FREEHOLD ROYALTIES

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NEWS RELEASE

TSX: FRU

Freehold Royalties Announces 2024 Results, Reserves and 2025 Guidance

CALGARY, ALBERTA, (GLOBE NEWSWIRE – March 12, 2025) – Freehold Royalties Ltd. (Freehold or the Company) (TSX:FRU) announces fourth quarter and year-end results for the period ended December 31, 2024.

Fourth Quarter 2024 Highlights

- $77 million in revenue;
- $61 million in funds from operations ($0.40/share) [(1)(3)];
- $41 million in dividends paid ($0.27/share)[(2)];
- 9,878 bbls/d of total liquids production, a 5% increase from last quarter with approximately half from organic growth driven mainly from Canadian heavy oil, and the balance from the December 2024 Acquisition (detailed below);
- 15,306 boe/d of total production, with a record 65% weighting to oil and natural gas liquids (NGLs);
- Gross drilling of 288 wells, up 4% from last quarter;
- $53.80/boe average realized price ($65.48/boe in the U.S. and $46.53/boe in Canada);
    - 41% pricing premium on Freehold's U.S. production reflecting higher liquids weighting, higher quality crude oil and reduced transportation costs to get product to market; and
- Closing in December 2024 of the previously announced $261 million acquisition of mineral title and royalty assets concentrated in the core Midland basin (Permian) which is expected to add 1,500-1,600 boe/d of oil weighted production in 2025 (the December Acquisition).

2024 Highlights

- $309 million in revenue;
- $231 million in funds from operations ($1.53/share)[(1)(3)];
- $163 million ($1.08/share)[(2)] in dividends paid;
- 14,962 boe/d of total production in 2024 (64% weighted to oil and NGLs);
- 1,140 gross (20.0 net) wells drilled in 2024; a 15% increase (8% on a net basis) compared to 2023;
- Proved and probable reserves totalled 65 MMboe as at year-end 2024, an increase of 10% per share year-over-year;
- Proved developed producing reserves totalled 30 MMboe as at year-end 2024, an increase of 5% per share year-over-year; and
- Organic replacement of 107% (170% including acquisitions) of proved developed producing reserves and 109% (over 300% including acquisitions) of proved and probable reserves.
    - Achieved multi-year increases to our reserves on both an organic and per share basis

President's Message

The strength of Freehold's diversified, North American oil weighted portfolio was prevalent in 2024. In Canada, we saw operators focused on both heavy and light oil production growth and we continued the growth of our U.S. portfolio through accretive acquisitions in the Permian, both in the Midland and Delaware basins. In 2024 Freehold completed $412 million in acquisitions, focused on expanding our footprint in core inventory-rich operating areas that continue to enhance our business. Our Midland exposure has increased to having an interest in one in every three wells drilled in the Midland basin at year end 2024, compared to one in every 12 wells the year prior. We have assembled a strong land base under investment grade operators in the Midland (ExxonMobil is Freehold's largest payor in the Midland basin and our second largest corporate payor) and going forward, we expect our revenue to be balanced between Canada and U.S.

Our production mix has significantly changed over the past few years where our focus on oil weighted growth has had a substantial positive impact on our cash flows. We have delivered a consistent improvement in our liquids weighting, from a 62% liquids ratio in 2023, to 64% in 2024, and to an expected 66% weighting in 2025. Looking back to 2020, our portfolio was 55% weighted to oil and NGLs, and the 11% shift to a 66% liquids weighting in 2025 translates to an increase of almost 20% on revenue per boe basis for our shareholders, based on current futures pricing.

Production volumes averaged 15,306 boe/d for the quarter, with a 65% oil and liquids weighting – Freehold's highest liquids weighting since the Company started in 1996. Canadian volumes of 9,437 boe/d for the quarter increased by approximately 4% quarter-over-quarter with 15% heavy oil production growth in the Mannville Stack and the Clearwater play and a 5% light oil production growth in southeast Saskatchewan. In the U.S., production of 5,869 boe/d for the quarter increased by 6% quarter-over-quarter, reflecting strong drilling and completion results in addition to production adds from the December Acquisition.

