



**FREEHOLD**  
ROYALTIES

2025 Annual Report  
TSX FRU March 11, 2026

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# THE FREEHOLD ADVANTAGE

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of March 11, 2026 and is management's opinion about the consolidated operating and financial results of Freehold Royalties Ltd. and its wholly-owned subsidiaries (collectively, "Freehold" or the "Company") for the three months and year ended December 31, 2025 and its comparative periods, and the outlook for Freehold based on information available as of the date hereof.

The financial information contained herein is based on information in the consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), which are the Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. Presented periods are between the three months (the "fourth quarter of 2025") and year ("2025") ended December 31, 2025 and combined the "current reporting periods" and the "same periods of 2024" (combined, the "reporting periods") and "prior quarter" ended September 30, 2025, unless otherwise noted. All dollar amounts are expressed in Canadian currency, unless otherwise noted. References to "US\$" are to United States ("U.S.") dollars. This MD&A should be read in conjunction with the December 31, 2025 audited consolidated financial statements (the "audited financial statements"). These documents, as well as additional information about Freehold, including its Annual Information Form for the year ended December 31, 2025 ("AIF"), are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Freehold's website at [www.freeholdroyalties.com](http://www.freeholdroyalties.com).

This MD&A contains the non-GAAP financial measures: **net revenue**, **cash costs** and **netback** and the supplementary financial measures: **dividend payout ratio** and **funds from operations per share**. These are useful supplements to analyze operating performance, financial leverage, and liquidity, among others. 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 MD&A also contains the capital management measures of working capital, net debt, capitalization, net debt to capitalization ratio and net debt to trailing funds from operations for the last 12 months as defined in Note 15 of the audited financial statements. In addition, this MD&A contains forward-looking statements that are intended to help readers better understand Freehold's business and prospects. Readers are cautioned that the MD&A should be read in conjunction with the disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Statements" included at the end of this MD&A.

## Business Overview

Freehold is incorporated under the laws of the Province of Alberta and trades on the Toronto Stock Exchange ("TSX") under the symbol FRU. Freehold acquires and manages crude oil, natural gas and natural gas liquids ("NGLs") royalty interests. Freehold receives revenue from these royalty interests as reserves are produced over the life of the properties located in the continental U.S. and Canada.

## The Royalty Advantage

Freehold manages one of the largest non-government portfolios of crude oil and natural gas royalties in Canada along with an expanding royalty portfolio in the U.S., uniquely positioning it as a North American royalty company. Total land holdings encompass approximately 6.0 million gross acres in Canada and approximately 1.2 million gross drilling acres in the U.S. Freehold's Canadian mineral title lands, which it owns in perpetuity, cover approximately 1.1 million acres and Freehold also has gross overriding royalty ("GORR") and other interests in

approximately 5.0 million acres. U.S. acreage is comprised of almost 80% mineral title lands, also owned in perpetuity.

Freehold has royalty interests in more than 21,000 producing wells and almost 500 units spanning five provinces and eight states and receive royalty income from over 380 industry operators throughout North America. Revenues also include bonus consideration, lease rental and potash royalties that supplement its revenue portfolio.

Royalties offer the benefit of sharing in production, without contributing to the capital, operating and environmental costs, including reclamation liabilities, associated with the production of crude oil, natural gas and NGLs. As a royalty interest owner, Freehold does not pay any of the capital costs to drill, complete and equip wells for production on its properties, nor does it incur costs to operate the wells, maintain production, and ultimately restore the land to its original state. All of these costs are paid by third parties who conduct activities on the royalty lands. Freehold receives royalty income from gross production revenue (revenue before any royalty expenses and operating costs are deducted).

## Freehold's Strategy

As a leading North American royalty company, Freehold's objective is to deliver growth and lower risk attractive returns to shareholders over the long term. Freehold accomplishes this by:

- Creating Value
  - Drive development on our lands through our lease out program and royalty optimization
  - Acquire royalty assets with acceptable risk profiles and long economic life
  - Generate GORRs for revenue growth
- Enhancing Value
  - Maximize Freehold's royalty interests through a comprehensive audit and compliance program
  - Manage our debt prudently with a target below 1.5 times net debt to trailing funds from operations for the last 12 months
- Delivering Value
  - Target a dividend payout ratio of approximately 60%

## Dividend Announcement

Freehold's Board of Directors (the "Board") approved a dividend of \$0.09 per common share to be paid on April 15, 2026, to shareholders of record on March 31, 2026. Freehold's dividend of \$0.09 per common share is aligned with the Company's target dividend payout ratio. The dividend is designated as an eligible dividend for Canadian income tax purposes.

## Outlook

Freehold delivered record annual production of 16,294 boe/d, despite a backdrop of macroeconomic uncertainty, geopolitical tensions and ongoing commodity supply-demand imbalances, which led to a 14% decrease in benchmark WTI oil pricing compared to 2024. Full year average production, along with crude oil and natural gas liquids production increased by 9% and 12%, respectively, compared to 2024. The Company's 2024 U.S.

acquisitions, combined with continued development across the U.S. land base, were the primary contributors to this growth. Over the year, Freehold returned \$177.1 million to shareholders through its \$0.09 per share monthly dividend, while reducing net debt<sup>(1)</sup> to \$268.3 million.

Activity levels in both Canada and the U.S. moderated as commodity prices weakened in response to crude oil markets being negatively affected by the Organization of Petroleum Exporting Countries ("OPEC+") decision to unwind previously implemented voluntary supply cuts increasing global crude oil supply and adding downward pressure on prices. Broader macroeconomic conditions also weighed on sentiment. Slower economic growth, driven in part by President Trump's tariffs and "U.S.-first" trade policies, affected demand expectations. Additionally, geopolitical risks, including the ongoing Russia–Ukraine conflict and U.S. involvement in Venezuela and Iran, contributed to market instability.

Natural gas prices in Canada showed continued weakness during 2025 due to ongoing pipeline constraints, a mild summer, and delays in the midyear ramp up of LNG Canada.

Given this commodity price environment, certain operators scaled back their capital programs, further tempering industry activity. Freehold was affected by this shift, experiencing reduced licensing and drilling activity across certain royalty lands through the second half of 2025. In the U.S., drilling activity declined by 20% from the first to the second half of 2025. In Canada, drilling activity decreased by 25% in the fourth quarter of 2025, compared to the fourth quarter of 2024. These time frames are relevant as a U.S. well typically requires six to twelve months on average from initial licensing to first production, compared with three to four months in Canada. As a result, we expect production to moderate through the first half of 2026 and return to growth in the back half of the year.

Despite the weakening in commodity prices, the Canadian portfolio benefited from activity in the Clearwater and Mannville heavy oil lands as well as the light oil lands in Southeast Saskatchewan, resulting in relatively consistent crude oil production compared to 2024. With the AECO natural gas price averaging below \$1.50/mcf through 2024 and 2025, Canadian natural gas production and associated natural gas liquids declined 8% from the prior year.

In the U.S., the Permian lands continue to attract capital with production growing throughout the year, augmented by modest growth in North Dakota crude oil and in the Haynesville. In the Eagle Ford basin, production was weighted to the first half of 2025, consistent with key operators' capital programs.

We continue to benefit from productivity improvements on wells drilled on our lands. In Canada, average well performance improved by approximately 35% due to operators targeting premium acreage and optimizing well design. In the U.S., productivity increased by 10% as operators pursue longer lateral well lengths alongside continued improvements in well placement and well completion designs across our operating areas.

We continue to expect that our liquids-weighted North American asset base will generate meaningful cash flows through evolving commodity markets and broader macroeconomic conditions, supporting the Company's ability to sustain its dividends and deliver robust, long-term shareholder returns.

1. Net debt is a capital management measure

## 2026 Guidance

We expect production to average between 15,500 and 16,300 boe/d for 2026, weighted approximately 66% crude oil and natural gas liquids (42% light and medium crude oil, 9% heavy oil (an increase from 8% in 2025) and 15% natural gas liquids) and approximately 34% natural gas. This guidance range is based on annual average commodity price assumptions of US\$65/bbl WTI, US\$3.50/mcf NYMEX and \$2.00/mcf AECO.

## Termination of Management Agreement

Freehold was previously managed by Rife Management Ltd. (formerly Rife Resources Management Ltd., the "Manager") pursuant to a management agreement (the "Management Agreement") up to and including December 31, 2025.

During 2025, it was mutually agreed by Freehold and the Manager to terminate the Management Agreement. Accordingly, Freehold provided notice to the Manager that it was terminating the Management Agreement (the "Notice of Termination") effective December 31, 2025 (the "Termination Date"). Freehold's Board made this decision with the support of the Manager's owner, the pension fund for the employees of the Canadian National Railway Company (the "CN Pension Trust Funds"). Freehold was not required to pay the Manager a termination fee or any future management fees for periods after the Notice of Termination. Following the delivery of the Notice of Termination, although Freehold continued to be managed by the Manager until the Termination Date, the Freehold executive team and employees were fully dedicated to the business of Freehold. Freehold was responsible for reimbursement of certain general and administrative costs until the Termination Date. Freehold and the Manager worked collaboratively, resulting in an orderly and stable transition of systems, software, workflows, files and office space prior to the Termination Date. As of January 1, 2026, Freehold and its employees are independent of the Manager.

# Operating and Financial Highlights

Financial (\$'000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Royalty and other revenue	\$ 69,759	\$ 76,861	\$ 313,460	\$ 309,480
Net income	\$ 14,081	\$ 51,123	\$ 91,781	\$ 149,446
Per share, basic (\$) <sup>(1)</sup>	\$ 0.09	\$ 0.33	\$ 0.56	\$ 0.99
Per share, diluted (\$) <sup>(1)</sup>	\$ 0.09	\$ 0.33	\$ 0.56	\$ 0.98
Cash flows from operations	\$ 55,014	\$ 59,121	\$ 235,375	\$ 223,334
Funds from operations	\$ 51,068	\$ 61,332	\$ 234,572	\$ 230,975
Per share, basic (\$) <sup>(1)(3)</sup>	\$ 0.31	\$ 0.40	\$ 1.43	\$ 1.53
Per share, diluted (\$) <sup>(1)(3)</sup>	\$ 0.31	\$ 0.40	\$ 1.43	\$ 1.52
Acquisitions and related expenditures	\$ 9,253	\$ 276,971	\$ 44,130	\$ 411,716
Dividends paid	\$ 44,269	\$ 40,687	\$ 177,077	\$ 162,745
Per share (\$) <sup>(2)</sup>	\$ 0.27	\$ 0.27	\$ 1.08	\$ 1.08
Dividends declared	\$ 44,269	\$ 41,882	\$ 177,077	\$ 163,939
Per share (\$) <sup>(2)</sup>	\$ 0.27	\$ 0.27	\$ 1.08	\$ 1.08
Dividend payout ratio (%) <sup>(3)(4)</sup>	87%	66%	75%	70%
Long-term debt	\$ 282,853	\$ 300,854	\$ 282,853	\$ 300,854
Net debt <sup>(5)</sup>	\$ 268,251	\$ 282,266	\$ 268,251	\$ 282,266
Shares outstanding, year end (000s)	163,960	163,960	163,960	163,960
Average shares outstanding, basic (000s) <sup>(6)</sup>	163,960	153,430	163,960	151,378
Average shares outstanding, diluted (000s) <sup>(6)</sup>	163,960	154,058	163,960	151,992
<b>Operating</b>				
Light and medium crude oil (bbl/d)	6,456	6,296	6,733	6,255
Heavy crude oil (bbl/d)	1,619	1,516	1,552	1,370
NGL (bbl/d)	2,690	2,066	2,445	1,956
Total liquids (bbl/d)	10,765	9,878	10,730	9,581
Natural gas (Mcf/d)	33,180	32,564	33,385	32,287
Total production (boe/d) <sup>(7)</sup>	16,294	15,306	16,294	14,962
Liquids weighting (%)	66%	65%	66%	64%
Petroleum and natural gas realized price (\$/boe) <sup>(7)</sup>	\$ 45.88	\$ 53.80	\$ 51.07	\$ 55.68
Cash costs (\$/boe) <sup>(3)(7)</sup>	\$ 7.26	\$ 5.93	\$ 6.80	\$ 7.10
Netback (\$/boe) <sup>(3)(7)</sup>	\$ 37.42	\$ 47.25	\$ 43.94	\$ 47.77

1. Calculated based on the basic or diluted 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. Dividend payout ratio is a supplementary financial measure
5. Net debt is a capital management measure
6. Weighted average number of shares outstanding during the period, basic or diluted
7. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

## Operating and Financial Highlights

### 2025

- Production averaged 16,294 boe/d in 2025 a 9% increase from 2024, including a 33% increase in U.S. production reflecting acquisitions completed in late 2024 and continued development of the U.S. land base. Production was in line with the 2025 production guidance range of 15,800 – 17,000 boe/d.
- Crude oil and natural gas liquids volumes averaged 10,730 bbl/d, a 12% increase from 2024 with Freehold's acquisitions and operators on Freehold's lands targeting liquids-rich locations. The higher crude oil and natural gas liquids volumes increased the liquids weighting to 66% of 2025 royalty production, an increase from 64% in 2024.

- 2025 drilling activity included 1,110 gross wells (13.3 net), a decline of 3% from 2024, weighted 74% towards U.S. lands.
- Cash costs in 2025 totaled \$6.80/boe, a 4% decrease compared to 2024 reflecting lower cash settlements on share based compensation.
- Royalty and other revenue totaled \$313.5 million in 2025, an increase of 1% from the previous year primarily due to higher production partially offset by lower crude oil prices. Crude oil revenue accounted for 83% of total royalty revenue.
  - Realized record level bonus consideration and lease rental revenue of \$8.0 million, an increase from \$3.1 million in 2024.
- Funds from operations in 2025 totaled \$234.6 million or \$1.43 per share<sup>(1)</sup>, a slight increase on a total basis from \$231.0 million or \$1.53 per share<sup>(1)</sup> in 2024.
- Net income in 2025 totaled \$91.7 million, a decrease of 39% from 2024, which primarily reflects declines in the U.S. dollar relative to the Canadian dollar, resulting in foreign exchange losses in 2025.
- Dividends paid in 2025 totaled \$177.1 million (\$1.08 per share), an increase in total from \$162.7 million (\$1.08 per share), reflecting the additional 13.3 million common shares issued to partially finance a U.S. acquisition in December 2024. Freehold's dividend payout ratio<sup>(2)</sup> for 2025 was 75%, compared to 70% in 2024.
- Long term debt at December 31, 2025 was \$282.9 million, \$18.0 million lower than at December 31, 2024.
  - Renewed and amended the credit facility, increasing capacity from \$450 million to \$500 million and extending the term until November 13, 2028.
  - Net debt<sup>(3)</sup> decreased by \$14.0 million from December 31, 2024, to \$268.3 million.
- Proved and probable crude oil and natural gas reserves<sup>(4)</sup> totaled 63.2 MMboe at December 31, 2025, a 3% decrease of 1.6 MMboe from 2024, reflecting production of 5.2 MMboe in 2025 and lower natural gas prices, partially offset by reserve additions in the crude oil weighted properties in both Canada and the U.S.
- Termination of the Management Agreement was effective December 31, 2025.

#### Fourth quarter of 2025

- Production averaged 16,294 boe/d, a 6% increase from the same quarter in 2024, with 66% of production liquids weighted.
  - U.S. production of 7,700 boe/d, increased by 31% from the same period in 2024 reflecting acquisitions completed in late 2024 and continued development of our U.S. land base.
  - Fourth quarter production includes approximately 400 boe/d related to adjustments on the U.S. assets acquired in late 2024. These adjustments related to the higher natural gas and natural gas liquids yields and were recognized once Freehold was acknowledged by the operator and revenues were received. All remaining estimates were updated to reflect this new data.
  - Canadian production of 8,594 boe/d decreased by 9% from the same period in 2024 due to lower activity as a result of weaker commodity prices.
- Fourth quarter of 2025 drilling activity included 235 gross wells (3.0 net), predominantly targeting crude oil properties, an 18% decrease on a gross basis from the same quarter in 2024.

- Cash costs<sup>(1)</sup> in the fourth quarter of 2025 totaled \$7.26/boe, an increase of 22% compared to the same quarter in 2024, primarily due to the cash settlement of DSUs for a retired director and restructuring costs associated with the termination of the Management Agreement.
- Funds from operations in the fourth quarter of 2025 totaled \$51.1 million or \$0.31 per share<sup>(1)</sup>, a decrease in total of 17% from \$61.3 million (\$0.40 per share<sup>(1)</sup>) for the same quarter in 2024, reflecting a 16% decrease in crude oil benchmark pricing despite a 6% increase in production. The decrease on a per share basis is further impacted by the additional 13.3 million common shares issued in December 2024.
- During the fourth quarter of 2025, dividends of \$44.3 million (\$0.27 per share) were declared and paid, an increase from \$40.7 million in the same quarter in 2024 (\$0.27 per share), reflecting the additional 13.3 million common shares issued in December 2024.
  - Dividend payout ratio<sup>(2)</sup> was 87% in the fourth quarter of 2025, an increase from 66% for the same period in 2024.

1. See Non-GAAP and Other Financial Measures

2. Dividend payout ratio is a supplementary financial measure

3. Net debt is a capital management measure

4. A detailed review of Freehold's U.S. and Canadian reserve information, including a summary of the evaluation of Freehold's reserves and associated future net revenues as prepared by RSC Group, Inc. and GLJ Ltd., respectively, Freehold's independent reserve evaluators effective as at December 31, 2025, is provided in the AIF. A copy of the AIF can be found on Freehold's website at [www.freeholdroyalties.com](http://www.freeholdroyalties.com) or [www.sedarplus.ca](http://www.sedarplus.ca)

## Drilling Activity

During 2025, drilling activity levels of 1,110 gross wells (13.3 net) on Freehold's royalty lands were lower compared to the 1,140 gross wells (20.0 net) in 2024. These decreases were primarily due to less drilling activity in Canada as operators responded to lower commodity prices partially offset by a higher proportion of drilling activity on U.S. lands. On a gross basis, during 2025, 26% of new wells were drilled in Canada (2024 – 35%) and 74% in the U.S. (2024 – 65%), primarily targeting crude oil properties. Although average U.S. net well interests are lower than in Canada, U.S. wells generally produce approximately ten times the volumes of an average Canadian well in our portfolio. 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. Gross activity levels during 2025 were supported by the Company's expanded U.S. asset base, the quality of its lands and the resilience of its royalty payors to manage fluctuations in commodity prices.

