PUDO INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTH PERIODS ENDED

AUGUST 31, 2026 and 2025

(EXPRESSED IN CANADIAN DOLLARS)

Prepared by:

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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 and six month periods ended August 31, 2026 ("Q2 FY 2027"), 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, 2026, the audited annual consolidated financial statements of the Company for the years ended February 28, 2026 and February 28, 2025, 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, 2026. 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 https://www.sedarplus.ca/, 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 9, 2026.

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 better align with the evolving requirements of its partners in Canada and the United States ("U.S."), while leveraging its existing services and Network to develop new partner relationships that support future revenue growth. Information technology integration and ongoing software enhancements remained key priorities as the Company continued to improve operational efficiencies, support the onboarding of new partners and expand its service offerings.

The Company believes it is well positioned to add new partners for residential parcel redirects, increase parcel volumes for direct-to-PUDOpoint deliveries, expand its returns services and introduce additional revenue-generating opportunities in future periods. The Network continues to provide a cost-effective and convenient alternative for retailers, logistics providers and consumers by supporting both returns and out-of-home parcel delivery solutions.

During the period, the Company continued to strategically invest in software development to enhance and expand the functionality of its proprietary technology platform. Development efforts included enhancements to the Company's returns solution and technology supporting the generation of PUDO-branded return shipping labels, providing retail partners with a more efficient and cost-effective returns process. The Company also continued to enhance its technology platform to support future partner integrations and additional service offerings as the business grows.

Below are several Company highlights for Q2 FY 2027:

- Gross profit for the three and six months ended August 31, 2026, increased by 3.9% and 3.5%, respectively, compared with the corresponding periods in the prior year.

- The Company held its Annual General Meeting of Shareholders on September 15, 2026, via live webcast. At the meeting, Tom Bijou, Tracy K. Bramlett, Richard Cooper, Murray Cook, Howard Westerman, Peter Whitcomb and Elliott Etheredge were elected to serve as Directors of the Company for another one-year term. Clearhouse LLP was reappointed as auditor of the Company.

- The PUDOpoint Network comprised approximately 2,088 locations across Canada and the U.S. available to accept packages.

- 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 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, which enables retail customers to generate return labels for previously purchased items and conveniently drop off packages at PUDOpoint locations. The service provides retailers with a cost-effective, consolidated pickup and reverse logistics process designed to streamline operations. During the quarter, the Company's API software was also integrated with a U.S. partner deploying lockers at indoor and outdoor locations throughout New York City. In mid-September, 38 lockers were activated, enabling PUDO Label returns to be processed through the locker network.

- The Company's auditor, Clearhouse LLP, audited the consolidated financial statements for the fiscal year ended February 28, 2026. On June 9, 2026, the Company filed its audited consolidated financial statements and related Management's Discussion and Analysis on SEDAR+ and with the CSE. Management also hosted a live webcast featuring a presentation by PUDO CEO Elliott Etheredge, followed by a question-and-answer session.

- On July 9, 2026, the Company released its financial results for the first quarter ended May 31, 2026, and filed its unaudited interim consolidated financial statements and related Management's Discussion and Analysis on SEDAR+ and with the CSE. Following the release of the results, management hosted a live webcast featuring a presentation by PUDO CEO Elliott Etheredge, followed by a question-and-answer session.

Capital Resources

- During the three- and six-month periods ended August 31, 2026, no capital transactions were completed.

Operations

PUDOpoint Network

The Company remained focused on optimizing the PUDOpoint network to meet the evolving parcel requirements and volume demands of its partners. Leveraging a network of approximately 2,088 PUDOpoint locations across Canada and the United States, the Company continued to pursue new partnerships and service offerings intended to expand its revenue opportunities.

During the period, the Company added new partners that are expected to contribute additional parcel volumes across its various revenue-generating services. Information technology integration and ongoing system enhancements remained strategic priorities, supporting improved operational efficiencies, the onboarding of new partners, and the expansion of the Company's service offerings.

