



# Gold Forum Europe

April 2022



# Cautionary Statement



**Forward-Looking Statements:** This presentation includes “forward-looking statements” within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like “will,” “may,” “could,” “should,” “would,” “believe,” “estimate,” “expect,” “anticipate,” “plan,” “forecast,” “potential,” “intend,” “continue,” “project,” or negatives of these words or similar expressions. Forward-looking statements include, among others, the following: statements about our expected financial performance and outlook, including sales volume, revenue, expenses, tax rates, earnings or cash flow; operators’ expected operating and financial performance, including production, deliveries, mine plans and reserves, development, cash flows and capital expenditures; planned and potential acquisitions or dispositions, including funding schedules and conditions; liquidity, financing and stockholder returns; potential for organic revenue growth; and our overall investment portfolio.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a lower-price environment for gold, silver, copper, nickel or other metals; operating activities or financial performance of properties on which we hold stream or royalty interests, including variations between actual and forecasted performance, operators’ ability to complete projects on schedule and as planned, changes to mine plans and reserves, liquidity needs, mining and environmental hazards, labor disputes, distribution and supply chain disruptions, permitting and licensing issues, contractual issues involving our stream or royalty agreements, or operational disruptions due to COVID-19, including due to variant strains of the virus; risks associated with doing business in foreign countries; increased competition for stream and royalty interests; environmental risks, included those caused by climate change; potential cyber-attacks, including ransomware; our ability to identify, finance, value and complete acquisitions; adverse economic and market conditions; changes in laws or regulations governing us, operators or operating properties; changes in management and key employees; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the transition period ended December 31, 2021. Most of these factors are beyond our ability to predict or control.

Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

**Statement Regarding Third-party Information:** Certain information provided in this presentation, including production estimates, has been provided to us by the operators of the relevant properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

Information in this presentation concerning the Khoemacau Copper Project was provided to the Company by Cupric Canyon Capital L.P., the privately held owner and developer of Khoemacau. Such information may not have been prepared in accordance with applicable laws, stock exchange rules or international standards governing preparation and public disclosure of technical data and information relating to mineral properties. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of this third-party information, and investors are cautioned not to rely upon this information.



# Company Overview



Opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with mining operations



ROYAL GOLD, INC

Dual Business Segments...

...Across A Diverse, Gold-Focused Portfolio...

...With Standout Performance

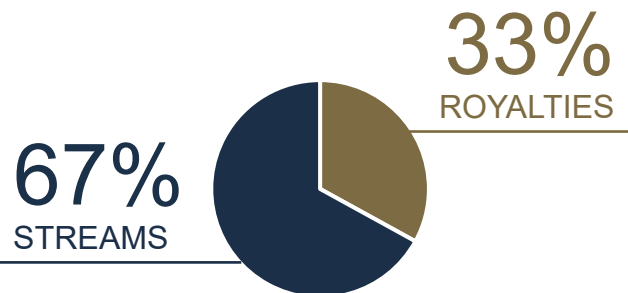
### Royalty Interests:

An interest in real property (generally) that provides a right to a percentage of revenue or metals produced from a mining project after deducting specified costs

### Stream Interests:

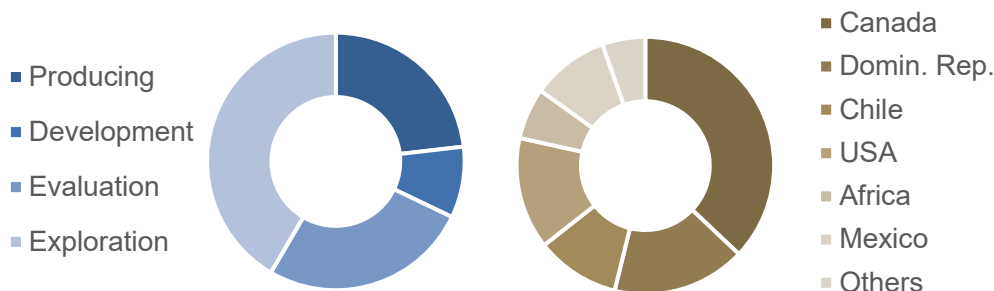
A contractual arrangement to purchase metal production from a mining project at a predetermined price

### Calendar 2021 Revenue Split:



190  
PROPERTIES<sup>2</sup>

12  
COUNTRIES<sup>2</sup>



73%  
GOLD-FOCUS<sup>1</sup>



\$654M

REVENUE<sup>3</sup>

360,900

GOLD EQUIVALENT OZ<sup>3</sup>

~\$1.2B

TOTAL LIQUIDITY<sup>2</sup>

(0.26)x

NET DEBT/ADJ. EBITDA<sup>2</sup>

\$9.2B

MARKET CAP.<sup>4</sup>

29/4

EMPLOYEES/OFFICES<sup>2</sup>



1 – Calendar 2021 Revenue. 2 – As of December 31, 2021. 3 – Calendar 2021. 4 – March 23, 2022 closing price of \$140.79/sh.





Differentiated model with disciplined capital management and a focus on shareholder returns

## UNIQUE MODEL

- Business model provides **optionality to gold price and production and reserve growth**
- **Efficient model** with high operating margin and revenue generation per employee

## DIVERSE PORTFOLIO

- **Calendar 2021 revenue 73% from gold**, derived mostly from primary precious metals assets
- **Global diversification** with revenue from 44 producing properties (at December 31, 2021)

## CAPITAL DISCIPLINE

- **Highly experienced technical and commercial team** with strong record of adding growth
- Growth funded through cash flow and strategic use of debt, **enhancing per share metrics**

## FINANCIAL STRENGTH

- Well capitalized with **~\$1.2B of liquidity** (at December 31, 2021) and **strong operating cash flow**
- **\$1B credit facility** provides low cost and flexible access to liquidity









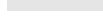
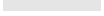
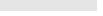






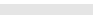
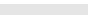








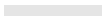
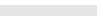
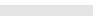
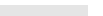
## RETURNS FOCUS

- Consistent commitment to a **growing and sustainable dividend**, with CAGR of 17% (2000-2022)
- Only precious metals company in the **S&P High Yield Dividend Aristocrats Index**



# Royal Gold Offers Unique Exposure to Gold



	Exposure to Gold	Exploration Upside / Optionality	Portfolio Diversification	Sustainable Dividend	No Direct Exposure to Operating Costs	No Direct Exposure to Capital Costs
 ROYALGOLD, INC						
ETFs, Bars and Coins						
Senior Operating Companies						
Junior Operating Companies						
Development and Exploration Companies						



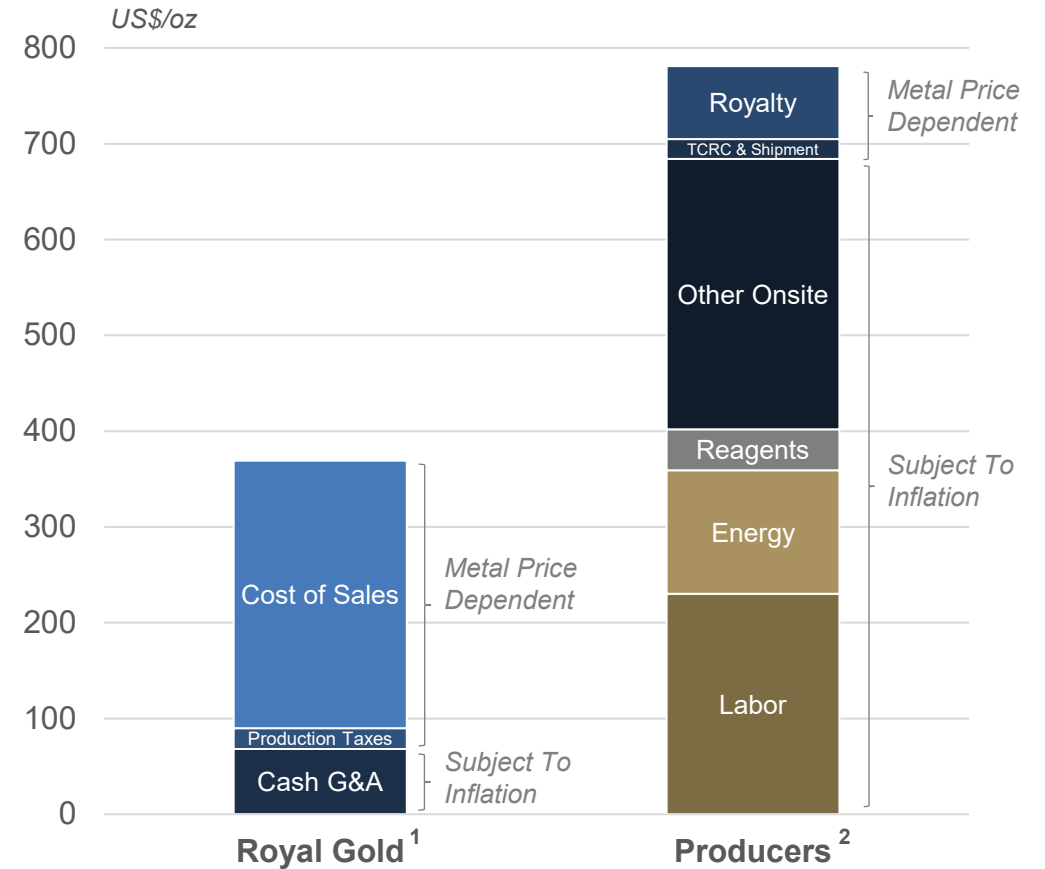
# Business Model Offers Protection Against Cost Inflation



## Royal Gold has limited exposure to cost inflation

- Changes in operating and capital costs are absorbed by the mine operator
- In commodity boom cycles, operator costs tend to **increase** while Royal Gold's costs remain **stable**
- Royal Gold's cost structure lends itself to more predictable cash flows relative to the producers

## Cost Structure Less Exposed to Variable Inputs



<sup>1</sup> – Total costs and expenses (\$325M), less DD&A (\$189M) and non-cash employee stock compensation expense (\$6M), per GEOs (360,900) for calendar 2021.