	Three months ended December 31				Year ended December 31			
	2025		2024		2025		2024	
	Gross	Net <sup>(1)</sup>	Gross	Net <sup>(1)</sup>	Gross	Net <sup>(1)</sup>	Gross	Net <sup>(1)</sup>
Canada	71	2.3	110	3.6	291	10.5	403	17.0
United States	164	0.7	178	0.6	819	2.8	737	3.0
<b>Total</b>	<b>235</b>	<b>3.0</b>	<b>288</b>	<b>4.2</b>	<b>1,110</b>	<b>13.3</b>	<b>1,140</b>	<b>20.0</b>

1. Net wells are the equivalent aggregate of the numbers obtained by multiplying each gross well by the royalty interest percentage

## CANADA

During 2025, gross drilling activity was down 28% compared to 2024 as challenging AECO benchmark prices curtailed natural gas drilling activity. Primary focus areas were crude oil weighted properties in the Clearwater, Mannville heavy oil, Viking and southeast Saskatchewan. Approximately 52% of gross wells were drilled in Alberta and 40% in Saskatchewan. Notably during 2025, 13 Montney and Duvernay gross wells were drilled, with an additional 16 wells licensed.

## U.S.

During 2025, 819 gross wells were drilled, an 11% increase compared to 737 gross wells in 2024. This increase is associated with Freehold's late 2024 U.S. acquisition and strong industry activity focused in the Permian basin. Approximately 87% of 2025 drilling activity was in the Permian basin and 9% in the Eagle Ford basin, both targeting crude oil properties.

# Operating and Financial Results

## Production

Freehold's production averaged 16,294 boe/d during both current reporting periods, increases of 6% and 9% over the same periods in 2024. These increases reflect growth in Freehold's U.S. portfolio from third party drilling and completion activity and an expansion of the Company's U.S. asset base through acquisitions. Higher netback crude oil and NGL production was the primary driver of growth, representing 66% of total production in 2025, an increase from 64% in 2024.

### Production Summary

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Canada (boe/d)	8,594	9,437	-9%	8,911	9,430	-6%
United States (boe/d)	7,700	5,869	31%	7,383	5,532	33%
Total production (boe/d)	16,294	15,306	6%	16,294	14,962	9%

### Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Light and medium crude oil (bbl/d)	6,456	6,296	3%	6,733	6,255	8%
Heavy crude oil (bbl/d)	1,619	1,516	7%	1,552	1,370	13%
NGL (bbl/d)	2,690	2,066	30%	2,445	1,956	25%
Natural gas (Mcf/d)	33,180	32,564	2%	33,385	32,287	3%
Total production (boe/d)	16,294	15,306	6%	16,294	14,962	9%
Liquids weighting (%)	66%	65%	2%	66%	64%	3%
Number of days in period (days)	92	92		365	366	
Total volumes during period (MMboe)	1,499	1,408	6%	5,947	5,476	9%

## CANADA

Canadian production averaged 8,594 boe/d and 8,911 boe/d during the current reporting periods, comprised of 57% crude oil and NGLs and 43% natural gas. Recent Canadian development has been focused on heavy oil properties, particularly in the Mannville heavy oil and Clearwater areas, where Canadian heavy oil differentials to WTI have strengthened since the completion of the Trans Mountain pipeline expansion in 2024. This has resulted in higher Canadian heavy oil weightings relative to total Canadian production during the current reporting periods as compared to the same periods in 2024. The decreases of 9% and 6% in Canadian production during the current reporting periods, compared to the same periods in 2024, are primarily driven by reduced industry drilling activity in Canada as operators responded to lower commodity prices.

During 2025, Freehold's remaining operated working interest volumes were shut-in. Production from working interest wells contributed 40 boe/d during 2025 and was comprised of dry natural gas.

## Canadian Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Light and medium crude oil (bbl/d)	2,452	2,878	-15%	2,675	2,984	-10%
Heavy crude oil (bbl/d)	1,619	1,516	7%	1,552	1,370	13%
NGL (bbl/d)	812	869	-7%	829	899	-8%
Natural gas (Mcf/d)	22,267	25,042	-11%	23,132	25,063	-8%
Total production (boe/d)	8,594	9,437	-9%	8,911	9,430	-6%
Liquids weighting (%)	57%	56%	2%	57%	56%	2%

## U.S.

U.S. production averaged 7,700 boe/d and 7,383 boe/d during the current reporting periods, increases of 31% and 33% compared to the same periods in 2024. These increases reflect strong additions from third-party drilling and completion activities in addition to a U.S. acquisition, late in 2024.

Fourth quarter of 2025 production includes approximately 400 boe/d largely related to adjustments on the U.S. assets acquired in late 2024. These adjustments relate to the higher natural gas and natural gas liquids yields and were recognized once Freehold was acknowledged by the operator and revenues were received. All remaining estimates were updated to reflect this new data.

Freehold's U.S. production during the current reporting periods represents approximately 47% and 45% of corporate volumes, increases from 38% and 37% during the same periods in 2024, comprised of approximately 77% crude oil and NGLs and 23% natural gas.

## U.S. Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Light and medium crude oil (bbl/d)	4,004	3,418	17%	4,058	3,271	24%
NGL (bbl/d)	1,877	1,197	57%	1,617	1,057	53%
Natural gas (Mcf/d)	10,913	7,522	45%	10,249	7,224	42%
Total production (boe/d)	7,700	5,869	31%	7,383	5,532	33%
Liquids weighting (%)	76%	79%	-3%	77%	78%	-2%

## Product Prices

### Crude Oil

The price received by Freehold for produced crude oil is primarily driven by the U.S. dollar price of WTI, with the realized Canadian price adjusted for the value of the Canadian dollar relative to the U.S. dollar, quality differentials and for the transportation cost to move product to U.S. pricing points. For the current reporting periods, WTI averaged US\$59.14/bbl and US\$64.81/bbl, 16% and 14% lower compared to the same periods in 2024.

Within Canada, Western Canadian Select ("WCS") prices averaged \$66.89/bbl and \$75.06/bbl during the current reporting periods, 17% and 10% lower compared to the same periods in 2024. Although these lower prices reflect the impact of reduced WTI benchmark pricing, Canadian heavy oil differentials narrowed in current reporting periods relative to the same periods in 2024. This compression was due to increased pipeline capacity following the completion of the Trans Mountain expansion in May 2024, strong global heavy crude oil demand from U.S.

refiners combined with lower U.S. imports of heavy oil crude from Mexico as well as tighter sanctions on Venezuela reducing global availability of similar quality barrels. Canadian oil benchmarks during the fourth quarter were further impacted by a weakening in the U.S. dollar, compared to the same quarter in 2024. Light Sweet oil prices averaged \$76.57/bbl and \$85.63/bbl during the current reporting periods, 19% and 12% lower compared to the same periods in 2024.

## Natural Gas

For the current reporting periods, the AECO 5A Monthly Index spot price averaged \$2.23/Mcf and \$1.68/Mcf, increases of 51% and 15% compared to the same periods in 2024. NYMEX natural gas contract prices also increased 29% and 51% to US\$3.68/Mcf and US\$3.55/Mcf. AECO prices strengthened significantly compared to the prior quarter, supported by seasonal winter demand reducing storage levels and by LNG Canada Train 1 and Train 2, both being operational during the fourth quarter of 2025. Broader North American natural gas benchmarks strengthened due to reduced storage levels and increased U.S. LNG exports including the Plaquemines project which came online in 2024.

## Average Benchmark Prices

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
West Texas Intermediate crude oil (US\$/bbl)	\$ 59.14	\$ 70.27	-16%	\$ 64.81	\$ 75.72	-14%
Exchange rate (Cdn\$/US\$)	1.39	1.40	-1%	1.40	1.37	2%
Edmonton Light Sweet crude oil (Cdn\$/bbl)	\$ 76.57	\$ 94.90	-19%	\$ 85.63	\$ 97.55	-12%
Western Canadian Select crude oil (Cdn\$/bbl)	\$ 66.89	\$ 80.75	-17%	\$ 75.06	\$ 83.52	-10%
NYMEX natural gas (US\$/Mcf)	\$ 3.68	\$ 2.86	29%	\$ 3.55	\$ 2.35	51%
AECO 5A Monthly Index (Cdn\$/Mcf)	\$ 2.23	\$ 1.48	51%	\$ 1.68	\$ 1.46	15%

## Realized Prices

As Freehold has expanded its U.S. royalty portfolio, its overall realized pricing has strengthened relative to crude oil benchmarks, as U.S. crude oil production receives prices more closely aligned to benchmark WTI compared to discounted pricing in Canada associated with higher transportation costs and crude oil quality differentials. In addition, a higher crude oil weighting in the U.S. portfolio relative to Canada contributed to Freehold receiving a 29% and 35% pricing premium on its U.S. volumes compared to its Canadian volumes during the current reporting periods. Despite this premium and continued U.S. expansion, lower crude oil benchmarks resulted in an average sales price of \$45.88/boe and \$51.07/boe in the current reporting periods, 15% and 8% decreases compared to the same periods in 2024.

## Average Realized Prices Summary

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Crude oil (\$/bbl)	\$ 75.84	\$ 90.46	-16%	\$ 83.48	\$ 94.25	-11%
NGL (\$/bbl)	\$ 27.52	\$ 36.48	-25%	\$ 33.16	\$ 37.96	-13%
Crude oil and NGL (\$/bbl)	\$ 63.77	\$ 79.17	-19%	\$ 72.01	\$ 82.76	-13%
Natural gas (\$/Mcf)	\$ 1.84	\$ 1.27	45%	\$ 1.78	\$ 1.25	43%
Oil equivalent (\$/boe)	\$ 45.88	\$ 53.80	-15%	\$ 51.07	\$ 55.68	-8%

## CANADA

Freehold's average realized sales price in Canada was \$40.50/boe and \$44.17/boe during the current reporting periods, decreases of 13% and 8% compared to the same periods in 2024. These decreases reflect the impact of a lower WTI benchmark price, despite narrowing differentials to Canadian crude oil benchmarks, most notably for WCS, and the increased liquids weighting, largely comprising heavy oil.

Freehold's Canadian realized crude oil and NGL price averaged \$63.70/bbl and \$71.36/bbl during the current reporting periods, decreases of 19% and 12% compared to the same periods in 2024. The average realized natural gas price was \$1.66/Mcf and \$1.42/Mcf during the current reporting periods, 67% and 21% higher than the same periods in 2024, with the fourth quarter of 2025 benefiting from modest additional revenues from September, as previously estimated, when AECO reached multi-year lows.

### Canadian Average Realized Prices

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Crude oil (\$/bbl)	\$ 68.55	\$ 84.73	-19%	\$ 76.49	\$ 87.37	-12%
NGL (\$/bbl)	\$ 39.35	\$ 48.09	-18%	\$ 45.18	\$ 49.76	-9%
Crude oil and NGL (\$/bbl)	\$ 63.70	\$ 78.69	-19%	\$ 71.36	\$ 80.92	-12%
Natural gas (\$/Mcf)	\$ 1.66	\$ 1.00	67%	\$ 1.42	\$ 1.17	21%
Oil equivalent (\$/boe)	\$ 40.50	\$ 46.53	-13%	\$ 44.17	\$ 48.18	-8%

## U.S.

Freehold's average realized sales price in the U.S. was \$51.89/boe and \$59.39/boe during the current reporting periods, 21% and 13% decreases from the same periods in 2024, reflecting a lower WTI price, higher NGL yields and incremental natural gas volumes. Realized NGL pricing was \$22.40/bbl and \$27.00/bbl during the current reporting periods, decreases of 20% and 3% from the same periods in 2024. The NGL market experienced weaker pricing through late 2025 due to high industry production levels, excess inventories and a mild start to the winter season. Freehold's average realized U.S. natural gas price was \$2.58/Mcf in 2025, a 69% increase over 2024 due to additional LNG export capacity in the U.S. In the fourth quarter, egress for natural gas from the Permian remained constrained and subject to a wide differential, which impacted Freehold's U.S. realized natural gas price. Additional pipeline capacity is expected to come onstream in late 2026.

## U.S. Average Realized Prices (in Canadian Dollars)

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Crude oil (\$/bbl)	\$ 83.26	\$ 97.82	-15%	\$ 90.77	\$ 103.42	-12%
NGL (\$/bbl)	\$ 22.40	\$ 28.06	-20%	\$ 27.00	\$ 27.92	-3%
Crude oil and NGL (\$/bbl)	\$ 63.83	\$ 79.72	-20%	\$ 72.60	\$ 84.98	-15%
Natural gas (\$/Mcf)	\$ 2.21	\$ 2.17	2%	\$ 2.58	\$ 1.52	69%
Oil equivalent (\$/boe)	\$ 51.89	\$ 65.48	-21%	\$ 59.39	\$ 68.48	-13%

## Royalty and Other Revenue

For 2025, royalty and other revenue was \$313.5 million, a modest increase of 1% when compared to 2024. This increase reflects higher production, higher realized natural gas pricing and higher bonus consideration and lease revenue, partially offset by lower crude oil benchmarks. During the fourth quarter of 2025, royalty and other revenue of \$69.8 million decreased by 9% compared to the same quarter in 2024, reflecting lower average realized pricing for liquids despite higher production. For the current reporting periods, crude oil represents 82% and 83%, respectively, of petroleum and natural gas revenues, compared to 86% from the same periods in 2024 reflecting lower crude oil benchmarks.

Freehold's primary source of revenues is from royalty interest production, however also included in royalty and other revenue in 2025 was a record level of bonus consideration and lease rental revenue of \$8.0 million, a 161% increase from 2024. During 2025, Freehold entered into 116 new leases (91 in Canada and 25 in the U.S.) with numerous counterparties. The majority of the leasing in the U.S. was on Freehold's Permian mineral title lands, with the Canadian leasing primarily in southeast Saskatchewan.

### Royalty and Other Revenue Summary

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Canada	\$ 32,827	\$ 41,463	\$ 147,786	\$ 169,800
United States	36,932	35,398	165,674	139,680
Royalty and other revenue	\$ 69,759	\$ 76,861	\$ 313,460	\$ 309,480
Per boe (\$)	46.54	54.59	52.71	56.52

### Royalty and Other Revenue by Category

(\$000s)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Royalty interest	\$ 69,279	\$ 76,113	\$ 305,431	\$ 306,403
Bonus consideration and lease rentals	480	748	8,029	3,077
Royalty and other revenue	\$ 69,759	\$ 76,861	\$ 313,460	\$ 309,480

## Royalty and Other Revenue by Type

(\$000s)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Crude oil	\$ 56,342	\$ 65,013	\$ 252,459	\$ 263,018
Natural gas liquids	6,810	6,933	29,598	27,183
Natural gas	5,623	3,802	21,655	14,733
Potash	504	365	1,719	1,469
Bonus consideration and lease rentals	480	748	8,029	3,077
Royalty and other revenue	\$ 69,759	\$ 76,861	\$ 313,460	\$ 309,480

## General and Administrative

Freehold has a business development group dedicated to the acquisition and development of its future and existing assets in addition to land administration, accounting and auditing expertise to administer and collect royalty payments, including systems to track development activity on its royalty lands. General and administrative ("G&A") expenses include directly billed costs in addition to costs previously incurred by the Manager and billed to Freehold (see Related Party Transactions). During 2025, Freehold provided the Notice of Termination of the Management Agreement (see Termination of Management Agreement), effective as at the Termination Date. Freehold was not required to pay a termination fee in connection with Management Agreement's termination. Termination of the Management Agreement is not expected to have a material impact on Freehold's future G&A cost structure. Effective January 1, 2026, all G&A costs are directly incurred by and paid by Freehold, with no further reliance on the Manager.

In the current reporting periods, G&A expenses of \$6.2 million and \$19.1 million were 46% and 17% higher than the same periods in 2024, primarily due to restructuring costs related to the termination of the Management Agreement.

The G&A expense, on a per boe basis for the year ended 2025 was \$3.21/boe, an increase of 8% from the same period in 2024.

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
General and administrative expenses before capitalized and overhead recoveries	\$ 7,029	\$ 5,008	\$ 23,013	\$ 19,943
Less: capitalized and overhead recoveries	(812)	(762)	(3,894)	(3,604)
General and administrative expenses	\$ 6,217	\$ 4,246	\$ 19,119	\$ 16,339
Per boe (\$)	\$ 4.15	\$ 3.02	\$ 3.21	\$ 2.98

## Production and Ad Valorem Taxes

Production and ad valorem taxes are incurred in the U.S. at the state level and are derived from revenue and property values. The expenses of \$2.8 million and \$11.7 million were 37% and 29% higher than the same periods in 2024. These increases reflect Freehold's U.S. portfolio and corresponding increase in Texas based royalty revenues. The state of Texas does not charge state corporate income taxes but does collect property taxes, assessed by local counties, based on the market value of the royalty interests held by Freehold.

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Production and ad valorem taxes	\$ 2,786	\$ 1,985	\$ 11,727	\$ 9,013
Per boe (\$)	\$ 1.86	\$ 1.41	\$ 1.97	\$ 1.65

## Interest and Financing

Interest costs on long term debt increased for 2025, as compared to 2024, due to higher average debt levels drawn in December 2024 to fund a portion of the U.S. acquisition for a total cost of \$261.4 million (US\$185.1 million) partially offset by a lower borrowing rate. The current reporting periods average effective interest rate on advances from Freehold's committed credit facilities were 4.9% and 5.5% (same periods in 2024 – 6.2% and 6.4%).

During 2025, Freehold renewed its credit facilities agreement (see Financing Activities), incurring financing charges to be amortized through the term of the renewal, as non-cash finance costs.

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Interest on long-term debt	\$ 3,831	\$ 3,762	\$ 17,491	\$ 15,090
Non-cash accretion and finance costs <sup>(1)</sup>	238	134	886	326
Interest and finance expense	\$ 4,069	\$ 3,896	\$ 18,377	\$ 15,416
Per boe - cash expense (\$)	\$ 2.56	\$ 2.67	\$ 2.94	\$ 2.76

1. Includes accretion of Freehold's decommissioning liability, lease obligation and amortization of deferred financing fees

## Management Fee

The Manager previously charged a quarterly management fee, which Freehold had the right to settle through cash or the issuance of Freehold common shares. Pursuant to the Management Agreement, the management fee was the equivalent value of 5,500 Freehold common shares per quarter for periods prior to the Notice of Termination. Freehold previously elected to settle this management fee through cash payments. Management fees are no longer incurred since the Notice of Termination of the Management Agreement (see Termination of Management Agreement).

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Management fee (\$000s)	\$ -	\$ 71	\$ 91	\$ 303
Per boe (\$)	\$ -	\$ 0.05	\$ 0.02	\$ 0.06

## Share Based Compensation

Freehold's award plans consist of performance share units ("PSUs") and restricted share units ("RSUs") awarded to employees under a Share Unit Award Plan (the "Share Award Plan") and grants of deferred share units ("DSUs") and restricted share units ("DRSUs") to non-management directors of Freehold under a Deferred and Restricted Share Unit Plan (the "Director Award Plan", and when combined with the Share Award Plan, the "Award Plans"). The Award Plans are accounted for as cash settled over the vesting periods.

Share based compensation expense fluctuates with Freehold's period end share price, the units outstanding under the Award Plans and the estimated PSU multipliers. Share based compensation expense was \$2.7 million and \$6.9 million during the current reporting periods, increases compared to the same periods of 2024. These increases reflect improvements in Freehold's share price and performance multipliers.

