



PARKIT ENTERPRISE INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Parkit Enterprise Inc.

Opinion

We have audited the consolidated financial statements of Parkit Enterprise Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Investment Properties

Refer to Note 24 to the consolidated financial statements.

The Group applies the cost model for the measurement of its investment properties on the consolidated statements of financial position and measures the fair value of the investment properties for disclosure in the notes to the consolidated financial statements at each year-end. As at December 31, 2025, the fair value was determined to be \$308,364,541. Management applied an internal valuation model using either the income capitalization approach or the discounted cash flow approach to determine the fair value of each investment property. The direct comparison method was used for investment properties consisting solely of land. Management utilized both internal and external valuation specialists in determining the fair value of investment properties at December 31, 2025.

We identified the fair value of investment properties as a key audit matter because management made significant assumptions relating to the capitalization rate and forecasted stabilized net operating income applied in the income capitalization approach. Similarly, management made significant assumptions relating to the terminal value, terminal capitalization rate and discount rate applied in the discounted cash flow approach. To value land, management applied judgment to identify comparable sales with similar characteristics to the subject property. These significant assumptions involve a high degree of estimation uncertainty and complexity. This resulted in significant audit effort, including the use of valuation specialists and a high degree of auditor judgment to evaluate the additional audit evidence obtained.



How our audit addressed the Key Audit Matter:

Our audit procedures relating to the valuation of investment properties included the following, among others:

- We assessed the reasonableness of the valuation methodology used by management and evaluated the model for mathematical accuracy;
- We evaluated the appropriateness of the underlying data used in the calculation of the income capitalization valuation or the discounted cash flow valuation for a sample of properties; and
- For a sample of properties, we utilized an internal valuation specialist to assist in assessing the reasonableness of the assumptions in management's valuation model, including land values, by comparing them to independent regional market data, industry averages and improved comparable sales.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 5, 2026
Toronto, Ontario

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the years ended December 31 (Expressed in Canadian Dollars)

	2025	2024
Investment properties revenue (note 15)	\$ 26,539,445	\$ 26,042,617
Investment properties expenses	(7,989,025)	(8,253,092)
Net rental income	18,550,420	17,789,525
Parking properties revenue	4,591,530	3,718,062
Parking properties expenses	(4,533,074)	(2,938,012)
Share of loss from equity-accounted investees and long-term receivable (note 8)	(7,365,824)	(431,812)
Net parking (loss) income	(7,307,368)	348,238
Other income		
Gain on sale of investment properties (note 5)	26,765,848	-
Investment income (note 7)	1,726,899	-
Unrealized gain on investments at fair value (note 7)	5,586,645	-
Realized and unrealized gain on derivative financial instruments (note 12)	398,063	385,666
	34,477,455	385,666
Other expenses		
General and administrative expenses and other income (note 16)	2,426,061	2,752,724
Share-based compensation (note 14)	205,371	204,126
Depreciation (note 5, 6)	8,335,663	8,747,393
Finance costs (note 17)	8,971,416	9,406,490
	19,938,511	21,110,733
Income (loss) before tax	25,781,996	(2,587,304)
Income tax expense (note 18)	(262,875)	(219,163)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 25,519,121	\$ (2,806,467)
Income (loss) per share attributable to shareholders of the Company:		
Basic	\$ 0.12	\$ (0.01)
Diluted	\$ 0.12	\$ (0.01)
Weighted average number of common shares outstanding:		
Basic	218,409,624	225,142,928
Diluted	218,409,624	225,142,928

The accompanying notes are an integral part of these consolidated financial statements

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31 (Expressed in Canadian Dollars)

	2025	2024
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 25,519,121	\$ (2,806,467)
Items not affecting cash:		
Share of loss from equity-accounted investees (note 8)	6,745,480	431,812
Share of loss from associate (note 8)	620,344	-
Share-based compensation (note 14)	205,371	204,126
Unrealized foreign exchange (note 16)	(222,651)	335,165
Realized and unrealized change in fair value of derivative financial instruments (note 12)	(1,208,164)	(385,666)
Unrealized gain on fair value of investments (note 7)	(5,586,645)	-
Depreciation (note 5, 6)	8,335,663	8,747,393
Gain on the sale of investment properties (note 5)	(26,765,848)	-
Finance costs (note 17)	8,971,416	9,406,490
Changes in non-cash working capital items:		
Accounts receivable	(119,752)	(1,600,417)
Prepaid expenses and other assets	(3,153,665)	653,027
Accounts payable and other liabilities	666,751	751,998
Cash flows from operating activities	14,007,421	15,737,461
INVESTING ACTIVITIES		
Acquisition of investment properties (note 5)	(24,745,597)	(17,326,150)
Proceeds from disposition of investment properties, net of transaction costs (note 5)	65,020,750	-
Acquisition of parking properties (note 6)	-	(2,279,326)
Acquisition of investments at fair value (note 7)	(1,089,029)	-
Cash flows from (used in) investing activities	39,186,124	(19,605,476)
FINANCING ACTIVITIES		
Proceeds from debt (note 11)	27,071,475	10,895,478
Share buybacks (note 14)	(5,144,200)	(2,766,054)
Repayment of debt (note 11)	(65,669,207)	(1,076,939)
Interest paid	(9,141,330)	(8,306,144)
Payment of debt costs	(387,364)	(63,769)
Cash flows used in financing activities	(53,270,626)	(1,317,428)
Change in cash during the year	(77,081)	(5,185,443)
Effect of foreign exchange rate changes on cash	(17,488)	105,747
Cash, beginning of year	5,476,859	10,556,555
CASH, END OF YEAR	\$ 5,382,290	\$ 5,476,859

Supplemental disclosure with respect to cash flows (note 21)

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31 (Expressed in Canadian Dollars)

	<u>Share capital</u>		Contributed surplus	(Deficit) Retained earnings	Total
	Number	Amount			
Balance, December 31, 2023	227,891,662	168,351,698	\$ 4,827,154	\$ (23,991,422)	\$ 149,187,430
Purchase and cancellation of common shares under NCIB (note 14)	(4,780,230)	(3,586,648)	-	820,594	(2,766,054)
Share-based compensation (note 14)	-	-	204,126	-	204,126
Net loss for the year	-	-	-	(2,806,467)	(2,806,467)
Balance, December 31, 2024	223,111,432	\$ 164,765,050	5,031,280	(25,977,295)	143,819,035
Purchase and cancellation of common shares under NCIB (note 14)	(9,815,378)	(7,250,970)	-	2,106,770	(5,144,200)
Share-based compensation (note 14)	-	-	205,371	-	205,371
Net income for the year	-	-	-	25,519,121	25,519,121
Balance, December 31, 2025	213,296,054	\$ 157,514,080	\$ 5,236,651	\$ 1,648,596	\$ 164,399,327

The accompanying notes are an integral part of these consolidated financial statements

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. NATURE OF OPERATIONS

Parkit Enterprise Inc. (“Parkit” or the “Company”) is incorporated under the laws of the Province of Ontario, the Company’s head office and principal address is 100 Canadian Road, Toronto, Ontario, Canada, M1R 4Z5. Parkit's common shares are listed on TSX Venture Exchange (“TSX-V”) (Symbol: PKT).

Parkit is an investment real estate platform focused on the acquisition, growth and management of strategically located investment properties across key urban markets in Canada. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

2. BASIS OF PRESENTATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation and statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Company presents its consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity. The Company considers this presentation to be more relevant than a classified balance sheet distinguished between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within one year from the reporting period, and non-current assets and liabilities are those where the recovery or settlement is expected to be greater than a year from the reporting period.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared under the accrual basis of accounting, except for cash-flow information. The consolidated financial statements were prepared on a going concern basis, and are presented in Canadian Dollars, which is the Company’s functional currency.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

Subsidiaries are all entities over which the Company has control. Control is defined as where the Company is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

a) Principles of consolidation (continued)

The principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation	Percentage ownership December 31, 2025	Percentage ownership December 31, 2024	Principal activity	Functional currency ⁽ⁱ⁾
Greenswitch Capital Ltd.	Canada	100%	100%	Holding	CAD
Greenswitch America Inc.	USA	100%	100%	Holding	CAD
Parkit Nashville LLC	USA	100%	100%	Operating	USD
Parkit East Granby LLC	USA	100%	100%	Operating	USD

i. Canadian dollar is CAD and United States dollar is USD.

b) Asset acquisitions and business combinations

The Company accounts for acquisitions under IFRS 3, “Business Combinations”, using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company.

In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Company has an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. When substantially all of the fair value of the gross assets acquired is concentrated into a single assets (or group of similar assets), the transaction is accounted for as an asset acquisition.

Accounting for asset acquisitions

For asset acquisitions, the consideration paid is allocated to the identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. Any transaction costs with respect to an asset acquisition are capitalized to the underlying asset.

c) Investment properties

Investment properties include industrial properties that are held for long-term rental yields or capital appreciation or both, and that are not occupied by the Company. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are initially recognized at its cost, including transaction costs. The Company elected the cost model for measurement of its investment properties which are stated at cost less accumulated depreciation and accumulated impairment losses. Once an asset is available for use, it is depreciated to its residual value using the depreciation rate determined by management. Land is not depreciated.