In 2024, Freehold returned $163 million to our shareholders through dividends (approximately 70% of our funds from operations) while using the strength of our balance sheet to support strategic acquisitions. Including the December Acquisition, the balance sheet continues to remain strong with net debt currently at $282 million, representing a 1.2x trailing 12 months net debt to funds from operations (1.1x including annualized full year funds from operations from the December Acquisition).

Looking ahead to 2025, we expect production to average between 15,800 and 17,000 boe/d which represents approximately 10% growth at the midpoint over 2024 production. Our liquids weighting is expected to increase to 66% in 2025, from 64% in 2024. At current futures pricing, this increase in liquids weighting is expected to increase funds from operations by over 3% year-over-year. We expect these value-added barrels to improve cash flows as we prioritize the dividend, reduce net debt and continue acquisitions throughout the year.

David M. Spyker, President and Chief Executive Officer

Dividend Announcement

The board of directors of Freehold has declared a monthly dividend of $0.09 per share to be paid on April 15, 2025, to shareholders of record on March 31, 2025. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Operating and Financial Highlights

	Three Months Ended		Twelve Months Ended	
FINANCIAL ($ millions, except as noted)	**Q4-2024**	Q3-2024	**2024**	2023
West Texas Intermediate (US$/bbl)	**70.27**	75.09	**75.72**	77.62
AECO 7A Monthly Index (Cdn$/Mcf)	**1.46**	0.81	**1.44**	2.98
Royalty and other revenue	**76.9**	73.9	**309.5**	314.6
Funds from operations [3]	**61.3**	55.7	**231.0**	239.7
Funds from operations per share, basic ($) [1][3]	**0.40**	0.37	**1.53**	1.59
Dividends paid per share ($) [2]	**0.27**	0.27	**1.08**	1.08
Dividend payout ratio (%) [3]	**66%**	73%	**70%**	68%
Long-term debt	**300.9**	205.8	**300.9**	123.0
Net debt [5] [6]	**282.3**	187.1	**282.3**	100.9
Net debt to trailing funds from operations (times) [5]	**1.2x**	0.8x	**1.2x**	0.4x
OPERATING				
Total production (boe/d) [4]	**15,306**	14,608	**14,962**	14,714
Canadian production (boe/d)[4]	**9,437**	9,075	**9,430**	9,612
U.S. production (boe/d)[4]	**5,869**	5,533	**5,532**	5,102
Oil and NGL (%)	**65%**	64%	**64%**	62%
Petroleum and natural gas realized price ($/boe) [4]	**53.80**	54.36	**55.68**	57.65
Cash costs ($/boe) [3][4]	**5.93**	5.42	**7.10**	5.71
Netback ($/boe) [3] [4]	**47.25**	47.78	**47.77**	51.28
ROYALTY INTEREST DRILLING (gross / net)				
Canada	**110 / 3.6**	96 / 5.5	**403 / 17.0**	466 / 16.0
U.S.	**178 / 0.6**	182 / 0.8	**737 / 3.0**	527 / 2.6

(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) Net debt and net debt to trailing funds from operations are capital management measures
(6) The 2023 balances have been restated due to the retrospective adoption of IAS 1 Presentation of Financial Statements (see note 3d of December 31, 2024 audited consolidated financial statements)