During 2025, Freehold paid \$3.9 million in share based compensation to employees and non-management directors, a decrease from the same period in 2024, reflecting lower award values at settlement. The payment in the fourth quarter of 2025 for \$0.7 million was for the settlement of DSUs held by a previously retired director.

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Share based compensation	\$ 2,727	\$ (1,063)	\$ 6,918	\$ 2,928
Cash settled on share based compensation				
Operating	\$ 702	\$ -	\$ 3,112	\$ 6,054
Capitalized	-	-	804	1,433
Total cash settled on share based compensation	\$ 702	\$ -	\$ 3,916	\$ 7,487
Operating cash settled on share based compensation per boe (\$)	\$ 0.47	\$ -	\$ 0.52	\$ 1.11

The following table details the Award Plans' grants and outstanding units:

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the year ended December 31, 2025	146,346	248,582	49,650	29,710
Balance outstanding as at December 31, 2025	201,821	421,308	608,776	52,226
Balance outstanding as at March 11, 2026	200,170	452,975	646,038	54,347

Following the Termination Date (see Termination of Management Agreement), employees who were previously employed by Rife Resources Ltd ("Rife") became directly employed by either Freehold or Rife. Rife employees held 34,355 outstanding Share Award Plan units (comprising 8,268 RSUs and 26,087 PSUs) at December 31, 2025, which were subsequently forfeited.

Freehold employees who held the Manager's share award units at December 31, 2025, were also subsequently forfeited. To compensate for this loss, additional Share Award units were granted to impacted Freehold employees. As a result, subsequent to December 31, 2025, Freehold issued 82,991 Share Award Plan units (13,877 RSUs, 69,114 PSUs). The impact of this grant net of the Rife employee forfeitures, subsequent to December 31, 2025, was an increase of \$1.1 million to the share based compensation liability.

## Netback and Cash Costs

Netback<sup>(1)</sup> allows Freehold to benchmark how changes<sup>(1)</sup> in commodity prices and its cash-based cost structure compare against prior periods. Freehold's netback<sup>(1)</sup> totaled \$37.42/boe and \$43.94/boe during the current reporting periods, decreases of 21% and 8% from the same periods in 2024. These decreases reflect lower average realized crude oil and NGL prices. The decrease in the fourth quarter also reflects the settlement of DSUs held by a previously retired director and employee termination benefits.

(\$/boe)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Royalty and other revenue	\$ 46.54	\$ 54.59	\$ 52.71	\$ 56.52
Production and ad valorem taxes	(1.86)	(1.41)	(1.97)	(1.65)
Net revenue <sup>(1)</sup>	\$ 44.68	\$ 53.18	\$ 50.74	\$ 54.87
Less:				
General and administrative	\$ (4.15)	\$ (3.02)	\$ (3.21)	\$ (2.98)
Operating expense <sup>(2)</sup>	(0.08)	(0.19)	(0.11)	(0.19)
Interest and financing cash expense	(2.56)	(2.67)	(2.94)	(2.76)
Management fee	-	(0.05)	(0.02)	(0.06)
Cash settlement on share based compensation	(0.47)	-	(0.52)	(1.11)
Cash costs <sup>(1)</sup>	\$ (7.26)	\$ (5.93)	\$ (6.80)	\$ (7.10)
Netback <sup>(1)</sup>	\$ 37.42	\$ 47.25	\$ 43.94	\$ 47.77

1. See Non-GAAP and Other Financial Measures

2. Operating expense relates to working interest assets, which were recently shut-in

## Depletion and Depreciation

Petroleum and natural gas interests, including acquisition costs, and directly attributable G&A costs, are depleted on the unit-of-production method based on estimated proved and probable petroleum and natural gas reserves.

Depletion and depreciation expense in 2025 was \$108.5 million, a 7% increase compared to 2024, due to higher production. During the further quarter of 2025, depletion and depreciation was \$27.1 million, consistent with the same period in 2024.

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Depletion and depreciation	\$ 27,112	\$ 27,151	\$ 108,503	\$ 101,409
Per boe (\$)	\$ 18.09	\$ 19.28	\$ 18.24	\$ 18.52

## Foreign Exchange

Freehold has intercompany balances with its U.S. subsidiary, which arose from financing several U.S. royalty acquisitions. Although these balances eliminate on consolidation, the foreign exchange change in the intercompany balances held by the Canadian parent is recognized as foreign exchange within net income. The revaluation by the U.S. subsidiary is recognized within other comprehensive income due to different functional currencies between these entities. These intercompany positions are revalued at the relevant foreign exchange rate at each period end in addition to changes in the Canadian dollar equivalent of the portion of Freehold's long-term debt denominated in U.S. dollars.

Since December 31, 2024, the U.S. dollar weakened relative to the Canadian dollar resulting in foreign exchange losses on the intercompany note held by the Canadian parent during the current reporting periods. There is no consolidated foreign exchange impact on total comprehensive income from the revaluation of the intercompany note, as the loss included in net income is offset by the gain of the intercompany payable held by the U.S. subsidiary, as included within other comprehensive income.

(\$000s)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Foreign exchange loss (gain) on:				
Intercompany note	\$ 7,819	\$ (25,012)	\$ 27,128	\$ (31,626)
Long-term debt	156	2,215	(2,661)	3,279
	\$ 7,975	\$ (22,797)	\$ 24,467	\$ (28,347)

## Impairment

At December 31, 2025, the Company assessed its U.S. and Canadian royalty cash generating units ("CGU") and exploration and evaluation assets carrying values for indicators of impairment and concluded that the estimates of recoverable amounts were not required for either CGU.

## Income Taxes

Freehold's taxable income is based on revenues less deductible expenses, including tax pool deductions. For the current reporting periods, current income tax expenses of \$4.6 million and \$24.8 million decreased 10% and 18% compared to the same periods in 2024. These reductions largely reflect changes in U.S. tax legislation, recently enacted under the One Big Beautiful Bill Act ("OBBBA"), which provided additional tax deductions, that are expected to continue to benefit Freehold in future years. For the current reporting periods, deferred income tax

expenses of \$0.1 million and \$7.0 million decreased from \$6.9 million and \$11.7 million in the same periods in 2024 primarily due to the foreign exchange losses, partially offset by the impact of the OBBBA.

(\$000s)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Current income tax expense	\$ 4,581	\$ 5,069	\$ 24,826	\$ 30,182
Deferred income tax expense	97	6,911	6,997	11,729
Income taxes	\$ 4,678	\$ 11,980	\$ 31,823	\$ 41,911

## CRA Assessments

The Canada Revenue Agency ("CRA") has assessed Freehold's prior years' tax returns, denying \$222 million of non-capital losses ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated \$62 million. Freehold objected to the Assessments, requiring it to provide deposits totaling \$30.9 million as at December 31, 2025 and 2024. During 2024, the CRA issued a notice of confirmation regarding their Assessments. Freehold has filed a notice of appeal with the Tax Court of Canada.

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in defending its filed tax positions. If unsuccessful, additional interest of approximately \$11.4 million as at December 31, 2025 would be owed.

## Tax Pools

Freehold is entitled to claim tax deductions on its crude oil and natural gas properties at prescribed rates. Freehold's tax pools decreased from \$1.2 billion at the end of 2024 to \$1.1 billion at the end 2025 primarily due to tax pool deductions. The tax pools at December 31, 2025 include U.S. net operating losses that can be carried forward indefinitely. Freehold's tax pools are summarized below:

(\$000s)	Year ended December 31	
	2025	2024
<b>Canada</b>		
Crude oil and natural gas property expense	376,728	414,576
Development expense	2,715	3,879
Capital cost allowance	2,004	2,157
Share issue costs and financing costs	6,008	8,884
<b>United States</b>		
Depletion	635,456	755,511
Net-operating losses	17,238	-
Other	24,999	32,825
<b>Total</b>	<b>1,065,148</b>	<b>1,217,832</b>

## Net Income and Comprehensive Income

In the current reporting periods, Freehold had net income of \$14.1 million and \$91.8 million, decreases of 72% and 39% compared to the same periods in 2024. These decreases were largely due to foreign exchange losses of \$8.0 million and \$24.5 million for the current reporting periods compared to foreign exchange gains of \$22.8 million and \$28.3 million for the same periods of 2024. Comprehensive income also decreased in the current reporting periods, compared to the same periods in 2024, due to the foreign currency translation adjustments on the revaluation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars. There is no consolidated impact of

the foreign exchange revaluation of the intercompany note, as an offsetting equivalent revaluation is included in comprehensive income.

(\$000s, except per share)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Net income	\$ 14,081	\$ 51,123	\$ 91,781	\$ 149,446
Per share, basic (\$)	\$ 0.09	\$ 0.33	\$ 0.56	\$ 0.99
Per share, diluted (\$)	\$ 0.09	\$ 0.33	\$ 0.56	\$ 0.98
Comprehensive income	\$ 8,458	\$ 69,520	\$ 76,013	\$ 172,464

## Liquidity and Capital Management

We define capital (and capitalization) as long-term debt, shareholders' equity and working capital. We retain working capital primarily to fund capital expenditures or acquisitions, pay dividends, share repurchases and repayments of bank debt. We manage our capital structure taking into account operating activities, debt levels, dividends, access to capital markets and acquisition and divestment activity.

### Operating Activities

#### Cash Flow from Operations and Funds from Operations

We consider funds from operations to be a key measure of operating performance as it demonstrates Freehold's ability to pay dividends, fund acquisitions, repurchase shares and repay debt. We believe this measure provides a useful assessment of Freehold's operations on a continuing basis by eliminating certain non-cash charges. Funds from operations per share is calculated based on the weighted average number of shares outstanding consistent with the calculation of net income per share.

For the year ended December 31, 2025, funds from operations increased in total to \$234.6 million (\$1.43/share) from \$231.0 million (\$1.53/share) from the same period in 2024. This increase is attributable to higher revenues and lower current income taxes and share based compensation settlements. During the fourth quarter of 2025, funds from operations decreased to \$51.1 million (\$0.31/share) from \$61.3 million (\$0.40/share) in the same period of 2024. This decrease is attributable to lower revenues and higher total cash costs.

Cash flow from operations for the current reporting periods of \$55.0 million and \$235.4 million was 7% lower and 5% higher than the same periods in 2024, consistent with the changes in funds from operations and adjusted for non-cash operating working capital.

#### Cash Flow from Operations and Funds from Operations

(\$000s, except as noted)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Cash flow from operations	\$ 55,014	\$ 59,121	\$ 235,375	\$ 223,334
Funds from operations	\$ 51,068	\$ 61,332	\$ 234,572	\$ 230,975
Per share - basic (\$) <sup>(1)(2)</sup>	\$ 0.31	\$ 0.40	\$ 1.43	\$ 1.53

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

2. Funds from operations per share is a supplementary financial measure

### Working Capital

We retain working capital (calculated as current assets, less current liabilities) primarily to fund dividends, acquisitions, expenditures, repurchase shares and repayments of long-term debt. In the oil and gas industry,

accounts receivable from industry partners are typically settled in the following months. However, due to royalty administration, payments to royalty owners are often delayed. Also, working capital can fluctuate significantly due to production and commodity price changes at each period end. Changes in the declared dividend and timing differences between accruing a liability, such as current income taxes, and the related payments can also affect working capital.

Working capital as of December 31, 2025, was \$14.6 million, 21% or \$4.0 million lower than on December 31, 2024, reflecting lower average crude oil and natural gas liquids pricing.

## Working Capital

(\$000s)	At December 31	
	2025	2024
Working capital <sup>(1)</sup>	\$ 14,602	\$ 18,588

1. Working capital is a capital management measure

## Financing Activities

### Long-Term Debt

During 2025, Freehold renewed and amended its credit facilities with a syndicate of four Canadian banks. The amended credit facilities include increases in availability from \$450 million to \$500 million. The credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of \$480 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") with an availability of \$20 million. Each facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Revolving Facility of an additional \$100 million subject to lenders' consent. The Credit Facilities mature November 13, 2028. The Credit Facilities are secured with an \$800 million first charge demand debenture over all of Freehold's Canadian royalty income assets and fixed charge mortgage securities on certain U.S. royalty income assets with associated proved developed producing reserves.

Borrowings bear interest on Canadian and U.S. denominated drawings at the Canadian Overnight Repo Rate and Secured Overnight Financing Rate, respectively, or at the lender's prime lending rate plus applicable margins and standby fees.

### Financial Covenants

Covenant description <sup>(1)</sup>	Ratio	December 31
		2025
Long-term Debt to Royalty EBITDA	Maximum 3.5:1	1.0:1
Long-term Debt to Total Capitalization	Maximum 55%	22%

1. Terms are as defined in the Credit Facility agreement.

Freehold's credit agreement contains, among affirmative covenants, two financial covenants, which Freehold was in compliance with at December 31, 2025. Freehold expects to remain in compliance with all covenants on a quarterly basis for at least the next year based on its current best estimate of results from operations.

## Long-term Debt

	At December 31	At December 31
(\$000s)	2025	2024
Drawn in Canadian dollars	\$ 284,850	\$ 201,754
Drawn in U.S. dollars (US: nil (December 31, 2024 - US\$70.0 million))	-	100,723
Unamortized deferred financing costs	(1,997)	(1,623)
<b>Long-term debt</b>	<b>\$ 282,853</b>	<b>\$ 300,854</b>

## Net Debt

At December 31, 2025, net debt decreased by \$14.0 million, or 5%, to \$268.3 million from \$282.3 million at December 31, 2024, primarily reflecting the repayment of long-term debt.

Freehold's net debt to trailing funds from operations ratio was 1.1 times at December 31, 2025 (December 31, 2024 – 1.2 times). This ratio remains within the Company's net debt target of below 1.5 times. This ratio is a financial leverage measure. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends and acquisitions, among others.

Freehold uses the capital management measure capitalization which is defined as net debt plus shareholders' equity. The associated capital management measure, net debt to capitalization ratio, is a financial leverage measure that shows the portion of capital relating to debt. Freehold's net debt to capitalization ratio was 21% at December 31, 2025 (December 31, 2024 - 20%).

## Debt Analysis

	At December 31	At December 31
(\$000s)	2025	2024
Long-term debt	\$ 282,853	\$ 300,854
Working capital <sup>(1)</sup>	(14,602)	(18,588)
<b>Net debt <sup>(1)</sup></b>	<b>\$ 268,251</b>	<b>\$ 282,266</b>

1. Working capital and net debt are capital management measures

## Financial Leverage Ratios

	At December 31	At December 31
	2025	2024
Net debt to funds from operations (times) <sup>(1)(2)</sup>	1.1	1.2
Net debt to capitalization (%)	21%	20%

1. Funds from operations are 12-months trailing and do not include the proforma effects of acquisitions

2. Net debt to trailing funds from operations is a capital management measure

## Shareholders' Capital

At each of December 31, 2025 and March 11, 2026, there were 163,960,334 common shares outstanding.

On May 22, 2025, the Company announced acceptance by the TSX of its notice to commence a normal course issuer bid (the "NCIB"). The NCIB allows the Company to purchase, at its discretion, up to approximately of its 13.7 million common shares of the Company, subject to certain restrictions, during a 12-month period, which commenced on May 27, 2025. Common shares purchased pursuant to the NCIB will be cancelled. Since inception, no common shares have been repurchased and cancelled pursuant to the NCIB.

On December 13, 2024 Freehold issued 13,271,000 common shares at a price of \$13.00 per common share for gross proceeds of \$172.5 million, before share issuance costs of \$7.0 million (\$5.4 million net of tax effect), with the net proceeds used to partially finance a late 2024 acquisition.

## Shareholders' Capital

(\$000s, except as noted)	December 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
<b>Balance, beginning of year</b>	<b>163,960,334</b>	<b>\$ 1,667,803</b>	150,689,334	\$ 1,500,639
Shares issued pursuant to bought deal financing	-	-	13,271,000	172,523
Share issuance costs, net of tax effect	-	-	-	(5,359)
<b>Balance, end of year</b>	<b>163,960,334</b>	<b>\$ 1,667,803</b>	163,960,334	\$ 1,667,803

## Weighted Average Shares

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Weighted average				
Basic	<b>163,960,334</b>	153,430,084	<b>163,960,334</b>	151,378,266
Diluted	<b>163,960,334</b>	154,058,127	<b>163,960,334</b>	151,991,800
At year end	<b>163,960,334</b>	163,960,334	<b>163,960,334</b>	163,960,334

## Dividend Policy and Analysis

The Board reviews and determines the monthly dividend rate on a quarterly basis, or as conditions necessitate, after considering many factors including but not limited to, expected commodity prices, foreign exchange rates, economic conditions, production volumes, taxes payable, the repurchase of shares and Freehold's capacity to finance operating and investing obligations and opportunities.

From inception in 1996 through to December 31, 2025, Freehold has distributed \$2.5 billion (\$37.30/share) to the Company's shareholders. Freehold's dividends are designated as eligible dividends for Canadian income tax purposes.

### 2025 Dividends Paid & Payout Ratio<sup>1</sup>

Total dividends paid in the current reporting periods were \$44.3 million (\$0.27/share) and \$177.1 million (\$1.08/share), higher in total than the same periods in 2024 reflecting the December 2024 issuance of approximately 13.3 million common shares. Freehold's dividend payout ratio<sup>(1)</sup> for the current reporting periods was 87% and 76%, compared to 66% and 70% for the same periods in 2024. These increases were due to lower per share funds from operations.

1. Dividend payout ratio is a supplementary financial measure

(\$000s, except as noted)	Three months ended December 31		At December 31	
	2025	2024	2025	2024
Dividends paid <sup>(1)</sup>	<b>\$ 44,269</b>	\$ 40,687	<b>\$ 177,077</b>	\$ 162,745
Dividends per share (\$) <sup>(2)</sup>	<b>0.27</b>	0.27	<b>1.08</b>	1.08
Funds from operations	<b>\$ 51,068</b>	\$ 61,332	<b>\$ 234,572</b>	\$ 230,975
Funds from operations per share - basic (\$) <sup>(2)</sup>	<b>\$ 0.31</b>	\$ 0.40	<b>\$ 1.43</b>	\$ 1.53
Dividend payout ratio (%) <sup>(3)</sup>	<b>87%</b>	66%	<b>75%</b>	70%

1. Based on the dividend payment date which is generally on the 15th day of the month following the month it was declared

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

3. Dividend payout ratio is a supplementary financial measure

## Monthly Dividends Declared

Record Date	Payment Date	Dividend Amount (\$/share)	
January 31, 2025	February 18, 2025	\$	0.09
February 28, 2025	March 17, 2025	\$	0.09
March 31, 2025	April 15, 2025	\$	0.09
April 30, 2025	May 15, 2025	\$	0.09
May 30, 2025	June 16, 2025	\$	0.09
June 30, 2025	July 15, 2025	\$	0.09
July 31, 2025	August 15, 2025	\$	0.09
August 29, 2025	September 15, 2025	\$	0.09
September 30, 2025	October 15, 2025	\$	0.09
October 31, 2025	November 17, 2025	\$	0.09
November 28, 2025	December 15, 2025	\$	0.09
December 31, 2025	January 15, 2026	\$	0.09
		\$	1.08
Subsequent to December 31, 2025			
January 30, 2026	February 17, 2026	\$	0.09
February 27, 2026	March 16, 2026	\$	0.09
March 31, 2026	April 15, 2026	\$	0.09

## Investing Activities

### Acquisitions and Related Expenditures

During 2025, Freehold invested \$44.1 million in acquisitions and related expenditures (2024 - \$411.7 million), comprised of the following details:

#### U.S. Acquisitions

Freehold invested \$31.5 million (US\$22.4 million) in exchange for mineral title and royalty interests in the Permian basin in Texas and New Mexico (2024 - \$391.7 million (US\$280.8 million)).

