

# **PUDO INC.**

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

### **QUARTERLY HIGHLIGHTS**

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

**MAY 31, 2025 and 2024**

**(EXPRESSED IN CANADIAN DOLLARS)**

**Prepared by:**

**PUDO Inc.**

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**PUDO Inc.**  
**Interim Management's Discussion & Analysis - Quarterly Highlights**  
**Three Month Period Ended May 31, 2025**  
**Discussion dated: July 9, 2025**

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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, 2025 (“Q1 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 months ended May 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](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.

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### 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 2026:

- 📍 Returns revenue increased by 64.0% as compared to the prior year, Q1 FY 2025.
- 📍 The PUDOpoint network continued steady growth, reaching approximately 1,710 locations across Canada and the United States available to accept packages.
- 📍 Management continued its focus on strategic software development to enhance PUDO's existing technology platform and database architecture. These efforts aimed to improve API integration capabilities for both existing and future service offerings with current and prospective partners. A key area of investment included ongoing enhancements to the PUDO Label returns service. This service allows retail customers to generate a return label for previously purchased items and drop off the return package at any PUDOpoint location. The service supports an efficient and cost-effective consolidated pickup and reverse logistics process for retailers, streamlining operations and improving PUDO partner satisfaction.

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- 📍 The Company announced the appointment of PUDO's Chief Executive Officer, Elliott Etheredge, to the Company's Board of Directors, effective May 26, 2025.
- 📍 The Issuer'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.

### **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 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.

### **Operations**

#### ***PUDOpoint Counters 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 1,700 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. This 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.

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***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 2026, overall parcel volumes increased by 135.8% compared to the three month period ended May 31, 2024 ("Q1 FY 2025"). In sequential quarters, overall partner parcel volume in Q1 FY 2026 as compared to period ended February 28, 2025 ("Q4 FY 2025") increased by 6.0%.

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

- 📍 **Returns**: During Q1 FY 2026 returns volume increased by 516.0% as compared to the prior year, Q1 FY 2025. 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 2026 as compared Q4 FY 2025 increased by 68.5%. This increase appears to be a result of PUDO's partners increased used of the PUDOpoint Network as another Canada Post strike appeared imminent.
- 📍 **Failed First Attempts ("FFA")**: During Q1 FY 2026, total FFA parcel volumes increased by 41.7% relative to Q1 FY 2025. In sequential quarters, parcel volumes in Q1 FY 2026 compared to Q4 FY 2025 decreased by 17.1%. This decrease appears to be a result of reduced online purchases following the holiday season.
- 📍 **Third Party Logistics ("3PL")**: During Q1 FY 2026, 3PL parcel volume increased by 62.3% over the prior year, Q1 FY 2025. In sequential quarters, 3PL parcel volume in Q1 FY 2026 as compared to Q4 FY 2025 decreased by 26.4%. This decrease appears to be result of decreased requirement to ship to remote locations and few packages following the holiday season in the prior quarter.
- 📍 **For Pickup ("FPU")**: During Q1 FY 2026 FPU parcel volume increased by 58.7% over the prior year, Q1 FY 2025. In sequential quarters, FPU parcel volume in Q1 FY 2026 as compared to period ended Q4 FY 2025 decreased by 43.8%. This decrease is a result of a large 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 2026 total member parcel volumes decreased by 45.5% relative to Q1 FY 2025. In sequential quarters, parcel volumes in Q1 FY 2026 compared to Q4 FY 2025 decreased by 40.4%. These decreased may be a result of the ongoing Canada – USA tariff discussions and Canadian's hesitation to cross the border and desire to purchase Canadian.
- 📍 **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 2026 total Pickup Counter parcel volumes decreased by 18.0% relative to Q1 FY 2025. In sequential quarters, Hub Counter parcel volumes in Q1 FY 2026 as compared to Q4 FY 2025 decreased by 24.0%.
- 📍 **Direct to PUDO ("D2P")**: During Q1 FY 2026 total D2P parcel volumes decreased by 57.7% relative to Q1 FY 2025. In sequential quarters, parcel volumes in Q1 FY 2026 compared to Q4 FY 2025 decreased by 7.9%. The decreases may be due to concerns about the economy as the markets continue to fluctuation and shopper are buying local.