<sup>2</sup> – Industry average total cash costs per ounce for calendar 2020; Source: S&P Market Intelligence.



# Optionality to Reserve and Resource Growth



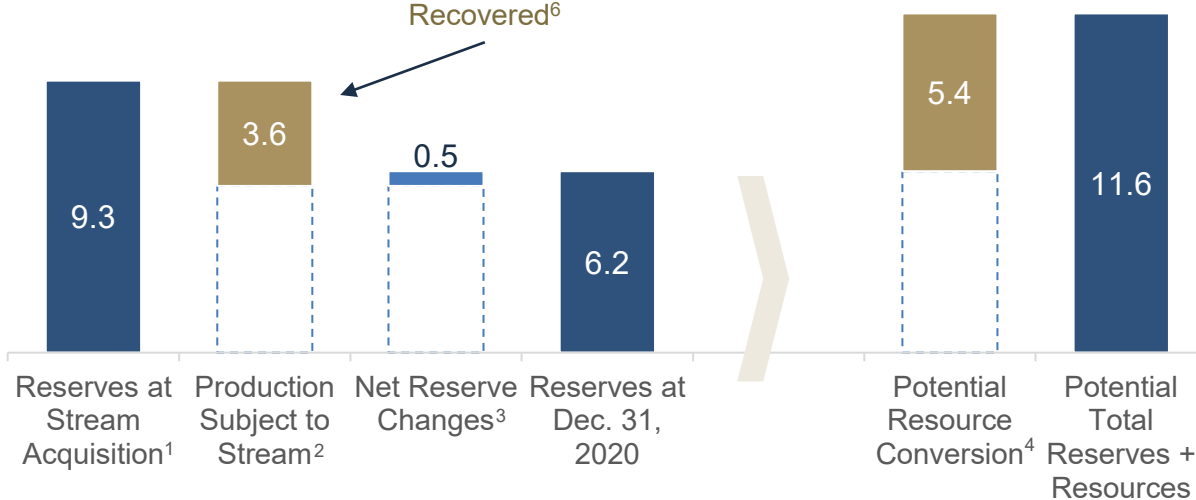
Royal Gold seeks to provide exposure to resource growth and metal price optionality. Resource growth and mine life extensions can significantly enhance returns over time.

## PUEBLO VIEJO

Millions of Gold Ounces<sup>5</sup>

68%

of Initial Investment Recovered<sup>6</sup>



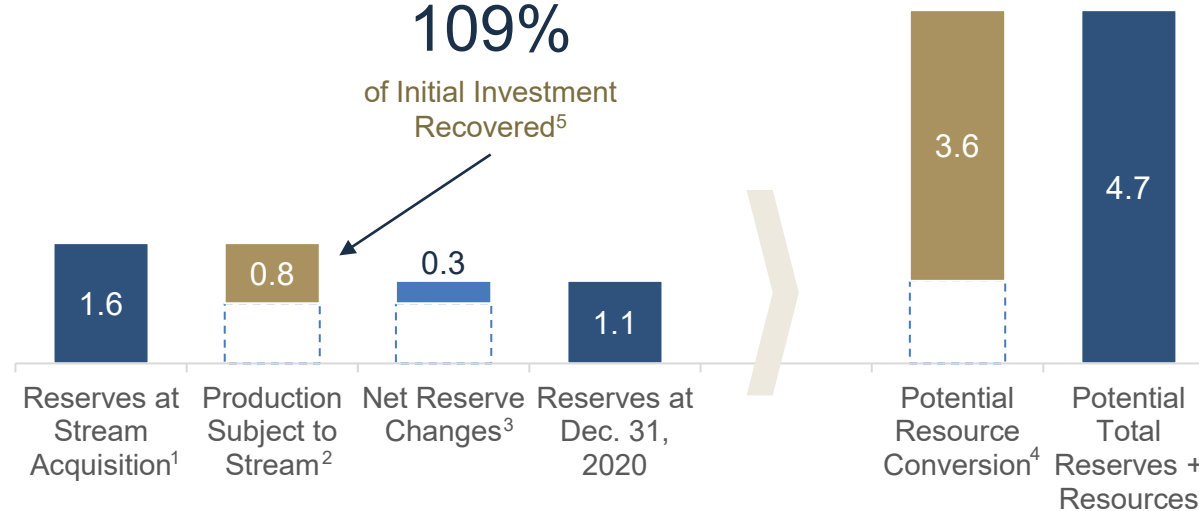
- 1 - Reserves as of December 31, 2014
- 2 - Production from 2015 to 2020
- 3 - Reflects adjustment related to effective date of acquisition, metal recoveries, etc.
- 4 - Pueblo Viejo expansion project expected to unlock just over 9 Moz (100% basis) of M&I gold resources
- 5 - Attributable to Barrick's 60% interest
- 6 - As of December 31, 2021, pre-tax

## WASSA

Millions of Gold Ounces

109%

of Initial Investment Recovered<sup>5</sup>



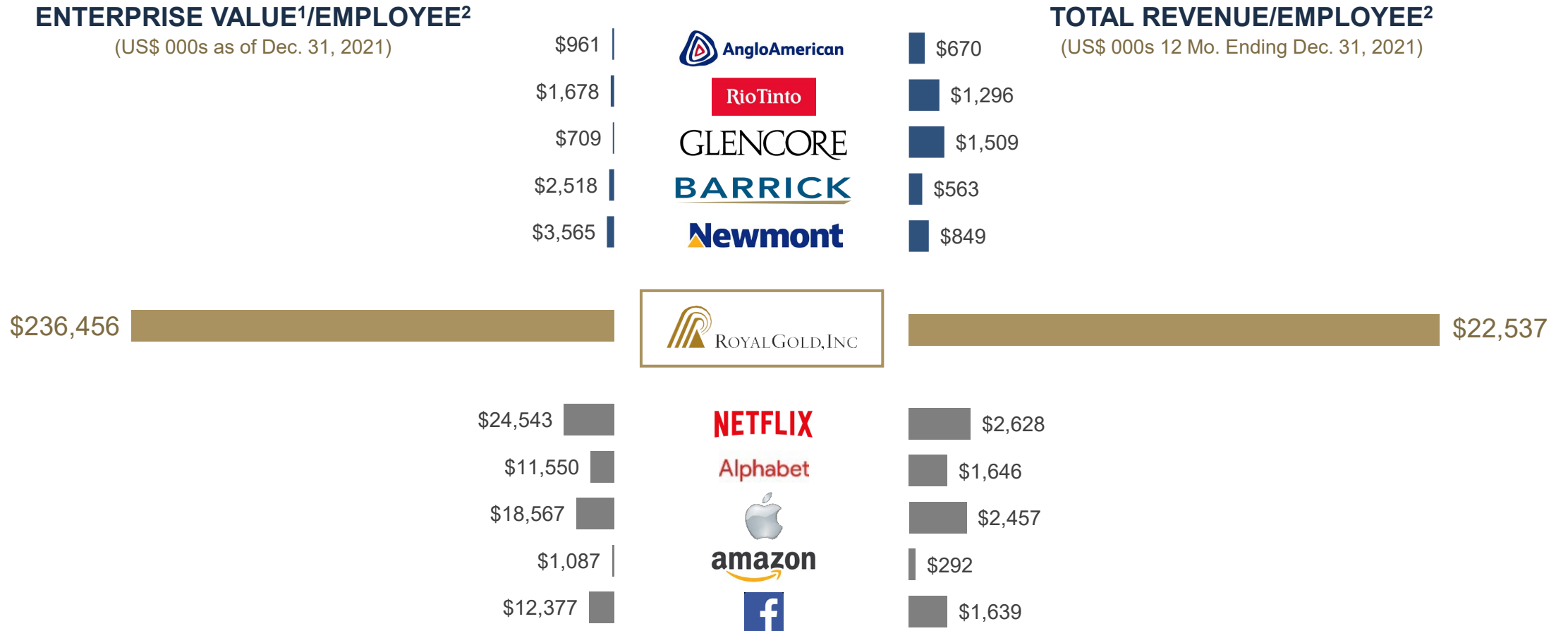
- 1 - Reserves as of December 31, 2014
- 2 - Production from 2015 to 2020
- 3 - Reflects adjustments related to effective date of acquisition, metal recoveries, etc.
- 4 - PEA production plan (effective December 31, 2020)
- 5 - As of December 31, 2021, pre-tax. Includes contribution from Prestea/Bogoso up to September 30, 2020



# Highly Efficient Business Model



The efficiency of Royal Gold's business model exceeds that of the largest mining and technology companies



1 – Enterprise value = market cap. + debt + preferred equity + minority interest – cash & ST investments; market cap. as of December 1, 2021, all other financials as of September 30, 2021 2 – Employee count as of Dec 31, 2021 Source: CapitalIQ except as noted