#### Canadian Acquisitions

Freehold invested \$6.0 million in exchange for mineral title and royalty interests in the Clearwater, Mannville heavy oil and southeast Saskatchewan plays (2024 - \$14.0 million).

#### Related Expenditures

Freehold capitalized general & administrative costs of \$3.8 million (2024 - \$3.5 million), share based compensation settlements of \$0.8 million (2024 - \$1.4 million) and miscellaneous expenditures of \$2.0 million (2024 - \$1.1 million).

## Related Party Transactions

Freehold was previously managed by the Manager pursuant to the Management Agreement up to and including December 31, 2025 (see Termination of Management Agreement). The Manager is a wholly-owned subsidiary of Rife. Both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.0%

ownership in Freehold at December 31, 2025 and 2024. Rife Royalties Ltd. (formerly Canpar Holdings Ltd.) ("Rife Royalties") and Rife Holdings Ltd. (formerly Evergreen Royalties Ltd., together with its wholly owned U.S. subsidiary, "Rife Holdings"), together with Rife owned 100% by the CN Pension Trust Funds. Rife Royalties, Rife Holdings, Rife, the Manager and the CN Pension Trust Funds are collectively known as the "Rife Related Parties".

All amounts owing to/from the Rife Related Parties were unsecured, non-interest bearing and due on demand. All transactions were in the normal course of operations and were measured at the exchange amount, with consideration established and agreed to by the parties.

During 2025, Freehold provided Notice of Termination to the Manager, terminating the Management Agreement effective December 31, 2025. Upon termination, Freehold's executive officers are no longer employees of Rife, and as such, effective January 1, 2026, the Rife Related Parties no longer meet the reporting requirements of IAS 24 Related Party Disclosures.

In preparing for the Termination Date, Freehold negotiated several agreements with the Rife Related Parties effective January 1, 2026. These agreements are not significant to Freehold from an on-going operating or financial perspective.

### **Rife Management Ltd.**

Prior to the Notice of Termination, the Manager charged a fee for providing certain services in exchange for a fee based on a specified number of Freehold common shares on a quarterly basis. Pursuant to the Management Agreement, the management fee was the equivalent value of 5,500 Freehold common shares per quarter. Effective May 1, 2025, the Company was no longer required to pay a management fee. Freehold previously elected to settle this fee through cash payments resulting in a \$0.1 million charge during 2025 (2024 - \$0.3 million) as determined from the closing price per the TSX of Freehold's common shares on the last trading day of the quarter for periods prior to the Notice of Termination.

During 2025 and 2024, the Manager charged \$15.6 million and \$15.3 million in general and administrative costs, respectively. During 2025 and 2024, the Manager charged \$3.1 million and \$6.2 million for share based compensation settlements, respectively. At December 31, 2025, there was \$2.1 million (December 31, 2024 - \$2.0 million) in accounts payable and accrued liabilities relating to general and administrative costs.

During 2025 and 2024, the Manager charged \$0.3 million and \$0.2 million, respectively, in lease obligation payments with respect to an office lease. Freehold and the Rife Related Parties negotiated a lease modification effective January 1, 2026, with an estimated lease obligation liability for Freehold of \$1.8 million as at December 31, 2025.

### **Rife and CN Pension Trust Funds**

During 2025 and 2024, Freehold paid \$28.4 million and \$27.1 million in cash dividends, respectively, to Rife and the CN Pension Trust Funds for their combined ownership in Freehold's common shares. At each of December 31, 2025 and 2024, there was \$2.4 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. During 2025, Freehold received royalties of \$0.1 million from Rife (2024 - \$0.3 million).

During 2025 and previously reported periods, Rife was entitled to nominate two directors to the Freehold Board. Upon termination of the Management Agreement, the governance agreement was also terminated and pursuant to a new nominee agreement, the Rife Related Parties now have the right to nominate one director to the Board provided their ownership level continues to exceed 10% of Freehold's outstanding common shares.

## Rife Royalties

Freehold and Rife Royalties share some mineral title ownership in western Canada. Generally Rife Royalties owns mineral rights that were below the deepest producing formation at the time that Freehold was created, and Freehold holds the balance of the mineral rights. Where Freehold is not the legal registered owner of such mineral rights, Rife Royalties holds these rights in trust for Freehold and receives the royalty payments in respect of such mineral rights on behalf of Freehold.

During 2025, Rife Royalties paid Freehold \$10.8 million of royalty payments (2024 - \$13.1 million). Amounts due from Rife Royalties at December 31, 2025 was \$0.3 million (December 31, 2024 - \$0.2 million).

Freehold's acquisitions opportunities agreement with the Rife Related Parties was terminated on April 30, 2025.

## Key Management Personnel Compensation

Key management personnel are considered to be the Board and executive officers. The Board is compensated directly by Freehold. Executive officers' salaries and other benefits were charged by the Manager, whereas grants pursuant to the Awards Plan are issued directly by Freehold. The increase in key management compensation during 2025, from 2024, is due to the Termination of the Management Agreement. Following the delivery of the Notice of Termination, although Freehold continued to be managed by the Manager until the Termination Date, the Freehold executive team was fully dedicated to the business of Freehold.

(\$000s)	Year ended December 31	
	2025	2024
Directors' fees	558	521
Manager charges for executive officers	4,571	2,370
Share based compensation	5,340	2,515
<b>Key management compensation</b>	<b>10,469</b>	<b>5,406</b>

## Risk Management

### Credit Risk

Credit risk represents the financial loss Freehold would experience due to the potential non-performance of counterparties to its financial instruments. Freehold is exposed to credit risk mainly through its financial counterparty receivables. Freehold has appropriate policies and procedures in place to manage credit risk; however, given the volatility in commodity prices, Freehold is subject to increased risk of financial loss due to non-performance or insolvency of its counterparties.

Freehold actively monitors its accounts receivable balances through its dedicated compliance group and takes necessary actions to expedite collection, which can include take-in-kind privileges, or seeking remedies including legal action. The majority of Freehold's counterparties are quality, investment grade crude oil and natural gas operators. Credit risk is also mitigated through the diversification across a broad number of royalty payors that individually represent an insignificant amount of Freehold's outstanding accounts receivable.

The carrying amount of accounts receivable represents Freehold's maximum credit exposure to financial assets. Freehold did not have an allowance for doubtful accounts as at each of December 31, 2025 and 2024 and did not identify any significant receivables to write off during the years ended December 31, 2025 and 2024.

## Liquidity Risk

Liquidity risk represents the risk that Freehold will be unable to meet financial obligations as they become due.

Management maintains a conservative approach to debt management that aims to provide maximum financial flexibility with respect to investment opportunities, while maintaining a sustainable dividend. At December 31, 2025, there was \$215.2 million of available capacity under the Credit Facilities as well as a permitted increase of \$100 million to the revolving facility subject to the lenders' consent. As circumstances warrant, management allocates a portion of funds from operations to debt repayment.

At December 31, 2025, Freehold was in compliance with all covenants under the Credit Facilities. If the Company breaches or anticipates breaching its covenants, Freehold may be required to repay, refinance, or renegotiate the terms of the debt.

Management prepares annual capital expenditure and operating budgets, which are regularly monitored and updated. In addition, dividend levels are monitored and adjusted as necessary, to levels that are supported by Freehold's funds from operations.

## Market Risk

Market risk is comprised of commodity price, foreign exchange and interest rate risk.

### Commodity price risk

Commodity price risk is the risk that the fair value of Freehold's financial instruments will fluctuate with changes in commodity prices. Commodity prices for crude oil and natural gas are influenced by the relationship between the Canadian and U.S. dollar as well as macroeconomic events that dictate the levels of supply and demand. During each of the years ended December 31, 2025 and 2024, Freehold had no commodity price related derivative contracts in place.

### Foreign exchange risk

Freehold is exposed to foreign exchange risk through its wholly-owned U.S. subsidiary, and U.S. dollar denominated monetary assets and liabilities held by Freehold. As a result, Freehold's net income, comprehensive income and cash flows will be affected by fluctuations in foreign exchange. At December 31, 2025, Freehold had no foreign exchange related derivative contracts in place.

### Interest rate risk

Freehold is exposed to interest rate risk on outstanding bank debt, which has a floating interest rate. Assuming all other variables held constant at December 31, 2025, a 1% change (plus or minus) in the interest rate could result in a corresponding change to net income of \$2.2 million. Freehold had no interest rate derivatives outstanding at December 31, 2025.

## Select Annual Information

Financial (\$000s, except as noted)	2025	2024	2023
Royalty and other revenue	<b>313,460</b>	309,480	314,575
Net income	<b>91,781</b>	149,446	131,904
Per share, basic (\$) <sup>(1)</sup>	<b>0.56</b>	0.99	0.88
Per share, diluted (\$) <sup>(1)</sup>	<b>0.56</b>	0.98	0.88
Funds from operations	<b>234,572</b>	230,975	239,665
Per share, basic (\$) <sup>(1)(2)</sup>	<b>1.43</b>	1.53	1.59
Per share, diluted (\$) <sup>(1)(2)</sup>	<b>1.43</b>	1.52	1.59
Dividends declared	<b>177,077</b>	162,732	162,732
Per share (\$) <sup>(1)(2)</sup>	<b>1.08</b>	1.08	1.08
Total assets	<b>1,371,070</b>	1,482,472	1,118,423
Long-term debt	<b>282,853</b>	300,854	122,973
Total long-term liabilities	<b>336,969</b>	348,828	168,566

1. Calculated based on the basic or diluted weighted average number of shares outstanding during the period
2. See Non-GAAP and Other Financial Measures

Throughout the selected years, Freehold focused on expansion into the U.S. through several acquisitions of royalty interests primarily located in the Permian and Eagle Ford basins. These transactions were funded primarily through debt, and the issuance of approximately 13.3 million common shares in 2024. These acquisitions supported production and revenue growth, and higher funds from operations over the select years. These increases were partially offset by lower WTI benchmark pricing. Net income was further impacted by the revaluation of Freehold's intercompany note, used by the Canadian parent company to finance U.S. acquisitions, despite the revaluation of the Canadian parent's intercompany balance having no consolidated impact on comprehensive income. Throughout the selected years, Freehold's funds from operations have delivered a sustainable monthly dividend of \$0.09 per share.

## Select Quarterly Information

Financial (\$millions, except as noted)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Royalty and other revenue	69.8	74.4	78.3	91.1	76.9	73.9	84.5	74.3
Net income	14.1	34.2	6.2	37.3	51.1	25.0	39.3	34.0
Per share, basic & diluted (\$) <sup>(1)</sup>	0.09	0.21	0.04	0.23	0.33	0.17	0.26	0.23
Cash flows from operations	55.0	60.0	57.4	62.9	59.1	64.1	47.6	52.5
Funds from operations	51.1	58.9	56.6	68.1	61.3	55.7	59.6	54.4
Per share, basic & diluted (\$) <sup>(1)(3)</sup>	0.31	0.36	0.35	0.42	0.40	0.37	0.40	0.36
Acquisitions and related expenditures	9.3	5.8	15.2	13.9	277.0	1.8	11.5	121.5
Dividends paid	44.3	44.3	44.3	44.3	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	44.3	44.3	41.9	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
Payout ratio (%) <sup>(3)</sup>	87%	75%	78%	65%	66%	73%	68%	75%
Long term debt	282.9	283.6	292.6	294.3	300.9	205.8	228.0	223.6
Net debt <sup>(4)</sup>	268.3	263.3	270.6	272.2	282.3	187.1	199.1	210.5
Shares outstanding, period end (millions)	164.0	164.0	164.0	164.0	164.0	150.7	150.7	150.7
Average shares outstanding, basic (millions) <sup>(5)</sup>	164.0	164.0	164.0	164.0	153.4	150.7	150.7	150.7
<b>Operating</b>								
Light and medium oil (bbls/d)	6,456	6,661	6,940	6,880	6,296	6,080	6,551	6,094
Heavy oil (bbls/d)	1,619	1,481	1,557	1,552	1,516	1,315	1,348	1,300
NGL (bbls/d)	2,690	2,335	2,550	2,203	2,066	1,972	1,902	1,884
Total liquids (bbls/d)	10,765	10,477	11,047	10,635	9,878	9,367	9,801	9,278
Natural gas (Mcf/d)	33,180	33,459	33,220	33,678	32,564	31,447	32,524	32,617
Total production (boe/d) <sup>(6)</sup>	16,294	16,054	16,584	16,248	15,306	14,608	15,221	14,714
Oil and NGL (%)	66%	65%	67%	65%	65%	64%	64%	63%
Petroleum and natural gas realized price (\$/boe)	45.88	48.92	50.36	59.29	53.80	54.36	59.74	54.81
Cash costs (\$/boe) <sup>(3)(6)</sup>	7.26	5.58	7.38	7.00	5.93	5.42	9.80	7.19
Netback (\$/boe) <sup>(3)(6)</sup>	37.42	42.82	42.68	53.01	47.25	47.78	49.44	46.62
<b>Benchmark Prices</b>								
West Texas Intermediate crude oil (US\$/bbl)	59.14	64.93	63.74	71.42	70.27	75.09	80.57	76.96
Average Exchange rate (Cdn\$/US\$)	1.39	1.38	1.38	1.43	1.40	1.37	1.37	1.35
Edmonton Light Sweet crude oil (Cdn\$/bbl)	76.57	86.39	84.25	95.32	94.90	97.85	105.29	92.14
Western Canadian Select crude oil (Cdn\$/bbl)	66.89	75.10	73.96	84.30	80.75	83.95	91.63	77.77
Nymex natural gas (US\$/Mcf)	3.68	3.18	3.57	3.79	2.86	2.24	1.96	2.33
AECO 5A Monthly Index (Cdn\$/Mcf)	2.23	0.63	1.69	2.17	1.48	0.69	1.18	1.80

1. Calculated based on the basic or diluted 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. Net debt is a capital management measure

5. Weighted average number of shares outstanding during the period, basic

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

## Business Risks

Our operations are subject to some of the same industry risks and conditions faced by oil and gas companies. The most significant of these include the following:

- volatility in market prices for crude oil and natural gas;
- the impact of development of alternatives to, and changing demand for, petroleum producers;
- the impact of any changes in the regulatory or royalty regimes in the jurisdictions where the Company has assets;
- liabilities inherent in crude oil and natural gas operations;
- changes in general economic, market and business conditions;
- the effects of the Russian/Ukrainian conflict, conflicts in the Middle East (including the U.S., Israel and Iran conflict) and U.S. interventions Venezuela on commodity prices and the world economy;
- tariffs and other geopolitical trade policy regulations and mechanisms;
- uncertainties associated with estimating crude oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of royalty reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- operational dependence on the financial and operational capacity of royalty payors and third-party operators for Freehold's revenues;
- risks related to the environment and changing environmental laws, such as, carbon tax and methane emissions regulations;
- risks pertaining to supply chain issues and inflationary pressures;
- fluctuations in the availability and cost of borrowing;
- royalty payor geological, technical, drilling, and processing problems; and
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.

For a more detailed description of risk factors, please see our AIF, filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### Prices, Markets and Marketing

Numerous factors beyond the Company's control do, and will continue to, affect the marketability and price of crude oil and natural gas acquired, produced, or discovered by the Company. The Company and its partners and royalty payors ability to market its crude oil and natural gas may depend upon their ability to acquire capacity on pipelines that deliver natural gas to commercial markets or contract for the delivery of crude oil by rail. Deliverability uncertainties related to the distance of the reserves in which the Company has interests from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, tariffs, royalties, land tenure, allowable production, the export of crude oil and natural gas and many other aspects of the oil and gas business may also affect the Company and its partners and royalty payors.

Crude oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of **OPEC+**,

political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war, conflicts in the Middle East (including the recent attacks by the U.S. and Israel on Iran and Iranian retaliation), geopolitical developments in Venezuela, or other adverse economic or political developments in the United States, South America, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices for crude oil and natural gas are also subject to the availability of foreign markets and the Company, its partners and royalty payor's ability to access such markets.

A material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of crude oil or natural gas and a reduction in the volumes and the value of the Company's reserves. The Company and its partners and royalty payors might also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of crude oil and natural gas would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Volatile crude oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for crude oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Additional information on transportation constraints and market access and risks related thereto can be found under the heading "Industry Conditions" in the AIF.

## Geopolitical Risks

The Company's results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Company's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licenses and permits for the Company's activities or restrict the operation of third-party infrastructure on which the Company relies. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Company's results.

Significant changes or developments in United States laws and policies, such as laws and policies surrounding international trade, foreign affairs, manufacturing and development, and investment in the territories and countries where we or our customers operate, can materially adversely affect our business and financial statements. In particular, the current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Company's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a de facto global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the United States-Mexico-Canada Agreement entered into on July 1, 2020 (the "**USMCA**").

At present, the United States maintains tariffs on a range of Canadian exports, including steel and aluminum, automobiles and automotive parts, copper, lumber, and certain wooden products. Canada has implemented reciprocal tariffs on these categories. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. Uncertainty persists due to a recent U.S. Supreme Court ruling on the authority of the Trump administration to impose tariffs without congressional approval, the Trump administration's response to such ruling and the upcoming 2026 reviews of the USMCA and other trade agreements. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and gas sector, and the Company. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Company's products, and negatively affect its or its partners' or royalty payors' operations.

Other government and political factors that could adversely affect the Company's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, or the use of alternative fuels or uncompetitive fuel components could affect the Company's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for the Company's or its partners' or royalty payors' products.

A change in federal, provincial, state or municipal governments in Canada or the United States may have an impact on the directions taken by such governments on matters that may impact the oil and gas industry, including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic, resulting in a rise in civil disobedience surrounding crude oil and natural gas development—particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Company's activities.

Additional information on geopolitical risks related thereto can be found under the heading "Industry Conditions" in the AIF.

## **Middle East Conflict**

The Company's business may be adversely affected by geopolitical conflicts abroad. Hostilities that began in October 2023 between Israel and Hamas have evolved into a broader regional conflict. The Syrian Assad regime collapsed in late 2025, and the political climate in Syria remains in flux.

