<b>796,271</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	9	9,177,037	9,177,037
Stock option reserve	10	942,167	895,348
Accumulated other comprehensive loss		(3,339)	(1,789)
Deficit		(10,277,996)	(10,170,648)
<b>Shareholders' equity (deficiency)</b>		<b>(162,131)</b>	<b>(100,052)</b>
<b>Total liabilities and Shareholders' equity (deficiency)</b>		<b>\$ 779,681</b>	<b>\$ 696,219</b>

**Nature of operations and going concern** (note 1)

**Commitments and contingencies** (note 13)

Approved by the Board of Directors:

"Thomas Bijou"

Director

"Richard Cooper"

Director

**See accompanying notes to the unaudited condensed interim consolidated financial statements**

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

	Notes	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
Revenue	3	\$ 856,384	\$ 782,963
Cost of sales	11	(563,125)	(474,111)
<b>Gross profit</b>		<b>293,259</b>	<b>308,852</b>
Administrative expenses	11	(353,788)	(427,623)
Share-based compensation		(46,819)	(90,358)
<b>Net loss</b>		<b>(107,348)</b>	<b>(209,129)</b>
Other comprehensive loss – translation of foreign subsidiary		(1,550)	-
<b>Comprehensive loss for the period</b>		<b>\$ (108,898)</b>	<b>\$ (209,129)</b>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>		<b>27,271,007</b>	<b>27,271,007</b>

See accompanying notes to the unaudited condensed interim consolidated financial statements



**PUDO Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**  
(Unaudited)

	# of Common Shares	Share Capital	Stock Option Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
<b>Balance, February 28, 2023</b>	<b>27,271,007</b>	<b>\$ 9,177,037</b>	<b>\$ 538,974</b>	<b>\$ -</b>	<b>\$ (9,672,761)</b>	<b>\$ 43,250</b>
Share-based compensation	-	-	90,358	-	-	90,358
Comprehensive loss for the three month period ended May 31, 2023	-	-	-	-	(209,129)	(209,129)
<b>Balance, May 31, 2023</b>	<b>27,271,007</b>	<b>\$ 9,177,037</b>	<b>\$ 629,332</b>	<b>\$ -</b>	<b>\$ (9,881,890)</b>	<b>\$ (75,521)</b>
Share-based compensation	-	-	266,016	-	-	266,016
Comprehensive loss for the nine months ended February 29, 2024	-	-	-	(1,789)	(288,758)	(290,547)
<b>Balance, February 29, 2024</b>	<b>27,271,007</b>	<b>\$ 9,177,037</b>	<b>\$ 895,348</b>	<b>\$ (1,789)</b>	<b>\$ (10,170,648)</b>	<b>\$ (100,052)</b>
Share-based compensation	-	-	46,819	-	-	46,819
Comprehensive loss for the three month period ended May 31, 2024	-	-	-	(1,550)	(107,348)	(108,898)
<b>Balance, May 31, 2024</b>	<b>27,271,007</b>	<b>\$ 9,177,037</b>	<b>\$ 942,167</b>	<b>\$ (3,339)</b>	<b>\$ (10,277,996)</b>	<b>\$ (162,131)</b>

See accompanying notes to the unaudited condensed interim consolidated financial statements

**PUDO Inc.****Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

	Notes	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
<b>Cash flows (used in) provided by operating activities</b>			
Net loss for the period		\$ (107,348)	\$ (209,129)
Adjustments for:			
Amortization	6, 7	7,004	8,278
Share-based compensation	10	46,819	90,358
Allowance for doubtful accounts	5	(18,801)	9,879
Net change in working capital:			
Restricted short-term investment		(452)	(218)
Trade and other receivables		(44,082)	(43,773)
Prepaid expenses and deposits		20,473	2,573
Trade and other payables		145,540	118,787
<b>Cash flows received (used) in operating activities</b>		<b>49,153</b>	<b>(23,245)</b>
<b>Cash flows used in investing activities</b>		<b>(6,900)</b>	<b>(1,819)</b>
<b>Cash flows received in financing activities</b>		<b>Nil</b>	<b>Nil</b>
<b>Change in cash during the period</b>		<b>42,253</b>	<b>(25,064)</b>
<b>Cash, beginning of period</b>		<b>155,725</b>	<b>177,925</b>
Effect of translation of foreign currency		(1,550)	(9,881)
<b>Cash, end of period</b>		<b>\$ 196,428</b>	<b>\$ 142,980</b>