Through targeted strategic partnerships, the Company believes it is well positioned to continue expanding its PUDOpoint network across North America. Management expects this expansion to support a number of opportunities in future periods, including:

- Additional PUDOpoint locations to support residential parcel redirect programs for e-commerce partners.
- Increased parcel volumes through direct-to-PUDOpoint deliveries.
- Expansion of existing services and the introduction of additional revenue-generating service offerings.

The PUDOpoint network continues to provide retailers, logistics providers, and consumers with a cost-effective and convenient out-of-home solution for parcel returns and deliveries, supporting the continued growth of e-commerce logistics.

Parcel Volume Analysis

Parcel volumes and other factors within the e-commerce ecosystem continue to 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 2027, overall parcel volumes increased modestly by 1.1% compared with the three-month period ended August 31, 2025 ("Q2 FY 2026"). Sequentially, overall parcel volumes increased by 10.1% in Q2 FY 2027 compared with the three-month period ended May 31, 2026 ("Q1 FY 2027"). During the six months ended August 31, 2026, overall parcel volumes increased by 5.7% compared with the six months ended August 31, 2025.

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

- **Returns**: During Q2 FY 2027, returns parcel volumes increased by 5.2% compared with Q2 FY 2026. Sequentially, returns parcel volumes increased by 8.7% compared with Q1 FY 2027. During the six months ended August 31, 2026, returns parcel volumes increased by 13.0% compared with the six months ended August 31, 2025. The increases were primarily driven by PUDO's partners continuing to integrate their clients' return requirements with the PUDO Returns Label service. The service provides retail e-commerce clients with a convenient returns solution designed to reduce the cost of returns.
- **Failed First Attempts ("FFA"):** During Q2 FY 2027, FFA parcel volumes increased by 7.3% compared with Q2 FY 2026. Sequentially, FFA parcel volumes increased by 25.5% compared with Q1 FY 2027. During the six months ended August 31, 2026, FFA parcel volumes decreased by 7.0% compared with the six months ended August 31, 2025. While FFA parcel volumes were lower on a year-to-date basis, volumes improved during Q2 FY 2027, both sequentially and compared with the prior-year quarter.
- **For Pickup ("FPU"):** During Q2 FY 2027, FPU parcel volumes decreased by 21.9% compared with Q2 FY 2026. Sequentially, FPU parcel volumes increased by 2.6% compared with Q1 FY 2027. During the six months ended August 31, 2026, FPU parcel volumes decreased by 12.1% compared with the six months ended August 31, 2025. The year-over-year decrease primarily reflects lower parcel volumes from certain carrier partners, although FPU volumes improved modestly on a sequential basis during Q2 FY 2027.
- **Border Member:** During Q2 FY 2027, Border Member parcel volumes increased by 4.7% compared with Q2 FY 2026. Sequentially, parcel volumes increased by 13.1% compared with Q1 FY 2027. During the six months ended August 31, 2026, Border Member parcel volumes increased by 3.3% compared with the six months ended August 31, 2025.
- **Pickup Counters:** More than 700 PUDOpoint Counter locations are available as "Hub Counters" in the U.S. and Canada, providing alternative delivery locations for customers of a large U.S. and Canadian e-commerce retailer. These Hub Counters provide convenient locations for the secure storage of parcels until they are picked up by customers. During Q2 FY 2027, Pickup Counter parcel volumes increased by 17.7% compared with Q2 FY 2026. Sequentially, Pickup Counter parcel volumes

increased by 23.4% compared with Q1 FY 2027. During the six months ended August 31, 2026, Pickup Counter parcel volumes increased by 8.6% compared with the six months ended August 31, 2025.

- **Direct to PUDO ("D2P"):** During Q2 FY 2027, D2P parcel volumes were consistent with Q2 FY 2026. Sequentially, D2P parcel volumes increased by 12.9% compared with Q1 FY 2027. During the six months ended August 31, 2026, D2P parcel volumes decreased by 15.4% compared with the six months ended August 31, 2025.

