

# Freehold Royalties Announces Second Quarter 2025 Results

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CALGARY, July 30, 2025 - [Freehold Royalties Ltd.](#) (Freehold or the Company) (TSX:FRU) announces second quarter results for the period ended June 30, 2025.

## Second Quarter Highlights

- \$78 million in revenue;
- \$57 million in funds from operations (\$0.35/share) <sup>(1)(2)</sup>;
- \$44 million in dividends paid (\$0.27/share)<sup>(3)</sup>;
- 11,047 bbls/d of total crude oil and natural gas liquids (NGLs) production, a 4% increase from the previous quarter and a 13% increase year-over-year;
- 67% weighting to liquids, an increase from 64% in the second quarter of 2024;
- 16,584 boe/d of total production, a 2% increase from the previous quarter and a 9% increase year-over-year;
- Gross drilling of 271 wells, comprised of 45 wells in Canada and 226 in the U.S.;
- Continued active leasing program with 40 new leases signed during the second quarter of 2025 (34 in Canada; 6 in the U.S.) contributing revenue of \$1.9 million and \$5.8 million in the first half of 2025; and
- \$50.36/boe average realized price (\$57.83/boe in the U.S. and \$44.23/boe in Canada);
  - 31% pricing premium on Freehold's U.S. production reflecting higher liquids weighting, higher quality crude oil and reduced transportation costs.

## President's Message

Freehold's second quarter production of 16,584 boe/d increased 2% compared to last quarter and 9% from the second quarter of 2024. Our U.S. assets delivered meaningful production growth of 7% over the first quarter of 2025. Supporting this growth has been improvements in well productivity where recent new well results in both the Permian and Eagle Ford basins have demonstrated production rates more than double those of the offsetting area type curves as operators continue to enhance drilling and completion approaches. Specific to our second quarter results, this productivity increase was paired with a series of higher royalty interest developments which magnified the production impact on the quarter. In Canada, we continue to see operators focusing capital on our oil weighted plays in Mannville heavy oil, the Clearwater and southeast Saskatchewan. These three oil plays represent approximately 30% of our Canadian production and volumes have grown 10% since the second quarter of 2024 through active drilling by multiple operators on our lands in these areas.

Our oil focused portfolio, underpinned by investment grade operators in premier basins across North America, delivered \$57 million in funds from operations in the quarter, or \$0.35/share<sup>(1)(2)</sup>. Oil prices in the second quarter were at the lowest benchmark WTI oil price since the first quarter of 2021. For reference, our funds from operations in the first quarter of 2021 was \$0.25/share - this quarter we are 40% higher, confirming the impact that Freehold's strategic focus on growing its high quality, liquids weighted assets has had over the past four years.

Bonus and leasing revenue remained strong generating \$1.9 million during the quarter and \$5.8 million in the first half of 2025. This \$5.8 million represents a 50% increase from the Company's previous record levels of lease bonus which occurred over the full year in 2018. This record level of leasing revenue has been driven by active leasing of the mineral title lands we have been acquiring in the U.S. as well as continued leasing of our legacy mineral title lands in Canada.

In total, we paid \$44 million in dividends to our shareholders this quarter while maintaining the strength of our balance sheet with net debt of \$271 million, representing 1.1x trailing net debt to funds from operations<sup>(2)(5)</sup>.

We invested approximately \$12 million in land acquisitions this quarter, purchasing undeveloped mineral title lands in the core of the Midland and Delaware basins.