In June 2025, U.S. airspace strikes targeted Iranian nuclear facilities at Fordow, Natanz, and Isfahan, prompting Iranian missile attacks on U.S. assets in Qatar. A ceasefire between Hamas and Israel has held since mid-2025, but tensions remain high, with sporadic clashes continuing in Gaza and southern Lebanon.

On February 28, 2026, the U.S. and Israel launched a large scale coordinated missile and airstrike campaign across Iran striking multiple military and governmental sites. Supreme Leader Ayatollah Ali Khamenei and various other senior regime leaders were killed in the campaign. Iran immediately retaliated with missile and drone attacks targeting U.S. and Israeli assets across the region as well as neighbouring Middle East countries. This conflict has resulted and is expected to continue to result in disruptions to global energy supply and transportation routes.

These developments present continuing risks to regional stability in the Middle East, a critical hub of global crude oil and gas production. The duration and long-term consequences of the conflict remain uncertain, particularly regarding future Middle Eastern oil and gas output and the movement of those commodities worldwide. Any

sustained or intensified conflict could further disrupt supply chains, increase volatility in global energy markets, and adversely affect the global economy. It is uncertain how these developments will impact the Canadian oil and gas industry and the Company.

### **Russian-Ukrainian War**

The Company's business may be adversely affected by geopolitical conflicts abroad. Russia's invasion of Ukraine in February 2022 has developed into a prolonged and intense conflict, with heavy fighting continuing in eastern Ukraine and ongoing missile and drone attacks. The North Atlantic Treaty Organization ("NATO") and allied nations, including Canada, have provided substantial military and financial support to Ukraine, while maintaining strict sanctions against Russia. Although peace negotiations have advanced, no comprehensive settlement has been reached, and territorial and security issues remain unresolved. These developments pose ongoing risks to regional stability, global energy and industrial supply chains, and international markets, which could negatively impact the world economy, the Canadian oil and gas industry, and the Company.

### **U.S.-Venezuela Conflict**

The Company's business could be adversely impacted by geopolitical developments affecting global crude oil markets. On January 3, 2026, United States military forces conducted an operation in Caracas, Venezuela, resulting in the capture of President Nicolás Maduro and his spouse, Cilia Flores. Subsequent statements by U.S. leadership indicated an intention to administer Venezuela temporarily and facilitate significant investment by American oil companies in Venezuela's petroleum sector. These actions have drawn widespread international attention, and the extent of resulting political and economic repercussions remains uncertain. Given that the United States is the primary destination for Canadian crude oil exports, increased U.S. access to Venezuela's substantial reserves could reduce U.S. demand for Canadian crude oil and negatively affect pricing and market competitiveness.

### **Alternatives to and Changing Demand for Petroleum Products**

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to crude oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for crude oil and natural gas. In recent years, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for crude oil and natural gas products. The Company cannot predict the impact of changing demand for crude oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flow by decreasing the Company's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

### **Regulatory**

The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for crude oil and natural gas and increase the Company's and its partner's and royalty payor's costs, either of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Further, third party challenges to regulatory decisions and orders can reduce the efficiency of the regulation, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and gas industry.

To conduct crude oil and natural gas operations, the Company and its partners' and royalty payors' require regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities.

There can be no assurance that the Company and its partners' and royalty payors' will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect the Company's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity.

Additional information on regulatory matters related thereto can be found under the heading "Industry Conditions" in the AIF.

## Royalty Regimes

Governments in the jurisdictions in which the Company has assets may adopt new royalty regimes, or modify the existing royalty regimes, which may impact the economics of the Company's or its partners' or royalty payors' projects. An increase in royalties would reduce the Company's earnings and could make future capital investments, or the Company's or its partners' or royalty payors' operations, less economic.

Additional information on regulatory regimes related thereto can be found under the heading "Industry Conditions" in the AIF.

## Freehold and Rife Royalties Shared Mineral Title Ownership

Freehold and Rife Royalties share mineral title ownership rights in a substantial land base in Western Canada. Generally, Rife Royalties owns mineral rights that were below the deepest producing formation at the time that Freehold was created in 1996, and Freehold holds the balance of the mineral rights. Freehold is not the legal registered owner of such mineral rights as Rife Royalties holds these rights in trust for Freehold. Rife Royalties holds mineral rights in trust for Freehold representing approximately 6.1% of Freehold's total royalty production for 2025. Prior to the termination of the Management Agreement, as both Freehold and Rife Royalties were managed by Rife, collection of the royal payments that Rife Royalties received in trust for Freehold were managed by Rife. Upon termination of the Management Agreement, Freehold and Rife Royalties entered into a trust assets administration and management agreement dated January 1, 2026, pursuant to which Rife Royalties has agreed to partially assign the lessor interest in respect of Freehold's beneficial mineral title ownership to Freehold or delegated authority to Freehold to enforce all of the lessor rights and obligations in respect of Freehold's beneficial mineral title ownership; however, if the lessee does not recognize such partial assignment or delegated authority, Rife Royalties (or if Rife Royalties sells its interest in such assets, any new owner of such assets) would still be obligated to hold such royalty payments in trust for Freehold. In such circumstances, Freehold could be delayed in receiving royalty payments and depending on the counterparties involved collection of such royalty payments could be more challenging.

## Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its crude oil and natural gas production and other parties. In addition, the Company may be exposed to third party credit risk from operators of properties in which the Company has a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Company being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Company's financial and operational results.

# Controls, Accounting and Regulatory Matters

## Internal Control Over Financial Reporting

Freehold is required to comply with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. The certification of annual filings requires us to disclose in the MD&A any changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. We confirm that no such changes were made to the internal controls over financial reporting from October 1, 2025 to December 31, 2025. While we believe that our disclosure controls and procedures and internal control over financial reporting provide a reasonable level of assurance, we do not expect that the controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F1, Certification of Annual Filings, which can be found on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Disclosure Controls and Procedures

As of December 31, 2025, an internal evaluation was carried out of the effectiveness of Freehold's disclosure controls and procedures. This evaluation was performed under the supervision of, and with the participation of the CEO and the CFO. It took into consideration Freehold's Disclosure, Insider Trading, Code of Business Conduct and Conflict of Interest, and Whistleblower policies, as well as the functioning of the Manager, the officers, the Board and Board Committees. In addition, the evaluation covered the processes, systems and capabilities relating to regulatory filings, public disclosures, and the identification and communication of material information. Based on this evaluation, management has concluded that Freehold's disclosure controls and procedures were effective as at December 31, 2025, in ensuring that material information is made known to management in a timely manner, particularly during the period in which the annual filings were being prepared, and information required to be disclosed by Freehold in its annual filings, interim filings or other reports filed or submitted by Freehold under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

## Use of Estimates and Judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ as a result of using estimates. Among other uncertainties, the Company continues to monitor the direct and indirect impacts on its operations, cash flows and liquidity from global economic and commodity pricing volatility in addition to recent changes in tariffs and evolving regulations regarding climate-related matters.

## Petroleum and Natural Gas Reserves

The amounts recorded for the depletion of petroleum and natural gas interests, business combinations, asset acquisition classification, indicators of impairment and the amounts used in an impairment calculation are based on estimates of proved and probable petroleum and natural gas reserves. By their nature, these estimates of proved and probable petroleum and natural gas reserves and the related cash flows are subject to uncertainty including significant assumptions related to forecasted royalty production from proved and probable petroleum and natural gas reserves and forecasted crude oil and natural gas commodity prices and the impact on the financial statements of future periods could be material. Freehold's proved and probable petroleum and natural gas reserves have been prepared at December 31, 2025 by the Company's external independent qualified reserves evaluators. Management judgment is required to analyze internal and external indicators of impairment for

petroleum and natural gas interests and exploration and evaluation assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to the assessment.

### **Unbooked Future Development Locations**

Unbooked future development locations on royalty lands and the associated future cash flows can also be used in determining asset acquisition valuations or impairments. These unbooked future development locations are determined from a historical analysis of booking previously undeveloped reserves into the independently prepared reserve reports. By their nature, this estimate and future cash flows are subject to uncertainty including significant assumptions related to future royalty production and forecasted crude oil and natural gas commodity prices and timing of third-party development.

### **Share based Compensation**

Share based compensation is determined based on the value of outstanding awards at each period end. The value recorded incorporates the period end share price, dividends declared from the grant date through to the period end and certain assumptions including an estimate of the multiplier for PSUs. Actual results could differ as a result of using estimates.

### **Income Taxes**

Deferred income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates, when it is considered probable that deferred tax liabilities or assets will be payable or recoverable, respectively, in future periods, which requires management judgment. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period that the change occurs. The actual amount of income tax may be greater than or less than the estimates and the differences may be material. Management reviews the adequacy of these amounts at the end of the reporting period. However, changes in income tax liabilities or assets may arise in future periods resulting from audits by taxing authorities. Where the probable outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the expensed income tax in the period in which such determination is made.

### **Cash Generating Units**

The determination of a CGU is subject to management judgment. The recoverability of petroleum and natural gas interests and exploration and evaluation assets are assessed at the CGU level. A CGU is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other CGUs. Freehold currently has two CGUs: the United States and Canada.

### **United States and Canadian Petroleum and Natural Gas Royalty Revenue Accruals**

Freehold follows the accrual method of accounting, making estimates in its financial and operating results. This may include estimates of U.S. and Canadian revenues, which are based on significant assumptions related to royalty production, realized commodity pricing and, where applicable, permitted source deductions for the period being reported, for which actual results have not yet been received. It is expected that these accrual estimates will be revised, upwards or downwards, based on the receipt of actual results. Freehold has no operational control over its royalty lands and primarily holds small interests in several thousand wells. Thus, obtaining timely production data from the well operators is extremely difficult. As a result, the Company uses historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company's

U.S. and Canadian leases and royalty agreements to determine royalty production. Realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of these leases and royalty agreements. These U.S. and Canadian royalty revenue accrual estimates are revised based on actual royalty production volumes and realized commodity prices received in subsequent periods. The U.S. and Canadian royalty revenue accruals are necessary due to the delay between the timing of crude oil and natural gas production and when the Company receives its royalty production and payment, which is typically two to three months.

Judgment is required to determine the interests of royalty properties in Canada for certain areas where mineral rights are shared with Rife Royalties. Freehold uses publicly available information on geological formations to apportion revenues between the entities in accordance with the respective party's interests.

## Recent Accounting Pronouncements Not Yet Adopted

### IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to clarify the date of recognition and derecognition of financial assets and liabilities and provide further clarification on the classification of certain financial assets. The amendments are effective January 1, 2026 and are to be applied retrospectively. These amendments are not expected to have an impact on the financial statements.

### IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024, replacing IAS 1 Presentation of Financial Statements. This standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. In addition, management defined performance measures will require note disclosure. This standard is effective January 1, 2027 and is to be applied retrospectively with certain transition provisions available. The Company is evaluating the impact that the adoption of IFRS 18 will have on the consolidated financial statements.

## Forward-looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or Freehold's expectations of future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "forecast", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions (including the negatives thereof). These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and, as such, forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements are provided to allow readers to better understand our business and prospects.

In particular, this MD&A contains forward-looking statements under the headings Freehold's Strategy, Outlook, Drilling Activity, Product Prices, General and Administrative, Income Taxes, Liquidity and Capital Resources, Financing Activities, Dividend Policy and Analysis and Control, Accounting and Regulatory Matters pertaining to the following:

- our expectation that we will create value by driving development on our lands through our lease out program and royalty optimization, acquiring royalty assets with acceptable risk profiles and long economic life and generating GORRs for revenue growth;
- our expectation that we will maximize Freehold's royalty interests through a comprehensive audit and compliance program, our intent to manage our debt prudently with a target below 1.5 times net debt to trailing funds from operations and target a dividend payout ratio of approximately 60%;
- 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;
- our expectation that production will moderate through the first half of 2026 and, assuming stabilizing and constructive commodity prices, return to growth in the back half of the year;
- that Freehold will continue to benefit from productivity improvements on wells drilled on its lands;
- our expectations that our liquids-weighted North American asset base will generate meaningful cash flows through the evolving commodity markets and broader macroeconomic conditions, allowing it to sustain its dividends and deliver robust, long-term shareholder returns;
- 2026 guidance with respect to average production and related commodity weightings of such production;
- our expectation that additional pipeline capacity will come onstream in late 2026 in the U.S.;
- our expectations that termination of the Management Agreement will not have an impact on Freehold's future G&A cost structure;
- the expectations that recent changes in U.S. tax legislation will continue to benefit Freehold by lowering current income taxes for the foreseeable future;
- Freehold's expectations of success on defending its filed tax positions in respect of the Assessments and the anticipated consequences if it is unsuccessful;
- our forecast to be in compliance with all covenants under our credit facilities on a quarterly basis for at least the next year based on Freehold's current best estimate of results from operations;
- that common shares purchased pursuant to the NCIB will be cancelled;
- Freehold's intent in establishing its dividend rate and the process;
- the expected designation of Freehold's dividends for Canadian income tax purposes;
- expected timing with respect to the declaration and payment of future dividends; and
- the anticipated timing of IASB amendments and implementation of new IFRS standards and the expected impacts on Freehold's financial statements.
- Our actual results could differ materially from those anticipated in these forward-looking statements because of many factors, the most significant of which are as follows:
  - volatility in market prices for crude oil, NGL and natural gas;
  - the impacts of the ongoing Middle-East conflicts (including the recent attacks by U.S. and Israel on Iran and Iranian retaliation), and 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;
- the impacts of inflation and supply chain shortages on the operations of our industry partners and royalty payors, as well as on demand and commodity prices;
- the risks and impacts of tariffs (and other retaliatory trade measures) imposed by Canada or the United States on exports and/or imports into and out of such countries;
- inflationary pressures;
- volatility of commodity prices;
- our ability to continue paying dividends;
- future capital expenditure levels;
- future production levels;
- future exchange rates;
- future tax rates;
- future legislation;
- the cost of developing and expanding our assets;
- our ability and the ability of our industry partners and royalty payors to obtain equipment in a timely manner to carry out development activities;
- our ability to market our product successfully to current and new customers;
- our expectation for the consumption of crude oil, NGLs and natural gas;
- our expectation for industry drilling levels on our royalty lands;
- inaccurate assumptions on supply and demand factors affecting the consumption of crude oil, NGLs and natural gas;
- the impact of competition;
- our ability to obtain financing on acceptable terms;
- our ability to add production and reserves through our development and acquisitions activities;
- pipeline capacity constraints;
- currency fluctuations;
- our and our counsel's interpretation of tax laws, regulations, royalties, or incentive programs relative to the interpretation and enforcement thereof by governmental authorities;
- changes in income tax laws or changes in tax laws, regulations, royalties, or incentive programs relating to the oil and gas industry;
- reliance on royalty payors to drill and produce on our lands and their ability to pay their obligations;
- uncertainties or imprecision associated with estimating oil and gas reserves;
- stock market volatility and our ability to access sufficient capital from internal and external sources;
- a significant or prolonged downturn in general economic conditions or industry activity;
- incorrect assessments of the value of acquisitions;

- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- geological, technical, drilling, and processing problems;
- unanticipated litigation;
- environmental risks and liabilities inherent in oil and gas operations; and
- other factors discussed in this MD&A, the interim financial statements, the audited financial statements and our AIF.

Key operating assumptions with respect to the forward-looking statements contained in this MD&A are provided in the Outlook section and elsewhere in this MD&A. In addition, with respect to forward-looking statements contained in this MD&A, 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, our ability and the ability of our lessees to obtain equipment in a timely manner to carry out development activities, the interpretation and implementation of tax legislation, our ability to market our oil and gas successfully to current and new customers, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, our expectations regarding completion of drilled wells, assumptions as to expected performance of current and future wells drilled by our royalty payors, our ability to obtain financing on acceptable terms, shut-in production, production additions from our audit function and our ability to add production and reserves through development and acquisition activities.

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. 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.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement and speak only as of the date of this MD&A. 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.

## Non-GAAP and Other Financial Measures

Within this MD&A, references are made to terms commonly used as key performance indicators in the oil and gas industry. We believe that net revenue, cash costs, netback, dividend payout ratio and funds from operations per share are useful financial measures for management and investors to analyze operating performance, financial leverage, and liquidity, and we use these terms to facilitate the understanding and comparability of Freehold's results of operations and financial position. 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.

Net revenue, which is a non-GAAP measure 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. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of net revenue.

Cash costs, which is a non-GAAP measure and is also calculated on a boe basis, is comprised of recurring cash-based costs, excluding taxes, reported on the statements of operations. For Freehold, cash costs are identified as operating expense, G&A expense, cash-based interest charges, cash-based management fees, and share based settlements. Cash costs allow Freehold to benchmark how changes in its manageable cash-based cost structure compare against prior periods. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of cash costs.

Netback, which is a non-GAAP ratio is calculated on a boe basis, as average realized price less production and ad valorem taxes, operating expenses, G&A expense, cash-based interest charges, cash-based management fees and share based settlements, represents the per boe netback amount allowing Freehold to benchmark how changes in commodity pricing, net of production and ad valorem taxes, and its cash-based cost structure compare against prior periods. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of netback.

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 calculated as dividends paid as a percentage of funds from operations. Please refer to the table under the heading Dividend Policy and Analysis – Dividend Payout Ratio within this MD&A for discussion on this supplementary financial measure.

Funds from operations per share, which is calculated as funds from operations divided by the weighted average shares outstanding, provides direction if changes in commodity prices, cash costs, and/or acquisitions were accretive on a per share basis. Please refer to the table under the heading Cash Flow from Operations and Funds from Operations within this MD&A for discussion on this supplementary financial measure.

### **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 barrel). 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, 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.

# MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other financial information in this Financial Report have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, Freehold maintains policies, procedures and systems of internal control to ensure that reporting practices and accounting and administrative procedures are appropriate to provide reasonable assurance that the assets are safeguarded, transactions are properly authorized and relevant and reliable financial information is produced.

These consolidated financial statements have been prepared in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Financial Report is generally consistent with the information contained in the accompanying consolidated financial statements.

Independent auditors, KPMG LLP, were appointed by the shareholders to perform an examination of the corporate and accounting records so as to express an opinion on the consolidated financial statements. Their examination included tests and procedures considered necessary to provide reasonable assurance that the consolidated financial statements are presented fairly, in all material respects, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of independent directors. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.

(signed) "David M. Spyker"

David M. Spyker  
President and Chief Executive Officer

(signed) "Shaina B. Morihira"

Shaina B. Morihira  
Vice President, Finance and Chief Financial Officer

March 11, 2026



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freehold Royalties Ltd.