See accompanying notes to the unaudited condensed interim consolidated financial statements

# **PUDO Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)**

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### **1. Nature of operations and going concern**

The principal activity of PUDO Inc. (the "Company") is using technology to improve the connection between ecommerce and consumers. The Company deploys its' technology to provide consumers with convenient locations to pick-up or drop-off e-commerce parcels. 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 it's convenient, when it's convenient for them.

Existing businesses, such as convenience stores or gas stations, provide services as a PUDOpoint™ ("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 and drop-off ("PUDO") e-commerce parcels.

The Company'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. The Company's registered office is at 6600 Goreway Drive, Unit D, Mississauga, Ontario, L4V 1S6. The Company is listed on the Canadian Securities Exchange ("CSE"), trading under the symbol "PDO" and is currently a member of the CSE Composite Index.

### **Going Concern**

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at May 31, 2024, the Company had a working capital deficit of \$208,554 (February 29, 2024 – \$146,580), had not yet achieved profitable operations, had received cash in operating activities of \$49,153 for the three month period ended May 31, 2024 (May 31, 2023 – cash used of \$23,245), had a deficit of \$10,277,996 as at May 31, 2024 (February 29, 2024 - \$10,170,648) and had shareholders' deficiency of \$162,131 (February 29, 2024 – \$100,052). These conditions reflect material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in raising the necessary funding to continue operations in the past, there is no assurance that it will be able to do so in the future. These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **2. Basis of preparation**

#### (a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended February 29, 2024. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending February 28, 2025 could result in restatement of these unaudited condensed interim consolidated financial statements.

# **PUDO Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)**

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### **2. Basis of preparation (continued)**

The condensed interim consolidated financial statements of the Company for the three month period ended May 31, 2024 were approved and authorized for issuance by the Board of Directors on July 30, 2024.

#### (b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### (c) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries PUDOpoint Inc., Grandview Gold (USA) Inc., and Recuperacion Realzada, S.A.C.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

### **3. Financial risk management**

#### (a) Fair values

The carrying amounts of cash, restricted short-term investment, trade and other receivables, trade and other payables 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. This note discloses 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.

The Board of Directors 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 approximate their carrying values are recorded in the Company's consolidated statement of financial position. A significant portion of the Company's revenues are from one customer. This customer is comprised of three different businesses operated independently under common control.

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 3. Financial risk management (continued)

	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
Revenue from customer # 1	\$ 299,005	\$ 322,219
% of total revenue	35%	41%
Revenue from customer # 2	166,967	168,917
% of total revenue	19%	22%
Revenue from customer # 3	135,748	11,670
% of total revenue	16%	1%

	As at May 31, 2024	As at February 29, 2024
Accounts receivable from customer # 1	\$ 97,001	\$ 38,329
% of total accounts receivable	22%	10%
Accounts receivable from customer # 2	77,436	39,753
% of total accounts receivable	18%	11%
Accounts receivable from customer # 3	34,472	23,602
% of total accounts receivable	8%	6%

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

	May 31, 2024	February 29, 2024
Cash	\$ 196,428	\$ 155,725
Restricted short-term investment	26,302	25,850
Trade and other receivables	433,883	370,999
	\$ 656,613	\$ 552,574

#### (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. See going concern discussion in note 1.

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 3. Financial risk management (continued)

The following are the contractual maturities of financial liabilities:

<b>May 31, 2024</b>	<b>1 Year or Less</b>	<b>Greater than 1 year</b>	<b>Total</b>
Trade and other payables	\$ 941,812	\$ -	\$ 941,812

<b>February 29, 2024</b>	<b>1 Year or Less</b>	<b>Greater than 1 year</b>	<b>Total</b>
Trade and other payables	\$ 796,271	\$ -	\$ 796,271

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 for the three month period is as follows:*