David M. Spyker, President and Chief Executive Officer

### Operating and Financial Highlights

FINANCIAL (\$ millions, except as noted)	Three Months Ended		
	Q2-2025	Q1-2025	Q2-2024
West Texas Intermediate (US\$/bbl)	63.74	71.42	80.57
AECO 5A Monthly Index (Cdn\$/Mcf)	1.69	2.17	1.18
Royalty and other revenue	78.3	91.1	84.5
Funds from operations	56.6	68.1	59.6
Funds from operations per share, basic (\$) <sup>(1)(2)</sup>	0.35	0.42	0.40
Dividends paid per share (\$) <sup>(3)</sup>	0.27	0.27	0.27
Dividend payout ratio (%) <sup>(2)</sup>	78%	65%	68%
Long-term debt	292.6	294.3	228.0
Net debt <sup>(5)</sup>	270.6	272.2	199.1
Net debt to trailing funds from operations (times) <sup>(5)</sup>	1.1x	1.1x	0.8x
<b>OPERATING</b>			
Total production (boe/d) <sup>(4)</sup>	16,584	16,248	15,221
Canadian production (boe/d) <sup>(4)</sup>	9,104	9,278	9,622
U.S. production (boe/d) <sup>(4)</sup>	7,480	6,970	5,599
Oil and NGL (%)	67%	65%	64%
Petroleum and natural gas realized price (\$/boe) <sup>(4)</sup>	50.36	59.29	59.74
Cash costs (\$/boe) <sup>(2)(4)</sup>	7.38	7.00	9.80
Netback (\$/boe) <sup>(2) (4)</sup>	42.68	53.01	49.44
<b>ROYALTY INTEREST DRILLING (gross / net)</b>			
Canada	45 / 1.1	92 / 3.9	65 / 2.1
U.S.	226 / 0.6	230 / 0.8	209 / 1.0

(1) Calculated based on the basic weighted average number of shares outstanding during the period

(2) See Non-GAAP and Other Financial Measures

(3) Based on the number of shares issued and outstanding at each record date

(4) See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

(5) Net debt and net debt to trailing funds from operations are capital management measures. See Non-GAAP and Other Financial Measures.

### Dividend Announcement

The board of directors of Freehold has declared a monthly dividend of \$0.09 per share to be paid on September 15, 2025, to shareholders of record on August 29, 2025. The dividend is designated as an eligible dividend for Canadian income tax purposes.

### Drilling and Leasing Activity

In total, 271 gross wells (1.7 net wells) were drilled on Freehold's royalty lands during the second quarter of 2025, a decrease of 16% compared to the previous quarter primarily due to the impact of spring break-up in Canada.

Drilling was oil focused with approximately 17% of gross wells drilled in Canada and 83% in the U.S.

Three Months Ended

	Q2-2025		Q1-2025		Q2-2024	
	Gross Net <sup>(1)</sup>		Gross Net <sup>(1)</sup>		Gross Net <sup>(1)</sup>	
Canada	45	1.1	92	3.9	65	2.1
United States	226	0.6	230	0.8	209	1.0
Total	271	1.7	322	4.7	274	3.1

(1) Equivalent net wells are aggregate of the numbers obtained by multiplying each gross well by our royalty interest percentage; U.S. wells on Freehold's lands generally come on production at approximately 10 times the volume that of an average Canadian well in our portfolio.

## Canada

Canadian drilling was down compared to the previous quarter primarily due to the impact of spring break-up and weaker AECO prices curtailing natural gas activity. Drilling during the second quarter was focused on our crude oil plays including the Clearwater (8 gross wells), southeast Saskatchewan (8 gross wells), and Mannville heavy oil (6 gross wells). Licencing activity remained consistent with 2024 on a year-to-date basis. In conjunction with improving sentiment on Canadian natural gas pricing with LNG Canada starting up, 22 wells have been licensed on our Deep Basin/Montney lands in the first half of 2025 (a significant increase from nine licenses in the first half of 2024).

During the second quarter of 2025, Freehold entered into 34 new leases with 10 counterparties totalling approximately \$0.7 million in bonus and lease rental revenue. The majority of the new leasing was in southeast Saskatchewan.

## U.S.

During the second quarter of 2025, 226 gross (0.6 net) wells were drilled on our U.S. lands. Approximately 86% of second quarter drilling was in the Permian basin and 13% in the Eagle Ford basin. At the end of the second quarter of 2025, Freehold had 2.2 net drilled but uncompleted wells and 2.4 net wells permitted but not yet drilled.