As PUDO continues to expand and maintain its service offerings and PUDOpoint Network, the Company believes that increasing participation by partners and consumers will help minimize parcel losses and reduce dependence on individual carriers by providing a carrier-agnostic network of convenient pickup and drop-off locations.

Outlook

PUDO continued to expand the availability and utilization of its PUDO Returns Label service, with additional retailers adopting the solution and the Company developing relationships with SaaS and third-party logistics ("3PL") providers. These initiatives support the continued expansion of PUDO's returns offering within the e-commerce market.

Building on the adoption of the PUDO Returns Label service in Canada, the Company is working with an existing partner to expand the offering into the United States by leveraging its established U.S. PUDOpoint Network. The U.S. network currently supports direct-to-PUDOpoint deliveries, providing consumers with a secure and convenient alternative to home delivery for online purchases. The existing network infrastructure also provides a foundation for the expansion of PUDO's returns offering in the U.S. market.

Looking ahead, the Company believes the e-commerce returns market represents an important strategic growth opportunity as retailers continue to seek scalable and cost-effective solutions to manage customer returns, improve operational efficiencies and maintain competitive margins.

Financial Condition and Performance

Financial Performance

A summary of selected financial information for the three and six month periods ended August 31, 2026 and 2025 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,	
	2026	**2025**	**2026**	**2025**
Revenue	**$ 1,401,167**	$ 1,425,505	**$ 2,594,358**	$ 2,829,898
Cost of sales	**(883,078)**	(926,806)	**(1,625,092)**	(1,893,203)
Gross profit	**518,089**	498,699	**969,266**	936,695
Administrative expenses	**(515,997)**	(492,030)	**(1,030,330)**	(935,012)
Share-based compensation*	**(23,767)**	(48,913)	**(47,535)**	(100,287)
Net loss	**(21,675)**	(42,244)	**(108,599)**	(98,604)
Other comprehensive loss				
Translation loss on foreign subsidiary	**(3,939)**	411	**(15,976)**	21,794
Comprehensive loss for the period	**$ (25,614)**	$ (41,833)	**$ (124,575)**	$ (76,810)
Loss per share - basic and diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

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

During the three-month period ended August 31, 2026, revenue was $1,401,167 (August 31, 2025 – $1,425,505), representing a decrease of $24,338 or 1.7% compared with the same period in the prior year. For the six-month period ended August 31, 2026, revenue was $2,594,358 (August 31, 2025 – $2,829,898), representing a decrease of $235,540 or 8.3% compared with the same period in the prior year. The decrease in revenue for the six-month period was primarily attributable to lower revenue from FPU and FFA services and the wind-down of the Company's legacy third-party logistics ("3PL") service, partially offset by increased revenue from Returns and D2P services.

Gross profit for the three-month period ended August 31, 2026, was $518,089 (August 31, 2025 – $498,699), representing an increase of $19,390 or 3.9% compared with the same period in the prior year. Gross profit for the six-month period ended August 31, 2026, was $969,266 (August 31, 2025 – $936,695), representing an increase of $32,571 or 3.5% compared with the same period in the prior year.

Gross margin for the three-month period increased to approximately 37.0% (August 31, 2025 – 35.0%), while gross margin for the six-month period increased to approximately 37.4% (August 31, 2025 – 33.1%). The improvement in gross profit and gross margin reflects changes in the Company's service mix, including the continued contribution from the Company's Returns service.

During the three-month period ended August 31, 2026, the Company reported a net loss of $21,675 and $0.00 basic and diluted loss per share (August 31, 2025 – $42,244; $0.00 basic and diluted loss per share), representing a decrease in net loss of $20,569 or 48.7%. The decrease in net loss was primarily attributable to increased gross profit and lower share-based compensation, partially offset by higher administrative expenses.

The net loss for the six-month period ended August 31, 2026, was $108,599 and $0.00 basic and diluted loss per share (August 31, 2025 – $98,604; $0.00 basic and diluted loss per share), representing an increase in net loss of $9,995 or 10.1%. The increase was primarily attributable to higher administrative expenses, partially offset by increased gross profit and lower share-based compensation.