	<b>Three Months Ended May 31, 2024</b>	<b>Three Months Ended May 31, 2023</b>
Canada	\$ 809,768	\$ 753,602
USA	46,616	29,361
	<b>\$ 856,384</b>	<b>\$ 782,963</b>

*Revenue by service for the three month period is as follows:*

	<b>Three Months Ended May 31, 2024</b>	<b>Three Months Ended May 31, 2023</b>
Returns	\$ 449,121	\$ 335,630
For Pick Up	119,043	119,414
Failed First Attempts	97,516	129,397
Third Party Logistics	89,671	126,123
Direct to PUDO	57,998	31,429
Other	43,035	40,970
	<b>\$ 856,384</b>	<b>\$ 782,963</b>

#### (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 exchange rate. The Company purchases goods and services and generates revenues in Canadian dollars and US dollars. Since the Company reports its results in Canadian dollars, the functional currency of the

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 3. Financial risk management (continued)

Company, it is exposed to changes in the value of the US dollar relative to that of the Canadian dollar. As at May 31, 2024 and February 29, 2024, the Company and its subsidiaries had cash, trade and other receivables and trade and other payables denominated in US dollars as follows:

<b>As at May 31, 2024</b>	<b>USD</b>	<b>CAD Equivalent</b>
Cash	\$ 97,159	\$ 132,496
Trade and other receivables	35,128	47,904
Trade and other payables	(72,043)	(98,245)
	\$ 60,244	\$ 82,155

<b>As at February 29, 2024</b>	<b>USD</b>	<b>CAD</b>
Cash	\$ 72,657	\$ 98,596
Trade and other receivables	50,585	68,644
Trade and other payables	(43,536)	(59,078)
	\$ 79,706	\$ 108,162

#### (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 equity, loans and borrowings. As at May 31, 2024, the Company had shareholders' deficit of \$162,131 (February 29, 2024 – \$100,052) and loans and borrowings of \$ nil (February 29, 2024 - \$ nil).

The Company's capital management objectives, policies and processes have remained materially unchanged during the three month period ended May 31, 2024 and year ended February 29, 2024.

#### (vii) Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are reasonably possible over the year. Sensitivity to a plus or minus 10% change in the US-Canadian dollar foreign exchange rate, based on the current US dollar denominated balances as at May 31, 2024, would affect the net loss by approximately plus or minus \$6,000 during a year.

# **PUDO Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)**

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### **4. Critical accounting estimates and judgments**

The Company makes estimates and judgments that affect the reported amounts of assets and liabilities within the next year. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Intangible assets and equipment*

The useful life of intangible assets and equipment is determined by management at the time the software and equipment is acquired and brought into use and is regularly reviewed for appropriateness. For unique software products controlled by the Company, the estimated life is based on management's historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell (in the case of non-financial assets) and at objective evidence, for a significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

The Company reviews property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Impairment of financial assets*

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Judgment is required in determining the Company's provisions for taxes, including the recognition and measurement of any potential deferred tax assets. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

#### *Share based compensation*

The Company measures the cost of equity settled transactions with employees, consultants, officers and directors by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Assumptions are made and judgment is used in applying valuation techniques.

#### *Functional and presentation currency*

In determining the functional currency of the parent and its subsidiaries, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in each the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

#### *Going concern*

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to increase revenues and working capital requirements.



# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 4. Critical accounting estimates and judgments (continued)

These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

#### *Valuation of shares issued for non-cash considerations*

The Company makes estimates and judgments in determining the value of shares issued for non-cash consideration.

### 5. Trade and other receivables

	May 31, 2024	February 29, 2024
Trade receivables	\$ 321,855	\$ 239,751
Other receivables	112,028	131,248
	<b>\$ 433,883</b>	<b>\$ 370,999</b>

Allowance for doubtful accounts as at May 31, 2024 was \$ 28,680 (February 29, 2024 – \$9,879).