### **Opinion**

We have audited the consolidated financial statements of Freehold Royalties Ltd. (the Company), which comprise:

- the consolidated balance sheets as at December 31, 2025 and December 31, 2024
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### ***Assessment of the United States ("U.S.") and Canadian royalty revenue accrual***

#### ***Description of the matter***

We draw attention to note 1, note 2 and note 10 to the financial statements. The Company has accounts receivable as of December 31, 2025 of \$45.6 million, a portion of which relates to the U.S. and Canadian crude oil and natural gas liquids royalty revenue accrual. The Company earns royalty revenue from the sale of crude oil and natural gas liquids that is recognized as it accrues in accordance with the terms of the U.S. and Canadian leases and royalty agreements, which is generally in the month when the crude oil and natural gas liquids is produced or extracted. The U.S. and Canadian royalty revenue accrual is necessary due to the delay between the timing of crude oil and natural gas liquids production and when the Company receives its royalty production and payment, which is typically two to three months.

The estimate of the U.S and Canadian royalty revenue accrual is based upon certain significant assumptions:

- Royalty production
- Realized commodity prices.

Royalty production is based on historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements. The realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements for crude oil and natural gas liquids.

#### ***Why the matter is a key audit matter***

We identified the assessment of the U.S. and Canadian royalty revenue accrual as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the U.S. and Canadian royalty revenue accrual and the high degree of estimation uncertainty in determining the U.S. and Canadian royalty revenue accrual. Significant auditor judgment and effort was required to evaluate evidence supporting the Company's royalty production and realized commodity price assumptions.



### ***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

We compared the Company's prior year's U.S. and Canadian royalty revenue accrual to received royalty production and received realized commodity prices to assess the Company's ability to accurately estimate.

We evaluated the reasonableness of the Company's U.S. and Canadian royalty revenue accrual by:

- Comparing the Company's royalty production assumptions for crude oil and natural gas liquids to 2025 received royalty production. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the royalty production assumptions
- Developing an expectation of the realized commodity prices for crude oil and natural gas liquids based on publicly available price benchmark commodity prices adjusted for quality, location, allowable deductions, or other factors
- Developing an expectation of the U.S. and Canadian royalty revenue accrual for crude oil and natural gas liquids based on the Company's royalty production assumptions and our expectation of the realized commodity price assumptions and comparing the U.S. and Canadian royalty revenue accrual expectation to the Company's U.S. and Canadian royalty revenue accrual
- Comparing the U.S. and Canadian royalty revenue accrual to cash received subsequent to December 31, 2025, for a selection of customers.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2025 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2025 Annual Report" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*KPMG LLP*

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Heather Leanne Steinley.

Calgary, Canada

March 11, 2026

# CONSOLIDATED BALANCE SHEETS

(\$000s)	December 31 2025	December 31 2024
<b>Assets</b>		
Current assets:		
Accounts receivable	\$ 45,629	\$ 48,396
Current income taxes receivable (note 14)	4,687	4,385
	<b>50,316</b>	52,781
Income tax deposits (note 14)	30,856	30,856
Exploration and evaluation assets (note 5)	145,639	142,314
Petroleum, natural gas and other interests (note 6)	1,144,259	1,256,521
<b>Total Assets</b>	<b>\$ 1,371,070</b>	<b>\$ 1,482,472</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Dividends payable (note 9)	\$ 14,756	\$ 14,756
Accounts payable and accrued liabilities	6,668	6,904
Current portion of share based compensation payable (note 7)	11,926	10,270
Current portion of lease obligation (note 12)	364	263
Current portion of decommissioning liability	2,000	2,000
	<b>35,714</b>	34,193
Lease obligation (note 12)	1,435	1,194
Share based compensation payable (note 7)	3,243	694
Decommissioning liability	2,754	4,875
Deferred income tax liability (note 14)	46,684	41,211
Long-term debt (note 8)	282,853	300,854
Shareholders' equity:		
Shareholders' capital (note 9)	1,667,803	1,667,803
Accumulated other comprehensive income	11,358	27,126
Deficit	(680,774)	(595,478)
<b>Total Shareholders' Equity</b>	<b>998,387</b>	<b>1,099,451</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,371,070</b>	<b>\$ 1,482,472</b>

See accompanying notes to the consolidated financial statements

Subsequent events (notes 3, 7, 9 and 12)  
Commitments (note 19)

Approved on behalf of the Board of Directors of Freehold Royalties Ltd.:

(signed) "Marvin F. Romanow"  
Marvin F. Romanow  
Director

(signed) "Maureen E. Howe"  
Maureen E. Howe  
Director

# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(\$000s, except per share and weighted average shares)	Year ended December 31	
	2025	2024
<b>Revenue:</b>		
Royalty and other revenue (note 10)	\$ 313,460	\$ 309,480
<b>Expenses:</b>		
General and administrative	\$ 19,119	16,339
Production and ad valorem taxes	\$ 11,727	9,013
Operating	\$ 654	1,062
Interest and financing (note 11)	\$ 18,377	15,416
Management fee (note 12)	\$ 91	303
Share based compensation (note 7)	\$ 6,918	2,928
Depletion and depreciation (note 6)	\$ 108,503	101,409
Foreign exchange loss (gain) (note 13)	\$ 24,467	(28,347)
	\$ 189,856	118,123
<b>Income before taxes</b>	<b>\$ 123,604</b>	<b>191,357</b>
<b>Income taxes:</b>		
Current income tax expense (note 14)	\$ 24,826	30,182
Deferred income tax expense (note 14)	\$ 6,997	11,729
	\$ 31,823	41,911
<b>Net income</b>	<b>\$ 91,781</b>	<b>\$ 149,446</b>
<b>Other comprehensive income</b>		
Foreign currency translation adjustment	(15,768)	23,018
<b>Comprehensive income</b>	<b>\$ 76,013</b>	<b>\$ 172,464</b>
<b>Net income per share, basic</b>	<b>\$ 0.56</b>	<b>\$ 0.99</b>
<b>Net income per share, diluted</b>	<b>\$ 0.56</b>	<b>\$ 0.98</b>
<b>Weighted average number of shares:</b>		
Basic	163,960,334	151,378,266
Diluted	163,960,334	151,991,800

See accompanying notes to the consolidated financial statements

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000s)	Year ended December 31	
	2025	2024
<b>Operating:</b>		
Net income	\$ 91,781	\$ 149,446
Adjustments:		
Depletion and depreciation (note 6)	108,503	101,409
Foreign exchange loss (gain) (note 13)	24,467	(28,347)
Deferred income tax expense (note 14)	6,997	11,729
Share based compensation (note 7)	6,918	2,928
Non-cash accretion and finance costs (note 11)	886	326
Operating settlements on share based compensation (note 7)	(3,112)	(6,054)
Decommissioning expenditures	(1,868)	(462)
Funds from operations	234,572	230,975
Changes in non-cash working capital (note 18)	803	(7,641)
	235,375	223,334
<b>Financing:</b>		
Long-term debt net (repayment) drawn	(14,966)	176,225
Debt issuance costs	(962)	(1,693)
Share issuance, net of costs	-	165,480
Dividends paid (note 9)	(177,077)	(162,745)
Lease obligation paid (note 12)	(263)	(236)
	(193,268)	177,031
<b>Investing:</b>		
Acquisitions and related expenditures (note 6)	(44,130)	(411,716)
Dispositions (note 5)	2,292	-
Changes in non-cash working capital (note 18)	(269)	11,351
	(42,107)	(400,365)
Change in cash	-	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	\$ -	\$ -
<b>Supplemental disclosures</b>		
Interest paid	\$ 17,491	\$ 15,090
Income taxes paid	\$ 25,547	\$ 35,881

See accompanying notes to the consolidated financial statements

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(\$000s)	Year ended December 31	
	2025	2024
<b>Shareholders' capital:</b>		
Balance, beginning of year	\$ 1,667,803	\$ 1,500,639
Shares issued pursuant to bought deal financing (note 9)	-	172,523
Share issuance costs, net of tax effect (note 9)	-	(5,359)
<b>Balance, end of year</b>	<b>\$ 1,667,803</b>	<b>\$ 1,667,803</b>
<b>Accumulated other comprehensive income:</b>		
Balance, beginning of year	27,126	4,109
Foreign currency translation adjustment	(15,768)	23,017
<b>Balance, end of year</b>	<b>11,358</b>	<b>27,126</b>
<b>Deficit:</b>		
Balance, beginning of year	(595,478)	(580,985)
Net income	91,781	149,446
Dividends declared (note 9)	(177,077)	(163,939)
<b>Balance, end of year</b>	<b>(680,774)</b>	<b>(595,478)</b>
<b>Total shareholders' equity</b>	<b>\$ 998,387</b>	<b>\$ 1,099,451</b>

See accompanying notes to the consolidated financial statements

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2025 and 2024

## 1. Basis of Presentation

Freehold Royalties Ltd. ("Freehold" or the "Company") is incorporated under the laws of the Province of Alberta. Freehold's primary focus is acquiring and managing petroleum and natural gas mineral royalty interests.

Freehold's principal place of business is located at 1000, 517 – 10 Avenue SW, Calgary, Alberta, Canada, T2R 0A8.

### a) Statement of Compliance

These consolidated financial statements (the "financial statements") have been prepared by management in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). A summary of Freehold's material accounting policies under IFRS are presented in note 2.

These financial statements were approved by Freehold's Board of Directors (the "Board") on March 11, 2026.

### b) Basis of Measurement and Principles of Consolidation

The financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, which when recognized, are measured at fair value with the changes in fair value recorded in net income and include the accounts of Freehold and its wholly-owned subsidiaries: Freehold Royalties (USA) Inc., 1872348 Alberta Ltd., Freehold Holdings Trust and Freehold Royalties Partnership. All intercompany balances and transactions have been eliminated in preparing the financial statements.

### c) Use of Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the current reporting period.

### Petroleum and natural gas reserves

The amounts recorded for the depletion of petroleum and natural gas interests, business combinations, asset acquisition classification, indicators of impairment and the amounts used in an impairment calculation are based on estimates of proved and probable petroleum and natural gas reserves. By their nature, these estimates of proved and probable petroleum and natural gas reserves and the related cash flows are subject to uncertainty including significant assumptions related to forecasted royalty production from proved and probable petroleum and natural gas reserves and forecasted crude oil and natural gas commodity prices and the impact on the financial statements of future periods could be material. Freehold's proved and probable petroleum and natural gas reserves have been prepared at December 31, 2025 by the Company's external independent qualified reserves evaluators. Management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas interests and exploration and evaluation assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to the assessment.

### **Unbooked future development locations**

Unbooked future development locations on royalty lands and the associated future cash flows can also be used in determining asset acquisition valuations or impairments. These unbooked future development locations are determined from a historical analysis of booking previously undeveloped reserves into the independently prepared reserve reports. By their nature, this estimate and future cash flows are subject to uncertainty including significant assumptions related to future royalty production and forecasted crude oil and natural gas commodity prices and timing of third-party development.

### **Share based compensation**

Share based compensation is determined based on the value of outstanding awards at each period end. The value recorded incorporates the period end share price, dividends declared from the grant date through to the period end and certain assumptions including an estimate of the multiplier for performance share units ("PSUs"). Actual results could differ as a result of using estimates.

### **Income taxes**

Deferred income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates, when it is considered probable that deferred tax liabilities or assets will be payable or recoverable, respectively, in future periods, which requires management judgement. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period that the change occurs. The actual amount of income tax may be greater than or less than the estimates and the differences may be material. Management reviews the adequacy of these amounts at the end of the reporting period. However, changes in income tax liabilities or assets may arise in future periods resulting from audits by taxing authorities. Where the probable outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the expensed income tax in the period in which such determination is made.

### **Cash generating units**

The determination of a cash generating unit ("CGU") is subject to management judgment. The recoverability of petroleum and natural gas interests and exploration and evaluation assets are assessed at the CGU level. A CGU is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other CGUs. Freehold currently has two CGUs: the United States and Canada.

### **United States and Canadian Petroleum and natural gas royalty revenue accruals**

Freehold follows the accrual method of accounting, making estimates in its financial and operating results. This may include estimates of U.S. and Canadian revenues, which are based on significant assumptions related to royalty production, realized commodity pricing and, where applicable, permitted source deductions for the period being reported, for which actual results have not yet been received. It is expected that these accrual estimates will be revised, upwards or downwards, based on the receipt of actual results. Freehold has no operational control over its royalty lands and primarily holds small interests in several thousand wells. Thus, obtaining timely production data from the well operators is extremely difficult. As a result, the Company uses historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements to determine royalty production. Realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of these leases and royalty agreements. These U.S. and Canadian royalty revenue accrual estimates are revised based on actual royalty production volumes and realized commodity prices received in subsequent periods. The U.S. and Canadian royalty revenue

accruals are necessary due to the delay between the timing of crude oil and natural gas production and when the Company receives its royalty production and payment, which is typically two to three months.

Judgment is required to determine the interests of royalty properties in Canada for certain areas where mineral rights are shared with Rife Royalties Ltd. (formerly Canpar Holdings Ltd.) ("Rife Royalties") (see note 12). Freehold uses publicly available information on geological formations to apportion revenues between the entities in accordance with the respective party's interests.

#### **d) Impact of Economic Uncertainty and Tariffs**

Throughout 2025, the ("United States") U.S. imposed or threatened new tariffs on goods imported into the U.S., including from Canada. In response, governments around the world have threatened to implement counter tariffs on goods imported from the U.S. These tariffs and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on both the Canadian and U.S. economies, the oil and natural gas industry and by extension, the Company.

## **2. Material Accounting Policies**

#### **a) Exploration and Evaluation Assets**

All exploration and evaluation ("E&E") costs incurred after acquiring the "right to explore" are capitalized into a single cost pool. Upon determination of the technical feasibility and commercial viability of reserves, the associated E&E costs are first assessed for impairment and then the estimated recoverable amount is transferred to petroleum and natural gas interests. All costs incurred prior to acquiring the "right to explore" are expensed as incurred. At each reporting date, E&E costs are reviewed for indicators of impairment using internal and external market and industry data. If circumstances indicate the carrying amount exceeds its recoverable amount, the cost is written down to its recoverable amount and the difference is accounted for as an impairment expense. No depletion or depreciation is charged to E&E.

#### **b) Petroleum and Natural Gas Interests**

##### **Petroleum and natural gas interests**

Petroleum and natural gas interests largely include mineral royalty interests, stated at cost, less accumulated depletion. All costs incurred after determining technical feasibility and commercial viability of reserves are capitalized to Petroleum and natural gas interests. Subsequent expenditures are capitalized only where they enhance the economic benefits of the asset. A gain or loss on disposal of a petroleum and natural gas interest is recognized to the extent that the net proceeds exceed or are less than the associated portion of the capitalized costs of the asset.

##### **Depletion**

Petroleum and natural gas interests, including acquisition costs, and directly attributable general and administrative costs, are depleted on the unit-of-production method based on estimated proved plus probable petroleum and natural gas reserves as determined by the Company's external independent qualified reserves evaluators. Reserves are converted to equivalent units on the basis of relative energy content.

##### **Impairment**

The Company assesses at each reporting date whether there is an indication that its U.S. and Canadian Royalty CGUs of petroleum and natural gas interests may be impaired. Management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to

the assessment. In some instances, there is also the potential for inclusion of unbooked future development locations on royalty lands and the related cash flows being significant to the assessment. If any such indication of impairment exists, Freehold makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to dispose ("FVLCTD") and its value in use ("VIU"). Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down. In assessing VIU, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. FVLCTD is the amount obtainable from the sale of assets in an arm's length transaction less cost to dispose.

### c) Income Tax

Income tax expense comprises current and deferred tax.

#### Current income tax

Current income tax is expected taxes on the taxable income for the year earned in Canada and the U.S., using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### Deferred income tax

Deferred income tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### d) Share Based Compensation Plans

Freehold's award plans consist of grants of PSUs and restricted share units ("RSUs") to employees pursuant to a Share Unit Award Plan (the "Share Award Plan") and grants of deferred share units ("DSUs") and director restricted share units ("DRSUs") to non-management directors of Freehold pursuant to an Amended and Restated Deferred and Restricted Share Unit Plan (the "Director Award Plan", and when combined with the Share Award Plan, the "Award Plans"). Settlements of the Award Plans may be made by cash payment or by the issuance of common shares, at the discretion of the Board, if permitted by the Toronto Stock Exchange ("TSX") and if practical as determined by management.

#### Share Award Plan

Compensation expense and a corresponding liability is recognized as services are rendered based on the value of the outstanding RSUs and PSUs at the grant date, as remeasured at each period end through to their vesting date.

##### I. RSUs

Generally, one-third of the granted RSUs will vest on each of the first, second and third anniversaries of the date of grant. Upon vesting of the RSUs, the holder is entitled to an amount equal in value to the notional Freehold common shares as adjusted for notional dividends declared underlying such RSUs. The value of the

notional Freehold common shares is based on the volume weighted average trading price of Freehold common shares for the five trading days prior to the settlement date.

## **II. PSUs**

Generally, all PSUs will vest on the third anniversary of the date of grant. For PSUs, the notional Freehold common shares, adjusted for notional dividends declared are calculated in the same manner as the RSUs, but with the additional application of a performance multiplier. The metrics used for determining the performance multiplier (which can range from 0 to 2 times) are based on absolute and relative total shareholder returns over a three-year period.

## **Director Award Plan**

The Director Award Plan consists of DSUs and DRSUs, where each unit represents a notional Freehold common share. DSUs and DRSUs are adjusted for notional Freehold dividends declared and price changes in Freehold's common shares. Compensation expense and a corresponding liability is recognized on the value of the outstanding DSUs and DRSUs at the grant date, as remeasured at each period end through to their redemption date.

### **I. DSUs**

DSUs vest when granted but are redeemable when the holder retires from the Board. From the date of retirement, the holder has until mid-December of the following year to redeem their DSUs.

### **II. DRSUs**

DRSUs are similar to DSUs except one-third of granted DRSUs are redeemable on each of the first, second and third anniversaries of the date of grant except where a member of the Board retires, which in this case the DRSUs held by that member are immediately redeemable.

## **e) Net Income Per Share**

Basic net income per share is calculated using net income divided by the weighted average number of outstanding shares for each period. Diluted net income per share is calculated by adjusting the weighted average number of outstanding shares for the potential dilution that would occur should the Award Plans be equity settled. If this effect is anti-dilutive to net income per share, the weighted average outstanding units are excluded from the calculation of diluted income per share.

## **f) Revenue Recognition**

The Company earns royalty and other revenue from the sale of crude oil, natural gas, natural gas liquids, potash and other products that is recognized as it accrues in accordance with the terms of U.S. and Canadian leases and royalty agreements, which is generally in the month when the product is produced or extracted. The U.S. and Canadian royalty revenue accruals are necessary due to the delay between the timing of production and when the Company receives its royalty production and payment, which is typically two to three months.

## **g) Financial Instruments**

All financial instruments are initially recognized on the balance sheet at fair value. Subsequent measurement of all financial assets is measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). Subsequent measurement of all financial liabilities is measured at amortized cost or, optionally, FVTPL.

All accounts receivable, dividends payable, accounts payable and accrued liabilities and long-term debt are measured at amortized cost using the effective interest rate method. No financial instruments have been classified as FVOCI or FVTPL.

