

SKYLINE Announces Financial Results for the Year Ended December 31, 2024

Toronto, Ontario – March 14, 2025. Skyline Investments Inc. (the “Company” or “Skyline”) (TASE: SKLN), a Canadian company that specializes in hotel real estate investments in the United States and Canada, published its results for the year ended December 31, 2024.

SUMMARY OF FINANCIAL RESULTS

<i>C\$000's</i>	2024	2023	2022
NOI¹ from Hotels & Resorts	14,988	14,057	27,535
Same Asset Revenue	74,509	56,579	66,664
Same Asset NOI ¹	10,658	7,219	16,642
Adjusted EBITDA²	3,867	4,998	19,727
Net Income (loss)	(58,536)	(48,294)	(2,025)
FFO¹	(10,253)	(8,323)	8,261
Shareholders' Equity	180,016	234,959	280,458

Q4 and 2024 Highlights

- *2024 same asset revenue has increased by 31.7% to \$74.51 million compared to \$56.58 million in 2023, overall increase was primarily driven by the incline in US full-service hotels, especially due to the completion of the extensive renovations at the Autograph hotel (formerly Renaissance hotel). Total revenue from hotels and resorts was \$111.9 million compared to \$121.3 million in 2023; the decrease is mainly due to the sale of 11 Courtyard hotels in September 2024.*
- *2024 same asset NOI¹ increased to \$10.7 million compared to \$7.2 million in 2023. The increase over prior year is primarily driven by higher revenues at the Autograph, and partially offset by increases in operating expenses across the portfolio.*
- *2024 Adjusted EBITDA² was \$3.9 million compared to \$5 million in 2023.*
- *2024 Funds from Operations (“FFO”)¹ was negative \$10.3 million (or negative \$0.62) per share, compared to a negative 2023 FFO of \$8.3 million (or negative \$0.50) per share.*
- *The book value per share of the shareholder equity is 27.33 NIS (\$10.78), per share, which is 26.3% above the closing price of its shares at December 31, 2024.*

¹ A supplementary financial measure. Refer to the *Non-IFRS Measures* section of this news release.

² A non-IFRS measure. For definitions, reconciliations and the basis of presentation of Skyline’s non-IFRS measures, refer to the *Non-IFRS Measures* section in this news release.

INCOME STATEMENT HIGHLIGHTS

All amounts in millions of Canadian dollars unless otherwise stated

- **Total revenue for 2024** was \$121.4, compared to \$121.3 in 2023. Revenue from hotels and resorts decreased by 7.8% to \$111.9 driven by the sale of 11 Courtyard hotels in September 2024, partially offset by an increase in Autograph revenues after its rebranding and reopening in 2024. Same asset revenue increased by 31.7% relative to 2023.
- **Same asset NOI for 2024** was \$10.7, compared to \$7.2 in 2023. The increase over prior year is mainly due to the completion of hotel renovations.
- **Adjusted EBITDA for 2024** was \$3.9, compared to \$5.0 in 2023.
- **Net financial expense for 2024** totalled \$34.6, compared to \$33.6 in 2023, driven primarily by the increase in interest expense from the new loans in 2024, and by the foreign exchange revaluation of bonds, which it was a gain of \$0.9 in 2023, compared to a loss of (\$2.2) in 2024; similarly, there was a loss of (2.3) in 2024 from the foreign exchange revaluation of shareholders loans. This was partially offset by the lower provision for credit losses recognized in 2024 (\$3.9), in 2023, the company recognized \$11 of credit losses from the Freed transaction and \$1.5 from Port McNicoll VTB.
- **FFO for 2024** was (\$10.3) compared to \$(8.3) in 2023. There is a decrease in FFO due to the sale of the 11 Courtyard hotels, partially offset by the completion of hotel renovations, as discussed above, which in the prior period negatively impacted earnings.
- **Net income (loss) for 2024** was (\$58.5), compared to (\$48.3) in 2023. Excluding minority interests, the Company had net income (loss) of (\$49.8) in 2024, compared to net income (loss) of (\$40.3) in 2023.
- **Total comprehensive income (loss) for 2024** was (\$60.4) compared to total comprehensive loss of (\$59.6) in 2023.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at December 31, 2024 were \$458.8 compared to \$640.9 as at December 31, 2023. The decrease was primarily driven by the early repayment of Bond B as well as debt payments and capital expenditure payments, the significant decrease in PPE due to the sale of the 11 Courtyards, and the decrease in real estate inventory from the sale of Golf Cottages lots; partially offset by the additions to PP&E as a result of renovations at the Autograph.
- **Cash and cash equivalents** were \$24.6 as at December 31, 2024 compared to \$57.1 as at December 31, 2023. The decrease is primarily attributable to the Bond B early repayment in June 2024 as well as capital expenditures, and net debt payments. This was partially offset by the receipt of funds from the shareholders' loan and the proceeds from the sale of the 11 Courtyard hotels.
- **Net debt** as at December 31, 2024 totalled \$159.8, a decrease of \$93.9 (or 37%) compared to net debt of \$253.7 as at December 31, 2023. The decrease was primarily driven by the repayment of MetLife loan and Deerfield line of credit following the sale of the 11 Courtyards, and repayment of Bond B in June 2024, partially offset by receiving a bank credit facility for two of the remaining Courtyards (US \$20), shareholders loans (CAD \$33), OWDA loan (US\$1.8), and the Cuyahoga County loan (US\$2), additional bank