The following is an aging analysis of the Company's trade and other receivables:

	Total Receivable	Current	Aging in Days		
			31 to 60	61 to 90	91+
February 28, 2024	\$ 370,996	\$ 286,356	\$ 50,047	\$ 2,694	\$ 31,899
<b>May 31, 2024</b>	<b>\$ 433,883</b>	<b>\$ 321,949</b>	<b>\$45,992</b>	<b>\$ 7,158</b>	<b>\$ 58,784</b>

### 6. Equipment

Scanners and Tablets	Cost	Accumulated Amortization	Net Book Value
Balance at February 28, 2023	\$ 325,516	\$ 321,387	\$ 4,129
Additions / amortization	1,819	4,422	(2,603)
Balance at February 29, 2024	\$ 327,335	\$ 325,809	\$ 1,526
Additions / amortization	-	(176)	176
<b>Balance at May 31, 2024</b>	<b>\$ 327,335</b>	<b>\$ 325,633</b>	<b>\$ 1,702</b>

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 7. Intangible Assets

Computer Software	Cost	Accumulated Amortization and Impairment	Net Book Value
<b>Balance at February 28, 2023</b>	<b>\$ 774,391</b>	<b>\$ 739,328</b>	<b>\$ 35,063</b>
Additions / amortization	37,400	27,461	9,939
<b>Balance at February 29, 2024</b>	<b>\$ 811,791</b>	<b>\$ 766,789</b>	<b>\$ 45,002</b>
Additions / amortization	6,900	7,181	(281)
<b>Balance at May 31, 2024</b>	<b>\$ 818,691</b>	<b>\$ 773,970</b>	<b>\$ 44,721</b>

### 8. Trade and other payables

	May 31, 2024	February 29, 2024
Trade payables	<b>\$ 753,008</b>	\$ 603,595
QST payable	<b>3,786</b>	4,100
Other payables	<b>108,832</b>	152,483
Accrued liabilities	<b>76,186</b>	36,093
	<b>\$ 941,812</b>	\$ 796,271

Trade payables are non-interest bearing and payable within thirty (30) days.

### 9. Share capital

#### (a) Authorized

Unlimited number of common shares with no par value.

Unlimited number of preference shares. The preference shares are without par value, redeemable, non-voting and non-participating (none currently issued and outstanding).

#### (b) Issued

Common Shares	Number	Amount
<b>Balance, February 28, 2023</b>	<b>27,271,007</b>	<b>\$ 9,177,036</b>
Common share activity	-	-
<b>Balance, February 29, 2024</b>	<b>27,271,007</b>	<b>\$ 9,177,036</b>
Common share activity	-	-
<b>Balance, May 31, 2024</b>	<b>27,271,007</b>	<b>\$ 9,177,036</b>

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 10. Stock option reserve

The Company maintains an employee stock option plan under which the Board of Directors, or the compensation committee of the Board of Directors, may from time to time grant to employees, officers, directors or consultants of the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or the compensation committee of the Board of Directors.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall not exceed 20% of the total issued and outstanding common shares.

The following table reflects the continuity of stock options for the three month period ended May 31, 2024 and the year ended February 29, 2024:

	Number of stock options	Exercise Price
<b>Balance, February 28, 2023</b>	<b>2,275,545</b>	<b>\$ 1.13</b>
Stock Options activity	-	-
<b>Balance, February 29, 2024</b>	<b>2,275,545</b>	<b>\$ 1.13</b>
Stock Options activity	-	-
<b>Balance, May 31, 2024</b>	<b>2,275,545</b>	<b>\$ 1.13</b>

The following table reflects the actual stock options issued and outstanding as at May 31, 2024:

	Exercise Price (\$)	Remaining contractual life (years)	Weighted average number of options outstanding	Options vested (exercisable)	Estimated grant date fair value (\$)
July 17, 2025	1.14	1.13	213,750	213,750	223,792
July 17, 2025	1.75	1.13	135,000	135,000	129,739
March 1, 2027	0.81	2.75	569,445	308,449	367,071
January 3, 2027	0.80	2.59	1,357,350	480,728	525,275
	1.13	1.90	2,275,545	1,137,928	1,245,877

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 11. Expenses categorized by nature