Initial production for U.S. wells is approximately ten times that of an average Canadian well in the Company's portfolio, making equivalent net well additions much more meaningful in the U.S. compared to Canada. However, a U.S. well can take upwards of six to twelve months on average from initial permit to first production, compared to three to four months in Canada.

During the second quarter of 2025, Freehold entered into six new U.S. leases with four counterparties, totalling \$1.2 million of bonus and lease rental revenue. Leasing activity was primarily in the Permian basin.

## Conference Call Details

A webcast to discuss financial and operational results for the period ended June 30, 2025, will be held for the investment community on Thursday July 31, 2025, beginning at 7:00 AM MT (9:00 AM ET).

A live audio webcast will be accessible through the link below and on Freehold's website under "*Events & Presentations*" on Freehold's website at [www.freeholdroyalties.com](http://www.freeholdroyalties.com). To participate in the conference call, you can register using the following link: Live Audio Webcast URL: <https://edge.media-server.com/mmc/p/6t37memx>.

A dial-in option is also available and can be accessed by dialing 1-800-806-5484 (toll-free in North America) participant passcode is 8979321#.

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## Select Quarterly Information

	2025		2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial (\$millions, except as noted)								
Royalty and other revenue	78.3	91.1	76.9	73.9	84.5	74.3	80.1	84.2
Net Income (loss)	6.2	37.3	51.1	25.0	39.3	34.0	34.3	42.3
Per share, basic (\$) <sup>(1)</sup>	0.04	0.23	0.33	0.17	0.26	0.23	0.23	0.28
Cash flows from operations	57.4	62.9	59.1	64.1	47.6	52.5	70.7	53.7
Funds from operations	56.6	68.1	61.3	55.7	59.6	54.4	62.8	65.3
Per share, basic (\$) <sup>(1)(3)</sup>	0.35	0.42	0.40	0.37	0.40	0.36	0.42	0.43
Acquisitions & related expenditures	15.2	13.9	277.0	1.8	11.5	121.5	2.1	1.2
Dividends paid	44.3	44.3	40.7	40.7	40.7	40.7	40.7	40.7
Per share (\$) <sup>(2)</sup>	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividends declared	44.3	44.3	41.9	40.7	40.7	40.7	40.7	40.7
Per share (\$) <sup>(2)</sup>	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividend payout ratio (%) <sup>(3)</sup>	78%	65%	66%	73%	68%	75%	65%	62%
Long-term debt	292.6	294.3	300.9	205.8	228.0	223.6	123.0	141.2
Net debt <sup>(5)(6)</sup>	270.6	272.2	282.3	187.1	199.1	210.5	100.9	113.4
Shares outstanding, period end (000s)	164.0	164.0	164.0	150.7	150.7	150.7	150.7	150.7
Average shares outstanding, basic (000s) <sup>(7)</sup>	164.0	164.0	153.4	150.7	150.7	150.7	150.7	150.7
Operating								
Light and medium oil (bbl/d)	6,940	6,880	6,296	6,080	6,551	6,094	6,308	6,325
Heavy oil (bbl/d)	1,557	1,552	1,516	1,315	1,348	1,300	1,182	1,127
NGL (bbl/d)	2,550	2,203	2,066	1,972	1,902	1,884	1,878	1,678
Total liquids (bbl/d)	11,047	10,635	9,878	9,367	9,801	9,278	9,368	9,130
Natural gas (Mcf/d)	33,220	33,678	32,564	31,447	32,524	32,617	32,968	32,851
Total production (boe/d) <sup>(4)</sup>	16,584	16,248	15,306	14,608	15,221	14,714	14,863	14,605
Oil and NGL (%)	67%	65%	65%	64%	64%	63%	63%	63%
Petroleum & natural gas realized price (\$/boe) <sup>(4)</sup>	50.36	59.29	53.80	54.36	59.74	54.81	57.94	61.55
Cash costs (\$/boe) <sup>(3)(4)</sup>	7.38	7.00	5.93	5.42	9.80	7.19	4.73	5.10
Netback (\$/boe) <sup>(3)(4)</sup>	42.68	53.01	47.25	47.78	49.44	46.62	52.59	55.63
Benchmark Prices								
West Texas Intermediate crude oil (US\$/bbl)	63.74	71.42	70.27	75.09	80.57	76.96	78.32	82.26
Exchange rate (Cdn\$/US\$)	1.38	1.43	1.40	1.37	1.37	1.35	1.36	1.34
Edmonton Light Sweet crude oil (Cdn\$/bbl)	84.25	95.32	94.90	97.85	105.29	92.14	99.69	107.89
Western Canadian Select crude oil (Cdn\$/bbl)	73.96	84.30	80.75	83.95	91.63	77.77	76.96	93.05
Nymex natural gas (US\$/Mcf)	3.57	3.79	2.86	2.24	1.96	2.33	2.98	2.64
AECO 5A Monthly Index (Cdn\$/Mcf)	1.69	2.17	1.48	0.69	1.18	1.80	2.60	1.88

