

PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTH PERIODS ENDED

AUGUST 31, 2025 and 2025

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

PUDO Inc.

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PUDO Inc.
Interim Management's Discussion & Analysis - Quarterly Highlights
Three and six month periods ended August 31, 2025
Discussion dated: October 8, 2025

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 and six month periods ended August 31, 2025 (“Q2 FY 2026”), 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 and six month periods ended August 31, 2025, the audited annual consolidated financial statements of the Company for the years ended February 28, 2025 and February 29, 2024, together with the notes thereto, and the Management's Discussion and Analysis (“Annual MD&A”) Report of the Company for the year ended February 28, 2025. 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 and under the Company's SEDAR issuer profile at 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 their 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 2, 2025.

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 Q2 FY 2026:

- 📍 Returns revenue for the three and six month periods increased by 105.3% and 98.1% as compared to the prior year, Q2 FY 2025.
- 📍 The Company held the Annual General Meeting of Shareholders on September 16, 2025, via a live webcast. During the meeting Tom Bijou, Tracy K. Bramlett, Richard Cooper, Murray Cook, Howard Westerman, Peter Whitcomb, and Elliott Etheredge were nominated for another one-year term as Directors of the Company. Clearhouse LLP was re-appointed auditors of the Company.
- 📍 The PUDOpoint network continued steady growth, reaching approximately 1,710 locations across Canada and the United States available to accept packages.

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- Management remained focused on strategic software development to strengthen PUDO's technology platform and database architecture. These initiatives were designed to enhance API integration capabilities for both current and future service offerings with existing and prospective partners. A key investment area during the quarter was the continued enhancement of the PUDO Label returns service. This service enables retail customers to generate return labels for previously purchased items and conveniently drop off packages at any PUDOpoint location. It supports retailers with a cost-effective, consolidated pickup and reverse logistics process, streamlining operations and improving partner satisfaction. During the quarter, the Company's API software was also integrated with a U.S. partner deploying lockers across indoor and outdoor locations in New York City. In mid-September, 38 lockers were activated, enabling PUDO Label returns to be processed directly through the locker system.
- The Company's auditor, Clearhouse LLP, audited the consolidated financial statements for the fiscal year ended February 28, 2025, and the Company filed the audited statements along with the Management Discussion and Analysis on June 2, 2025, as required to the CSE and to SEDAR websites. In addition, management hosted the Company's first live webcast that included a presentation by PUDO CEO, Elliott Etheredge, followed by a question and answer session.
- On July 10, 2025, the Company released the first quarter financial reports for the quarter ended May 31, 2025 and the Company filed the audited statements along with the Management Discussion and Analysis, as required to the CSE and to SEDAR websites. That same day, after the market closed, management hosted a live webcast to present the Q1 FY 2026 results that included a presentation by PUDO CEO, Elliott Etheredge, followed by a question and answer session.
- On August 7, 2025, PUDO announced its partnership with Annex Brands, Inc., a leading franchisor for more than 800 retail and commercial shipping and business service centers in North America. This collaboration will accelerate the Company's expansion of PUDOpoint locations in the United States by doubling PUDO's footprint from approximately 800 to 1,370 locations. This partnership will provide more cost effective and convenient parcel drop-off and pickup points to PUDO's retail and 3PL. Through this partnership, PUDO will establish PUDOpoint locations at over 570 of Annex Brands retail sites across the United States, significantly expanding PUDO's geographic footprint and enhancing the convenience of package pickup and drop-off alternatives for consumers and businesses alike.

Capital Resources

- On March 10, 2025, the Company announced the closing of a non-brokered private placement on March 7, 2025. The Company issued 2,913,147 common shares at a price of \$0.135 per common for aggregate gross proceeds of \$393,274. The shares are subject to a statutory hold period expiring four months and one day from the date of issuance. The private placement proceeds are intended to be used for general working capital.
- Also on March 10, 2025, the Company announced the closing of debt settlement on March 7, 2025, in the aggregate amount of \$416,898.00 owed by the Company to certain creditors of the Company in exchange for an aggregate of 3,088,132 common shares at a price of \$0.135 per share. The debt settlement shares are subject to a statutory hold period expiring four months and one day from the date of issuance.
- During the three month period ended August 31, 2025, there were nil capital transactions completed.

Operations

PUDOpoint Network

The Company remained focused on optimizing the PUDOpoint network to meet the evolving parcel requirements and volumes of its partners. Leveraging a growing footprint of approximately 1,730 PUDOpoint locations across Canada and the United States, the Company pursued the development of new partnerships and service offerings designed to enhance revenue opportunities.