Fourth Quarter & 2024 Summary

- 2024 royalty and other revenue totalled $309.5 million, down 2% versus 2023, reflecting 2% lower WTI oil pricing, 17% lower NYMEX natural gas pricing and 52% lower AECO natural gas pricing.
- Freehold's 2024 average realized price was $55.68/boe, a decrease of 3% from 2023 due to the commodity price movements noted above.
- Funds from operations totalled $231.0 million ($1.53 per share) in 2024 and $61.3 million ($0.40 per share) in the fourth quarter.
- Freehold closed $411.7 million of acquisitions in 2024, including: (i) in January 2024, two transactions for mineral title and royalty assets in the Midland and Delaware basins for $116.2 million; (ii) the December 2024 Acquisition for $261.4 million; (iii) $14.1 million ($9.8 million in Q4-2024) in undeveloped mineral title interests in the Midland and Delaware basins through various transactions; and (iv) in Canada, $13.7 million ($5.3 million in Q4-2024) for gross overriding royalties in the Clearwater, Mannville Stack and Frobisher plays.
- Freehold amended and restated its credit facilities in Q4-2024, increasing the Company's borrowing capacity to $450 million, an increase of $150 million, and extending the credit agreement term to November 2027. The credit agreement includes a permitted increase in the committed revolving facility with an additional $50 million subject to lenders' consent. At year end, $301 million was drawn on the facility.
- Dividends declared for Q4-2024 of $41.9 million ($0.27 per share). Freehold's dividend payout ratio[1] was 70% for 2024 and 66% in Q4-2024. Freehold's dividend remains sustainable at oil and natural gas prices materially below current commodity price levels.
- Net debt of $282.3 million at the end of Q4-2024 reflects cash used to partially finance the December 2024 Acquisition, representing 1.2 times trailing funds from operations during the period (1.1x including annualized full year funds from operations from the December 2024 Acquisition).

2024 and Q4 2024 Drilling and Leasing Activity

In total, 1,140 gross wells (20.0 net wells) were drilled on Freehold's royalty lands during 2024, a 15% increase (8% on a net basis) compared to 2023. The increase in drilling reflects the expansion of the Company's U.S. asset base and the positioning of our asset base in areas that continue to attract drilling capital despite volatility in commodity prices.

On a gross basis, 98% of the drilling in the quarter targeted oil. Approximately 35% of gross wells drilled in 2024 were in Canada (83% on Freehold's gross overriding lands and 17% on mineral title prospects) and 65% targeted Freehold's U.S. royalty acreage (77% drilled on mineral title lands).

For 2024, Freehold estimates approximately $10.1 billion in gross third-party capital was spent on its royalty lands up from $7.7 billion in 2023. Spending was comprised of US$6.7 billion on our U.S. assets and $900 million on our Canadian royalty assets.

	Three Months Ended				Twelve Months Ended			
	Q4-2024		Q3-2024		**2024**		2023	
	Gross	**Net** (1)	Gross	Net (1)	**Gross**	**Net** (1)	Gross	Net (1)
Canada	**110**	**3.6**	96	5.5	**403**	**17.0**	466	16.0
United States	**178**	**0.6**	182	0.8	**737**	**3.0**	527	2.6
Total	**288**	**4.2**	278	6.3	**1,140**	**20.0**	993	18.6

(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

Q4-2024 drilling activity on a gross basis was up 15% from the previous quarter with 110 gross wells. Q4-2024 drilling in Canada was led again by oil weighted plays including southeast Saskatchewan (26 gross wells), Mannville Stack (21 gross wells), Viking (19 gross wells) and Clearwater (10 gross wells).

During 2024, 403 gross locations were drilled on Freehold's Canadian lands, a 14% decrease from the 466 gross locations drilled in 2023, and a 6% increase on a net basis, reflecting higher average royalty interests in the year. The largest increase in year-over-year activity was on our heavy oil lands where 120 gross wells and 5.79 net wells were drilled in 2024 compared to 89 gross wells and 2.79 net wells drilled in 2023.

During 2024, Freehold entered into 74 new leases with 30 counterparties totalling approximately $2 million in bonus and lease rental revenue, including 27 new agreements with 13 counterparties in Q4-2024. The majority of the new leasing was focused in southeast Saskatchewan and the Mannville Stack.

U.S.

During Q4-2024, 178 gross (0.6 net) wells were drilled on our U.S. lands, slightly down from last quarter due to reduced activity in the Eagle Ford basin offsetting increased activity in the Midland basin. Approximately 78% of Q4-2024 drilling was focused in the Permian basin and 18% in the Eagle Ford basin.

In 2024, 737 gross (3.0 net) wells were drilled on Freehold's U.S. royalty lands; representing a 40% increase on a gross basis, and a 15% increase on a net basis compared to 2023. Strong industry activity in the Midland and Delaware basins along with the 2024 U.S. acquisitions led to the increase in activity.

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. However, 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.