Subsequent expenditures, including tenant improvements, are capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed when incurred and are included in the consolidated statement of operations.

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

c) Investment properties (continued)

Depreciation is calculated on a straight-line basis over their estimated useful lives, as follows:

Buildings and improvements:	Structures	4%
	Roofs	5%
	Paving and exterior	3.3% to 10%
	Equipment	6.7% to 25%

The residual value and useful life of real estate is reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in the consolidated statements of operations when the item is derecognized.

d) Parking properties

The Company elected the cost model for measurement of its parking properties which are stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditures, including property improvements, are capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed when incurred and are included in the consolidated statement of operations.

Depreciation is calculated on a straight-line basis over their estimated useful lives, as follows:

Buildings and improvements:	Building	4%
	Paving, fencing & equipment	6.7% to 25%

The residual value and useful life of is reviewed and adjusted if appropriate, at each reporting date. An asset's carrying value is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

e) Investment in associates and equity-accounted investees

Associates are investments which the Company exercises significant influence but does not control or jointly control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control for strategic financial and operating decisions. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and equity-accounted investees are accounted for using the equity method. The equity method involves recording the initial investment at cost, which represents the fair value of the consideration paid. When the Company recognizes an investment in an associate on the loss of control of a former subsidiary, cost is measured as the fair value of the investment retained in the former subsidiary.

Thereafter, the carrying value of the investment is increased by additional contributions to the associate or equity-accounted investees and decreased for any distributions received from the associate or equity-accounted investees. The carrying value is also adjusted for the Company's share of the profit or loss, and other comprehensive profit or loss of the associate or equity-accounted investees after the initial date of recognition.

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

e) Investment in associates and equity-accounted investees (continued)

Financial statements of the associate and equity-accounted investees are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

When the Company's share of losses in an associate or equity-accounted investee equals or exceeds its interest in the associate or equity-accounted investee, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or equity-accounted investee.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or equity-accounted investee is impaired. If such evidence exists, the investment is tested for impairment. An impairment loss is recognized as the amount by which the carrying value exceeds the recoverable amount of the investment. Impairment losses are reversed to the extent the recoverable amount subsequently increases.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

g) Foreign exchange and functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars.

Transactions and balances in foreign currencies

In preparing the financial results of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in currencies other than the functional currency of the individual entities are translated using the period end foreign exchange rate. Non-monetary assets, liabilities and equity are translated using the rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in net income or loss.

h) Leases

Company is the lessee

The Company assesses whether a contract is or contains a lease, at the inception of a contract.

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of operations on a straight-line basis over the lease term.

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

h) Leases (continued)

Company is the lessee (continued)

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of unpaid lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of operations.

Company is the lessor

The Company has not transferred substantially all the risks and benefits of ownership of its investment properties and, therefore, accounts for its leases with tenants as operating leases. Lease income from operating leases where the Company is a lessor is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position in accordance with their nature.

Revenue recognition under a lease commences when the tenant has the right to use the leased asset, which is typically when the tenant takes possession of, or controls, the physical use of the leased property, which generally occurs on the lease commencement date. The Company assesses whether the lessee is reasonably certain to exercise an option to extend the lease, to purchase the underlying asset or to terminate the lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in circumstances from the commencement date until the exercise date of the option.

i) Impairment of non-financial assets

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. Assets that have an indefinite useful life – for example, goodwill – are not subject to amortization and are tested annually for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

PARKIT ENTERPRISE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

i) Impairment of non-financial assets (continued)

Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of operations.

j) Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

Amortized Cost – Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.

Fair Value through Other Comprehensive Income ("FVOCI") – Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest. The Company currently does not have any FVOCI assets.

Fair value through profit or loss ("FVTPL") – Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. There is no subsequent reclassification of fair value changes to income (loss) following the derecognition of the investment. However, dividends that reflect a return on investment continue to be recognized in net income (loss). This election is made on an investment-by-investment basis.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net income (loss).

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for accounts receivables.

The Company recognizes in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of operations and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVOCI remain within accumulated other comprehensive income (loss).

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net income (loss). Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net income (loss). Any gain or loss on derecognition is also recognized in net income (loss).

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net income (loss) based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net income (loss).

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Derecognition of financial liabilities

The Company derecognizes a financial liability when it is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations.

Designation of financial instruments:

The following summarizes the Company's measurement of financial assets and financial liabilities:

	Measurement
Financial asset	
Cash	Amortized cost
Accounts receivable	Amortized cost
Interest rate swap ^(1,2)	FVTPL
Investments at fair value	FVTPL
Financial liabilities	
Fixed rate mortgages ⁽¹⁾	Amortized cost
Variable rate mortgages with interest rate swaps ⁽¹⁾	FVTPL
Unrealized fair value of derivative liabilities ^(2,3)	FVTPL
Accounts payable and other liabilities ⁽⁴⁾	Amortized cost
Accrued interest ⁽⁴⁾	Amortized cost
Tenant deposits ⁽⁴⁾	Amortized cost

(1) Included in "Debt" in the consolidated statements of financial position.

(2) On recognition, the interest rate swap is valued at cost. Subsequently, the interest rate swap is valued at the present value of the estimated future cash flows based on observable yield curves with the change in fair value being recorded in profit or loss. The assessment of whether the swap is a financial asset or a financial liability is determined based on its net position as at the reporting date. See note 11 for additional disclosures on the interest rate swap.

(3) On recognition, the unrealized fair value of derivative liabilities is recorded at the value of the interest rate swap that is in excess of the underlying maturity of the loan. See note 12 for additional disclosure on the derivative liabilities.

(4) Included in "Accounts payable and other liabilities" in the consolidated statements of financial position.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significant inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

k) Provisions

Provisions are recognized when the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes if their recovery is deemed probable.

l) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognized in equity, net of tax, as a deduction from the share proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares.

m) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity in the period that services are received.

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of equity settled share options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Consideration paid for the shares on the exercise of stock options is credited to share capital, and the applicable amounts in contributed surplus are transferred to share capital.

n) Contributed surplus

The contributed surplus recorded in equity on the Company's statements of financial position includes the fair values of share-based payments and warrants. Upon expiration of stock options, the applicable amounts in contributed surplus are transferred to deficit. Upon expiration of warrants accounted for as share-based payments and originally recorded as share issue costs, the applicable amounts in contributed surplus are transferred to share capital.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

o) Investment properties revenue

The Company accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties.

Revenue from investment properties includes base rents, recoveries of operating expenses, including property taxes, common area maintenance, and other income. Rental income from operating leases is recognized on a straight-line basis over the lease term. When provided, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. Recoveries of operating expenses from tenants are recognized as revenue in accordance with the terms of the underlying leases. Other revenue is recorded at the time the service is provided.

p) Parking properties revenue

Revenue from parking properties include fees and rents from customers and is recognized when the services are provided. When the Company provides incentives, the cost of the incentives is deducted from revenue.

q) Finance costs

Finance costs include interest expense on debt and amortization associated with financing costs incurred in connection with obtaining long-term financings. Financing costs incurred are amortized using the effective interest rate method over the term of the related debt. Financing costs incurred are fully amortized when debt is retired before maturity.

r) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

s) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

u) New accounting standards and interpretations adopted

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. Current and non-current presentation has been added as at December 31, 2025 and 2024 to the financial statement notes. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments were effective for annual reporting periods beginning on or after January 1, 2025 and had no material impact on the Company.

v) New standards and interpretations issued but not yet effective

In April 2024, IFRS 18, “Presentation and Disclosure in Financial Statements” was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, “Presentation of Financial Statements”, impacts the presentation of primary financial statements and notes, including the statement of income (loss) where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

In May 2024, amendments to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. In addition, the amendments clarify the classification of financial assets with features linked to environmental, social and corporate governance. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets. The adoption is not expected to have a material impact on the Company’s consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires that the Company’s management make assumptions and estimates of effects of various future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company’s consolidated statements of financial position reported in future periods.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a) Critical judgments

Investment properties

The Company's accounting policies relating to its investment properties are described in note 3(c). In applying these policies, judgment is required in determining whether certain costs represent additions to the carrying amount of the property and distinguishing between tenant incentives and capital improvements. The Company's management also applies judgment in determining when property under development qualifies as an income property, which is the earlier of when fair value can be reliably measured, or construction of the property under development is substantially complete.

At the time of acquisition of a property, whether through controlling share investment or directly, the Company considers whether the acquisition represents an acquisition of a business under IFRS 3, Business Combinations. Such determination may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined by IFRS 3, and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business. The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the investment properties for the year ended December 31, 2025 and for the year ended December 31, 2024 and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset. The cost is accounted for as a group of assets and liabilities and the transaction costs are allocated to the assets and liabilities acquired based on their relative fair values. No goodwill is recognized for an asset acquisition.

Leases – the Company as a lessor

The Company makes judgments in determining whether certain leases, in particular tenant leases, where the Company is the lessor, are either operating or finance leases. The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Investments in equity-accounted investee and associate

The Company, is a party to a number of arrangements whereby the Company makes judgments in assessing the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or equity-accounted investee.

A joint arrangement is a contractual arrangement pursuant to which the Company and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements that involve the establishment of a separate entity or partnership in which each party to the arrangement has rights to the net assets of the arrangements are referred to as equity-accounted investees.