	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
<b>Cost of sales</b>		
External processing charges	\$ 561,397	\$ 471,957
Computer and web access charges	1,728	2,154
	<b>\$ 563,125</b>	<b>\$ 474,111</b>
	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
<b>Administrative expenses</b>		
Salaries and benefits	\$ 175,540	\$ 226,543
General and administrative expenses	66,226	77,639
Professional fees	36,226	23,158
Consulting fees	25,793	25,167
Investor relations	16,419	19,253
Agent and filing fees	12,085	12,128
Accounting and office	9,054	9,600
Travel, promotion and business development	6,304	25,320
Foreign exchange loss (gain)	(863)	537
Amortization (notes 6 and 7)	7,004	8,278
	<b>\$ 353,788</b>	<b>\$ 427,623</b>

### 12. Related party balances and transactions

During the three month period ended May 31, 2024, the Company incurred bookkeeping fees, office rental, and warehouse sorting costs to a company with a common office and director. Warehouse sorting is included in cost of sales in the amount of \$22,084 (May 31, 2023 - \$17,569). Bookkeeping fee and office rental are included in accounting and office expense \$3,054 (May 31, 2023 - \$3,600).

During the three month period ended May 31, 2024, the Company had the following transactions with shareholders, management and directors:

# PUDO Inc.

## Notes to Condensed Interim Consolidated Financial Statements Three Months Ended May 31, 2024 and 2023 (Expressed in Canadian Dollars) (Unaudited)

### 12. Related party balances and transactions (continued)

	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023
Share-based compensation	\$ 46,819	\$ 90,358
Salaries and benefits	18,000	60,064
Consulting fees	28,193	16,167
	\$ 93,012	\$ 166,589

As at May 31, 2024, balances payable to the related parties noted above amounted to \$176,928 (May 31, 2023 - \$113,175) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

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

As at May 31, 2024, balance receivable from a related party noted above amounted to \$28,127 (February 28, 2024 - \$27,674) and are included in the account receivables.

See also notes 10 and 11.

### 13. Commitments and contingencies

The Company has entered into various agreements for services, which if terminated by the Company would not have any significant impact on the Company's financial statements. These amounts have not been accrued in the condensed interim consolidated financial statements as at May 31, 2024.

# **PUDO INC.**

## **INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **QUARTERLY HIGHLIGHTS**

#### **FOR THE THREE MONTH PERIOD ENDED**

**MAY 31, 2024 and 2023**

**(EXPRESSED IN CANADIAN DOLLARS)**

**Prepared by:**

**PUDO Inc.**

**6600 Goreway Drive Unit D, Mississauga,  
Ontario, Canada L4V 1S6**

**PUDO Inc.**  
**Interim Management's Discussion & Analysis - Quarterly Highlights**  
**Three Month Period Ended May 31, 2024**  
**Discussion dated: July 30, 2024**

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## **Introduction**

The following interim Management's Discussion and Analysis – Quarterly Highlights (the “Quarterly Highlights”) 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 three month period ended May 31, 2024 (“Q1 FY 2025”), together with certain trends and factors that are expected to have an impact in the future.

These Quarterly Highlights have been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended May 31, 2024, the audited annual consolidated financial statements of the Company for the years ended February 29, 2024 and February 28, 2023, together with the notes thereto, and the Management's Discussion and Analysis (“Annual MD&A”) Report of the Company for the year ended February 29, 2024. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

The Company's unaudited condensed interim consolidated financial statements and 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 regarding the Company and its operations are available on the Company's website at [www.pudopoint.com](http://www.pudopoint.com) and under the Company's SEDAR issuer profile at [www.sedar.com](http://www.sedar.com), or upon request to the Company at 6600 Goreway Drive Unit D, Mississauga, Ontario, Canada, L4V 1S6.

## **Description of Business**

PUDO is listed on the Canadian Securities Exchange (“CSE”) under the symbol “PDO” and on the OTCQB exchange under the symbol “PDPTF”.

PUDO's purpose is to improve the connection between e-commerce and consumers. PUDO deploys their technology to provide consumers with convenient locations to Pick-Up or Drop-Off (“PUDO” or “Network”) e-commerce parcels. Through collaboration with online retailers, third party logistics companies (“3PL”), Software as a Service (“SaaS”) providers 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™ (“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 and drop-off (“PUDO”) e-commerce parcels.

The Company'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.