In 2024, Freehold entered into 13 new U.S. leases with five counterparties, totalling $1 million of bonus and lease rental revenue, including one new lease in Q4-2024. All leasing activity has been focused on Freehold's mineral title interests in the Midland and Delaware basins of the Permian.

2025 Guidance

We expect production to average between 15,800 and 17,000 boe/d for 2025, weighted approximately 66% oil and NGLs (45% light and medium oil, 8% heavy oil and 13% NGLs) and approximately 34% natural gas – an increase from 64% oil and NGLs in 2024. Of note, approximately 56% of our light oil is derived from our U.S. assets and expected to receive premium, tariff-free pricing.

2024 Reserves Information

Freehold's year-end 2024 reserves were evaluated by independent reserve evaluators Trimble Engineering Associates Ltd. in respect of Freehold's Canadian oil, natural gas and NGL reserves and RSC Group, Inc. (Ryder Scott) in respect of Freehold's U.S. oil, natural gas and NGL reserves, and were completed in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101-Standards of Disclosure for Oil and Gas Activities. Freehold's reserve information is included in the Company's Annual Information Form which is available on the Company's profile on SEDAR+ at www.sedarplus.ca and Freehold's website at www.freeholdroyalties.com.

CFO Retirement

Since joining Freehold in 2019, David Hendry has played a key leadership role in growing our business while maintaining our strong balance sheet, positioning Freehold to deliver on its strategic objectives.

"I am grateful to David for his strong leadership and partnership over the last six years and thank him for his significant contribution to our success", said David Spyker, President and CEO.

David Hendry will continue in his role until his retirement later this year which will provide the Company time to identify a successor and ensure a smooth transition.

Conference Call Details

A webcast to discuss financial and operational results for the period ended December 31, 2024, will be held for the investment community on Thursday March 13, 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. To participate in the conference call, you can register using the following link: **Live Audio Webcast URL:** https://edge.media-server.com/mmc/p/p3dhanpd.

A dial-in option is also available and can be accessed by dialing 1-800-952-5114 (toll-free in North America) participant passcode is 9011292#.

For further information contact

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Select Quarterly Information

	2024				2023			
Financial ($millions, except as noted)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Royalty and other revenue	**76.9**	73.9	84.5	74.3	80.1	84.2	73.7	76.6
Net Income (loss)	**51.1**	25.0	39.3	34.0	34.3	42.3	24.3	31.1
Per share, basic ($) (1)	**0.33**	0.17	0.26	0.23	0.23	0.28	0.16	0.21
Cash flows from operations	**59.1**	64.1	47.6	52.5	70.7	53.7	49.9	42.6
Funds from operations	**61.3**	55.7	59.6	54.4	62.8	65.3	53.0	58.6
Per share, basic ($) (1)(3)	**0.40**	0.37	0.40	0.36	0.42	0.43	0.35	0.39
Acquisitions & related expenditures	**277.0**	1.8	11.5	121.5	2.1	1.2	3.2	4.3
Dividends paid	**40.7**	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Per share ($) (2)	**0.27**	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividends declared	**41.9**	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Per share ($) (2)	**0.27**	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividend payout ratio (%) (3)	**66%**	73%	68%	75%	65%	62%	77%	69%
Long-term debt	**300.9**	205.8	228.0	223.6	123.0	141.2	152.0	159.1
Net debt (5)	**282.3**	187.1	199.1	210.5	100.9	113.4	136.9	122.3
Shares outstanding, period end (000s)	**164.0**	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Average shares outstanding, basic (000s) (6)	**153.4**	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Operating								
Light and medium oil (bbl/d)	**6,296**	6,080	6,551	6,094	6,308	6,325	6,093	6,102
Heavy oil (bbl/d)	**1,516**	1,315	1,348	1,300	1,182	1,127	1,167	1,253
NGL (bbl/d)	**2,066**	1,972	1,902	1,884	1,878	1,678	1,845	1,788
Total liquids (bbl/d)	**9,878**	9,367	9,801	9,278	9,368	9,130	9,105	9,143
Natural gas (Mcf/d)	**32,564**	31,447	32,524	32,617	32,968	32,851	33,372	33,486
Total production (boe/d) (4)	**15,306**	14,608	15,221	14,714	14,863	14,605	14,667	14,724
Oil and NGL (%)	**65%**	64%	64%	63%	63%	63%	62%	62%
Petroleum & natural gas realized price ($/boe) (4)	**53.80**	54.36	59.74	54.81	57.94	61.55	54.05	56.99
Cash costs ($/boe) (3)(4)	**5.93**	5.42	9.80	7.19	4.73	5.10	7.19	5.82
Netback ($/boe) (3)(4)	**47.25**	47.78	49.44	46.62	52.59	55.63	46.07	50.79
Benchmark Prices								
West Texas Intermediate crude oil (US$/bbl)	**70.27**	75.09	80.57	76.96	78.32	82.26	73.78	76.13
Exchange rate (Cdn$/US$)	**1.40**	1.37	1.37	1.35	1.36	1.34	1.34	1.35
Edmonton Light Sweet crude oil (Cdn$/bbl)	**94.90**	97.85	105.29	92.14	99.69	107.89	94.97	99.03
Western Canadian Select crude oil (Cdn$/bbl)	**80.75**	83.95	91.63	77.77	76.96	93.05	78.76	69.31
Nymex natural gas (US$/Mcf)	**2.86**	2.24	1.96	2.33	2.96	2.64	2.17	3.30
AECO 7A Monthly Index (Cdn$/Mcf)	**1.46**	0.81	1.44	2.07	2.70	2.42	2.40	4.34