In assessing control and significant influence, the Company considers the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company's rights and obligations arising from the arrangements.

Impairment testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a) Critical judgments (continued)

Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

b) Critical estimates and assumptions

Investment properties

The Company elected the cost model for measurement for its investment properties where the investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. The carrying value of the Company's investment properties incorporate estimates, assumptions and judgments relative to the determining the initial purchase price allocations to the significant components of the investment property acquired, and the useful lives and residual values of the assets.

Fair value disclosures

The fair values of investment properties and financial instruments are determined by using valuation techniques. Estimates and assumptions used in determining fair value of investment properties include expected future cash flows and a terminal value, based on the application of a terminal capitalization rate on the assumed final year's estimated cash flows in the discounted cash flow approach; as well as capitalization rates and stabilized net operating income used in the direct capitalization income approach. A change to any of these inputs could significantly affect the fair value of an investment property. For further details of the assumptions and estimates made see note 24.

Accounting for investments in associates and equity-accounted investees

In applying equity accounting, the Company reviews the accounting policies of the investee and if necessary, make any adjustments in line with those of the Company.

Impairment

The Company considers expected future cash flows, estimated discounted rates, expected duration of the cash flows, prevailing market trends, third party valuation reports, and other assumptions when determining whether any indicators of impairment exist.

Debt

The Company elected to use the fair value model for its variable rate mortgages with interest rate swaps. In determining the fair value of debt at the reporting date, the Company utilized the prevailing market interest rate for similarly comparable debt. For further details of the assumptions and estimates made see note 24.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

b) Critical judgments (continued)

Share-based compensation

The Company uses the Black-Scholes model to estimate the fair value of share-based compensation. The assumptions and inputs used for estimating fair value for the share-based compensation are disclosed in note 14.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

5. INVESTMENT PROPERTIES

The following table provides a continuity of total investment properties for the year ended December 31, 2025.

	December 31, 2025	December 31, 2024
Balance at beginning of year	\$ 296,809,161	\$ 288,363,032
Additions:		
Direct acquisitions	21,000,000	15,800,000
Building improvements	3,579,906	884,265
Transaction costs and land transfer taxes	496,397	315,560
Total additions to investment properties	25,076,303	16,999,825
Disposition of investment properties ⁽ⁱ⁾	(82,112,756)	-
Changes included in net income (loss):		
Depreciation	(8,082,071)	(8,553,696)
Balance at end of year ^{(i) (ii)}	\$ 231,690,637	\$ 296,809,161

- i. During the year ended December 31, 2025, the company sold seven properties in Manitoba and one property in Ontario, and the carrying value as at the date of the disposition is accounted for in the above continuity. See Investment properties dispositions for additional details.
- ii. All investment properties are pledged as security for debt as of December 31, 2025 and December 31, 2024 (note 11).
- iii. See note 24 for additional disclosure on the estimated fair value of the investment properties.

Investment properties

Investment properties include properties that are held for long-term rental yields, capital appreciation or both, and that is not occupied by the Company. Investment properties also include property that is being constructed or developed for future use as investment property.

The Company elected the cost model for measurement of its investment properties, where the investment properties are stated at cost less accumulated depreciation and accumulated impairment loss.

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5. INVESTMENT PROPERTIES (continued)

Investment properties acquisitions

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of the investment properties for the year ended December 31, 2025 and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset.

The Company's investment properties acquisitions for the year ended December 31, 2025 are detailed below:

	Purchase price	Date acquired
1650 Blvd Lionel Bertrand, Boisbriand, Quebec ⁽ⁱ⁾	10,250,000	February 6, 2025
16630 114th Avenue NW, Edmonton, Alberta	10,750,000	August 6, 2025
Total direct acquisition of investment properties	\$ 21,000,000	

- i. This property was acquired from a non-arm's length vendor. See note 19 for additional details.

The Company's investment properties acquisitions for the year ended December 31, 2024 are detailed below:

	Purchase price	Date acquired
961-975 Sherwin Rd, Winnipeg, Manitoba ⁽ⁱ⁾	\$ 6,300,000	April 2, 2024
1650 Comstock Rd, Ottawa, Ontario	9,500,000	December 18, 2024
Total direct acquisition of investment properties	\$ 15,800,000	

- i. This property was disposed on June 26, 2025. See Investment properties dispositions for additional details.

Investment properties dispositions

The Company's investment property dispositions for the year ended December 31, 2025, are detailed below.

	Proceeds from disposition	Date of disposition
961-975 Sherwin Rd, Winnipeg, Manitoba	\$ 12,000,000	June 26, 2025
310 De Baets St, Winnipeg, Manitoba	14,500,000	June 26, 2025
1725 Inkster Blvd, Winnipeg, Manitoba	34,200,000	June 26, 2025
2030 Notre Dame Ave, Winnipeg, Manitoba	15,400,000	June 26, 2025
90-120 Paramount Rd, Winnipeg, Manitoba	4,400,000	June 26, 2025
1345 Redwood Ave, Winnipeg, Manitoba	16,000,000	June 26, 2025
568 Second St, London, Ontario (note 8, 19)	12,900,000	November 18, 2025
555 Camiel Sys St, Winnipeg, Manitoba	5,350,000	December 17, 2025
Total disposition of investment properties	\$ 114,750,000	

Consideration for the dispositions for the year ended December 31, 2025 totaled \$114,750,000, which was satisfied by cash consideration of \$62,935,000, a note receivable of \$3,225,000 (note 9), \$42,140,000 in Trust and LP units based on a stated value of \$6.20 per unit (note 7), and partnership units of \$6,450,000 in 760 Second Street GP (note 8). The disposition of investment properties resulted in a gain of \$26,765,848 for the year ended December 31, 2025.

There were no investment property dispositions for the year ended December 31, 2024.

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5. INVESTMENT PROPERTIES (continued)

Gross carrying amounts and accumulated depreciation of investment properties

	Income-producing properties		Development costs		Total
COST					
Balance December 31, 2024	\$	316,605,823	\$	2,909,977	\$ 319,515,800
Additions		23,449,130		1,627,173	25,076,303
Disposals		(86,907,670)		(3,204,873)	(90,112,543)
Transfers from development costs		212,597		(212,597)	-
Balance December 31, 2025	\$	253,359,880	\$	1,119,680	\$ 254,479,560
ACCUMULATED DEPRECIATION					
Balance December 31, 2024	\$	(22,706,639)	\$	-	\$ (22,706,639)
Depreciation		(8,082,071)		-	(8,082,071)
Accumulated depreciation on disposals		7,999,787		-	7,999,787
Balance December 31, 2025	\$	(22,788,923)	\$	-	\$ (22,788,923)
NET BOOK VALUE					
December 31, 2024	\$	293,899,184	\$	2,909,977	\$ 296,809,161
December 31, 2025	\$	230,570,957	\$	1,119,680	\$ 231,690,637

Minimum rental income commitments

The Company leases investment properties to tenants under operating leases. Minimum rental commitments comprise of base rents only on non-cancellable tenant operating leases over their remaining terms are as follows:

	December 31, 2025
2026	\$ 15,925,408
2027	14,958,233
2028	12,392,161
2029	10,383,191
2030	8,710,300
2031+	38,824,717
Total	\$ 101,194,010

6. PARKING PROPERTIES

Parking properties include assets that are used in the ordinary course of business relating to parking operations.

On September 6, 2024, the Company acquired, through its newly formed U.S. subsidiary (“Parkit East Granby LLC”), in addition to its parking property through Parkit Nashville LLC, certain business assets and the real property of Z Parking, Connecticut for a total cost of \$2,279,326, inclusive of acquisition costs. Prior to the acquisition, these assets were held within the Company’s equity-accounted investees (note 8).

The Company elected to use the optional concentration test under IFRS 3 to the acquisition of these assets and concluded that they constitute an acquisition of assets as substantially all of the fair value was concentrated in a single asset. The total acquisition cost, inclusive of transaction costs, was allocated to parking properties.

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6. PARKING PROPERTIES (continued)

Gross carrying amounts and accumulated depreciation of parking properties

	December 31, 2025	December 31, 2024
Balance at beginning of year	\$ 11,822,096	\$ 9,736,467
Additions:		
Direct acquisitions	-	2,173,960
Transaction costs and land transfer taxes	-	105,366
Total additions to parking properties	-	2,279,326
Changes included in net income (loss):		
Depreciation	(253,592)	(193,697)
Total changes included in net income (loss)	(253,592)	(193,697)
Balance at end of year ⁽ⁱ⁾	\$ 11,568,504	\$ 11,822,096

- i. Certain parking properties are pledged as security for debt as of December 31, 2025 and December 31, 2024 (note 11).

7. INVESTMENTS AT FAIR VALUE

As part of the disposition of investment properties as outlined in note 5, the Company obtained shares as consideration and have recorded these financial assets at fair value (December 31, 2024 - \$Nil).

	Number of units	Unit price	December 31, 2025
PRO Real Estate Investment Trust – Trust units	4,305,674	\$ 6.55	\$ 28,202,165
PRO Real Estate Investment Trust – Class B LP units	2,675,000	6.55	17,521,250
Balance at end of year	6,980,674	\$ 6.55	\$ 45,723,415

PRO Real Estate Investment Trust (“PROREIT”) is an unincorporated open-ended real estate investment trust which owns a portfolio of high-quality industrial properties in Canada. The trust units of PROREIT trade on the Toronto Stock Exchange (the “TSX”). For the year ended December 31, 2025, the Company had purchased an additional 183,900 trust units, with an average price of \$5.92 per unit (December 31, 2024 - \$Nil).