These initiatives led to the addition of new partners that will contribute to increased parcel volumes within PUDO's various revenue services. Information technology integration and system enhancements continued to be a strategic priority, supporting goals to improve operational efficiency, onboard new partners, and drive sustainable revenue growth.

Through targeted strategic partnerships, the Company is well positioned to continue to expand its PUDOpoint network across North America. Expansion is expected to deliver several benefits in the coming quarters, including:

- 📍 New location options for e-commerce partners to support residential redirects
- 📍 Increased parcel volumes for direct-to-PUDOpoint deliveries
- 📍 The introduction of new revenue-generating service offerings

The PUDOpoint Network continues to offer a cost-effective and convenient solution for product returns and for consumers seeking alternatives to home delivery, further strengthening its competitive position in the growing e-commerce logistics market.

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 Q2 FY 2026, overall parcel increased by 165% compared to the three month period ended August 31, 2024 ("Q2 FY 2025"). In sequential quarters, overall parcel volumes in Q2 FY 2026 as compared to Q1 FY 2026 increased 21.2%.

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

- 📍 **Returns**: During Q2 FY 2026, returns parcel volumes increased by 526.3% compared to the prior year, Q2 FY 2025. In sequential quarters, returns parcel volumes in Q2 FY 2026 as compared to the period ended May 31, 2025 ("Q1 FY 2026") increased by 26.9%. During the six months ended August 31, 2025, returns parcel volumes increased by 521.7% relative to the six months ended August 31, 2024. These increases are 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 retail ecommerce clients.
- 📍 **Failed First Attempts ("FFA")**: During Q2 FY 2026, total FFA parcel volumes increased by 22.7% relative to Q2 FY 2025. In sequential quarters, parcel volumes in Q2 FY 2025 compared to Q1 FY 2025 decreased by 6.9%. During the six months ended August 31, 2025, FFA parcel volumes increased by 31.9% relative to the six months ended August 31, 2024. The increases would be a result of PUDO courier partners utilizing the PUDOpoint Network as safe and secure drop off locations for their customers packages.

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- 📍 **For Pickup ("FPU"):** During Q2 FY 2026 FPU parcels increased by 93.1% as compared to the prior year, Q2 FY 2025. In sequential quarters, FPU parcel volume in Q2 FY 2026 as compared to period ended Q1 FY 2026 increased by 32.7%. During the six months ended August 31, 2025, FPU parcel volumes increased by 76.7% relative to the six months ended August 31, 2024. The increase is a result PUDO courier partners utilizing the PUDOpoint locations as consolidated pickup locations for their customer shipping packages for final mile delivery.
- 📍 **Border Member:** During Q2 FY 2026 total member parcel volumes decreased by 41.4% relative to Q2 FY 2025. In sequential quarters, parcel volumes in Q2 FY 2026 compared to Q1 FY 2026 increased by 9.9%. During the six months ended August 31, 2025, border member parcel volumes decreased by 43.4% relative to the six months ended August 31, 2024. This decline would be a result of Canada customers concerns with customs clearance process at the USA border and subsequent return to Canada.
- 📍 **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 Q2 FY 2026 total Pickup Counter parcel volumes decreased by 8.0% relative to Q2 FY 2025. In sequential quarters, Pickup Counter parcel volumes in Q2 FY 2025 as compared to Q1 FY 2025 increased by 3.9%. During the six months ended August 31, 2025, Hub Counter parcel volumes decreased by 13.2% relative to the six months ended August 31, 2024.
- 📍 **Direct to PUDO ("D2P"):** During Q2 FY 2026 total D2P parcel volumes decreased by 59.8% relative to Q2 FY 2025. In sequential quarters, parcel volumes in Q2 FY 2026 compared to Q1 FY 2026 decreased by 20.1%. During the six months ended August 31, 2025, D2P parcel volumes decreased by 58.7% relative to the six months ended August 31, 2024. This decrease is a result of a retailer partner having technical issues with their returns process.

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 addition of new Returns customers and the expansion of the PUDOpoint Network in the United States will offset the decline Direct to PUDO and Third Party Logistics.