### **Cautionary Note Regarding Forward-Looking Information**

These Quarterly Highlights contain 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 address possible future events, conditions and financial performance based upon management's current expectations, estimates, projections and assumptions.

Management of the Company considers the assumptions on which the forward-looking information contained herein are based to be reasonable. However, by its very nature, forward-looking statements inherently involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks include, without limitation those risks discussed in the "Risk Factors" section of PUDO's Annual MD&A dated June 20, 2024.

All forward-looking statements herein are expressly qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in these Quarterly Highlights are made only as of the date of these Quarterly Highlights or as of the date specified in such statement. 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.

### **Highlights**

The Company continued to focus on optimizing the PUDO Network to enhance alignment with partner requirements in Canada and the United States ("U.S.") while leveraging the current services and Network to develop new partner relationships that further enhanced revenue opportunities. 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, growing parcel volumes for direct to PUDOpoint deliveries, enlarging the returns program, 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.

Below are a few Company highlights during Q1 FY 2025:

- 📍 Announced a partnership with Staples Canada to place PUDOpoints in all of Staples Canada's 300+ locations across Canada.
- 📍 Returns revenue increased by 33.8% as compared to the prior year, Q1 FY 2024.
- 📍 Management continued to invest in ongoing software development to enhance PUDO's current software technology and database structure to better manage API integration of PUDO's existing and new service offerings with current and new partners. This included the ongoing enhancements to the PUDO Label returns service ("PUDO Label") that enables retailers' customers to print a return label for previously order products to drop off the return package at a PUDOpoint Counter location for an efficient and cost-effective consolidated pickup and returns process for the retailers.



**PUDO Inc.**  
**Interim Management's Discussion & Analysis - Quarterly Highlights**  
**Three Month Period Ended May 31, 2024**  
**Discussion dated: July 30, 2024**

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- 📍 The Issuer's auditor, Clearhouse LLP, audited the consolidated financial statements for the fiscal year ended February 29, 2024, and the Company filed the audited statements along with the Management Discussion and Analysis on June 20, 2024, as required to the CSE and to SEDAR websites.

### ***Capital Resources***

During Q1 FY2025, there were nil capital transactions completed.

### **Operations**

#### ***PUDOpoint Counters Network***

The Company continued to actively recruit and register new PUDOpoint Counter locations in Canada and the United States. PUDO activates registered PUDOpoint Counter locations to support partner requirements for services in strategic areas.

#### ***Parcel Volume Analysis***

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

While the Company continued to strategically manage the growth and development of the PUDOpoint Network throughout Q1 FY 2025, overall parcel volumes increased by 3.7% compared to the three month period ended May 31, 2023 ("Q1 FY 2024"). During this quarter, Q1 FY 2025, partner shipments increased by 3.5% over the same quarter in the previous year. During the same three month period, member shipment volumes increased 5.7% relative to the year earlier quarter as a result of the Canada-USA border re-opening for all travellers. In Q1 FY 2025, partner shipments represented 91.0% of the Company's total volumes, relatively the same as the same quarter in the prior fiscal year.

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

- 📍 **Returns**: During Q1 FY 2025 returns volume increased by 57.2% as compared to the prior year, Q1 FY 2024. The increase is a result of PUDO's partners increasing the integration of their own clients' return requirements for use of the PUDO Returns Label service as the value of this service offering provided by PUDO reduces cost of return for their clients. In sequential quarters, returns parcel volume in Q1 FY 2025 as compared to period ended February 29, 2024 ("Q4 FY 2024") increased by 19.2%. This increase appears to be a result of retailer sales in Q4 FY 2024 that were subsequently returned by shoppers in Q1 FY 2025.
- 📍 **Failed First Attempts ("FFA")**: During Q1 FY 2025, total FFA parcel volumes decreased by 19.8% relative to Q1 FY 2024. In sequential quarters, parcel volumes in Q1 FY 2025 compared to Q4 FY 2024 decreased by 6.8%. This decrease appears to be a result of a reduction in online purchases following the holiday season.
- 📍 **Third Party Logistics ("3PL")**: During Q1 FY 2025, 3PL parcel volume decreased by 32.0% over the prior year, Q1 FY 2024. The decrease is a result of PUDO partners decreasing their volume of parcel shipments that utilized PUDO's preferred shipping rates. In sequential quarters, 3PL parcel volume in Q1 FY 2025 as compared to Q4 FY 2024 decreased by 1.9%. This decrease appears to be result of decreased requirement to ship to remote locations.
- 📍 **For Pickup ("FPU")**: During Q1 FY 2025 FPU parcel volume remained relatively the same as compared to the prior year, Q1 FY 2024. In sequential quarters, FPU parcel volume in Q1 FY 2025 as compared to period ended Q4 FY 2024 decreased by 8.8%. This decrease is a result of a large