The Class B LP Unit of PROREIT is exchangeable for a trust unit and is attached to a special voting unit of PROREIT providing for a voting right in PROREIT. As of December 31, 2025, both units pay a monthly distribution of \$0.0375. During the year ended December 31, 2025, the Company has recognized investment income of \$1,726,899 from the units (December 31, 2024 - \$Nil), and an unrealized fair value gain through profit and loss of \$5,586,645 due to changes in fair market value (December 31, 2024 - \$Nil).

Concurrent with the acquisition of the trust units and Class B LP units, PROREIT and Parkit have entered into an investor rights agreement providing for, among other things, pre-emptive rights for the purchase of trust units on a PROREIT offering, registration rights for the sale of the trust units (including Class B LP Units exchanged for Trust Units), the exercised right to nominate one trustee to PROREIT’s board of trustees, and certain lock-up and standstill provisions.

Additionally, the PROREIT units are pledged as security for debt as of December 31, 2025 (note 11).

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8. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE

The Company has two investments in equity-accounted investees, which are Parking Acquisition Ventures, LLC (“PAVe LLC”) and 760 Second Street Partnership (“760 Second St GP”).

	December 31, 2025	December 31, 2024
Investment in equity-accounted investee – PAVe LLC ⁽ⁱ⁾	\$ 3,663,149	\$ 9,098,355
Investment in equity-accounted investee – 760 Second St GP	4,809,567	-
Investment in associate ⁽ⁱⁱ⁾	-	620,344
Long-term receivable ⁽ⁱⁱⁱ⁾	-	1,381,344
Balance at end of year	\$ 8,472,716	\$ 11,100,043

The Company’s share of loss from equity-accounted investees and long-term receivables are summarized as follows:

	December 31, 2025	December 31, 2024
Share of operations from PAVe LLC	\$ 242,083	\$ (431,812)
Share of operations from 760 Second St GP	(546)	-
Impairment in PAVe LLC ⁽ⁱ⁾	(5,677,289)	-
Share of loss from equity-accounted investees ^(iv)	(5,435,752)	(431,812)
Impairment of long-term receivable ⁽ⁱⁱⁱ⁾	(1,309,728)	-
Impairment from investment in associate ⁽ⁱⁱ⁾	(620,344)	-
Share of loss from equity-accounted investees	\$ (7,365,824)	\$ (431,812)

- i. The Company recorded an impairment of its investment in equity-accounted investees.
- ii. The Company recorded an impairment of its investment in associate.
- iii. The Company recorded an impairment of its long-term receivable.
- iv. The share of income (loss) are translated using average exchange rates for the year.

Investment in equity-accounted investees

The carrying amounts of the Company's investment in equity-accounted investees are as follows:

PAVe LLC	December 31, 2025	December 31, 2024
Balance at beginning of the year	\$ 9,098,355	\$ 9,530,167
Share of loss from PAVe LLC	(5,435,206)	(431,812)
Balance at end of year	\$ 3,663,149	\$ 9,098,355

760 Second St GP	December 31, 2025	December 31, 2024
Balance at beginning of the year	\$ -	\$ -
Contribution	4,810,113	-
Share of loss from 760 Second St GP	(546)	-
Balance at end of year	\$ 4,809,567	\$ -

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8. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE (continued)

Investment in equity-accounted investees (continued)

The Company uses the equity method for accounting for its equity-accounted investees. The significant equity-accounted investees of the Company is as follows:

Name of equity-accounted investees	Place of incorporation	Percentage membership interest December 31, 2025	Principal activity	Functional currency
PAVe LLC/ PAVe Admin LLC ⁽ⁱ⁾	Delaware, USA	50%	Member/Manager of Parking Acquisition Ventures LLC	USD
760 Second St GP ⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾	Ontario, Canada	50%	Residential property development	CAD

i. In April 2015, the Company’s subsidiary, Greenswitch America Inc. and Parking Real Estate, LLC (“PRE”), jointly created separate legal entities, Parking Acquisition Ventures, LLC (“PAVe LLC”) and PAVe Admin, LLC (“PAVe Admin”) to manage and oversee the parking assets of OP Holdings JV, LLC (“OP Holdings”), as an administrator. OP Holdings holds a portfolio of U.S. based parking facilities. PAVe Admin is an entity created for legal purposes and consolidates PAVe LLC under IFRS. PAVe LLC has different class of membership units, and the entitlements to distributions from these investments are different among each class PAVe LLC. The Company has an effective 24.39% (December 31, 2024 – 24.39%) equity interest in OP Holdings through its ownership in PAVe LLC. The Company accounts for its investment as an investment in associate.

ii. In November 2025, Parkit contributed the land and building at 568 Second Street to the newly formed investment, 760 Second Street Partnership (“760 Second St GP”), at \$12,900,000 and redeemed 50% of its interest to two new partners for proceeds of \$3,225,000 and a note receivable of \$3,225,000 (note 9). The remaining 50% interest is held equally by Decade Capital Corporation (“Decade”) and Southside Construction Management Limited (“Southside”). The Development Manager is Decade, who manages the daily operations. 760 Second St GP requires a 75% voting threshold that must be met for any binding resolutions, including budgets, financing and capital allocation matters. For this reason, despite the Company retaining a 50% interest in the GP, it is classified as a significant influence equity accounted investment in associate, as the Company requires agreement from one of the other partners for approval of relevant decisions.

Parkit holds a 50% (December 31, 2024 – \$Nil) interest in the 760 Second St GP, which is accounted for using the equity method as an investment in an associate over which the Company has significant influence.

iii. The transaction is recognized as a related party transaction. See Note 19 for additional disclosures.

Commitments

Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, the Company has a commitment to contribute up to 5% of any capital call made by the OP Holdings joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. OP Holdings is in compliance on its borrowing covenants as of December 31, 2025, and has not made a capital call and no provision has been accrued by the Company with respect to this commitment (December 31, 2024 – \$Nil). OP Holdings had breached compliance for December 31, 2024, but had received a waiver from its lender.

As at December 31, 2025, the 760 Second St GP has no external liabilities, and Parkit has no obligations beyond its investment commitment. Participation rights are represented by partnership units, with all distributions and returns dependent on the GP’s performance. Certain decisions require unanimous consent of the partners, and the sale or transfer of partnership interests is subject to restrictions under the 760 Second Street Partnership Agreement.

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8. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES AND LONG-TERM RECEIVABLE (continued)

Summarized financial information of equity accounted investees

The assets and liabilities of the equity-accounted investee translated into Canadian dollars are summarized as follows:

PAVe LLC	December 31, 2025	December 31, 2024
Assets		
Other current assets	\$ -	\$ 13,195
Interest in associate	14,428,284	14,839,502
	14,428,284	14,852,697
Liabilities		
Accounts payable	-	21,241
	-	21,241
Net assets of PAVe LLC	\$ 14,428,284	\$ 14,831,456
Net assets attributable to the Company ⁽ⁱ⁾	\$ 11,981,820	\$ 12,319,951
Investment in PAVe LLC ⁽ⁱⁱ⁾	\$ 3,663,149	\$ 9,098,355

- i. The PAVe LLC has different classes of membership units, and the entitlements to voting and distributions are different among each membership class. Under the equity method, on initial recognition the investment in the equity-accounted investee is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company, based on its membership in the OP Holdings, is entitled to income (losses) on the investments included in the equity-accounted investees based on the membership agreement and waterfall calculations for each equity-accounted investee. As a result, the calculated percentage of the Company's total share of income (losses) of the equity-accounted investee income (losses) will vary from period to period.
- ii. The functional currency of PAVe LLC joint venture is the United States dollar. The net assets of the equity-accounted investee and the net assets attributable to the Company in the above table were translated using the period end exchange rates.

760 Second St GP	December 31, 2025	December 31, 2024
Assets		
Construction in progress	\$ 16,534,036	\$ -
Other current assets	1,695,772	-
	18,229,808	-
Liabilities		
Debt	3,750,000	-
Accounts payable	1,580,899	-
	5,330,899	-
Net assets of 760 Second St GP	\$ 12,898,909	\$ -
Net assets attributable to the Company ⁽ⁱ⁾	\$ 6,449,454	\$ -
Investment in 760 Second St GP	\$ 4,809,567	\$ -

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8. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE (continued)

Summarized financial information of equity accounted investees (continued)

- i. The 760 Second St GP is structured as a general partnership, and the partnership units represent participation rights in the net assets of the GP, and distributions are made in accordance with the partnership agreement. The investment is accounted for using the equity method, whereby the investment is initially recognized at cost and subsequently adjusted to recognize the Company's share of the profit or loss of the GP. The Company's share of income or losses from the GP is determined based on its ownership interest and the terms of the partnership agreement.