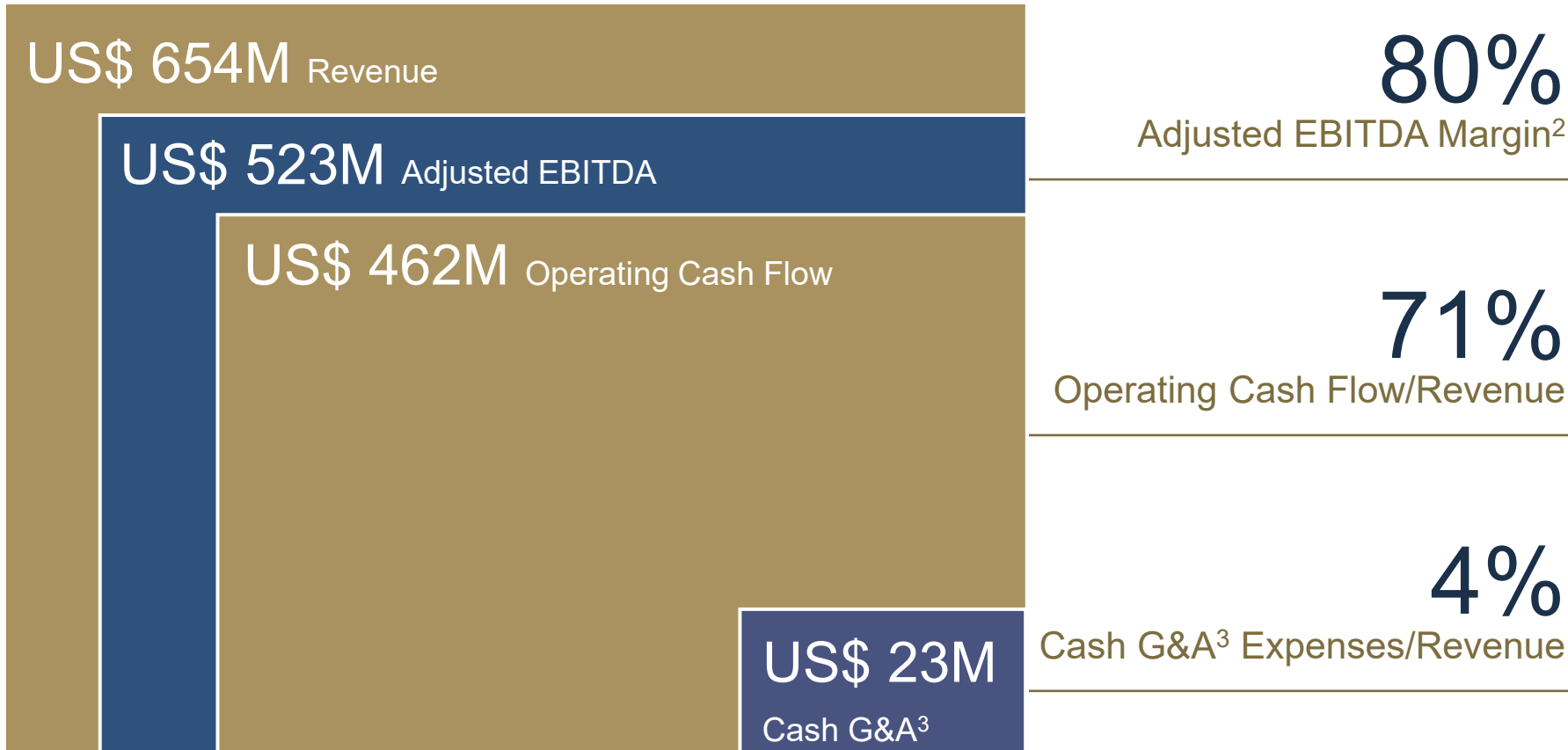
# Highly Efficient Business Model



High margin business model drives profitability...

...for peer-leading margins and metrics

## CASH FLOW METRICS<sup>1</sup>



1 – Calendar 2021. 2 – Adjusted EBITDA of \$523M divided by Revenue of \$654M. 3 – G&A Expense of \$29M less Non-Cash Employee Stock Compensation Expense of \$6M.



**190**  
PROPERTIES<sup>1</sup>

- 44 PRODUCING ●
- 17 DEVELOPMENT
- 50 EVALUATION
- 79 EXPLORATION

## PRINCIPAL PROPERTIES

- 1 **ANDACOLLO**  
Region IV, Chile
- 2 **CORTEZ**  
Nevada, USA
- 3 **MOUNT MILLIGAN**  
British Columbia, Canada
- 4 **PEÑASQUITO**  
Zacatecas, Mexico
- 5 **PUEBLO VIEJO**  
Sanchez Ramirez, Dominican Republic
- 6 **WASSA**  
Western Region, Ghana
- 7 **KHOEMACAU**  
Botswana

1 - As of December 31, 2021



# Diverse Portfolio Safeguards Stable, Predictable and Sustainable Cash Flow

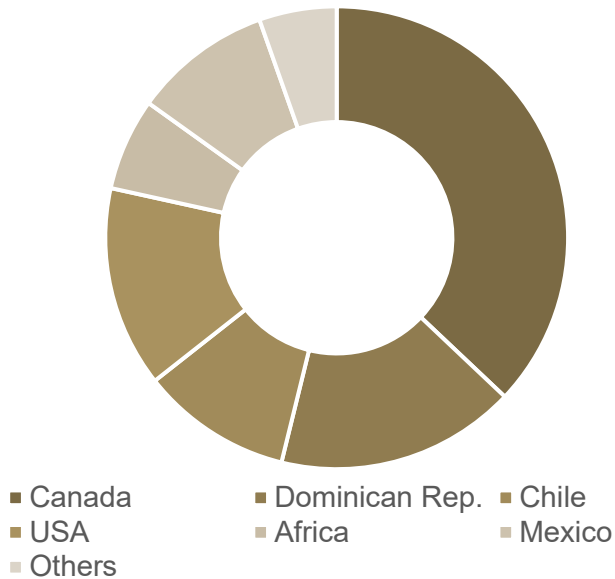


Royal Gold's revenue is sourced from a geographically and operationally diverse portfolio, underpinned by primary precious metals mines

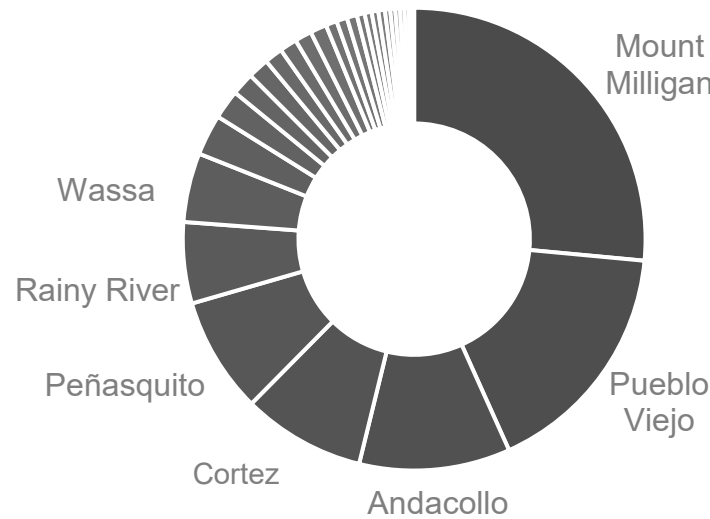
- Globally-diverse portfolio minimizes influence of geopolitical volatility on revenue
- Principal property revenues supported by broad number of underlying assets
- Revenue contribution focused ~75% from precious metals mines, ~25% exposure to base metals