(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) 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 March 12, 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:

- expectations that the December 2024 Acquisition will add 1,500 – 1,600 boe/d of oil-weighted production in 2025;
- our expectation regarding continued growth of our U.S. portfolio through accretive acquisitions in the Midland and Delaware basins in the Permian;
- our expectations that our 2024 acquisitions will continue to improve our business;
- our expectation that, going forward, cash flows will be balanced between Canada and the U.S.;
- expectations around our liquid weighting in the 2025;
- our expectations that including the December 2024 Acquisition, the balance sheet will continue to remain strong with net debt currently at $282 million, representing a 1.2x trailing 12 months net debt to funds from operations (1.1x including annualized full year funds from operations from the December 2024 acquisition);
- our expectations regarding our production range of 15,800 and 17,000 boe/d weighted approximately 66% oil and NGLs and approximately 34% natural gas;
- our expectation that there will continue to be volatility in commodity prices in 2025, and that notwithstanding such volatility our liquids weighting is expected to increase to 66% in 2025 and such increase in liquids weighting is expected to increase funds from operations by over 3% year-over-year;
- our expectation that value-added barrels in 2025 will improve cash flows, support our dividend, reduce net debt and continue to enable opportunistic, value-added acquisitions throughout the year;
- our expectation that Freehold's dividend will remain sustainable at oil and natural gas prices materially below current commodity price levels; 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 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 Israeli-Hamas-Hezbollah and potentially the broader Middle-East region, and Russia-Ukraine wars and any associated sanctions as well as OPEC+ curtailments 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.

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. 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 terms do not have any standardized meanings prescribed by GAAP and therefore 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 December 31, 2024 audited consolidated financial statements.

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	Q4-2024	Q3-2024	Q4-2023
Royalty and other revenue	**54.59**	54.97	58.57
Production and ad valorem taxes	**(1.41)**	(1.77)	(1.25)
Net revenue	**$53.18**	$53.20	$57.32
Less:			
General and administrative expense	**(3.02)**	(2.48)	(2.90)
Operating expense	**(0.19)**	(0.19)	(0.18)
Interest and financing cash expense	**(2.67)**	(2.69)	(1.66)
Management fee-cash settled	**(0.05)**	(0.06)	-
Cash payout on share-based compensation	**-**	-	-
Cash costs	**(5.93)**	(5.42)	(4.74)
Netback	**$47.25**	$47.78	$52.58

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)	Q4-2024	Q3-2024	Q4-2023
Dividends paid	**$40,687**	$40,686	$40,682
Funds from operations	**$61,332**	$55,712	$62,805
Dividend payout ratio (%)	**66%**	73%	66%

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.