The operations of the equity-accounted investees translated using average exchange rates for the period are summarized as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Income (loss) from PAVe LLC	\$ 299,005	(527,116)
Loss from 760 Second St GP	(1,092)	-
Other income	7,823	-
Net income (loss)	305,736	(527,116)
Share of income (loss) from equity-accounted investees	241,537	(431,812)
Impairment of investment in equity-accounted investees ⁽ⁱⁱⁱ⁾	(5,677,289)	-
Share of loss from equity-accounted investees ⁽ⁱ⁾	\$ (5,435,752)	\$ (431,812)

- i. The carrying value of the investment in the equity-accounted investee on the consolidated statements of financial position is translated into Canadian dollars at historical cost. The difference in the translation method accounts for the difference between "net assets attributable to the Company" and "investment in equity-accounted investee" in the above table.
- ii. The revenues and expenses of the equity-accounted investees for the year ended December 31, 2025 are consolidated in the Statement of Operations and Comprehensive Income (Loss).
- iii. As at June 30, 2025, Parkit performed an impairment assessment of its investment in PAVe LLC due to the presence of impairment indicators. The carrying value of Parkit's 82.83% interest in the investment, amounting to \$9,104,897, exceeded its recoverable amount of \$3,427,608, resulting in an impairment loss of \$5,677,289 (December 31, 2024 – \$Nil).

The recoverable amount was determined as the higher of the value in use and fair value less costs of disposal (VIU vs FVLCD). Key assumptions included projected cash flows with stable margins, market conditions, and the probability of lease renewals, with a discount rate of 10% for all the forecasted years. Sensitivity analysis indicates that reasonable changes in assumptions would not materially affect the recoverable amount. The forecast was adjusted from prior years due to increased competition, as well as reduced margins, resulting in a lower VIU and FVLCD. As the recoverable amount is below carrying amount, no positive headroom exists.

As at December 31, 2025, the Company reassessed impairment indicators for the investment in PAVe LLC, and no further impairments or reversals were recognized.

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8. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES AND LONG-TERM RECEIVABLE (continued)

Investment in associate

Carrying amounts of associate

The carrying amounts of the Company's investment in associate is as follows:

	December 31, 2025	December 31, 2024
Investment in associate	\$ -	\$ 620,344

In April 2015, the Company's then subsidiary Green Park Denver, LLC ("Green Park Denver") sold Canopy Airport Parking ("Canopy") to OP Holdings, and in July 2015 Green Park Denver was deconsolidated as a subsidiary with the fair value of the retained interest in Green Park Denver, recorded as an investment in associate accounted for using the equity method.

The only significant asset retained in the associate is an earnout receivable from OP Holdings. The associate measures the earnout receivable at fair value through profit or loss. The associate has no continuing operations and is being maintained to receive the earn-out payments.

The earn-out is payable in three tranches, with the final remaining tranche of 40.6% payable upon disposition of certain assets in OP Holdings. The Company recorded an impairment of \$620,344 on the investment in associate during the year as the expected repayment of the final tranche is uncertain. The carrying balance of the investment was \$Nil for the year ended December 31, 2025 (\$620,344 – December 31, 2024).

Long-term receivable

	December 31, 2025	December 31, 2024
Long-term receivable	\$ -	\$ 1,381,344

At the inception of the joint ventures, the Company advanced funds to Parking Real Estate, LLC ("PRE"), a joint venture partner, for the purpose of PRE funding investments in income producing properties and related costs of acquisition. As at December 31, 2025, the balance of the advance to PRE was \$Nil as the Company recorded an impairment due to the uncertain collectability of the receivable. As at December 31, 2024, the balance of the advance to PRE was \$1,381,344 (\$960,000 USD).

The total investment in equity-accounted investees is summarized as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of the year	\$ 9,098,355	\$ 9,530,167
Contribution - 760 Second Street Partnership	4,810,113	-
Share of loss from equity-accounted investees	(5,435,752)	(431,812)
Balance at end of year	\$ 8,472,716	\$ 9,098,355

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9. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2025	December 31, 2024
<i>Current:</i>		
Prepaid expenses and deposits	\$ 1,714,254	\$ 1,785,589
<i>Non-current:</i>		
Note receivable ⁽ⁱ⁾	3,225,000	-
Balance at the end of year	\$ 4,939,254	\$ 1,785,589

- i. The Company has a note receivable from a third party relating to its investment in 760 Second Street GP (note 8). The note receivable bears an interest rate of 8%, calculated semi-annually, with a maturity date in November 2040. The borrower has the right to repay the note receivable any time before the maturity date, and has the requirement to repay on refinancing the 760 Second Street GP's debt and on receipt of certain proceeds from management fees. As security for the note receivable, the Company has the right to the entirety of the units in 760 Second Street GP that are held by the borrower.

10. ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
<i>Current:</i>		
Rent receivable on investment properties	\$ -	\$ 2,373
Accrued tax, maintenance and insurance recoveries	269,324	93,898
Management fees	20,788	258,642
Investment income receivable	261,775	-
Other receivables	815,002	1,187,189
	1,366,889	1,542,102
<i>Non-current:</i>		
Straight-line rent adjustments	2,378,073	2,121,553
	\$ 3,744,962	\$ 3,663,655

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11. DEBT

The following table summarized the debt as of December 31, 2025 and December 31, 2024.

	December 31, 2025			December 31, 2024		
	Rate range	Weighted average	Balance	Rate range	Weighted average	Balance
Mortgages:						
At amortized cost - fixed ⁽ⁱ⁾	2.31% - 6.87%	4.99%	\$ 47,396,877	2.31% - 6.87%	5.08%	\$ 33,410,511
	<i>Maturity: Jan 2026 to Dec 2030 ⁽ⁱⁱ⁾</i>			<i>Maturity: Dec 2025 to Dec 2030</i>		
At FVTPL - Mortgage			8,147,324			12,534,840
- Fixed via interest rate swap ⁽ⁱⁱⁱ⁾			<u>(261,452)</u>			<u>(395,542)</u>
		3.49%	<u>7,885,872</u>		3.56%	<u>12,139,298</u>
	<i>Maturity: Nov 2029</i>			<i>Maturity: May 2025 to Nov 2029</i>		
Credit facilities:						
At FVTPL - Credit facilities ^(iv, v)		4.69%	10,842,604		5.72%	9,507,230
At FVTPL - Credit facilities ^(iv)			73,937,068			124,389,587
- Fixed via interest rate swap ^(vi)			<u>562,932</u>			<u>110,413</u>
		5.45%	<u>74,500,000</u>		5.49%	<u>124,500,000</u>
	<i>Maturity: Mar 2026 to Mar 2027</i>			<i>Maturity: Jan 2025 to Mar 2026</i>		
Total debt ^(vii)		5.13%	140,625,353		5.30%	179,557,039
Financing costs, net ^(viii)			(495,677)			(457,476)
Carrying value ^(ix)			\$ 140,129,676			\$ 179,099,563
Current debt			\$ 31,453,921			\$ 78,894,203
Non-current debt			\$ 108,675,755			\$ 100,205,360

- i. Included in these figures is a mortgage payable in USD, with a balance of \$4,112,644 USD as at December 31, 2025 (December 31, 2024 – \$4,183,673) with an amortization period of 25 years. The remainder of the mortgages are payable in CAD with an amortization period of 25 years.
- ii. The mortgage maturing in January 2026 was renewed subsequent to year end, see note 25 for more details.
- iii. The mortgage models a fixed rate mortgage with a set interest rate of 3.49%, amortizing with fixed monthly payments over 25 years, with a term of 10 years. The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying mortgage payable. The mortgage and interest rate swaps have been accounted for at FVTPL. As at December 31, 2025, the interest rate swap on mortgages had a net financial asset position of \$261,452 (December 31, 2024 – \$395,542).
- iv. Included in the credit facilities is a revolving line of credit of \$72,000,000 of which \$45,342,604 has been drawn upon at December 31, 2025 (December 31, 2024 – \$55,000,000 line of credit with \$44,007,230 drawn), resulting in a remaining line of credit available of \$26,657,396 (December 31, 2024 – \$10,992,770). The drawn amount includes \$44,383,184 in CAD and the remainder in USD (December 31, 2024 – \$43,000,000 in CAD). The interest rate applicable to the available line of credit will be determined in accordance with the prevailing variable interest rate.

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11. DEBT (continued)

- v. The balance includes a USD balance of \$700,000 (\$959,420 CAD) as at December 31, 2025 (December 31, 2024 \$700,000 (\$1,007,230 CAD)).
- vi. The Company has entered into a series of swap agreements to fix the interest rate between 5.10% to 5.72% on the \$74,500,000 combined revolving and non-revolving line of credit, for the remainder of the loan term, which has five swaps maturing in March 2026 to March 2027. The swap contracts require settlement of net interest receivable or payable every 30 days and have been accounted for at FVTPL. As of December 31, 2025, the interest rate swap on mortgages was in a financial liability position amounting to \$562,932 (December 31, 2024 – \$110,413). The unrealized fair value of the swap position after loan maturity is detailed in note 12 below.
- vii. The mortgages and lines of credit are collateralized by first charges on specific investment properties (note 5), parking properties (note 6), and investments at fair value (note 7).
- viii. The deferred financing costs consist of fees and costs incurred to obtain the related debt. The net balance of deferred financing costs is \$1,100,238 as at December 31, 2025 (December 31, 2024 - \$758,994).
- ix. See note 24 for additional disclosure on the estimated fair value of the debt.