## Calendar 2021 Revenue Contribution

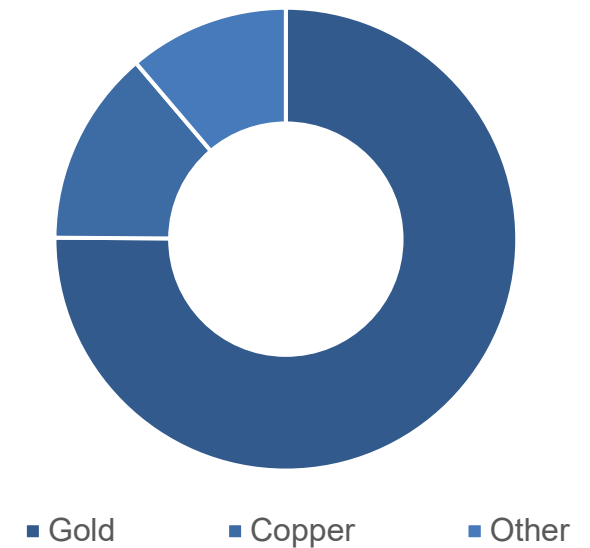
by Geography



by Mine



by Mine Type\*



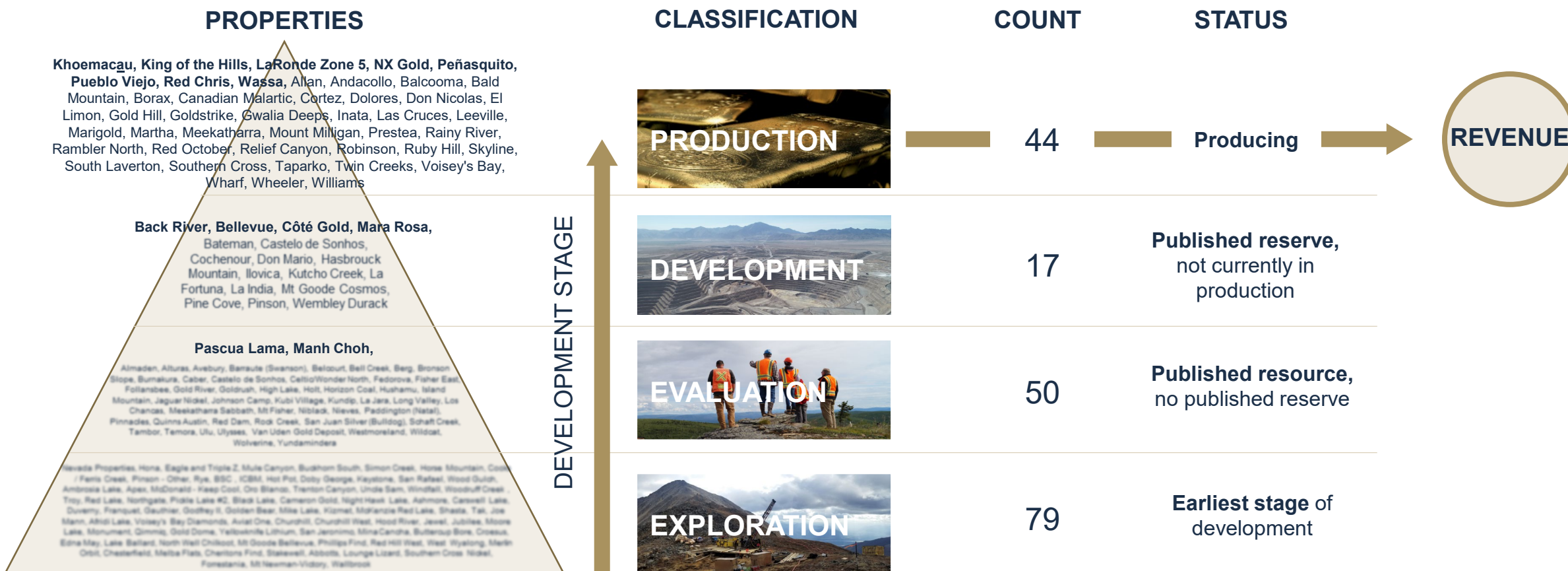
\* Mine type defined by metal that provides majority revenue



# Portfolio Spans the Stages of Project Development



Broad range of properties at various stages of development provides potential for organic revenue growth and optionality

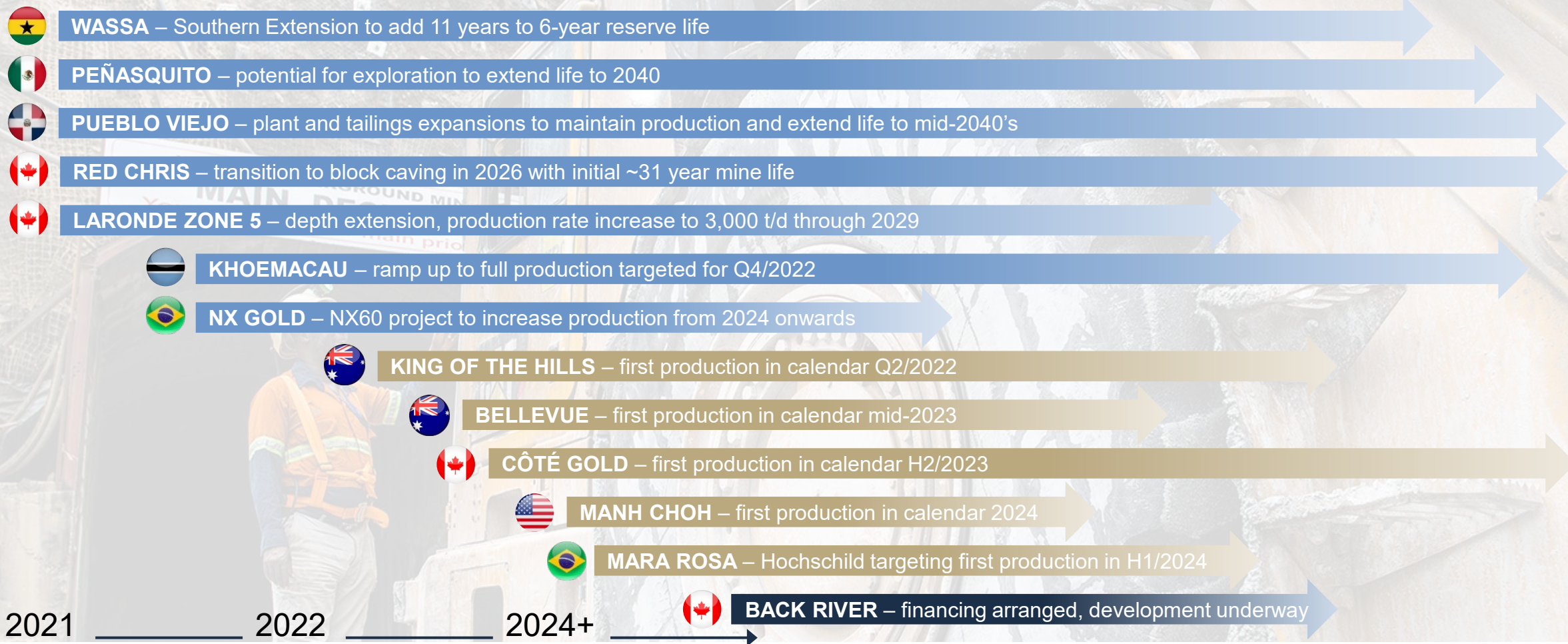


# Expected Catalysts in the Portfolio



Organic growth opportunities expected to add to portfolio revenue and duration

- █ In production
- █ Defined startup date
- █ Longer-dated production



# Newest Assets Provide Attractive Growth Potential



## KHOEMACAU

BOTSWANA



- 90% payable silver stream
  - At KCM option, potential contribution of \$26.5M for 10% of remaining silver
- First concentrate produced on June 30, 2021
- First silver deliveries received in September quarter, 2021
- Construction substantially complete; project ramping up with full production expected in December quarter, 2022

## RED CHRIS

CANADA



- 1% NSR royalty on a producing copper/gold/silver mine, acquired August 2021
- Pre-Feasibility Study results for transition from open pit to large-scale underground operation issued October 2021
  - 36-year mine life
  - Further potential from East Ridge target, high-grade pods and next generation mining systems
- Exploration underway to test known targets and extensions of porphyry corridor

## NX GOLD

BRAZIL



- 25% gold stream on a producing gold mine with significant near-mine and regional exploration potential, acquired August 2021
- Exploration progressing with positive results, including:
  - Extension of San Antonio Vein
  - Newly-discovered Matinha Vein
  - Mata Verde System traced over 10.5 km
- 130k t/year excess mill capacity
- NX 60 Project to sustain longer-term gold production of 60k oz/year

## CÔTÉ

CANADA



- 1% NSR royalty on the Chester 3 claims covering ~70% of current reserves, acquired June 2021
- Expected 18+ year mine life, with average production of 489k oz/year for 1<sup>st</sup> 5 years
- Overall project 43% complete as of December 31, 2021
- On track for commercial production in the second half of 2023

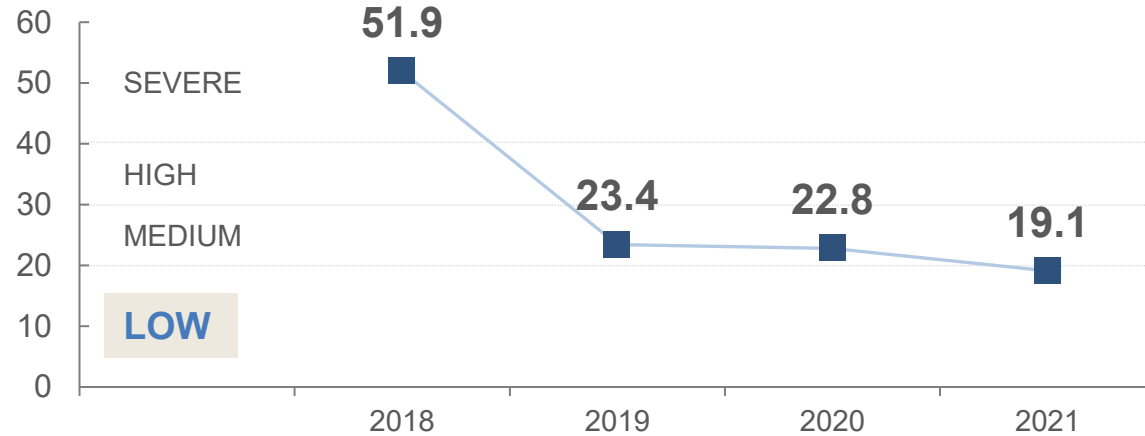
# Sound ESG Practices are Fundamental to Success



Recent improved disclosure of Royal Gold's approach to sustainability has materially improved market perception and recognition of leading ESG practices



