SKYLINE Announces Q1 2026 Financial Results

Toronto, Ontario – June 1, 2026. 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 months ended March 31, 2026.

SUMMARY OF FINANCIAL RESULTS

C$000's	**Q1 2026**	**Q1 2025**
NOI[1] from Hotels & Resorts	**591**	**(991)**
Same Asset Revenue	17,285	16,383
Same Asset NOI[1]	610	55
Adjusted EBITDA[2]	**(559)**	**(2,297)**
Net Income (loss)	**(6,772)**	**(11,324)**
FFO[1]	**(2,154)**	**(2,606)**
Shareholders' Equity	**114,910**	**172,217**

Q1 2026 Highlights

- *Q1 2026 same asset revenue has increased by 6% to $17.29 million compared to $16.38 million in Q1 2025, revenue increased compared to the same quarter of the prior year, primarily driven by higher RevPAR, ADR and occupancy at the U.S. full-service hotels. Performance at Courtyard Fort Myers also improved during its peak season, as evidenced by higher occupancy and RevPAR compared to the prior year. This was partially offset by a shortfall in food and beverage revenue across all properties. Total revenue from hotels and resorts was $17.3 million compared to $16.9 million in Q1 2025; the increase is mainly due to improved performance of Autograph and Hyatt.*
- *Q1 2026 same asset NOI[1] increased to $0.61 million compared to a $0.55 million in Q1 2025. The increase over prior year is primarily driven by higher revenues at the Autograph, and Hyatt, partially offset by increases in operating expenses in line with the revenue growth across the portfolio.*
- *Q1 2026 Adjusted EBITDA[2] was ($0.56) million compared to ($2.3) million in Q1 2025.*
- *Q1 2025 Funds from Operations ("FFO")[1] was negative $2.2 million (or negative $0.13) per share, compared to a negative Q1 2025 FFO of $2.6 million (or negative $0.16) per share.*
- *The book value per share of the shareholder equity is 11.52 NIS ($5.07), per share, which is 70% above than the closing price of its shares at March 31, 2026.*

---

[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 Q1 2026** was $17.3, compared to $16.9 in Q1 2025. Revenue from hotels and resorts increased by 2.4% to $17.3. Revenue increased compared to the same quarter of the prior year, primarily driven by higher RevPAR and occupancy at the U.S. full-service hotels, partially offset by a shortfall in food and beverage revenue across all properties. Same asset revenue increased by 6% relative to Q1 2025.
- **Same asset NOI for Q1 2026** was $0.61, compared to $0.55 thousand in Q1 2025. The increase over prior year is mainly due to improvements in RevPar, ADR and occupancy in US full-service hotels.
- **Adjusted EBITDA for Q1 2026** was ($0.56), compared to ($2.3) in Q1 2025.
- **Net financial expense for Q1 2026** totalled $3.0, compared to $7.2 in Q1 2025, decrease is driven primarily to no additional provision for credit losses in the current quarter and reduced interest expense following the repayment of the Courtyard Tucson bank loan.
- **FFO for Q1 2026** was ($2.2) compared to ($2.6) in Q1 2025. This is mainly due to higher increased NOI driven by RevPar and occupancy at the U.S. full-service hotels.
- **Net income (loss) for Q1 2026** was ($6.8), compared to ($11.3) in Q1 2025. Excluding minority interests, the Company had net income (loss) of ($4.7) in Q1 2025, compared to net income (loss) of ($8.3) in Q1 2025.
- **Total comprehensive income (loss) for Q1 2026** was ($1.9) compared to total comprehensive loss of ($9.02) in Q1 2025.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at March 31, 2026 were $328.85 compared to $325.58 as at December 31, 2025. The increase was primarily attributable to increase in loans to purchasers due to accrued interests on the VTBs. These increases were partially offset by decrease in restricted bank deposits with limited use, primarily driven by property tax payments, as well as a reduction in cash due to seasonal business declines and development-related payments.
- **Cash and cash equivalents** were $13.2 as at March 31, 2026 compared to $13.7 as at December 31, 2025. The decrease is primarily attributable to the seasonal decline in business and payments for development project near completion.
- **Net debt** as at March 31, 2025 totalled $134.01, an increase of $2.97 (or 2.3%) compared to net debt of $131.03 as at December 31, 2025. The increase was primarily driven by foreign exchange translation.
- **Total equity attributable to shareholders** was $114.9 ($143.06 including non-controlling interest), representing 35% of total assets. Equity per share attributable to shareholders was 11.52 NIS ($5.07), compared to the closing share price on March 31, 2026 of 3.42 NIS ($1.50), a discount of 70%.

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

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 March 31, 2026.

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 March 31, 2026 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 13 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 March 31,**	
	2026	**2025**
Operating income before depreciation, valuation adjustments and other income	(559)	(2,297)
Segmented results from Development Segment	7	14
Administrative and General Expenses	1,143	1,292
NOI from hotels and resorts	**591**	**(991)**
Income from hotels and resorts	17,285	16,879
Operating expenses of hotels and resorts	(16,694)	(17,870)
NOI from hotels and resorts	**591**	**(991)**

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)		
C$000's	**For the Three Months Ended March 31,**	
	2026	**2025**
Net income (loss)	(6,772)	(11,324)
Attributable to non-controlling interest	(2,049)	(3,055)
Net income (loss) net of minority interests	(4,723)	(8,269)
(Gain) loss from fair value adjustments	330	(644)
Depreciation and impairment	2,257	2,453
Deferred tax	(18)	(1,498)
Derecognition of investment costs and other capital losses (gains)	-	64
Provision for credit losses	-	5,288
FFO	**(2,154)**	**(2,606)**

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 March 31, 2026 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA from Operations ***Adjusted EBITDA from Operations combines performance of income producing and development activities***		
C$000's	**For the Three Months Ended March 31,**	
	2026	**2025**
ADJUSTED EBITDA from operations	(559)	(2,297)

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.