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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.

Looking ahead, the returns market will remain a strategic area of expansion for PUDO, as online retailers increasingly seek scalable, affordable alternatives to manage customer returns and maintain competitive margins.

**Financial Condition and Performance**

**Financial Performance**

A summary of selected financial information for the three month period ended May 31, 2025 and 2024 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>2025</b>	<b>2024</b>
Revenue	\$ 1,404,393	\$ 856,384
Cost of sales	<b>(966,397)</b>	(563,125)
<b>Gross profit</b>	<b>437,996</b>	293,259
Administrative expenses	<b>(442,982)</b>	(353,788)
Share-based compensation*	<b>(51,374)</b>	(46,819)
<b>Net loss</b>	<b>(56,360)</b>	(107,348)
Other comprehensive loss – translation of foreign subsidiary	<b>(21,383)</b>	(1,550)
<b>Net loss and comprehensive loss for the period</b>	<b>(34,977)</b>	(108,898)
<b>Loss per share basic and diluted</b>	<b>\$ (0.00)</b>	\$ (0.00)

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

During the three month period ended May 31, 2025, revenue was \$1,404,393 (May 31, 2024 - \$856,384), representing an increase of \$548,009 or 64.0% over the same period last year as a result of an increase in the PUDO returns label service offset by decrease in the D2P and Border shipments.

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Gross profit for the three month period ended May 31, 2025, was \$437,996 (May 31, 2024 – 293,259) representing an increase of \$144,737 or 49.4% over the same period last year. This is a result of the increase in revenue.

The Company's comprehensive loss for the three month period ended May 31, 2025, was \$34,977 (\$0.00 basic and diluted loss per share), a decrease of \$73,921 or 67.8% compared with a net loss of \$108,898 (\$0.00 basic and diluted loss per share) in the corresponding quarter in the prior fiscal year. The majority of this decreased loss was attributable to an increase in revenue.

***Financial Condition***

As at May 31, 2025, the Company had total assets of \$1,671,639 (February 29, 2025 - \$1,457,666). This increase was primarily attributed to the related revenue associated with operations.

As at May 31, 2025, the Company had a working capital surplus of \$752,047 (February 28, 2025 surplus of \$218,532), had not yet achieved profitable operations, had used cash from operating activities of \$81,685 for the three month period ended May 31, 2025 (May 31, 2024 – cash received of \$49,153), had a deficit of \$10,309,817 as at May 31, 2025 (February 28, 2025 - \$10,253,457) and had shareholders' equity of \$806,501 (February 28, 2025 – \$271,742). 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 three month period ended May 31, 2025, cash increased by \$35,031 to \$685,027 (February 28, 2025 – \$649,997). The change in cash is due to \$81,685 cash used by operating activities, \$6,132 cash used in investing activities, \$101,464 provided by financing activities, and \$21,383 provided as a result of foreign exchange translation.

***Liquidity and Capital Resources***

The Company's primary source of cash during Q1 FY 2026 was through operations. As noted in the Annual MD&A and previous Quarterly Highlights, the Company has a secondary source of funding option through equity.

***Related Party Transactions***

During the three month period ended May 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 \$31,087 (May 31, 2024 - \$22,084). Bookkeeping fee and office rental are included in accounting and office expense \$3,318 (May 31, 2024 - \$3,054).

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During the three month period ended May 31, 2025, the Company had the following transactions with shareholders, management and directors:

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	<b>Three Months Ended May 31,</b>	
	<b>2025</b>	<b>2025</b>
Share-based compensation	\$ 51,374	\$ 46,819
Salaries and benefits	90,394	18,000
Consulting fees	10,510	28,193
	\$ 152,278	\$ 93,012

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As at May 31, 2025, balances payable to the related parties noted above amounted to \$19,465 (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.

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

#### **Subsequent events**

The Company evaluated subsequent events through July 9, 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](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 2026 fiscal year and to the date of this report.