RISK RATING



ESG Risk Rating COMPREHENSIVE

**19.1** Low Risk



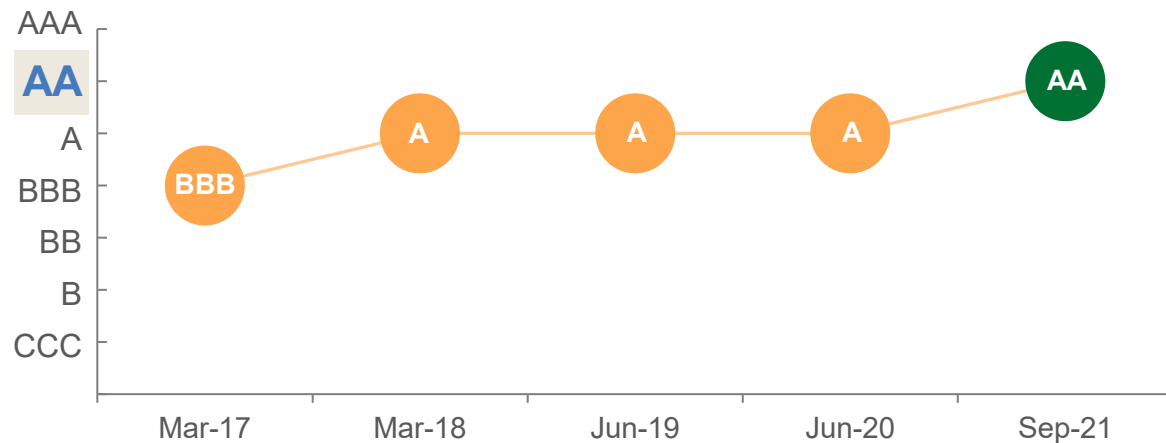
**Ranking**  
 Industry Group (1st = lowest risk)  
**Precious Metals** **6** out of 123  
 Universe  
**Global Universe** **2945** out of 14537

Last Update: Jun 27, 2021

Source: Sustainalytics



ESG RATING



**MSCI**  
 ESG RATINGS



LAST UPDATE: September 9, 2021

Source: MSCI; see disclaimer at end of presentation for additional information



# ESG Overview: Sustainability Is Our Business Model



Royal Gold is committed to sustainability at the corporate and local levels, and seeks counterparties with leading approaches to ESG practices

## Environmental

Committed to analyzing and mitigating the environment around us; sponsors of innovation and best practices in mining



Endorse the Responsible Gold Mining Principles of the World Gold Council and the ICMM 10 Mining Principles



## Social

Committed to supporting social causes where we have investments and in our local communities

**\$400k**

Invested with Alamos Gold for construction of medical clinic in Matarachi, Mexico

**\$750k**

Committed over 5 years to support Golden Star Oil Palm Plantation Ltd. near Wassa mine in Ghana

**2 Days**

Annual paid leave for employees to volunteer with non-profit organizations of their choosing

Committed to supporting local charities and social causes



Charitable giving budget for Fiscal 2021 **\$1.5M**

## Governance

Committed to good corporate governance, promoting long-term shareholder interests

- Independence *All directors other than CEO are independent*
- Tenure *6 years average director tenure*
- Service *Independent directors serve on an average of 1 outside public board*

Diverse qualifications and experience of directors





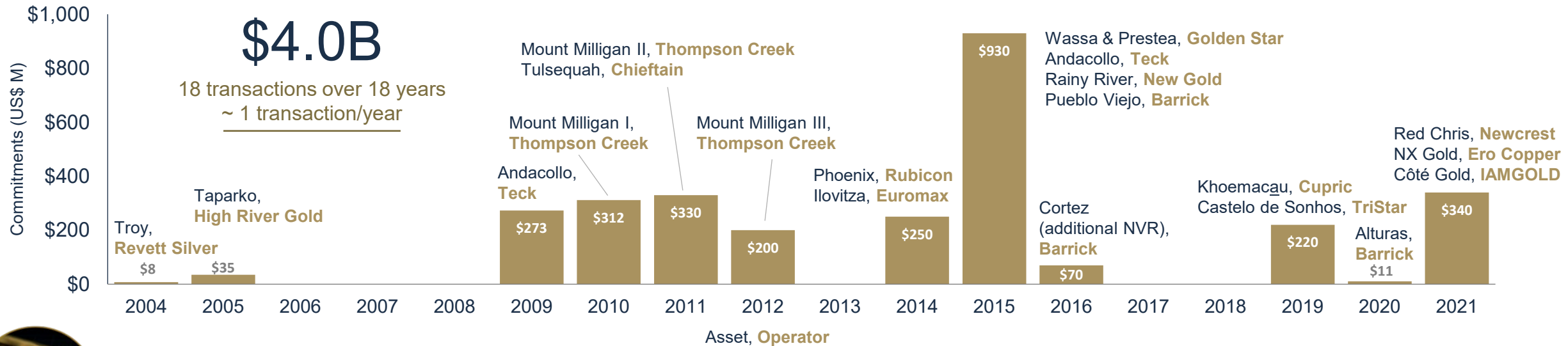
# Robust Due Diligence Drives Disciplined Approach to Acquisitions



Royal Gold's due diligence process includes:

- Management references
- Financial/Credit Analysis
- Legal Due Diligence
  - Title, permitting, mining law
- ESG
  - Environmental Impact
  - Social license
  - Community impact
- Technical Due Diligence
  - Geology, reserve/resource definition
  - Mining
  - Metallurgy
  - Operating and capital costs
- Infrastructure
- Marketing (concentrates)
- Geotechnical

Royal Gold is active and has the liquidity to compete for the largest transactions:



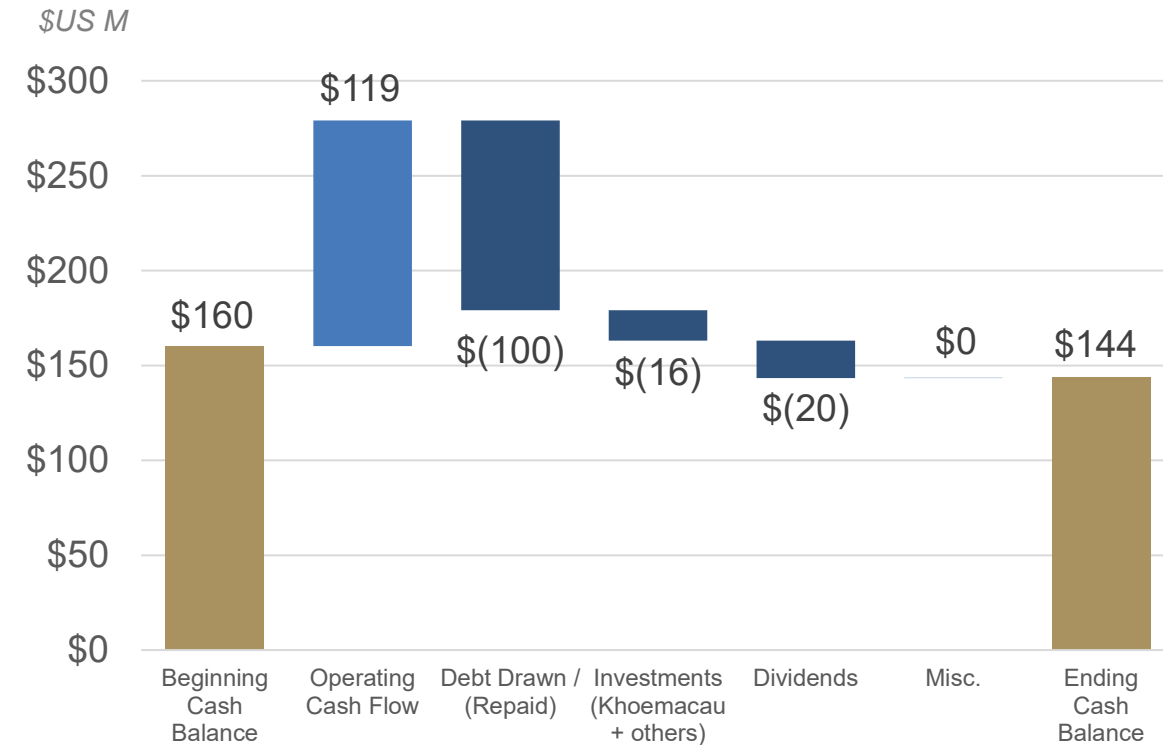
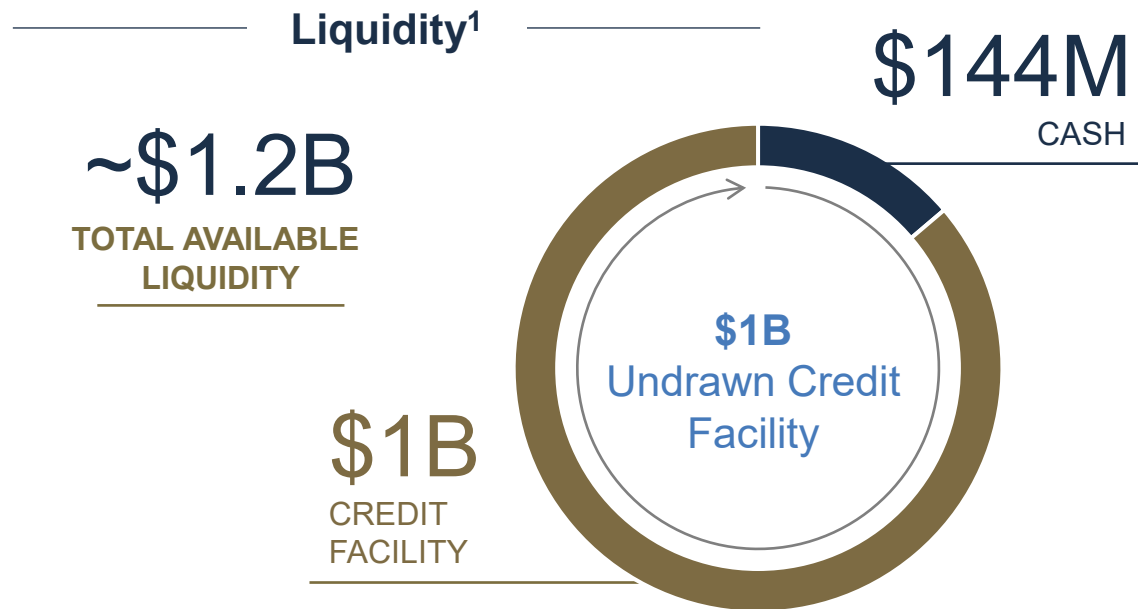
# Strong Liquidity Position and Financing Strategy Drive Shareholder Returns