#### **h) Foreign Currency translations**

##### **Foreign transactions**

Transactions completed in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the time of the transactions. Foreign currency assets and liabilities are translated to the functional currency at the period-end exchange rate. Revenue and expenses are translated to the functional currency using the average exchange rate for the period. Foreign exchange gains and losses resulting from the settlement or translation of foreign currency transactions are included in net income.

##### **Foreign operations**

The functional currency of Freehold's subsidiaries is the currency of the primary economic environment in which the entity operates. Freehold's U.S. subsidiary, Freehold Royalties (USA) Inc., operates and transacts primarily in U.S. dollars and is considered to have a U.S. dollar functional currency. Freehold's Canadian subsidiaries have a functional currency of Canadian dollars. The designation of a subsidiary's functional currency is a management judgment based on the currency of the primary economic environment in which the subsidiary operates. The financial statements of the U.S. entity are translated into Canadian dollars in preparation of the Company's financial statements. The assets and liabilities of Freehold's U.S. operations are translated to Canadian dollars at the period-end exchange rate. Revenues and expenses of U.S. operations are translated to Canadian dollars using the average exchange rate for the period. Foreign exchange differences are recognized in other comprehensive income or loss. The accumulated other comprehensive income resulting from currency translation on foreign operations may subsequently be reclassified to net income in future reporting periods.

#### **i) Fair Value Measurements**

Some of the Company's accounting policies and disclosures require the determination of fair value for non-financial assets. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The fair value of petroleum and natural gas interests and E&E assets recognized initially in an asset acquisition or business combination are based on market values. The market value of petroleum and natural gas interests is the estimated amount for which petroleum and natural gas interests could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of petroleum and natural gas interests is based on estimates of the discounted future cash flows from proved and probable petroleum and natural gas reserves. The market value of E&E assets is based on estimates of the discounted future cash flows from unbooked future development locations.

The assumptions and estimates with respect to determining the fair value of petroleum and natural gas interests and E&E assets generally include estimates of discounted future cash flows from proved and probable petroleum and natural gas reserves, estimates of future royalty production from unbooked future development locations including timing of third-party development, future benchmark commodity prices, and discount rates.

Changes in any of the assumptions or estimates used in determining the initial fair value of acquired assets and business combinations could impact the amounts assigned to petroleum and natural gas interests and E&E assets. Future net income can be affected as a result of changes in future depletion and depreciation or asset impairment. The classification of the fair value of assets acquired through asset acquisitions is determined by allocating the purchase price based on the relative fair values.

### 3. Termination of Management Agreement

Freehold was previously managed by Rife Management Ltd. (formerly Rife Resources Management Ltd., the "Manager") pursuant to a management agreement (the "Management Agreement") up to and including December 31, 2025.

During 2025, it was mutually agreed by Freehold and the Manager to terminate the Management Agreement. Accordingly, Freehold provided notice to the Manager that it was terminating the Management Agreement (the "Notice of Termination") effective December 31, 2025 (the "Termination Date"). Freehold's Board made this decision with the support of the Manager's owner, the pension fund for the employees of the Canadian National Railway Company (the "CN Pension Trust Funds"). Freehold was not required to pay the Manager a termination fee or any future management fees for periods after the Notice of Termination. Following the delivery of the Notice of Termination, although Freehold continued to be managed by the Manager until the Termination Date, the Freehold executive team and employees were fully dedicated to the business of Freehold. Freehold was responsible for reimbursement of certain general and administrative costs until the Termination Date. Freehold and the Manager worked collaboratively, resulting in an orderly and stable transition of systems, software, workflows, files and office space prior to the Termination Date. As of January 1, 2026, Freehold and its employees are independent of the Manager.

### 4. Recent Accounting Pronouncements Not Yet Adopted

#### IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, The IASB issued amendments to clarify the date of recognition and derecognition of financial assets and liabilities and provide further clarification on the classification of certain financial assets. The amendments are effective January 1, 2026 and are to be applied retrospectively. These amendments are not expected to have an impact on the financial statements.

#### IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024, replacing International Accounting Standard ("IAS") 1 Presentation of Financial Statements. The standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. In addition, management defined performance measures will require note disclosure. The standard is effective January 1, 2027 and is to be applied retrospectively with certain transition provisions available. The Company is evaluating the impact that the adoption of IFRS 18 will have on the financial statements.

### 5. Exploration and Evaluation Assets

(\$000s)	December 31 2025	December 31 2024
<b>Balance, beginning of year</b>	<b>\$ 142,314</b>	<b>\$ 63,059</b>
Acquisitions and related expenditures (note 6(a))	20,995	82,131
Dispositions (note 6(b))	(2,292)	-
Transfers to petroleum and natural gas interests (note 6)	(11,092)	(5,698)
Foreign exchange translation	(4,286)	2,822
<b>Balance, end of year</b>	<b>\$ 145,639</b>	<b>\$ 142,314</b>

There was no impairment recorded on the transfer of E&E assets to Petroleum and Natural Gas and Other Interests during the years ended December 31, 2025 and 2024.

At each of December 31, 2025 and 2024, the Company assessed its E&E assets carrying values for indicators of impairment and concluded that the estimate of a recoverable amount was not required.

## 6. Petroleum and Natural Gas and Other Interests

(\$000s)	December 31 2025	December 31 2024
<b>Gross cost</b>		
<b>Balance, beginning of year</b>	<b>\$ 2,512,172</b>	<b>\$ 2,115,487</b>
Acquisitions and related expenditures	23,135	329,585
Capitalized portion (recovery) of long term incentive plan	399	(990)
Transfers from exploration and evaluation assets (note 5)	11,092	5,698
Foreign exchange translation and other	(45,784)	62,392
<b>Balance, end of year</b>	<b>\$ 2,501,014</b>	<b>2,512,172</b>
<b>Accumulated depletion</b>		
<b>Balance, beginning of year</b>	<b>\$ (1,255,651)</b>	<b>(1,144,812)</b>
Depletion and depreciation	(108,503)	(101,409)
Foreign exchange translation	7,399	(9,430)
<b>Balance, end of year</b>	<b>\$ (1,356,755)</b>	<b>(1,255,651)</b>
<b>Net book value, end of year</b>	<b>\$ 1,144,259</b>	<b>\$ 1,256,521</b>

### a) Acquisitions and related expenditures

All acquisition transactions during the years ended December 31, 2025 and 2024 were treated as asset acquisitions.

For the year ended December 31, 2025, Freehold invested \$44.1 million in acquisitions and related expenditures (2024 - \$411.7 million) comprised of E&E Assets and Petroleum and Natural Gas and Other Interests, comprised of the following details:

#### U.S. Acquisitions

For the year ended December 31, 2025, Freehold invested \$31.5 million (US\$22.4 million) in exchange for mineral title and royalty interests in the Permian basin in Texas and New Mexico.

During the year ended December 31, 2024, Freehold invested \$391.7 million (US\$280.8 million) in exchange for U.S. mineral title and royalty assets in the Permian basin in Texas, New Mexico and Delaware.

#### Canadian Acquisitions

For the year ended December 31, 2025, Freehold invested \$6.0 million in exchange for mineral title and royalties interests in the Clearwater, Mannville heavy oil and southeast Saskatchewan plays.

During the year ended December 31, 2024, Freehold invested \$14.0 million in exchange for mineral title and royalty interests in Alberta and potash royalty interests.

#### Related Expenditures

For the year ended December 31, 2025, Freehold capitalized general & administrative costs of \$3.8 million (2024 - \$3.5 million), share based compensation settlements of \$0.8 million (2024 - \$1.4 million) and miscellaneous expenditures of \$2.0 million (2024 - \$1.1 million).

### b) Dispositions

For the year ended December 31, 2025 Freehold disposed of \$2.3 million (US\$1.6 million) of undeveloped mineral and royalty interests from E&E assets (2024 - nil).

### c) Impairment

At each of December 31, 2025 and 2024, the Company assessed its U.S. and Canadian Royalty CGUs carrying values for indicators of impairment and concluded that the estimates of recoverable amounts were not required for either CGU.

## 7. Share Based Compensation

The following table reconciles the change in share based compensation payable:

(\$000s)	December 31 2025	December 31 2024
<b>Balance, beginning of year</b>	<b>\$ 10,964</b>	\$ 15,080
Operating payout on share based compensation	\$ (3,112)	(6,054)
Capitalized payout on share based compensation	\$ (804)	(1,433)
Capitalized portion	\$ 1,203	443
Expensed	\$ 6,918	2,928
<b>Balance, end of year</b>	<b>\$ 15,169</b>	\$ 10,964
Current portion of liability	\$ 11,926	\$ 10,270
Long-term portion of liability	\$ 3,243	\$ 694

The liability at each of December 31, 2025, and 2024 was estimated using Freehold's closing share prices of \$15.19 and \$12.79, respectively.

The current portion of the liability includes \$10.0 million related to non-management directors and becomes payable when a director retires from the Board.

### a) Share Award Plan

Freehold's Share Award Plan is share based and cash settled. It consists of PSUs and RSUs granted to employees.

The following table reconciles the outstanding RSUs and PSUs:

	December 31 2025	December 31 2024
<b>Balance, beginning of year</b>	<b>573,245</b>	641,694
Units issued	394,928	277,571
Forfeitures	(145,994)	(46,536)
Payout	(199,050)	(299,484)
<b>Balance, end of year</b>	<b>623,129</b>	573,245
<b>RSUs outstanding, end of year</b>	<b>201,821</b>	196,026
<b>PSUs outstanding, end of year</b>	<b>421,308</b>	377,219

Following the Termination Date (see note 3), employees who were previously employed by Rife Resources Ltd. ("Rife") became directly employed by either Freehold or Rife. Rife employees held 34,355 outstanding Share Award Plan units (comprising 8,268 RSUs and 26,087 PSUs) at December 31, 2025, which were subsequently forfeited.

Freehold employees who held the Manager's share award units at December 31, 2025, were also subsequently forfeited. To compensate for this loss, additional Share Award units were granted to impacted Freehold employees. As a result, subsequent to December 31, 2025, Freehold issued 82,991 Share Award Plan units (13,877 RSUs, 69,114 PSUs). The impact of this grant net of the Rife employees forfeitures, subsequent to December 31, 2025 was an increase of \$1.1 million to the share based compensation liability.

## b) Director Award Plan

The following table reconciles the outstanding DSUs and DRSUs:

	December 31 2025	December 31 2024
<b>Balance, beginning of year</b>	<b>586,800</b>	542,095
Annual grants and grants in lieu of fees	79,360	91,527
Additional grants resulting from paid dividends	54,410	43,918
Redeemed	(59,568)	(90,740)
<b>Balance, end of year</b>	<b>661,002</b>	586,800
<b>DSUs outstanding, end of year</b>	<b>608,776</b>	556,508
<b>DRSUs outstanding, end of year</b>	<b>52,226</b>	30,292

On January 1, 2026 the Company issued 55,301 combined DSUs and DRSUs to its non-management directors.

## 8. Long-term Debt

(\$000s)	December 31 2025	December 31 2024
Drawn in Canadian dollars	\$ 284,850	\$ 201,754
Drawn in U.S. dollars (US: nil (December 31, 2024 - US\$70.0 million))	-	100,723
Unamortized deferred financing costs	(1,997)	(1,623)
<b>Long-term debt</b>	<b>\$ 282,853</b>	<b>\$ 300,854</b>

During 2025, Freehold renewed and amended its credit facilities with a syndicate of Canadian banks. The amended credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of \$480 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") with an availability of \$20 million for total Credit Facilities of \$500 million (December 31, 2024 - \$450 million). Each facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Revolving Facility of an additional \$100 million subject to lenders' consent. The Credit Facilities mature November 13, 2028. The Credit Facilities are secured with an \$800 million first charge demand debenture over all of Freehold's Canadian royalty income assets and fixed charge mortgage securities on certain U.S. royalty income assets with associated proved developed producing reserves.

Borrowings bear interest on Canadian and U.S. denominated drawings at the Canadian Overnight Repo Rate and Secured Overnight Financing Rate, respectively, or at the lender's prime lending rate plus applicable margins and standby fees. For the year ended December 31, 2025, the average effective interest rate on advances from Freehold's committed credit facility was 5.5% (2024 – 6.4%).

Freehold's credit agreement contains, among affirmative covenants, two financial covenants, as follows, which Freehold was in compliance with a December 31, 2025. Freehold expects to remain in compliance with all covenants on a quarterly basis for at least the next year based on its current estimate of results from operations.

Covenant description <sup>(1)</sup>	Ratio	December 31 2025
Long-term Debt to Royalty EBITDA	Maximum 3.5:1	1.0:1
Long-term Debt to Total Capitalization	Maximum 55%	22%

1. Terms are as defined in the Credit Facility agreement.

## 9. Shareholders' Capital

Freehold has authorized an unlimited number of common shares, without stated par value. Freehold has authorized 10,000,000 preferred shares, without stated par value, of which none have been issued.

### a) Shares Issued and Outstanding

(\$000s, except shares)	December 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
<b>Balance, beginning of year</b>	<b>163,960,334</b>	<b>\$ 1,667,803</b>	150,689,334	\$ 1,500,639
Shares issued pursuant to bought deal financing	-	-	13,271,000	172,523
Share issuance costs, net of tax effect	-	-	-	(5,359)
<b>Balance, end of year</b>	<b>163,960,334</b>	<b>\$ 1,667,803</b>	163,960,334	\$ 1,667,803

On December 13, 2024 Freehold issued 13,271,000 common shares at a price of \$13.00 per common share for gross proceeds of \$172.5 million, before share issuance costs of \$7.0 million (\$5.4 million net of tax effect), with the net proceeds used to partially finance a late 2024 acquisition.

### b) Dividends

During the year ended December 31, 2025, Freehold declared dividends of \$177.1 million or \$1.08 per common share (2024 – \$163.9 million or \$1.08 per common share) and paid dividends of \$177.1 million (2024 - \$162.7 million).

On December 15, 2025, the Board declared a dividend of \$0.09 per common share or \$14.8 million which was paid on January 15, 2026, to common shareholders on record on December 31, 2025. Subsequent to December 31, 2025, on January 15, 2026, the Board declared a dividend of \$0.09 per common share to be paid on February 17, 2026, to common shareholders on record on January 30, 2026. On February 12, 2026, the Board declared a dividend of \$0.09 per common share to be paid on March 16, 2026, to common shareholders on record on February 27, 2026. On March 11, 2026, the Board declared a dividend of \$0.09 per common share to be paid on April 15, 2026, to common shareholders on record on March 31, 2026.

### c) Normal Course Issuer Bid

On May 22, 2025, the Company announced acceptance by the TSX of its notice to commence a normal course issuer bid (the "NCIB"). The NCIB allows the Company to purchase, at its discretion, up to approximately 13.7 million of its common shares, subject to certain restrictions, during a 12-month period. Common shares purchased pursuant to the NCIB will be cancelled. Since inception, no common shares have been repurchased and cancelled pursuant to the NCIB.

## 10. Revenue

Royalty and other revenue is measured at the fair value of the consideration received or receivable, according to the terms of the corresponding agreement. The transaction price used for crude oil, natural gas, natural gas liquids and other products is based on the commodity price in the month of production specific to the property or interest. The realized commodity price received or receivable is based on publicly available benchmark commodity prices adjusted for quality, location, allowable deductions or other factors pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements.

Typically, Freehold receives the cash payment within three months following production. Bonus consideration received or receivable can vary period over period as it is dependent on the specific details of each lease agreement and the number of leases issued.

a) **Royalty and Other Revenue by Commodity Type**

(\$000s)	Year ended December 31	
	2025	2024
Crude oil	\$ 252,459	\$ 263,018
NGL	29,598	27,183
Natural gas	21,655	14,733
Potash	1,719	1,469
Bonus consideration and lease rentals	8,029	3,077
<b>Royalty and other revenue</b>	<b>\$ 313,460</b>	<b>\$ 309,480</b>

b) **Royalty and Other Revenue by Category**

(\$000s)	Year ended December 31	
	2025	2024
Royalty interest revenue	\$ 305,431	\$ 306,403
Bonus consideration and lease rentals	8,029	3,077
<b>Royalty and other revenue</b>	<b>\$ 313,460</b>	<b>\$ 309,480</b>

For the year ended December 31, 2025, Freehold had two royalty payors constituting more than 10% of royalty and other revenue with combined revenues of \$90.1 million attributable to the U.S. segment. For the year ended December 31, 2024, Freehold had one royalty payor constituting more than 10% of royalty and other revenue with revenue of \$57.4 million attributable to the U.S. segment.

As at December 31, 2025, there was outstanding accounts receivable and accrued revenue of \$43.9 million (December 31, 2024 – \$47.6 million) associated with U.S. and Canadian royalty and other revenues.

## 11. Interest and Financing

(\$000s)	Year ended December 31	
	2025	2024
Interest on long term debt	\$ 17,491	\$ 15,090
Non-cash accretion and finance costs	886	326
<b>Interest and financing</b>	<b>\$ 18,377</b>	<b>\$ 15,416</b>

## 12. Related Party Transactions

Freehold was previously managed by the Manager pursuant to the Management Agreement up to and including December 31, 2025 (see note 3). The Manager is a wholly-owned subsidiary of Rife. Both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.0% ownership in Freehold at December 31, 2025 and 2024. Rife Royalties and Rife Holdings Ltd. (formerly Evergreen Royalties Ltd., together with its wholly owned U.S. subsidiary, "Rife Holdings"), together with Rife are owned 100% by the CN Pension Trust Funds. Rife Royalties, Rife Holdings, Rife, the Manager and the CN Pension Trust Funds are collectively known as the "Rife Related Parties".

All amounts owing to/from the Rife Related Parties were unsecured, non-interest bearing and due on demand. All transactions were in the normal course of operations and were measured at the exchange amount, with consideration established and agreed to by the parties.

During 2025, Freehold provided Notice of Termination to the Manager, terminating the Management Agreement effective December 31, 2025. Upon termination, Freehold's executive officers are no longer employees of Rife, and as such, effective January 1, 2026, the Rife Related Parties no longer meet the reporting requirements of IAS 24 Related Party Disclosures.

In preparing for the Termination Date, Freehold negotiated several agreements with the Rife Related Parties effective January 1, 2026. These agreements are not significant to Freehold from an on-going operating or financial perspective.

**a) Rife Management Ltd.**

Prior to the Notice of Termination, the Manager charged a fee for providing certain services, based on a specified number of Freehold common shares on a quarterly basis. Pursuant to the Management Agreement, the management fee was the equivalent value of 5,500 Freehold common shares per quarter. Effective May 1, 2025, the Company was no longer required to pay a management fee. Freehold settled this fee through cash payments resulting in a \$0.1 million expense for the year ended December 31, 2025 (2024 - \$0.3 million) as determined from the closing price per the TSX of Freehold's common shares on the last trading day of each quarter for periods prior to the Notice of Termination.