**PUDO Inc.**  
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e-commerce retailer changing their business model, reducing the requirement for use of the PUDOpoint Counter Network for courier pickup of their customer drop offs.

- 📍 **Border Member:** During Q1 FY 2025 total member parcel volumes increased by 5.7% relative to Q1 FY 2024. In sequential quarters, parcel volumes in Q1 FY 2025 compared to Q4 FY 2024 increased by 3.7%. These increases may be a result of the re-opening of Canada – USA border that had temporarily closed as a result of COVID-19.
- 📍 **Pickup Counters:** Over 700 PUDOpoint Counter locations are available as “Hub Counters” in the USA and Canada as alternative delivery options for online shopping customers of a large US and Canada e-commerce retailer. These Hub Counters provide a location for safe and secure storage for parcels for pickup by the customer. During Q1 FY 2025 total Pickup Counter parcel volumes decreased by 5.1% relative to Q1 FY 2024. In sequential quarters, Hub Counter parcel volumes in Q1 FY 2025 as compared to Q4 FY 2024 decreased by 9.3%.
- 📍 **Direct to PUDO (“D2P”):** During Q1 FY 2025 total D2P parcel volumes increased by 37.9% relative to Q1 FY 2024. This increase appears to be a result of retailers' customers becoming aware that PUDOpoint Counter locations are available during the check out process on PUDO retail partner e-commerce websites, providing a safe secure delivery for their online orders. In sequential quarters, parcel volumes in Q1 FY 2025 compared to Q4 FY 2024 decreased by 19.5%, mainly due to positive impact of seasonal holiday shopping during Q4 FY 2024.

As PUDO continues to expand and maintain its services, a greater number of stakeholder partners and consumer members will minimize parcel losses and reduce dependence on specific carriers as PUDO provides a courier agnostic network of locations.

### **Outlook**

PUDO continues to expand the availability and volume of its PUDO Label return services. By increasing the number of retailers using the solution and partnering with additional SAAS and 3PL providers, the PUDO network is becoming an important part of the e-commerce returns solution.

With the success of the PUDO Label returns service in Canada, the Company is working with a current partner to expand the service in the United States by leveraging the available USA PUDOpoint Network currently being used for customers that want to ship directly to a PUDOpoint from their retailer's checkout process providing a safe and secure delivery location for online ecommerce purchases.

It is expected that the weaker volumes experienced in the Third Party Logistics and Failed First Attempt service lines may continue for the foreseeable future. However, the addition of new Returns customers and the expansion of the PUDOpoint Network in the United States are expected to offset that decline.

**PUDO Inc.**  
**Interim Management's Discussion & Analysis - Quarterly Highlights**  
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**Financial Condition and Performance**

**Financial Performance**

A summary of selected financial information for the three month period ended May 31, 2024 and 2023 is included below:

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

	<b>Three Months Ended May 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 856,384	\$ 782,963
Cost of sales	(563,125)	(474,111)
<b>Gross profit</b>	<b>293,259</b>	308,852
Administrative expenses	(353,788)	(427,623)
Share-based compensation*	(46,819)	(90,358)
<b>Net loss</b>	<b>(107,348)</b>	(209,129)
Other comprehensive loss – translation of foreign subsidiary	(1,550)	-
<b>Net loss and comprehensive loss for the period</b>	<b>(108,898)</b>	(209,129)
<b>Loss per share basic and diluted</b>	<b>\$ (0.00)</b>	\$ (0.01)

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

During the three month period ended May 31, 2024, revenue was \$856,384 (May 31, 2023 - \$782,963), representing an increase of \$73,421 or 9.4% over the same period last year as a result of an increase in the PUDO returns label service offset by decrease in the FFA and 3PL shipments.