We anticipate financing acquisitions with non-dilutive forms of capital in the following priority:

- Existing cash balances
- Cash flow from operations
- Debt under our revolving credit facility
- Equity, when accretive

Disciplined capital allocation prioritizes balance sheet, dividends and investment<sup>2</sup>



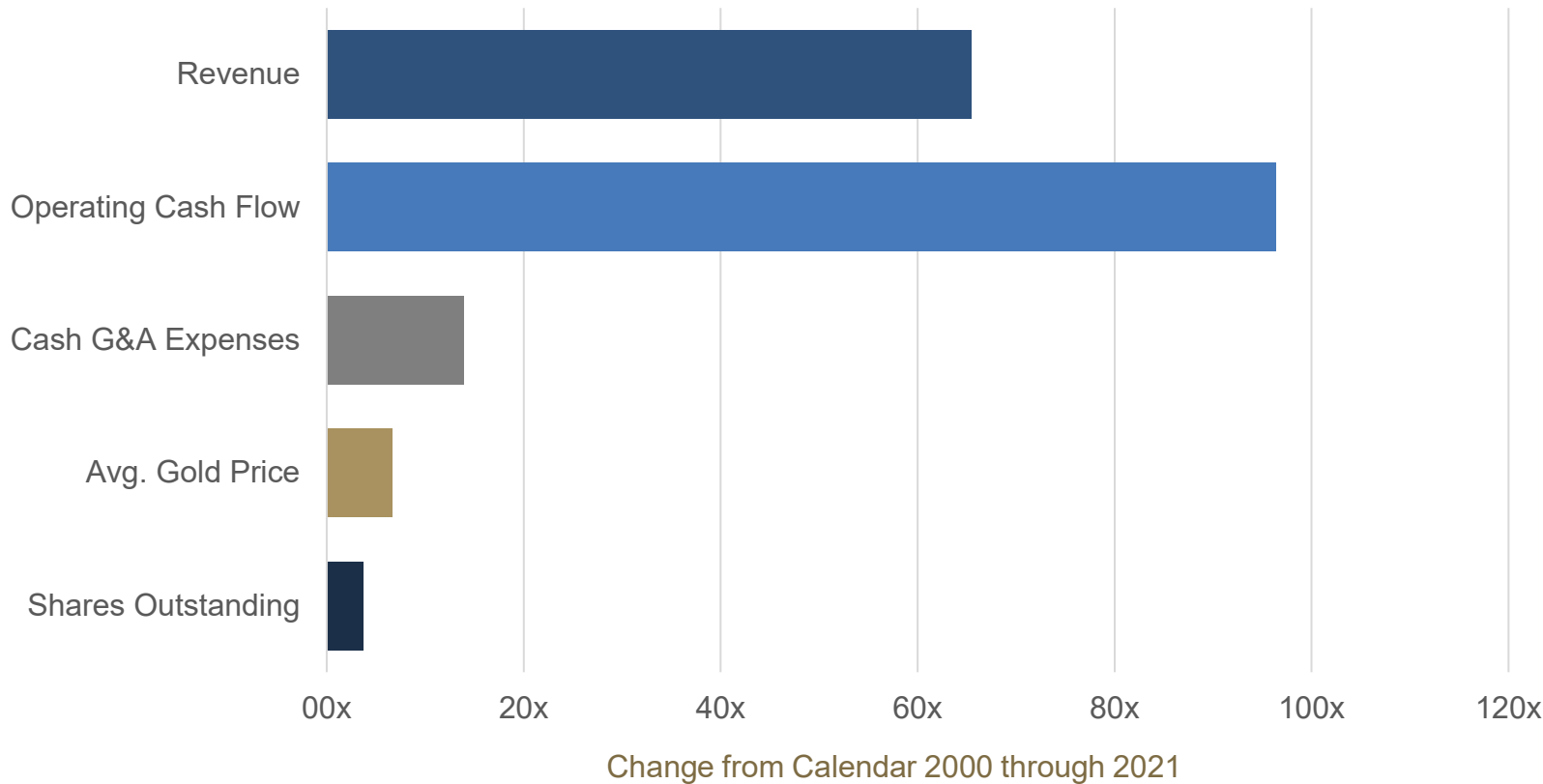
<sup>1</sup> – Cash and undrawn credit facility as of December 31, 2021. <sup>2</sup> – Three Months Ended December 31, 2021 – shown to nearest \$1M; amounts may not add due to rounding.



# Liquidity and Financing Strategy



For over 20 years, Royal Gold's growth has been financed accretively and without significant equity dilution



**\$4.9B**

Cumulative Revenue

**\$3.0B**

Cumulative Operating Cash Flow

**\$298M**

Cum. Cash G&A<sup>1</sup> Expenses

Up 5.8x to **\$1,799** /ounce

Up 3.8x to **65.6M** shares

1 - G&A Expense less Non-Cash Employee Stock Compensation Expense. For the period calendar 2000 through 2021 cumulative G&A Expense was \$398M and Non-Cash Employee Stock Compensation Expense was \$100M.



# Royal Gold Offers a Consistent, Increasing and Sustainable Dividend



Since 2000, Royal Gold shareholders have received a dividend regardless of the gold price, and is the only precious metal company in the S&P High Yield Dividend Aristocrats Index

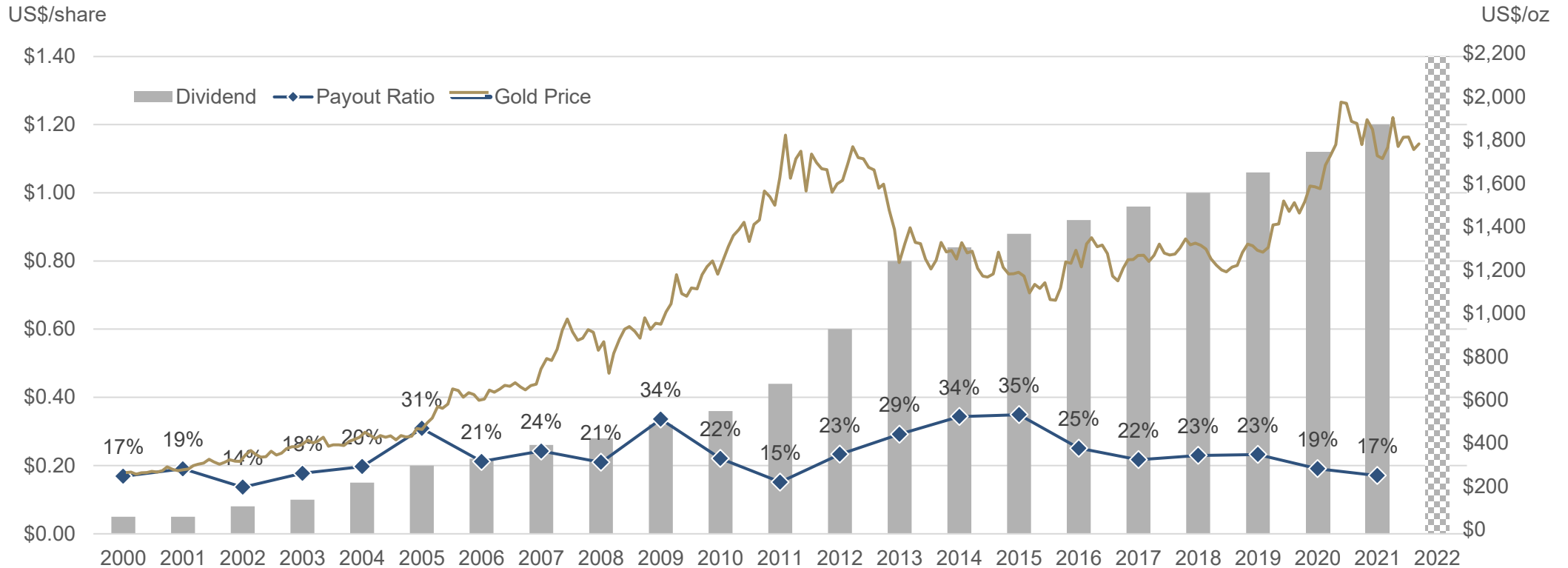
## CONSISTENT - INCREASING - SUSTAINABLE

**17%**

Dividend CAGR  
(2000-2022)

**\$698M**

Cum. Common Stock  
Dividends Paid<sup>1</sup>



Source: Company reports, FactSet. 1 – Since inception of the RGLD dividend in July 2000 through December 31, 2021