construction loan draws (US 10M) for the renovation of the Autograph hotel, as well as an impact from FX translation of US loan balances.

- **Total equity attributable to shareholders** was \$180.02 (\$207.8 including non-controlling interest), representing 45.3% of total assets. Equity per share attributable to shareholders was 27.33 NIS (\$10.78), compared to the closing share price on December 31, 2024 of 20.13 NIS (\$7.94), a discount of 26.3%.

About Skyline

Skyline is a Canadian company that specializes in hospitality real estate investments in the United States and Canada. As of December 31, 2024 the Company owed 5 income-producing assets with 1,189 hotel rooms and 7,919 sqm. of commercial space. On January 22, 2025, an agreement was completed for the sale of the Courtyard Tucson Airport Hotel.

The Company is traded on the Tel Aviv Stock Exchange (ticker: SKLN) and is a reporting issuer in Canada.

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Additional Information :

Non-IFRS Measures

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, the following measures: NOI, FFO, FFO per share and Adjusted EBITDA are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS, and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance determined in accordance with IFRS. NOI, FFO, FFO per share and Adjusted EBITDA as computed by the Company, may differ from similar measures as reported by other companies in similar or different industries. However, these non-IFRS measures are recognized supplemental measures of performance for real estate issuers widely used by the real estate industry, particularly by those publicly traded entities that own and operate

income-producing properties, and the Company believes they provide useful supplemental information to both management and readers in measuring the financial performance of the Company. Skyline also uses certain supplementary financial measures as key performance indicators. Supplementary financial measures are financial measures that are intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position, or cash flow, that are not disclosed directly in the financial statements and are not non-IFRS measures. Same Asset NOI is a financial measure that is calculated using the same methodology as NOI, but only including NOI from properties owned for 2 full years prior to December 31, 2024.

Further details on non-IFRS measures and Supplementary Financial Measures are set out in the Company's Management's Discussion and Analysis for the period ended December 31, 2024 and available on the Company's profile on SEDAR+ at www.sedarplus.com or MAGNA at www.magna.isa.gov.il and are incorporated by reference in this news release.

The reconciliations for each non-IFRS measure included in this news release are outlined as follows:

NOI

Skyline defines NOI as property revenues less property operating expenses. Management believes that NOI is a useful key indicator of performance on an unlevered basis as it represents a measure over which Management of property operations has control. NOI is also a key input used by management in determining the value of the Properties. NOI is used by industry analysts, investors and Management to measure operating performance of Canadian companies. NOI represents revenue from cash generating properties less property operating expenses excluding depreciation as presented in the consolidated statements of income and comprehensive income prepared in accordance with IFRS.

