

SKYLINE Announces Q2 2025 Financial Results

Toronto, Ontario – August 24, 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 three and six months ended June 30, 2025.

SUMMARY OF FINANCIAL RESULTS

<i>C\$000's</i>	For the Three Months Ended June,		For the Six Months Ended June,	
	2025	2024	2025	2024
NOI¹ from Hotels & Resorts	2,021	6,936	1,030	6,993
Same Asset Revenue	19,038	17,774	35,420	27,748
Same Asset NOI¹	2,203	3,736	2,258	2,672
Adjusted EBITDA²	794	4,218	(1,503)	2,321
Net Income (loss)	(12,117)	(6,436)	(23,441)	(16,495)
FFO¹	(1,109)	2,393	(3,715)	(3,568)
Shareholders' Equity	140,881	214,953	140,881	214,953

Q2 2025 Highlights

- *Q2 2025 same asset revenue has increased by 7% to \$19.04 million compared to \$17.78 million in Q2 2024, overall increase was primarily driven by the completion of the extensive renovations at the Autograph hotel (formerly Renaissance hotel), partially offset by a decline in revenues at Hyatt hotel and Fort Myers Courtyard hotel. Total revenue from hotels and resorts was \$19.07 million compared to \$33.4 million in Q2 2024; the decrease is mainly due to the sale of 11 Courtyard hotels in September 2024 and Courtyard Tucson in January 2025.*
- *Q2 2025 same asset NOI¹ decreased to \$2.2 million compared to \$3.7 million in Q2 2024. The decrease over prior year is primarily driven by lower performance at Hyatt hotel and Fort Myers Courtyard hotel, partially offset by an improvement in Autograph performance as the hotel was fully operational in Q2 2025, whereas it was still in renovations during Q2 2024.*
- *Q2 2025 Adjusted EBITDA² was \$794 thousand compared to \$4.22 million in Q2 2024.*
- *Q2 2025 Funds from Operations (“FFO”)¹ was negative \$1.11 million (or negative \$0.07) per share, compared to a Q2 2024 FFO of \$2.39 (or \$0.15) per share.*
- *The book value per share of the shareholder equity is 20.81 NIS (\$8.44), per share, which is 37% above the closing price of its shares at June 30, 2025.*

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 Q2 2025** was \$19.08, compared to \$37.7 in Q2 2024. Revenue from hotels and resorts decreased by 43% driven by the sale of 11 Courtyards in September 2024 and one Courtyard in January 2025, and lower performance at Hyatt hotel and Fort Myers Courtyard hotel. This was partially offset by the increase in revenue from the Autograph hotel as the hotel was fully operational in Q2 2025, whereas it was still in renovations during Q2 2024.
- **Same asset NOI for Q2 2025** was \$2.2, compared to \$3.7 in Q2 2024. The decrease over prior year is primarily driven by lower performance at Hyatt hotel and Fort Myers Courtyard hotel, partially offset by an improvement in Autograph performance as the hotel was fully operational in Q2 2025, whereas it was still in renovations during Q2 2024.
- **Adjusted EBITDA for Q2 2025** was \$0.79 million, compared to \$4.2 million in Q2 2024.
- **Net financial expense for Q2 2025** totalled \$9.3, compared to \$8.6 in Q2 2024, driven primarily by the recognition of additional provision for credit losses on Port McNicoll VTBs, and the increase of foreign exchange losses on USD loans, and shareholders loans. This was partially offset by lower interest rates and a decrease in loans compared to prior year, including due to repayment of bonds.
- **FFO for Q2 2025** was (\$1.11) compared to \$2.39 in Q2 2024. There is a decrease in FFO due to the decrease in hospitality NOI.
- **Net income (loss) for Q2 2025** was (\$19.4), compared to (\$6.4) in Q2 2024. Excluding minority interests, the Company had net income (loss) of (\$17.7) in Q2 2025, compared to net income (loss) of (\$5.3) in Q2 2024.
- **Total comprehensive income (loss) for Q2 2025** was (\$34) compared to total comprehensive loss of (\$9) in Q2 2024.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at June 30, 2025 were \$385.7 compared to \$458.8 as at December 31, 2024. The decrease was primarily driven by the sale of CY Tucson, revaluation of capital assets, write down of deferred tax asset, debt payments, and capital expenditure payments.
- **Cash and cash equivalents** were \$16.08 as at June 30, 2025 compared to \$24.6 as at December 31, 2024. The decrease was is primarily attributable to capital expenditures, net debt repayments, settlements related to Keewatin and payments to the former CEO, and higher cash disbursements compared to cash inflows from hotel operations, as reflected in the lower NOI during the period. This was partially offset by the receipt of funds from an increase in the shareholder loan.
- **Net debt** as at June 30, 2025 totalled \$163.9, an increase of \$4.07 (or 2.55%) compared to net debt of \$159.8 as at December 31, 2024. The increase was primarily driven by additional bank construction loan draw (US \$1) for Autograph hotel, an additional draw in

Ithaca renovation loan (US 0.12), and additional shareholders loan of \$4 (NIS 10). This was partially offset by the loan payments made during the quarter.

- **Total equity attributable to shareholders** was \$140.88 (\$166.13 including non-controlling interest), representing 37% of total assets. Equity per share attributable to shareholders was 20.81 NIS (\$8.44), compared to the closing share price on June 30, 2025 of 13.09 NIS (\$5.31), a discount of 37%.

About Skyline

Skyline is a Canadian company that specializes in hospitality real estate investments in the United States and Canada. The Company currently owns 4 income-producing assets with 1,040 hotel rooms and 7,919 square feet of commercial space.

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

For more information:

Neha Kapelus
Chief Executive Officer
nehak@skylineinvestments.com
1 (647) 354-5159

Oded Ben Chorin
KM Investor Relations
+972-3-5167620
oded@km-ir.co.il

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 June 30, 2025.

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 June 30, 2025 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 12 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				
C\$000's	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating income before depreciation, valuation adjustments and other income	794	4,218	(1,503)	2,321
Segmented results from Development Segment	5	1,154	19	1,164
Administrative and General Expenses	1,222	1,564	2,514	3,508
NOI from hotels and resorts	2,021	6,936	1,030	6,993
Income from hotels and resorts	19,074	33,412	35,953	55,294
Operating expenses of hotels and resorts	(17,053)	(26,476)	(34,923)	(48,301)
NOI from hotels and resorts	2,021	6,936	1,030	6,993

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 the guidelines of the 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 revenue 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	(19,427)	(6,436)	(30,751)	(16,495)
Attributable to non-controlling interest	(1,747)	(1,102)	(4,802)	(3,503)
Net income (loss) net of minority interests	(17,680)	(5,334)	(25,949)	(12,992)
(Gain) loss from fair value adjustments	2,891	1,059	2,247	2,127
Provision for credit losses	4,215	1,011	9,503	1,011
Depreciation and impairment	2,949	5,486	5,402	8,534
Deferred tax	6,516	(1,361)	5,018	(3,780)
Derecognition of investment costs and other capital losses (gains)	-	-	64	-
Tax on gain from disposal of a property	-	1,532	-	1,532
FFO	(1,109)	2,393	(3,715)	(3,568)

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 June 30, 2025 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>				
C\$000's	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
ADJUSTED EBITDA from operations	794	4,218	(1,503)	2,321

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.