Gross profit for the three month period ended May 31, 2024, was \$293,259 (May 31, 2023 - 308,852) representing a decrease of \$15,593 or -5.0% over the same period last year. This is a result of a decline in customer drop off packages for FFA and 3PL shipments and increased costs associated with the PUDO returns service.

The Company reported a net loss of \$107,348 (\$0.00 basic and diluted loss per share), a decrease of \$101,782 compared with a net loss of \$209,129 (\$0.01 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 increase in revenue along with decreased administrative expenses as a result of the decreased salary and travel expenses along with a decrease in non-cash expense related to share-based compensation.

**Financial Condition**

As at May 31, 2024, the Company had total assets of \$779,681 (February 29, 2024 - \$696,219). This increase was primarily attributed to the related revenue associated with operations.

**PUDO Inc.**  
**Interim Management's Discussion & Analysis - Quarterly Highlights**  
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As at May 31, 2024, the Company had a working capital deficit of \$208,554 (February 29, 2024 – \$146,580), had not yet achieved profitable operations, had received cash in operating activities of \$49,153 for the three month period ended May 31, 2024 (May 31, 2023 – cash used of \$23,245), had a deficit of \$10,277,996 as at May 31, 2024 (February 29, 2024 - \$10,170,648) and had shareholders' deficiency of \$162,131 (February 29, 2024 – \$100,052). These conditions reflect material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in raising the necessary funding to continue operations in the past, there is no assurance that it will be able to do so in the future.

### **Cash Flows**

During the three month period ended May 31, 2024, cash increased by \$40,703 to \$196,428 (February 28, 2024 – \$155,725) due to \$49,153 cash provided by operating activities, \$6,900 cash used in investing, nil in financing activities, and \$1,550 used as a result of foreign exchange translation.

### **Liquidity and Capital Resources**

The Company's primary source of cash during Q1 FY 2024 was through operations. As noted in the Annual MD&A and previous Quarterly Highlights, the Company has a secondary source of funding option through convertible debentures, promissory notes, and equity financing. The Company's outstanding loans and borrowings as at May 31, 2024 are fully repaid.

### **Related Party Transactions**

During the three month period ended May 31, 2024, the Company incurred bookkeeping fees, office rental, and warehouse sorting costs to a company with a common office and director. Warehouse sorting is included in cost of sales in the amount of \$22,084 (May 31, 2023 - \$17,569). Bookkeeping fee and office rental are included in accounting and office expense \$3,054 (May 31, 2023 - \$3,600).

During the three month period ended May 31, 2024, the Company had the following transactions with shareholders, management and directors:

		<b>Three Months Ended May 31,</b>	
	<b>2024</b>		<b>2023</b>
Share-based compensation	<b>\$ 46,819</b>	<b>\$</b>	90,358
Salaries and benefits	<b>18,000</b>		60,064
Consulting fees	<b>28,193</b>		16,167
	<b>\$ 93,012</b>	<b>\$</b>	166,589

As at May 31, 2024, balances payable to the related parties noted above amounted to \$176,928 (May 31, 2023 - \$113,175) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

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

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As at May 31, 2024, balance receivable from a related party noted above amounted to \$28,127 (February 28, 2024- \$27,674) and are included in the account receivables.

**Subsequent events**

The Company evaluated subsequent events through July 30, 2024, the date these Interim Management's Discussion & Analysis - Quarterly Highlights were approved and authorized for issue. There were no material subsequent events that required recognition or additional disclosure in the Interim Management's Discussion & Analysis - Quarterly Highlights.

**Risk Factors**

The Annual MD&A for the year ended February 29, 2024, dated June 20, 2024, and filed on SEDAR ([www.sedar.com](http://www.sedar.com)), sets out a brief summary of certain risk factors for which adverse occurrences may have a material impact on the Company's future financial performance. We draw our readers' attention to that disclosure of risk factors. No significant changes to those risk factors have occurred in the 2023 fiscal year and to the date of this report.