The following table provides a continuity of total debt for the years ended December 31, 2025 and December 31, 2024.

	December 31, 2025	December 31, 2024
Balance at beginning of year	\$ 179,099,563	\$ 168,435,521
Debt issuance ⁽ⁱ⁾	27,071,475	10,895,478
Debt issuance costs	(387,364)	(63,769)
Debt repayment ⁽ⁱ⁾	(65,669,207)	(1,076,939)
Change in fair value of mortgage payable measured at FVTPL	(586,609)	(2,548,440)
Change in fair value of interest rate swap on underlying debt	586,609	2,548,440
Amortization of debt costs	341,244	346,200
Foreign exchange loss	(326,035)	563,072
Balance at end of year	\$ 140,129,676	\$ 179,099,563

- i. Proceeds from debt is net of debt repayments on the revolving credit facility at a financial institution.

Principal repayments on mortgages in each of the next five years are estimated as follows:

	Total
2026 ⁽ⁱ⁾	\$ 31,618,730
2027 ⁽ⁱ⁾	65,942,100
2028 ⁽ⁱ⁾	6,453,111
2029 ⁽ⁱ⁾	7,704,528
2030 ⁽ⁱ⁾	28,906,884
	\$ 140,625,353

- i. Includes debt balance due at maturity.

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12. UNREALIZED FAIR VALUE OF DERIVATIVE LIABILITIES

The Company has entered into swap agreements with its lenders for its variable debt outlined in note 11, with certain swaps maturing on dates beyond the maturities of the underlying debt. These swap positions have maturities between April 2027 and April 2028, with an option to cancel at specified dates ranging between March 2026 to April 2026, at the option of the lender. The fair value of the financial instrument as at December 31, 2025 is an unrealized derivative liability of \$371,877 (December 31, 2024 – \$1,580,041). The overall swap positions, up until its final maturity for all of the Company’s swaps, are a financial liability of \$673,357 (December 31, 2024 – \$1,294,912).

	December 31, 2025	December 31, 2024
<i>Non-current:</i>		
Fair value of swap to maturity – financial liability ⁽ⁱ⁾	\$ 673,357	\$ 1,294,912
Fair value of swap offset against mortgages (note 11) ⁽ⁱⁱ⁾	261,452	395,542
Fair value of swap offset against credit facilities (note 11) ⁽ⁱⁱ⁾	(562,932)	(110,413)
Unrealized fair value of derivative liabilities ^(iii, iv)	\$ 371,877	\$ 1,580,041

- i. Inclusive of the fair value of all the Company’s swaps held until the swap’s final maturity.
- ii. The fair value of the swap up until the maturity of the offsetting loan.
- iii. The fair value of the swap that exceeds the maturity of the offsetting loan, until the swap’s final maturity, inclusive of the lenders option to cancel.
- iv. See note 24 for additional disclosure on the estimated fair value of the debt.

The table below outlines the breakdown between realized and unrealized gain or loss on derivative financial instruments:

	December 31, 2025	December 31, 2024
Unrealized gain on derivative financial instruments	\$ 1,208,164	\$ 385,666
Realized loss on derivative financial instruments	(810,101)	-
	\$ 398,063	\$ 385,666

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2025	December 31, 2024
<i>Current:</i>		
Accounts payable and accrued liabilities	\$ 4,353,822	\$ 3,283,449
Rents received in advance	316,590	205,761
Accrued interest on debt (note 11)	297,430	808,589
Income tax payable (note 18)	237,623	-
	5,205,465	4,297,799
<i>Non-current:</i>		
Tenant deposits	1,415,433	1,860,965
	\$ 6,620,898	\$ 6,158,764

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14. EQUITY

a) Authorized

Unlimited number of common shares without par value.

Normal Course Issuer Bid Program

In March 2025, the Company renewed the NCIB program to purchase for cancellation, during the 12-month period starting March 28, 2025, where the Company can purchase up to 11,088,361 of the outstanding common shares of the Company. The program will end on March 27, 2026. The price paid for the common shares is, subject to NCIB pricing rules contained in securities laws, the prevailing market price of such common shares on the TSX Venture Exchange at the time of such purchase.

During the year ended December 31, 2025, the Company purchased and cancelled 9,815,378 (December 31, 2024 – 4,780,230) common shares pursuant to its NCIB for a total of \$5,144,200 (December 31, 2024 – \$2,766,054) at an average price of \$0.52 (December 31, 2024 – \$0.58) per share. The Company's share capital was reduced by \$7,250,970 (December 31, 2024 – \$3,586,648) for the value of the shares purchased for cancellation with the excess of \$2,106,770 paid under the value recognized as a change in retained earnings (deficit) (December 31, 2024 – the excess of \$820,594 under the value recognized as a change in the retained earnings (deficit)).

b) Stock options

Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees and consultants at an exercise price to be determined by the Board of Directors provided that the exercise price is not less than the price permitted by the TSX Venture Exchange. The Company's Board of Directors determines the vesting requirements and the life of the options granted, to a maximum of 10 years. Stock option transactions are recorded in contributed surplus.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at December 31, 2023	13,153,500	\$1.23
Granted	1,588,500	\$0.60
Expired	(550,000)	\$1.36
Balance as at December 31, 2024	14,192,000	\$1.15
Granted	1,371,000	\$0.56
Expired	(45,000)	\$0.66
Balance as at December 31, 2025	15,518,000	\$1.10

On December 31, 2025, the Company approved and granted 1,371,000 stock options to directors, officers, employees and consultants of the Company, for a total expense of \$205,371. The stock options were fully vested on the grant date, have a 10-year term, and are exercisable at a price of \$0.56 per share.

On December 30, 2024, the Company approved and granted 1,588,500 stock options to directors, officers, employees and consultants of the Company, for a total expense of \$204,126. The stock options were fully vested on the grant date, have a 10-year term, and are exercisable at a price of \$0.60 per share.

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14. EQUITY (continued)

b) Stock options (continued)

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2025	December 31, 2024
Weighted averages:		
Exercise price	\$0.56	\$0.60
Share price at grant date	\$0.56	\$0.51
Expected stock option life	4 years	4 years
Expected volatility	28%	34%
Risk-free interest rate	2.90%	2.94%
Dividend yield	0%	0%
Fair value per option at grant date	\$0.15	\$0.13

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. The estimated expected future volatility of the options granted during the year end December 31, 2025, was determined using an average of the Company's historical volatility starting from January 1, 2021 and the historical volatility of comparable publicly listed entities over periods similar to the expected life of the options. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

The following table provides a continuity of total contributed surplus for the years ended December 31, 2025 and December 31, 2024.

	Contributed Surplus
Balance as at December 31, 2023	\$ 4,827,154
Share-based compensation	204,126
Balance as at December 31, 2024	5,031,280
Share-based compensation	205,371
Balance as at December 31, 2025	\$ 5,236,651

As of December 31, 2025, the following stock options were outstanding and exercisable:

Weighted average exercise price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
\$0.56	1,371,000	1,371,000	10.00
\$0.60	1,563,500	1,563,500	9.00
\$0.63	2,163,500	2,163,500	8.00
\$1.05	3,450,000	3,450,000	7.06
\$1.50	6,970,000	6,970,000	5.73
\$1.10	15,518,000	15,518,000	7.05

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14. EQUITY (continued)

b) Stock options (continued)

As of December 31, 2024, the following stock options were outstanding and exercisable:

Weighted average exercise price	Number of exercisable options	Number of outstanding options	Weighted average years to expiry
\$0.60	1,588,500	1,588,500	10.00
\$0.63	2,178,500	2,178,500	9.00
\$1.05	3,455,000	3,455,000	8.06
\$1.50	6,970,000	6,970,000	6.73
\$1.16	14,192,000	14,192,000	7.77

15. INVESTMENT PROPERTIES REVENUE

	Year ended December 31, 2025	Year ended December 31, 2024
Rental revenue ⁽ⁱ⁾	\$ 18,773,288	\$ 18,386,420
Tax, maintenance and insurance recoveries	7,766,157	7,656,197
	\$ 26,539,445	\$ 26,042,617

i. Rental revenue includes base rent and straight-line rent adjustments.

16. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER INCOME

	Year ended December 31, 2025	Year ended December 31, 2024
Management salaries and fees (note 19)	\$ 862,118	\$ 854,845
Director fees (note 19)	144,000	144,000
Professional fees (note 19)	1,359,190	1,350,553
Other administrative expenses	490,263	373,341
Total general and administrative expenses	\$ 2,855,571	\$ 2,722,739
Asset management income	(126,638)	(132,804)
Finance income	(80,221)	(172,376)
Foreign exchange (gain) loss	(222,651)	335,165
Total general and administrative expenses and other income	\$ 2,426,061	\$ 2,752,724

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17. FINANCE COSTS

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense on debt (note 11)	\$ 8,630,172	\$ 9,060,290
Amortization of proceeds from debt costs (note 11)	341,244	346,200
Unrealized change in fair value on mortgage payable (note 11)	(586,609)	(2,548,440)
Unrealized change in fair value interest rate swap (note 11)	586,609	2,548,440
	\$ 8,971,416	\$ 9,406,490

18. INCOME TAXES

The Canadian income tax rate is 26.5% at December 31, 2025 (December 31, 2024 – 26.5%). The United States income tax rate is 21% at December 31, 2025 (December 31, 2024 – 21%).