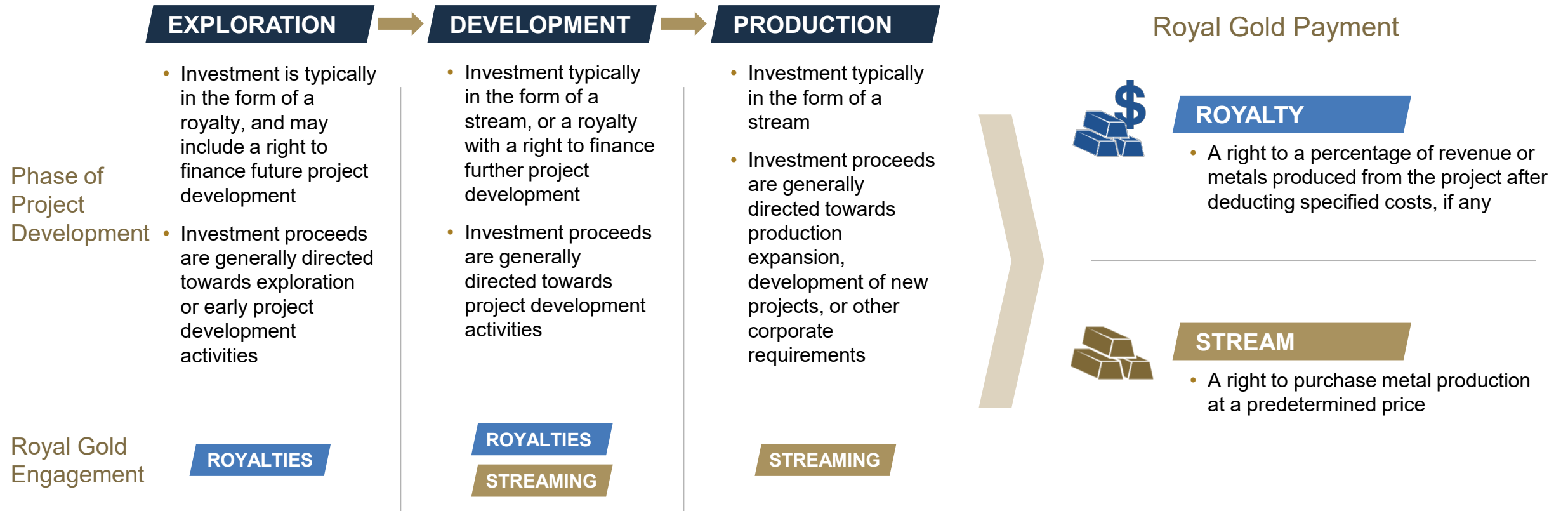
# Appendix



# Stream/Royalty Investment Process



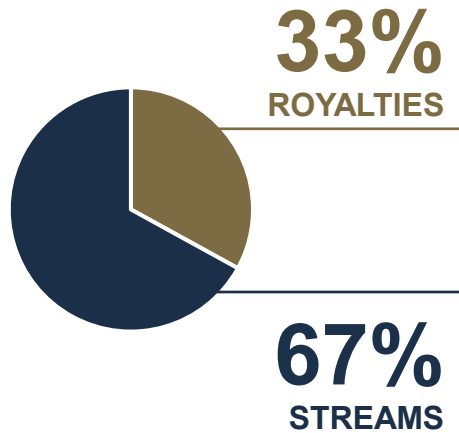
Royal Gold's role in the mining value chain can be tailored to fit the needs of the operating partner





From a cash flow perspective, streams and royalties are comparable in that the revenue from a stream less the ongoing cash price paid roughly equals a royalty-like interest in production

Royal Gold  
2021 Revenue Split



## ROYALTIES

- Typically structured as gross smelter return (GSR), net smelter return (NSR), net value return (NVR) or net profits interest (NPI). The difference is the amount of deductions permitted prior to calculation of the royalty, ranging from zero deductions (GSR) to all costs (NPI).
- In many jurisdictions, an interest in real property that “runs with the land” in the event of an ownership transfer of mineral rights, even if the transfer occurs through bankruptcy. Often, it is registered in government records on the title to the mineral rights.
- The sale of a royalty is often treated as a disposition of mineral interests and subject to upfront taxation, making it a poor financing tool.
- Royal Gold, as a U.S. taxpayer, is subject to US tax on royalty revenue, which is deemed to be passive income, whether it is earned outside the U.S. and without regard to the repatriation of that revenue.

## STREAMS

- Typically structured as the receipt by the streaming company of a percentage of metal produced in return for an upfront cash investment and an ongoing cash price per ounce delivered.
- Structured as a contractual arrangement. An analysis of the credit profile of a counterparty is more important for streams than for royalties.
- The sale of a stream is not taxable upfront in most jurisdictions, so it is easier to use a streams as a source of finance.
- Royal Gold’s streaming business is conducted through its Swiss subsidiary, and the lower cost of capital makes streaming a more competitive economic product for operators seeking financing.

# Experienced Independent Directors



Highly capable, independent board, with deep experience across the gold sector



**William Hayes**  
Independent Director and  
Chairman of the Board; Former  
EVP, Placer Dome Inc.



**Fabiana Chubbs**  
Independent Director;  
Former Chief Financial  
Officer, Eldorado Gold  
Corporation



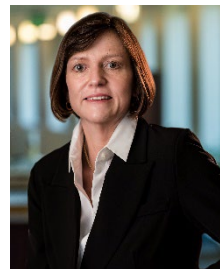
**Kevin McArthur**  
Independent Director;  
Former Executive Chair,  
Tahoe Resources and  
Former CEO and Director,  
Goldcorp, Inc.



**Jamie Sokalsky**  
Independent Director;  
Former President and CEO,  
Barrick Gold Corporation



**Ronald Vance**  
Independent Director;  
Former SVP Corporate  
Development,  
Teck Resources



**Sybil Veenman**  
Independent Director;  
Former Sr. Vice President  
and General Counsel,  
Barrick Gold Corporation

## A BALANCED BOARD

Our Board seeks to nominate directors with diverse qualifications and experience that align with our business strategy.





# Management Compensation Structure



Short-term and long-term incentive program seeks to align compensation with the factors that drive and measure total shareholder return

- **Short Term Incentives** focused on financial, operational, strategic, and individual performance
- **Long Term Incentives** involve net GEO growth and total shareholder return over multiple periods
- All incentives that could be impacted by metal prices alone are addressed by holding prices steady throughout an award timeframe
- Guaranteed salaries or other compensation, special benefits, defined benefit pension plans, repricing of stock options without shareholder approval are NOT part of the compensation program

	CEO	Element	When	Fiscal Year 2021 Performance Measures	Measuring Period	How Payout Determined	Other NEOs
CASH	22%	Salary	Reviewed annually	Individual experience and performance	Ongoing	Benchmarking; individual experience and performance	28%
	19%	Short-Term Incentive	Awarded annually	Financial, operational, strategic, and individual measures (page 41)	1 year	CNG Committee verification of performance as compared to preestablished measures	20%
EQUITY	58%	Stock Options and SARs	Awarded annually	Stock performance and service conditions (page 43)	1- to 3-year vesting	CNG Committee verification of performance as compared to preestablished measures	49%
		Restricted Shares		Service conditions (page 43)	3- to 5-year vesting		
		Performance Shares (GEOs)		Growth in annual net GEOs and service conditions (page 43)	Annually up to year 5		
		Performance Shares (TSR)		Total shareholder return ("TSR") percentile compared to constituents of the VanEck Vectors® Gold Miners ETF ("GDx") and service conditions (page 43)	1 and 3 years		
OTHER	1%	Benefits					3%

1 – Compensation breakdown for FY2021. Please refer to the Notice of 2021 Virtual Annual Meeting & Proxy Statement for additional detail.



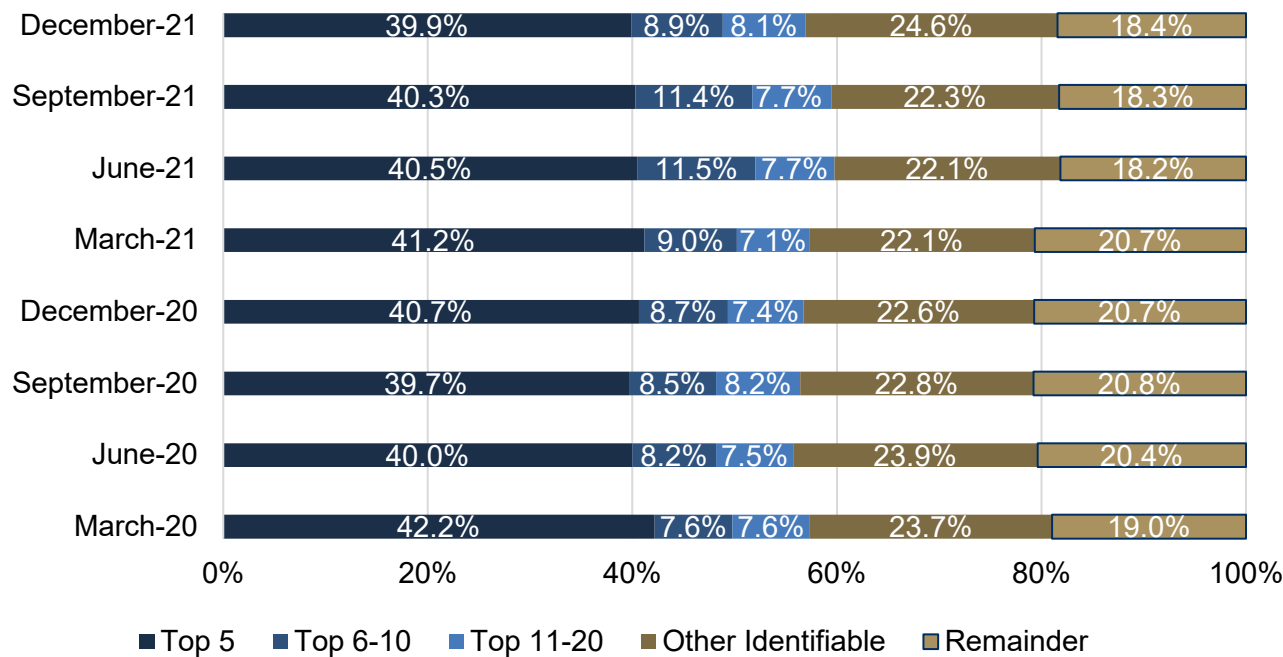
# Shareholder Base Reflects Company's Unique Position