Given the seasonality of its hospitality operations, NOI for a fiscal year (or trailing four quarters) is considered by Management as a more accurate measure of the Company's performance.

Skyline calculates NOI as operating income before depreciation, valuation adjustments and other income, adjusted for:

- i) Segmented results from Development Segment
- ii) Selling and Marketing expenses
- iii) Administrative and General expenses

Alternatively, the same result is arrived at by adding segmented results (per note 28 in the consolidated financial statements) of the Company's hotels and resorts. The following table sets out a reconciliation of NOI from hotels and resorts to operating income before depreciation, valuation adjustments and other income:

NOI from hotels and resorts		
<i>C\$000's</i>	For the Year Ended December 31,	
	2024	2023
Operating income before depreciation, valuation adjustments and other income	3,867	4,998
Segmented results from Development Segment	2,968	24
Administrative and General Expenses	8,153	9,035
NOI from hotels and resorts	14,988	14,057
Income from hotels and resorts	111,889	121,335
Operating expenses of hotels and resorts	(96,901)	(107,278)
NOI from hotels and resorts	14,988	14,057

FFO

FFO is a non-IFRS financial measure of operating performance widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO is not an alternative to net income determined in accordance with IFRS. Skyline calculates the financial measure in accordance with Israel Security Authority. The use of FFO, combined with the data required under IFRS, has been included for the purpose of improving the understanding of the operating results of Skyline.

Management believes that FFO provides an operating performance measure that, when compared period-over- period, reflects the impact on operations of trends in occupancy, room rates, operating costs and realty taxes and interest costs, and provides a perspective of the Company's financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO excludes from net income items that do not arise from operating activities, such as fair value adjustments, purchase transaction costs, and deferred income taxes, if any. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for recurring capital expenditures necessary to sustain the Company's existing earnings stream. It should be emphasized that the method of calculation of this indicator by the Company may differ from the method of calculation applied by other companies. The following table sets out a reconciliation of FFO to net income:

Funds from Operations (FFO)		
<i>C\$000's</i>	For the Year Ended December 31,	
	2024	2023
Net income (loss)	(58,536)	(48,294)
Attributable to non-controlling interest	(8,672)	(7,991)
Net income (loss) attributable to shareholders of the Company	(49,864)	(40,303)
(Gain) loss from fair value adjustments	6,413	6,679
Provision for credit losses	3,723	11,561
Depreciation and impairment	15,908	12,955
Deferred tax	(11,932)	(5,287)
Derecognition of investment costs and other capital losses (gains)	18,047	4,246
Write down of real estate asset to net realizable value	6,376	234
Tax on gain from disposal of a property	1,076	1,592
FFO	(10,253)	(8,323)

Adjusted EBITDA

The Company's operations include income producing assets and revenue from the sale of developed real estate. As such, Management believes Adjusted EBITDA (as defined below) is a useful supplemental measure of its operating performance for investors and debt holders.

EBITDA is defined as Earnings Before Interest, Taxes, Depreciation, and Amortization. The Company calculates Adjusted EBITDA as follows:

- Income from hotels and resorts;
- Sale of residential real estate;

Less:

- Operating expenses from hotels and resorts;
- Cost of sales of residential real estate;
- Selling and marketing expenses;
- Administration and general expenses

Adjusted EBITDA does not include fair value gains, gains on sale or other expenses, and is presented in the Company's consolidated statement of profit and loss for year ended December 31, 2024 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA from Operations		
<i>Adjusted EBITDA from Operations combines performance of income producing and development activities</i>		
<i>C\$000's</i>	For the Year Ended December 31,	
	2024	2023
ADJUSTED EBITDA from operations	3,867	4,998

Forward-Looking Statements

This release may contain forward-looking statements (within the meaning of applicable securities laws) relating to the business of the Company. In some cases, forward-looking statements can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Such statements involve a number of known and unknown risks and uncertainties, many of which are outside our control that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements as well as other risks detailed in our public filings with the Canadian and Israeli Securities Administrators. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, we undertake no obligation to update any forward-looking or other statements herein whether as a result of new information, future events or otherwise.