A reconciliation of income taxes at statutory rates is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Income (loss) for the year before income tax	\$ 25,781,996	\$ (2,587,304)
Expected income tax expense (recovery)	6,832,000	(686,000)
Utilization of non-capital losses, changes in statutory, foreign tax, foreign exchange rates and other	(7,333,125)	297,163
Permanent differences	1,339,000	(222,000)
Impact of income (loss) from partnerships	611,000	(597,000)
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses	4,000	7,000
Change in unrecognized deductible temporary differences	(1,190,000)	1,420,000
	\$ 262,875	\$ 219,163

Significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31, 2025	December 31, 2024	Expiry dates
Share issuance costs	\$ 816,000	\$ 1,849,000	2030
Intangible assets	75,000	75,000	No expiry
Investment properties	11,107,000	14,350,000	No expiry
Unrealized loss on derivative liability	(1,208,000)	1,580,000	No expiry
Non-capital losses	8,067,000	21,928,000	2030 – 2045
Restricted interest and financing expenses	4,432,000	4,432,000	No expiry
Allowable capital losses	-	779,000	No expiry
Unrealized foreign exchange	(19,000)	(42,000)	No expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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19. RELATED PARTY TRANSACTIONS

The Company enters into related party transactions from time to time in the normal course of operations. Such transactions are generally recorded at the exchange amount, which is the amount of consideration agreed to by the parties.

Compensation of key management personnel

Senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

	December 31, 2025	December 31, 2024
Total for all senior management		
Salaries, fees, and benefits	\$ 348,072	\$ 348,071
Share-based compensation	108,602	106,014
	456,674	454,085
Total for all directors		
Director fees	144,000	144,000
Share-based compensation	44,939	38,551
	188,939	182,551
Property expenses and other general operating expenses		
Investment properties expenses	1,485,026	1,356,386
Professional fees and other administrative expenses	1,801,935	1,778,630
Finance costs	163,029	67,405
	3,449,990	3,202,421
Total	\$ 4,095,603	\$ 3,839,057

Transactions with related parties

The Company entered into a property management agreement with Access Results Management Services Inc. ("ARMS") in December 2020, which was renewed and now expires December 2030. ARMS and the Company are related by having common members on its Board of Directors. The Company also receives invoices from ARMS and its related companies for construction, maintenance and other services related to the day-to-day operations, including accounting, financial, property and executive management.

- As at December 31, 2025, \$1,313,363 of construction costs incurred through ARMS and its related companies have been capitalized to investment properties (December 31, 2024 - \$392,814)
- Amounts due to and from ARMS and its related companies as at December 31, 2025, includes \$1,225,885 in accounts payable and accrued liabilities (December 31, 2024 - \$710,921) and \$427,750 is included in accounts receivable (December 31, 2024 - \$393,562).

The Company had acquired the investment property at 1650 Blvd Lionel Bertrand, Boisbriand, Quebec from a vendor managed by two directors of the Company, for an aggregate purchase price \$10,250,000 on February 6, 2025, subject to customary adjustments (note 5).

During the year, the Company transferred its investment property, located at 568 Second Street, to a partnership ("760 Second St Partnership") for consideration of \$12,900,000 (note 8). The consideration was satisfied entirely through partnership units representing the Company's interest in the partnership, based on a stated value of \$1 per unit. Parkit sold 50% of its interest in the partnership for \$6,450,000 and the Company retains a 50% interest. As the transaction is a downstream transfer to an associate, only 50% of the gain from the sale has been recognized in profit or loss for the year ended December 31, 2025. The remaining gain has been eliminated under the equity method.

For the year ended December 31, 2025, the Company earned \$3,395,991 in investment properties revenues from leases with companies managed by two common directors and officers of the Company (December 31, 2024 - \$1,636,924).

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20. SEGMENTED INFORMATION

The Company operates in two reportable business segments:

- Investment properties – involves the acquisition and management of income producing industrial properties across key markets in Canada.
- Parking properties – involves the acquisition and management of income producing parking facilities across the United States.

Each segment is a component of the Company for which separate discrete financial information is available by the chief decision makers of the Company. The Company evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization, and share-based compensation. Corporate costs are not allocated to the segments and are shown separately.

During the year ended December 31, 2025, the Company had one related party tenant individually exceed 10% of total revenue, with the tenant accounting for 11% of total revenue for the year ended December 31, 2025 (6% for the year ended December 31, 2024).

For the year ended December 31, 2025	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	\$ 26,539,445	\$ -	\$ -	\$ 26,539,445
Investment properties expenses	(7,989,025)	-	-	(7,989,025)
Net rental income	18,550,420	-	-	18,550,420
Parking properties revenue	-	4,591,530	-	4,591,530
Parking properties expenses	-	(4,533,074)	-	(4,533,074)
Share of loss from equity-accounted investees	-	(7,365,824)	-	(7,365,824)
Net parking loss	-	(7,307,368)	-	(7,307,368)
Other income				
Gain on sale of investment properties	26,765,848	-	-	26,765,848
Investment income	-	-	1,726,899	1,726,899
Unrealized gain on investments at fair value	-	-	5,586,645	5,586,645
Realized and unrealized gain on derivative financial instruments	-	-	398,063	398,063
	26,765,848	-	7,711,607	34,477,455
Other expenses				
General and administrative expenses and other income	-	(126,638)	2,552,699	2,426,061
Share-based compensation	-	-	205,371	205,371
Depreciation	-	-	8,335,663	8,335,663
Finance costs	-	-	8,971,416	8,971,416
	-	(126,638)	20,065,149	19,938,511
Income or (loss) before tax	45,316,268	(7,180,730)	(12,353,542)	25,781,996
Income tax expense	-	-	(262,875)	(262,875)
NET INCOME (LOSS)	\$ 45,316,268	\$ (7,180,730)	\$ (12,616,417)	\$ 25,519,121
Total assets	\$ 285,560,900	\$ 15,850,426	\$ 10,110,452	\$ 311,521,778
Total liabilities	\$ 5,967,005	\$ 6,195,340	\$ 134,960,106	\$ 147,122,451

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20. SEGMENTED INFORMATION (continued)

For the year ended December 31, 2024	Investment properties	Parking properties	Corporate	Total
Investment properties revenue	\$ 26,042,617	\$ -	\$ -	\$ 26,042,617
Investment properties expenses	(8,253,092)	-	-	(8,253,092)
Net rental income	17,789,525	-	-	17,789,525
Parking properties revenue	-	3,718,062	-	3,718,062
Parking properties expenses	-	(2,938,012)	-	(2,938,012)
Share of loss from equity-accounted investees	-	(431,812)	-	(431,812)
Net parking income	-	348,238	-	348,238
Other income				
Realized and unrealized gain derivative financial instruments	-	-	385,666	385,666
	-	-	385,666	385,666
Other expenses				
General and administrative expenses and other income	-	(132,804)	2,885,528	2,752,724
Share-based compensation	-	-	204,126	204,126
Depreciation	-	-	8,747,393	8,747,393
Finance costs	-	-	9,406,490	9,406,490
	-	(132,804)	21,243,537	21,110,733
Income or (loss) before tax	17,789,525	481,042	(20,857,871)	(2,587,304)
Income tax expense	-	-	(219,163)	(219,163)
NET INCOME (LOSS)	\$ 17,789,525	\$ 481,042	\$ (21,077,034)	\$ (2,806,467)
Total assets	\$ 301,240,943	\$ 24,074,422	\$ 5,342,038	\$ 330,657,403
Total liabilities	\$ 5,619,889	\$ 6,425,306	\$ 174,793,173	\$ 186,838,368

21. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	Year ended December 31, 2025	Year ended December 31, 2024
Cash paid for taxes:	\$ 25,252	\$ 219,163
Non-cash transactions:		
<i>Asset acquisition</i>		
Acquisition of investments at fair value (note 7)	(39,047,740)	-
Acquisition relating to investment in 760 Second Street GP (note 8)	(4,810,113)	-
Note receivable relating to investment in 760 Second Street GP (note 8)	(3,225,000)	-
<i>Amounts included in accounts payable and other liabilities</i>		
Acquisition and additions of investment properties (note 5)	484,979	174,273
Disposition of investment properties (note 5)	472,934	-
Transaction costs for investment properties (note 5)	20,000	-

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22. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to support its operations. 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 development of the business.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In the management of capital, the Company includes components of shareholders' equity.

To maintain or adjust the capital structure, the Company may issue new shares, buy back existing shares, issue debt or sell assets to meet financial obligations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2025 and 2024.

Various mortgages have debt covenant requirements that are monitored by the Company to ensure there are no defaults. These covenants include debt service coverage ratios, total debt to assets ratio, tangible net worth and loan to value ratio. These covenants have been complied with as at December 31, 2025. For the years ended December 31, 2025 and December 31, 2024, there were no events of defaults on any of the Company's obligations under its mortgages.

23. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily on its cash and receivables. The Company's policy is to deal only with creditworthy counterparties. None of the Company's financial assets are secured by collateral or other credit enhancements.