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Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and six month periods ended August 31, 2025 and 2024 is included below:

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

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
Revenue	\$ 1,425,505	\$ 880,689	\$ 2,829,898	\$ 1,737,073
Cost of sales	(926,806)	(650,981)	(1,893,203)	(1,214,106)
Gross profit	498,699	229,708	936,695	522,967
Administrative expenses	(492,030)	(338,781)	(935,012)	(692,569)
Share-based compensation*	(48,913)	(43,127)	(100,287)	(89,946)
Net loss	(42,244)	(152,200)	(98,604)	(259,548)
Other comprehensive loss				
Translation loss on foreign subsidiary	411	3,860	21,794	(2,310)
Comprehensive loss for the period	\$ (41,833)	\$ (148,340)	\$ (76,810)	\$ (257,238)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)

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

During the three month period ended August 31, 2025, revenue was \$1,425,505 (August 31, 2024 - \$880,689), representing an increase of 61.9% over the same period last year. For the six month period ended August 31, 2025, revenue increased by \$1,092,825 to \$2,829,898 representing a 62.9% increase over the same period in the prior year as a result of the increase in PUDO Return labels offset by the decline of Third Party Logistics, Border Member, and For Pickup services utilized by PUDO partners.

Gross profit for the three month period ended August 31, 2025, was \$498,699 (August 31, 2024 - \$229,708) representing an increase of \$268,991 or 117.1% over the same period last year. Gross profit for the six month period ended August 31, 2025, was \$936,695 (August 31, 2024 - \$522,967) representing an increase of \$413,728 or by 79.1% over the same period in the prior year. These increases are a result of increased use of PUDO's returns service by PUDO partners and increased cost of sales for PUDO Return labels volume.

During the three month period ended August 31, 2025, the Company reported a net loss of \$42,244 (\$0.00 basic and diluted loss per share), a decrease of \$109,956 compared with a net loss of \$152,200 (\$0.01 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. Most of this decrease

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loss was attributable to increased gross profit offset by a in administrative expenses and share based compensation.

The net loss for the six months ended August 31, 2025 was \$98,604 (\$0.00 basic and diluted loss per share), a decrease of \$160,944 from a net loss of \$259,548 (\$0.01 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year, primarily due to a increased gross profit offset by a in administrative expenses and share based compensation.

Administrative expenses for the three and six month periods ended August 31, 2025, were \$492,031 and \$935,012 (August 31, 2024 - \$338,781 and \$692,569), respectively, representing an increase relative to the corresponding periods in the prior fiscal year. These cost increases relate primarily to the impact of the increased salary and benefits costs for new employees and general and administrative expenses during the three and six month periods as compared to the prior year.

Non-cash share-based compensation for the three and six month periods ended August 31, 2025, was recorded as \$48,913 and \$100,287 (August 31, 2024 - \$43,127 and \$89,946).

Financial Condition

As at August 31, 2025, the Company had total assets of \$1,463,287 (February 29, 2025 - \$1,457,666). This increase was primarily attributed to the increase in revenue and subsequently accounts receivable increased.

As at August 31, 2025, the Company had a working capital surplus of \$756,393 (February 28, 2025 – \$218,532), had not yet achieved profitable operations, had used cash from operating activities of \$208,451 for the six-month period ended August 31, 2025 (cash received for six month period ended August 31, 2024 - \$29,772), had a deficit of \$10,352,061 as at August 31, 2025 (February 28, 2025 - \$10,253,457) and had shareholders' equity of \$813,581 (February 28, 2025 – \$271,742). Certain of 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.

Cash Flows

During the six month period ended August 31, 2025, cash decreased by \$99,493 to \$550,504 (February 28, 2025 – \$649,997) due to \$208,452 cash used by operating activities, \$14,299 cash used in investing, and \$101,464 cash received from financing activities, and \$21,794 provided as a result of foreign exchange translation.

Liquidity and Capital Resources

The Company's primary source of cash during Q2 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 August 31, 2025 are fully repaid.

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Related Party Transactions

During the three and six month period ended August 31, 2025, 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 \$32,898 for three month and \$69,395 for six month period ended August 31, 2025 (\$24,666 for three month and \$46,750 for the six month period ended August 31, 2024). Bookkeeping fee and office rental are included in accounting and office expense in the amount of \$4,018 for the three month and \$7,072 for the six month period ended August 31, 2025 (\$3,054 for three month and \$6,108 for the six month periods ended August 31, 2024).

During the three and six month periods ended August 31, 2025 and 2024, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2025	2024	2025	2024
Share based compensation	\$ 48,913	\$ 43,126	\$ 100,288	\$ 89,946
Salaries and benefits	88,549	24,637	178,942	49,243
Consulting fees	10,510	10,287	20,760	38,480
	\$ 147,972	\$ 78,050	\$ 299,990	\$ 177,669

As at August 31, 2025, balances payable to the related parties noted above amounted to \$27,291 (February 28, 2025 - \$364,333) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

Subsequent events

The Company evaluated subsequent events through October 8, 2025, 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 28, 2025, dated June 2, 2025, and filed on SEDAR (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 2025 fiscal year and to the date of this report.