For the years ended December 31, 2025 and 2024, the Manager charged \$15.6 million and \$15.3 million, in general and administrative costs, respectively. For the years ended December 31, 2025 and 2024, the Manager charged \$3.1 million and \$6.2 million for share based compensation settlements, respectively. At December 31, 2025, there was \$2.1 million (December 31, 2024 - \$2.0 million) in accounts payable and accrued liabilities relating to general and administrative costs.

For the years ended December 31, 2025 and 2024, the Manager charged \$0.3 million and \$0.2 million, respectively, in lease obligation payments with respect to an office lease. Freehold and the Rife Related Parties negotiated a lease modification effective January 1, 2026, with an estimated lease obligation liability for Freehold of \$1.8 million as at December 31, 2025.

**b) Rife and CN Pension Trust Funds**

For the years ended December 31, 2025 and 2024, Freehold paid \$28.4 million and \$27.1 million, respectively, in cash dividends to Rife and the CN Pension Trust Funds for their ownership in Freehold. At each of December 31, 2025 and 2024, there was \$2.4 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared, as included in Dividends Payable. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. For the years ended December 31, 2025 and 2024, Freehold received royalties \$0.1 million and \$0.3 million, respectively, from Rife.

During 2025 and previously reported periods, Rife was entitled to nominate two directors to the Freehold Board. Upon termination of the Management Agreement, the governance agreement was also terminated and pursuant to a new nominee agreement, the Rife Related Parties now have the right to nominate one director to the Board provided their ownership level continues to exceed 10% of Freehold's outstanding common shares.

**c) Rife Royalties**

Freehold and Rife Royalties share mineral title ownership in western Canada on certain lands. Generally Rife Royalties owns mineral rights that were below the deepest producing formation at the time that Freehold was created, and Freehold holds the balance of the mineral rights. Where Freehold is not the legal registered owner of such mineral rights, Rife Royalties holds these rights in trust for Freehold and receives a portion of the royalty payments in respect of such mineral rights on behalf of Freehold.

During the years ended December 31, 2025 and 2024, Rife Royalties paid Freehold \$10.8 million and \$13.1 million of royalty payments, respectively. Amounts due from Rife Royalties at December 31, 2025 and 2024 was \$0.3 million and \$0.2 million, respectively.

On April 30, 2025 Freehold's acquisitions opportunities agreement with the Rife Related Parties was terminated.

#### d) Key Management

Key management personnel are considered to be the Board and executive officers. The Board is compensated directly by Freehold. Executive officers' salaries and other benefits were charged by the Manager, whereas grants pursuant to the Awards Plan are issued directly by Freehold.

(\$000s)	December 31	December 31
	2025	2024
Directors' fees	\$ 558	\$ 521
Manager charges for executive officers	4,571	2,370
Share based compensation	5,340	2,515
<b>Key management compensation</b>	<b>\$ 10,469</b>	<b>\$ 5,406</b>

## 13. Foreign Exchange

(\$000s)	Year ended December 31	
	2025	2024
Foreign exchange (gain) loss on:		
Intercompany note	\$ 27,128	\$ (31,626)
Long term debt	\$ (2,661)	3,279
	<b>\$ 24,467</b>	<b>\$ (28,347)</b>

Foreign exchange results from the revaluation of a U.S. dollar intercompany receivable held by Freehold's Canadian parent partially offset by the revaluation of U.S. dollar denominated long-term debt (see note 8). Although the intercompany balances eliminate on consolidation, the revaluation of the parent's U.S. dollar intercompany receivable is recognized as foreign exchange in the consolidated statement of income whereas revaluation of the U.S. subsidiary's intercompany debt is recognized within other comprehensive income due to different functional currencies between these entities.

## 14. Income Taxes

Freehold uses the balance sheet method of accounting for income taxes. The provision for taxes in the financial statements differs from the result which would have been obtained by applying the expected tax rate to Freehold's income before taxes. This difference is reconciled as follows:

(\$000s, except as noted)	December 31	December 31
	2025	2024
Income before taxes	\$ 123,604	\$ 191,357
Expected income tax rate	24.0%	23.9%
Expected income tax expense	\$ 29,640	\$ 45,734
Change in income tax resulting from:		
Effect of rates for foreign jurisdictions	(1,057)	(1,091)
Effect of foreign exchange on intercompany note	2,961	(3,521)
Tax true-up	279	789
Total income taxes	<b>\$ 31,823</b>	<b>\$ 41,911</b>

Freehold had \$4.7 million of current taxes receivable at December 31, 2025 (December 31, 2024 – \$4.4 million).

As at December 31, 2025, Freehold had approximately \$1.1 billion (2024 – \$1.2 billion) of U.S. and Canadian tax pools that should be available to offset against future taxable profits. The tax pools include \$17.2 million (US\$12.6 million) of U.S. net operating losses that can be carried forward indefinitely.

The continuity of deferred income tax liability (asset) for the years ended December 31, 2025 and 2024 are as follows:

(\$000s)	Balance December 31 2024	Recognized in Profit or Loss	Recognized in Shareholders' Capital	Foreign Currency Translation Adjustment	Balance December 31 2025
Petroleum, natural gas and other interests and E&E	\$ 50,217	13,003	-	(1,916)	\$ 61,304
Decommissioning liability	(1,643)	504	-	-	(1,139)
Lease obligation	(348)	(83)	-	-	(431)
Share issue and deferred financing costs	(1,736)	774	-	-	(962)
Share based compensation	(2,622)	(1,017)	-	-	(3,639)
Net-operating losses	-	(3,886)	-	93	(3,793)
Other	(2,657)	(2,298)	-	299	(4,656)
<b>Deferred income tax liability</b>	<b>\$ 41,211</b>	<b>6,997</b>	<b>-</b>	<b>(1,524)</b>	<b>\$ 46,684</b>

(\$000s)	Balance December 31 2023	Recognized in Profit or Loss	Recognized in Shareholders' Capital	Foreign Currency Translation Adjustment	Balance December 31 2024
Petroleum, natural gas and other interests and E&E	\$ 35,792	12,465	-	1,960	\$ 50,217
Decommissioning liability	(1,442)	(201)	-	-	(1,643)
Lease obligation	(386)	38	-	-	(348)
Share issue costs	(906)	854	(1,684)	-	(1,736)
Share based compensation	(3,606)	984	-	-	(2,622)
Other	(246)	(2,411)	-	-	(2,657)
<b>Deferred income tax liability</b>	<b>\$ 29,206</b>	<b>11,729</b>	<b>(1,684)</b>	<b>1,960</b>	<b>\$ 41,211</b>

Freehold's deferred tax liability largely relates to its capital assets having a higher carrying value relative to the associated tax value.

The Canada Revenue Agency ("CRA") has assessed Freehold's prior years' tax returns, denying \$222 million of non-capital losses ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated \$62 million. In prior years, Freehold objected to the Assessments, requiring it to provide a deposit totaling \$30.9 million. During 2024, the CRA issued a notice of confirmation regarding their Assessments. Freehold has filed a notice of appeal with the Tax Court of Canada.

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in defending its filed tax positions. If unsuccessful, additional interest of approximately \$11.4 million as at December 31, 2025 would be owed.

## 15. Capital Management

Freehold is a publicly traded dividend-paying corporation incorporated under the laws of the Province of Alberta. Its primary focus is acquiring and managing crude oil and natural gas royalties. Freehold receives most of its revenue from crude oil and natural gas properties as reserves are produced. Freehold then pays dividends to shareholders on a regular basis over the economic life of the properties. Freehold's objective for managing capital is to maximize long-term shareholder value by returning capital to shareholders through dividends and share repurchases, after funding business operations, including acquisition opportunities.

Freehold defines capital (or capitalization) as long-term debt, shareholders' equity and working capital based on the financial statements. Freehold retains working capital primarily to fund capital expenditures or acquisitions, pay dividends, repurchase shares pursuant to the NCIB and the repayment of long-term debt.

Freehold's capital structure is managed by taking into account operating activities, debt levels, dividends, access to capital markets and acquisition and divestment activity.

Management of Freehold's capital structure is facilitated through its annual budgeting process and ongoing forecast updates.

Freehold is bound by covenants (see note 8) outlined in its Credit Facilities. The covenants are monitored as part of management's internal review to ensure compliance with these requirements. At December 31, 2025, Freehold was in compliance with all covenants under the Credit Facilities.

Freehold's net debt to funds from operations ratio was 1.1 times at December 31, 2025 (December 31, 2024 – 1.2 times), within its debt strategy target of below 1.5 times. This ratio is a financial leverage measure that reflects cash available to repay Freehold's outstanding debt. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends, share repurchases and acquisitions, among others.

#### a) Working Capital

(\$000s)	December 31 2025	December 31 2024
Accounts receivable	\$ 45,629	\$ 48,396
Current income taxes receivable	4,687	4,385
Dividends payable	(14,756)	(14,756)
Accounts payable and accrued liabilities	(6,668)	(6,904)
Current portion of share based compensation payable	(11,926)	(10,270)
Current portion of lease obligation	(364)	(263)
Current portion of decommissioning liability	(2,000)	(2,000)
<b>Working capital <sup>(1)</sup></b>	<b>\$ 14,602</b>	<b>\$ 18,588</b>

2. Working capital is considered a capital management measure.

#### b) Capitalization and net debt

(\$000s)	December 31 2025	December 31 2024
<b>Shareholders' equity</b>	<b>\$ 998,387</b>	<b>\$ 1,099,451</b>
Long term debt	282,853	300,854
Working capital	(14,602)	(18,588)
<b>Net debt <sup>(1)</sup></b>	<b>\$ 268,251</b>	<b>\$ 282,266</b>
<b>Capitalization <sup>(1)</sup></b>	<b>\$ 1,266,638</b>	<b>\$ 1,381,717</b>

3. Capitalization and net debt are considered capital management measures.

#### c) Net Debt to Funds from Operations

(\$000s, except as noted)	December 31 2025	December 31 2024
<b>Funds from operations for the trailing 12 months</b>	<b>\$ 234,572</b>	<b>\$ 230,975</b>
<b>Net debt to funds from operations for the last 12 months (times) <sup>(1)</sup></b>	<b>1.1</b>	<b>1.2</b>

1. Net debt to trailing funds from operations is considered a capital management measure.

## 16. Financial Instruments and Risk Management

The carrying amounts of accounts receivable, accounts payable and accrued liabilities, and dividends payable approximate their fair values because they are short-term in nature. The carrying amount of long-term debt, which is presented net of unamortized transaction costs, approximates its fair value because it bears interest at a floating rate consistent with current market conditions.

In the normal course of operations, Freehold is exposed to various risks, including credit, liquidity and market risks. Management employs the following strategies to mitigate these risks.

**a) Credit Risk**

Credit risk represents the financial loss Freehold would experience due to the potential non-performance of counterparties to its financial instruments. Freehold is exposed to credit risk mainly through its financial counterparty receivables. Freehold has appropriate policies and procedures in place to manage credit risk; however, given the volatility in commodity prices, Freehold is subject to increased risk of financial loss due to non-performance or insolvency of its counterparties.

Freehold actively monitors its accounts receivable balances through its dedicated compliance group and takes necessary actions to expedite collection, which can include take-in-kind privileges, or seeking remedies including legal action. The majority of Freehold’s counterparties are quality, investment grade crude oil and natural gas operators. Credit risk is also mitigated through the diversification across a broad number of royalty payors that individually represent an insignificant amount of Freehold's outstanding accounts receivable.

The carrying amount of accounts receivable represent Freehold’s maximum credit exposure to financial assets. Freehold did not have an allowance for doubtful accounts as at each of December 31, 2025 and 2024 and did not identify any significant receivables to write off during the years ended December 31, 2025 and 2024.

Due to the nature of Freehold's royalty income assets, there are receivable amounts over three months which require significant time and effort to collect. Estimates of amounts owed for various time periods are as follows:

(\$000s)	Less than 3 months	4-12 months	over 1 year	Total
<b>Accounts receivable</b>	\$ 35,515	\$ 7,636	\$ 2,477	\$ 45,629

**b) Liquidity Risk**

Liquidity risk represents the risk that Freehold will be unable to meet financial obligations as they become due. Freehold mitigates liquidity risk by actively managing its capital, which it defines as long-term debt, shareholders’ equity and working capital based on the consolidated financial statements.

Management maintains a conservative approach to debt management that aims to provide maximum financial flexibility with respect to investment opportunities, while maintaining a sustainable dividend. At December 31, 2025, there was \$215.2 million of available capacity under the Credit Facilities as well as a permitted increase of \$100 million to the revolving facility subject to the lenders' consent. As circumstances warrant, management allocates a portion of funds from operations to debt repayment.

At December 31, 2025, Freehold was in compliance with all covenants under the Credit Facilities. If the Company breaches or anticipates breaching its covenants, Freehold may be required to repay, refinance, or renegotiate the terms of the debt.

Management prepares annual capital expenditure and operating budgets, which are regularly monitored and updated. In addition, dividend levels are monitored and adjusted as necessary, to levels that are supported by Freehold's funds from operations.

Freehold's financial liabilities include its dividends payable, accounts payable and accrued liabilities and long-term debt. Freehold has no derivative financial liabilities. The following table outlines required cash flows associated with the contractual maturities of Freehold's financial liabilities as at December 31, 2025:

(\$000s)	Less than 1 Year	1-3 Years	3 Years and beyond	Total
Dividends payable	\$ 14,756	\$ -	\$ -	\$ 14,756
Accounts payable and accrued liabilities	6,668	-	-	6,668
Long-term debt drawn	-	284,850	-	284,850
<b>Total</b>	<b>\$ 21,424</b>	<b>\$ 284,850</b>	<b>\$ -</b>	<b>\$ 306,274</b>

### c) Market risk

Market risk is comprised of commodity price, foreign exchange and interest rate risk.

#### Commodity price risk

Commodity price risk is the risk that the fair value of Freehold's financial instruments will fluctuate with changes in commodity prices. Commodity prices for crude oil and natural gas are influenced by the relationship between the Canadian and U.S. dollar as well as macroeconomic events that dictate the levels of supply and demand. During each of the years ended December 31, 2025 and 2024, Freehold had no commodity price related derivative contracts in place.

#### Foreign exchange risk

Freehold is exposed to foreign exchange risk through its wholly-owned U.S. subsidiary, and U.S. dollar denominated monetary assets and liabilities held by Freehold. As a result, Freehold's net income, comprehensive income and cash flows will be affected by fluctuations in foreign exchange. At December 31, 2025, Freehold had no foreign exchange related derivative contracts in place.

#### Interest rate risk

Freehold is exposed to interest rate risk on outstanding bank debt, which has a floating interest rate. Assuming all other variables held constant at December 31, 2025, a 1% change (plus or minus) in the interest rate could result in a corresponding change to net income of \$2.2 million. Freehold had no interest rate derivatives outstanding at December 31, 2025.

## 17. Segmented Information

Reportable segments are based on the geographic locations of Freehold's underlying operations:

- Canada includes E&E assets and the petroleum and natural gas and other interests in Western Canada.
- U.S. includes E&E assets and petroleum and natural gas interests primarily held in the Permian, Eagle Ford, Haynesville and Bakken basins largely located in the states of Texas, New Mexico, Louisiana and North Dakota.

Freehold's royalty and other revenue is reportable by segment whereas all other accounts presented on the consolidated statements of income are either not significant on a segment basis, associated with both segments with any allocation of such accounts not providing meaningful information or pertain to taxes or other measures which Freehold does not consider a component of its operating results. The following table presents royalty and other revenue by geographic region:

(\$000s)	Year ended December 31	
	2025	2024
Canada	\$ 147,786	\$ 169,800
United States	165,674	139,680
<b>Royalty and other revenue</b>	<b>\$ 313,460</b>	<b>\$ 309,480</b>

The following table presents total assets by geographic region:

(\$000s)	December 31	December 31
	2025	2024
Canada	\$ 502,442	\$ 546,973
United States	868,628	935,499
<b>Total Assets</b>	<b>\$ 1,371,070</b>	<b>\$ 1,482,472</b>

## 18. Changes in Non-Cash Working Capital & Other

(\$000s)	Year ended December 31	
	2025	2024
Accounts receivable	\$ 2,767	\$ (5,067)
Current income tax receivable	(302)	(4,385)
Acquisition deposits	-	12,086
Income tax deposits	-	(1,582)
Accounts payable and accrued liabilities	(236)	2,027
Current income taxes payable	-	(1,314)
Less: Foreign exchange on translation	(1,695)	1,945
	\$ 534	\$ 3,710
Operating	\$ 803	\$ (7,641)
Investing	(269)	11,351
	\$ 534	\$ 3,710

## 19. Commitments

(\$000s)	Year ended December 31					
	2026	2027	2028	2029	2030	Total
Office costs	529	529	529	529	397	2,513
Software	742	521	362	362	160	2,147
<b>Total commitments</b>	<b>\$ 1,271</b>	<b>\$ 1,050</b>	<b>\$ 891</b>	<b>\$ 891</b>	<b>\$ 557</b>	<b>\$ 4,660</b>

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Marvin F. Romanow**  
Chair of the Board

**Gary R. Bugeaud**  
Corporate Director (1)(2)

**Maureen E. Howe**  
Corporate Director (1)(3)

**J. Douglas Kay**  
Corporate Director (2)(3)

**Kimberley E. Lynch Proctor**  
Corporate Director (1)(2)

**Valerie A. Mitchell**  
Corporate Director (2)(3)

**Mathieu M. Roy**  
Corporate Director

**David M. Spyker**  
President and Chief Executive Officer

**Aidan M. Walsh**  
Corporate Director (1)(3)

(1) Audit, Finance and Risk Committee  
(2) Governance, Nominating and Compensation Committee  
(3) Reserves Committee

## OFFICERS

**David M. Spyker**  
President and Chief Executive Officer

**Shaina B. Morihira**  
Vice President, Finance and Chief Financial Officer

**Lisa N. Farstad**  
Vice President, Corporate Services

**Susan J. Nagy**  
Vice President, Business Development Commercial

**Colin J. Strem**  
Vice President, Business Development Technical

## HEAD OFFICE

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## INVESTOR RELATIONS

**Todd J. McBride**  
Manager, Investor Relations  
T. 403.221.0833 TF. 888.257.1873  
E. investorrelations@freeholdroyalties.com

## AUDITOR

KPMG LLP

## BANKERS

Canadian Imperial Bank of Commerce  
ATB Financial  
Royal Bank of Canada  
The Toronto-Dominion Bank

## LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

## RESERVE EVALUATORS

GLJ Ltd. (GLJ)  
RSC Group, Inc. (Ryder Scott)

## STOCK EXCHANGE AND TRADING SYMBOL

Toronto Stock Exchange (TSX) Common Shares: FRU

## TRANSFER AGENT AND REGISTRAR

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800, 324 – 8 Avenue SW, Calgary, Alberta T2P 2Z2  
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