The Company has credit risk from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Company mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. The Company also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. The maximum exposure to credit risk is the carrying value of the accounts receivables disclosed in note 10. An impairment analysis is performed at each statement of financial position date using a provision matrix to measure expected credit losses, adjusted for forward-looking factors specific to the tenant and the economic environment. The provision is reduced for tenant security deposits held as collateral.

With respect to the joint venture activities, the main activities are the management fee receivables and distributions from a joint venture partner. In determining expected credit losses from these counterparties, the Company considered estimated future cash-flows of the joint venture. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages maturities of the fixed rate debts, monitors the repayment dates and maintains adequate cash on hand and to ensure sufficient capital will be available to cover obligations as they become due. The Company expects to fund its operations and liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings and from funds raised through the partial disposition of interests in its assets.

Based on the funds from the private placements and the Company's twelve-month cash flow forecast, the Company has sufficient capital to fund its targeted acquisitions and meet its current obligations and corporate overheads.

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23. FINANCIAL RISK MANAGEMENT (continued)

The maturity analysis of financial liabilities as at December 31, 2025 is as follows:

	Total	2026⁽ⁱⁱ⁾	2027⁽ⁱⁱ⁾	2028⁽ⁱⁱ⁾	2029⁽ⁱⁱ⁾	2030⁽ⁱⁱ⁾	2031+⁽ⁱⁱ⁾
Debt – principal (note 11)	\$ 140,625,353	\$ 31,618,730	\$ 65,942,100	\$ 6,453,111	\$ 7,704,528	\$ 28,906,884	\$ -
Debt – interest payments ⁽ⁱⁱⁱ⁾	13,881,729	5,996,350	3,099,683	2,183,986	1,745,655	856,055	-
Accounts payable and other liabilities ⁽ⁱⁱⁱ⁾	6,319,284	4,955,178	176,616	419,172	136,360	25,343	606,615
Total	\$ 160,826,366	\$ 42,570,258	\$ 69,218,399	\$ 9,056,269	\$ 9,586,543	\$ 29,788,282	\$ 606,615

- i. The amounts disclosed in the table above are contractual undiscounted cash flows.
- ii. Includes debt balance due at maturity.
- iii. The table above reflects the payment in 2026 of the accrued interest payable of \$297,430 (note 13) as of December 31, 2025 in “debt – interest payments” and is excluded from “accounts payable and other liabilities”.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and other price risk.

a) Interest rate risk

Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Company’s financial assets or liabilities. The Company is exposed to interest rate risk primarily relating to its long-term debt.

Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Company will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, entering into interest rate swap contracts, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding. The Company has utilized fixed rate debt and interest rate swaps to reduce the Company’s exposure to fluctuations in interest rates on its current debt.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term receivable, debt, accounts payable and accrued liabilities, and debt denominated in USD. A 1% fluctuation in the USD against the CAD would affect net income for the year by \$62,000.

The Company’s main foreign currency risk comes from its investment and associated financing for the joint venture and its parking properties located in the USA.

c) Price risk

The Company is exposed to price risks with respect to equity prices. The Company’s equity price risk is a result of a potential adverse impact on a company’s investment in PRO Real Estate Investment due to movements in prices or general movements in the level of the stock market. A 1% fluctuation in the market equity price would affect net income (loss) for the year by \$457,000.

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24. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with level 1 inputs having the highest priority. The levels used to value the Company's financial assets and liabilities are described below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, i.e. as prices, or indirectly, i.e. derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on an observable market, i.e. unobservable inputs.

The fair value of the Company's accounts receivable, long-term receivable, accounts payable and accrued liabilities, accrued interest, and tenant deposits approximate carrying value, which is the amount recorded on the consolidated statements of financial position.

The following table provides a summary of the remaining fair value measurements of the Company:

	Fair value hierarchy	December 31, 2025		December 31, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost:					
Cash	Level 1	\$ 5,382,290	\$ 5,382,290	\$ 5,476,859	\$ 5,476,859
Non-financial assets for which fair value is disclosed:					
Investment properties – cost model	Level 3	231,690,637	308,364,541	296,809,161	385,696,968
Financial asset and liabilities measured at fair value:					
PRO Real Estate Investment Trust – Trust Units	Level 1	28,202,165	28,202,165	-	-
PRO Real Estate Investment Trust – LP Units	Level 2	17,521,250	17,521,250	-	-
Debt at FVTPL – mortgages and line of credit	Level 2	(92,926,996)	(92,926,996)	(146,431,657)	(146,431,657)
Interest rate swaps	Level 2	(301,480)	(301,480)	285,129	285,129
Unrealized fair value of derivative liabilities	Level 2	(371,877)	(371,877)	(1,580,041)	(1,580,041)
Financial liabilities for which fair value is disclosed:					
Debt at amortized cost – mortgages	Level 3	(47,396,877)	(47,392,222)	(33,410,511)	(33,853,791)

There were no transfers between levels 1, 2 or 3 in 2025 or 2024.

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24. FAIR VALUE MEASUREMENTS (continued)

Valuation processes for investment property

The fair value of an individual investment property was prepared by preparing:

- a valuation using the income capitalization approach, which is calculated with a stabilized net operating income and capitalized at the requisite overall capitalization rate; or
- the discounted cash flow approach, which discounts the expected future cash flows, including a terminal value, based on the application of a terminal capitalization rate to the assumed final year's estimated cash flows, or
- a direct comparison method, which is the primary method of appraising investment properties consisting solely of land. Recent sales of parcels of land, similar in terms of physical characteristics, and location are compared to the subject property to determine a representative value for the unit of comparison, i.e. sale price per acre.

Investment property valuation processes

Updating the fair value for changes in the property cash flow, physical condition and changes in market conditions includes key assumptions and estimates for capitalization rates, normalized property operating revenues less property operating expense, discount rates, terminal rates, market rents, leasing costs and vacancy rates.

The Company's management team is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. The Company's management, along with its Audit Committee, discuss the valuation process and key inputs on a quarterly basis. During the year ended December 31, 2025, a weighted average of 46% (December 31, 2024 – 31%) of the fair market value of the investment properties were appraised by qualified external valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The fair value of the remaining portfolio of investment properties was determined internally by the Company's management team by individuals who are knowledgeable and have specialized industry experience in real estate valuations, with support from external valuation professionals, using similar assumptions and valuation principles as used by external appraisers.

The significant and unobservable level 3 valuations metrics used in the methods as at December 31, 2025 are set out in the table below for investment properties consisting of land and building:

	Range (%)	Weighted average (%)
Income capitalization method		
Stabilized capitalization rate	6.00-6.75	6.36
Discounted cash flow method		
Terminal capitalization rate	6.00-7.75	6.66
Discount rate	6.75-8.75	7.31

Sensitivities on assumptions:

Generally, under the income capitalization method, an increase in stabilized net operating income will result in an increase in the fair value of an investment property, and an increase in the stabilized capitalization rate will result in a decrease to the fair value of the investment property.

Generally, under the discounted cash flow method, an increase in discount rate and terminal capitalization rate will result in a decrease to the fair value of an investment property.

Changes in the capitalization rates and discount rates would result in a change to the fair value of the investment properties as set out below as at December 31, 2025:

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24. FAIR VALUE MEASUREMENTS (continued)

Investment property valuation processes (continued)

	(Decrease) Increase
Income capitalization method:	
Weighted average stabilized capitalization rate:	
25-basis point increase	\$ (2,657,545)
25-basis point decrease	2,874,813
Discounted cash flow method:	
Weighted average terminal capitalization rate:	
25-basis point increase	(4,352,083)
25-basis point decrease	4,697,151
Weighted average discount rate:	
25-basis point increase	(3,810,656)
25-basis point decrease	3,901,247

Valuation processes for financial asset and liabilities measured at FVTPL

The fair value of the mortgages with interest rate swaps are held at FVTPL. For mortgages which contain swaps, as the interest rate on the facilities fluctuates with changes in market rates, debt and the swap work to offset any changes in effective interest rate, which effectively creates a fixed rate mortgage. The fair value of the mortgages is equivalent to a) the fair value of the interest rate swap based on the present value of the estimated cash flows determined using observable yield curves and b) the fair value of the underlying debt instrument. The Company computes the fair value analyzing both the debt and swap instrument together as one financial instrument.

The fair value of the unrealized derivative liability is the value of the swap relating to the period after the maturity of the underlying debt to the derivative liabilities' maturity. The fair value measurement of the interest rate swaps is valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves. As a result, these measurements are classified as Level 2 in the fair value hierarchy.

The fair value of the investments is determined by using observable market inputs such as quoted closing prices in active markets. For investments that are not actively traded, the fair value is determined by observing the quoted prices of the underlying convertible units, resulting in a Level 2 classification in the fair value hierarchy.

Valuation processes for financial liabilities measured at amortized cost

The fair value of the fixed rate mortgages held at amortized cost are determined by discounting the expected cash flows each mortgage using market discount rates. The discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Company's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

25. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Company had renewed the debt with a maturity date of January 2026, with a new principal balance of \$11,350,000 and an interest rate of 4.60%. The new mortgage has an amortization period of 25 years, with a term of 4 years, maturing in February 2030.

Subsequent to December 31, 2025, the Company purchased and cancelled 454,500 common shares pursuant to its NCIB for a total of \$268,449 (note 14(a)).