(1) Calculated based on the basic weighted average number of shares outstanding during the period

(2) Based on the number of shares issued and outstanding at each record date

(3) See Non-GAAP and Other Financial Measures

(4) See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

(5) The 2023 reported balances have been restated due to the retrospective adoption of IAS 1 (see note 3d of December 31, 2024 audited consolidated financial statements)

(6) Net debt is a capital management measures; see Non-GAAP and Other Financial Measures

(7) Weighted average number of shares outstanding during the period, basic

## Forward-Looking Statements

This news release offers our assessment of Freehold's future plans and operations as of July 30, 2025, and contains forward-looking statements that we believe allow readers to better understand our business and prospects. These forward-looking statements include our expectations for the following:

- our expectations with the improving sentiment on Canadian natural gas pricing with LNG Canada starting up;
- our expectations regarding improvements in well productivity where recent new well results in both the Permian and Eagle Ford basins have demonstrated production rates more than double those of the offsetting area type curves as operators continue to enhance drilling and completion approaches;
- our expectation that in Canada operators will continue to focus capital on our oil weighted plays of the Mannville Stack, the Clearwater and southeast Saskatchewan;
- our expectation that U.S. wells typically come on production at approximately ten times that of an average Canadian well in the Company's portfolio, making net well additions much more valuable in the U.S. compared to Canada;
- our expectations that a U.S. well can take upwards of six to twelve months on average from initial license to first production, compared to three to four months in Canada; and
- other similar statements.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including general economic conditions, volatility in market prices for crude oil, NGL and natural gas, risks and impacts of tariffs (or other retaliatory trade measures) imposed by Canada or the U.S. (or other countries) on exports and/or imports into and out of such countries, inflation and supply chain issues, the impacts of the ongoing Middle-East conflicts, Russia-Ukraine war (and any associated sanctions) and actions taken by OPEC+ on the global economy and commodity prices, geopolitical instability, political instability, industry conditions, volatility of commodity prices, future production levels, future capital expenditure levels, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, inaccurate assumptions on supply and demand factors affecting the consumption of crude oil, NGLs and natural gas, inaccurate expectations for industry drilling levels on our royalty lands, the failure to complete acquisitions on the timing and terms expected, the failure to satisfy conditions of closing for any acquisitions, the lack of availability of qualified personnel or management, stock market volatility, our inability to come to agreement with third parties on prospective opportunities and the results of any such agreement and our ability to access sufficient capital from internal and external sources. Risks are described in more detail in our Annual Information Form for the year-ended December 31, 2024, available at [www.sedarplus.ca](http://www.sedarplus.ca).

With respect to forward-looking statements contained in this news release, we have made assumptions regarding, among other things, future commodity prices, future capital expenditure levels, future production levels, future exchange rates, future tax rates, future legislation, the cost of developing and producing our assets, the quality of our counterparties and the plans thereof, our ability and the ability of our lessees to obtain equipment in a timely manner to carry out development activities, our ability to market our oil and gas successfully to current and new customers, the performance of current wells and future wells drilled by our royalty payors, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, our expectation for completion of wells drilled, our ability to obtain financing on acceptable terms, shut-in production, production additions from our audit function, our ability to execute on prospective opportunities and our ability to add production and reserves through development and acquisition activities. Additional operating assumptions with respect to the forward-looking statements referred to above are detailed in the body of this news release.