Administrative expenses for the three and six-month periods ended August 31, 2026, were $515,997 and $1,030,330 (August 31, 2025 – $492,030 and $935,012), respectively, representing increases of $23,967 or 4.9% and $95,318 or 10.2% compared with the corresponding periods in the prior year. The increases were primarily attributable to higher salary and benefits costs and general and administrative expenses incurred to support the Company's operations and continued development of its service offerings.

Non-cash share-based compensation for the three and six-month periods ended August 31, 2026, was $23,767 and $47,535 (August 31, 2025 – $48,913 and $100,287), respectively, representing decreases of $25,146 or 51.4% and $52,752 or 52.6% compared with the corresponding periods in the prior year.

Financial Condition

As at August 31, 2026, the Company had total assets of $1,420,480 (February 28, 2026 - $1,357,716). The increase was primarily attributable to an increase in trade and other receivables, partially offset by a decrease in cash and prepaid expenses and deposits.

As at August 31, 2026, the Company had a working capital surplus of $550,554 (February 28, 2026 – $614,998), had not yet achieved profitable operations, had used cash from operating activities of $41,573 for the six-month period ended August 31, 2026 (August 31, 2025 - $208,451), had a deficit of $10,694,813 as at August 31, 2026 (February 28, 2026 - $10,586,214) and had shareholders' equity of $604,884 (February 28, 2026– $681,924). 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, 2026, cash decreased by $58,790 to $183,785 (February 28, 2026 – $242,575), primarily due to $41,573 of cash used in operating activities, $1,241 of cash used in investing activities, nil cash provided by financing activities, and a $15,976 decrease resulting from the effect of foreign exchange on cash.

Liquidity and Capital Resources

The Company funds its operations through cash generated from operations and, when required, financing activities. As noted in the Annual MD&A and previous Quarterly Highlights, the Company may also obtain funding through convertible debentures, promissory notes and equity financing. The Company's outstanding loans and borrowings as at August 31, 2026, were fully repaid.

Related Party Transactions

During the three and six month periods ended August 31, 2026, 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 $38,699 for three month and $70,947 for six month periods ended August 31, 2026 ($32,898 for three month and $69,395 for the six month periods ended Aug 31, 2025). Bookkeeping fee and office rental are included in accounting and office expense in the amount of $3,054 for the three month and $6,292 for the six month periods ended August 31, 2026 ($4,018 for three month and $7,072 for the six month periods ended August 31, 2025).

During the three and six month periods ended August 31, 2026 and 2025, the Company had the following transactions with shareholders, management and directors:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2026	**2025**	**2026**	**2025**
Share based compensation	**$ 23,767**	$ 48,913	**$ 47,535**	$ 100,288
Salaries and benefits	**88,513**	88,549	**180,231**	178,942
Consulting fees	**10,523**	10,510	**20,733**	20,760
	$ 122,803	$147,972	**$ 248,499**	$ 299,990

As at August 31, 2026, balances payable to the related parties noted above amounted to $77,996 (February 28, 2026 - $45,206) and are included in trade and other payables. These balances are unsecured, non-interest bearing and are due on demand.

In March 2025, the Company settled debt in the amount of $416,898 owed by the Company to number of creditors of the Company in exchange for an aggregate of 3,088,132 common shares at a price of $0.135 per common share.

All common shares were subjected to a statutory hold period of four months and one day from the date of issuance.

An officer of the Company was issued 743,214 Debt Settlement Shares to settle debt in the amount of $100,334 and a common director of the Company was issued 1,877,511 Debt Settlement Shares to settle debt in the amount of $253,464 for incurred bookkeeping fees, office rental, and warehouse sorting costs.

Subsequent events

The Company evaluated subsequent events through October 7, 2026, 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, 2026, dated June 9, 2026, and filed on SEDAR+, 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 2027 fiscal year and to the date of this report.