You are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. The forward-looking information contained in this document is expressly qualified by this cautionary statement. To the extent any guidance or forward-looking statements herein constitute a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. Our policy for updating forward-looking statements is to update our key operating assumptions quarterly and, except as required by law, we do not undertake to update any other

forward-looking statements.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS), which are the Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises, requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

To the extent any guidance or forward-looking statements herein constitutes a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. You are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

#### Conversion of Natural Gas to Barrels of Oil Equivalent (BOE)

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (boe). We use the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

#### Non-GAAP and Other Financial Measures

Within this news release, references are made to terms commonly used as key performance indicators in the oil and gas industry, which do not have any standardized means prescribed by Canadian generally accepted accounting principles (GAAP). We believe that net revenue, netback, dividend payout ratio, funds from operations per share and cash costs are useful non-GAAP financial measures and ratios for management and investors to analyze operating performance, financial leverage, and liquidity, and we use these terms to facilitate the understanding and comparability of our results of operations. However, these as terms do not have any standardized meanings prescribed by GAAP, such terms may not be comparable with the calculations of similar measures for other entities. This news release also contains the capital management measures net debt and net debt to trailing funds from operations, as defined in note 14 to the unaudited consolidated financial statements as at and for the three months ended June 30, 2025.

Net revenue, which is calculated as revenues less ad valorem and production taxes (as incurred in the U.S. at the state level, largely Texas, which do not charge corporate income taxes but do assess flat tax rates on commodity revenues in addition to property tax assessments) details the net amount Freehold receives from its royalty payors, largely after state withholdings.

The netback, which is also calculated on a boe basis, as average realized price less production and ad valorem taxes, operating expenses, general and administrative expense, cash-based management fees, cash-based interest charges and share-based payouts, represents the per boe netback amount which allows us to benchmark how changes in commodity pricing, net of production and ad valorem taxes, and our cash-based cost structure compare against prior periods.

Cash costs, which is calculated on a boe basis, is comprised by the recurring cash-based costs, excluding taxes, reported on the statements of operations. For Freehold, cash costs are identified as operating expense, general and administrative expense, cash-based interest charges, cash-based management fees and share-based compensation payouts. Cash costs allow Freehold to benchmark how changes in its manageable cash-based cost structure compare against prior periods.

The following table presents the computation of Net Revenue, Cash costs and the Netback:

\$/boe	Q2-2025	Q1-2025	Q2-2024
Royalty and other revenue	51.87	62.29	60.99
Production and ad valorem taxes	(1.81)	(2.28)	(1.75)
Net revenue	\$50.06	\$60.01	\$59.24
Less:			
General and administrative expense	(2.79)	(3.41)	(2.86)
Operating expense	(0.13)	(0.13)	(0.24)
Interest and financing cash expense	(2.95)	(3.31)	(2.87)
Management fee-cash settled	(0.01)	(0.05)	(0.05)
Cash payout on share-based compensation	(1.50)	(0.10)	(3.78)
Cash costs	(7.38)	(7.00)	(\$9.80)
Netback	\$42.68	\$53.01	\$49.44

Dividend payout ratios are often used for dividend paying companies in the oil and gas industry to identify dividend levels in relation to funds from operations that are also used to finance debt repayments and/or acquisition opportunities. Dividend payout ratio is a supplementary measure and is calculated as dividends paid as a percentage of funds from operations.

(\$000s, except as noted)	Q2-2025	Q1-2025	Q2-2024
Dividends paid	\$44,270	\$44,269	\$40,686
Funds from operations	\$56,600	\$68,050	\$59,569
Dividend payout ratio (%)	78%	65%	68%

Funds from operations per share, which is calculated as funds from operations divided by the weighted average shares outstanding during the period, provides direction if changes in commodity prices, cash costs, and/or acquisitions were accretive on a per share basis. Funds from operations per share is a supplementary measure.

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