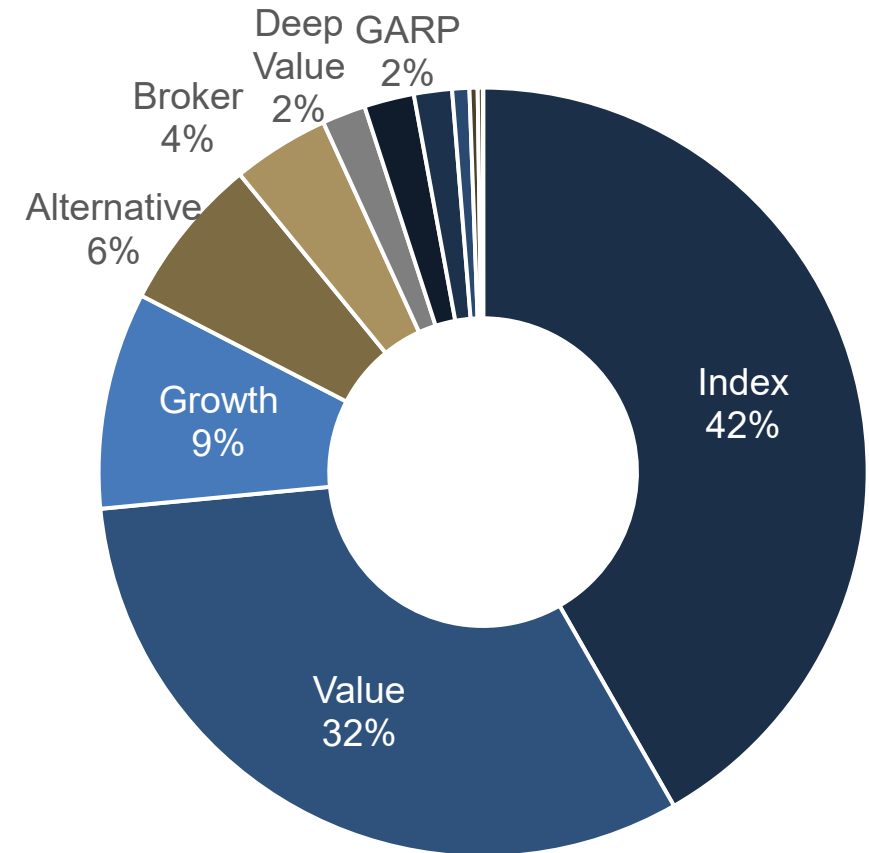
Shareholder base is institutional with some unique characteristics

- 42% of identifiable investors (34% of total) are Index investors
- High-quality shareholder register, with large and long-term institutional investors comprising the majority of the register

## Ownership Trends



## Identified Investor Styles



Source: IPREO, per 13-F filings; December 31, 2021 or as available



# Quality Portfolio of Asset Investments



## MOUNT MILLIGAN

Au Stream: 35%  
Au Cash Price: \$435/oz

Cu Stream: 18.75%  
Cu Cash Price: 15% of Spot



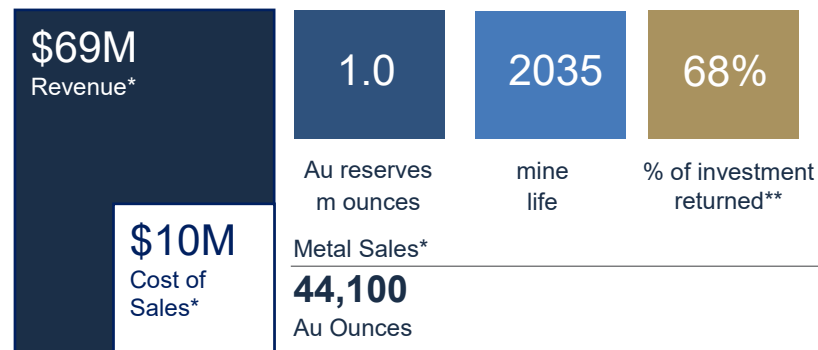
## PEÑASQUITO

Royalty: 2% NSR



## ANDACOLLO

Au Stream: 100%  
Cash Price: 15% of Spot



## WASSA

Au Stream: 10.5%  
Au Cash Price: 20% of Spot



\* Revenue and Costs of Sales for CY2021, \*\* As of December 31, 2021

# Strong Runway of Growth Opportunities



## KHOEMACAU

Ag Stream: 80-100%  
Ag Cash Price: 20% of Spot

Investment

**\$212M**  
80% stream

**\$265M**  
100% stream

**20%**  
Cash Price

**50.9**

Ag reserves  
m ounces

**21**  
years

mine life

**2021**

start up

**\$239M**

Funded to  
October 2021

### Sources

Red Kite	\$275M
Royal Gold	\$265M
Overrun Facility	\$ 25M
<u>Equity</u>	<u>\$ 75M</u>
<b>Total</b>	<b>\$ 640M</b>

### Uses

Capital Costs	\$455M
Repay Red Kite	\$100M
<u>Capitalized Interest</u>	<u>\$ 25M</u>
<b>Total</b>	<b>\$580M</b>

### Excess

**\$ 60M**

Production (Estimated LOM Average)

**1.5M (80%)**

Ag Ounces

**1.9M (100%)**



## CORTEZ

GSR 1/2 Royalty: 5.0%  
GSR 3 Royalty: 0.78%  
NVR1 Royalty: 4.91%  
NVR 1C Royalty: 4.52%

**\$56M**  
Revenue\*

**3.5**

Au reserves  
m ounces

**350,000 -  
375,000**

Est CY 2021  
Production

## PUEBLO VIEJO

Au Stream: 7.5%  
Ag Stream: 75.0%  
Cash Price: 30% of Spot

**\$110M**  
Revenue\*

**6.2**

Au reserves  
m ounces

**2045**

mine  
life

**68%**

% of investment  
returned\*\*



**415,000**

Est CY 2022-2026  
Production

**~8%**

Est Blended GSR  
Royalty to 2026



**\$33M**  
Cost of  
Sales\*

Metal Sales\*

**42,100**

Au Ounces

**1,525,500**

Ag Ounces

Production subject to Royalty\*

**236,900**

Au Ounces

\* Revenue and Costs of Sales for FY2021, \*\* As of September 30, 2021





Royal Gold seeks to provide exposure to resource growth and metal price optionality. Resource growth and mine life extensions can significantly enhance returns over time.

## Case Study

### Mulatos – Alamos Gold

- Royal Gold acquired 1.5% NSR from Kennecott Minerals in Dec. 2005, 2M oz cap reached in March 2019
- Pre-tax return ~36%. Excess return from mine life extension (2016 through 2025) and higher gold price
- Key to growth potential is exploration success and ability of operator to find and convert resources to reserves and then to production

## Return Drivers

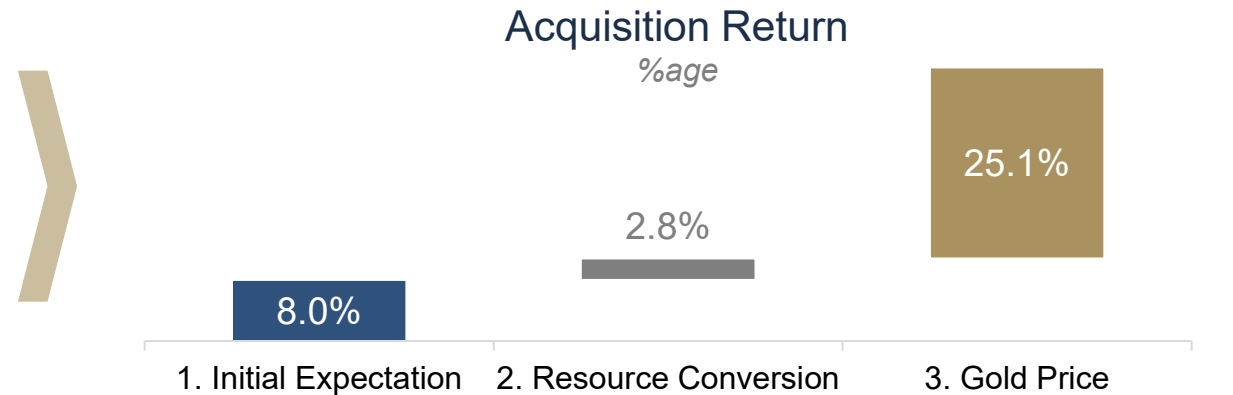
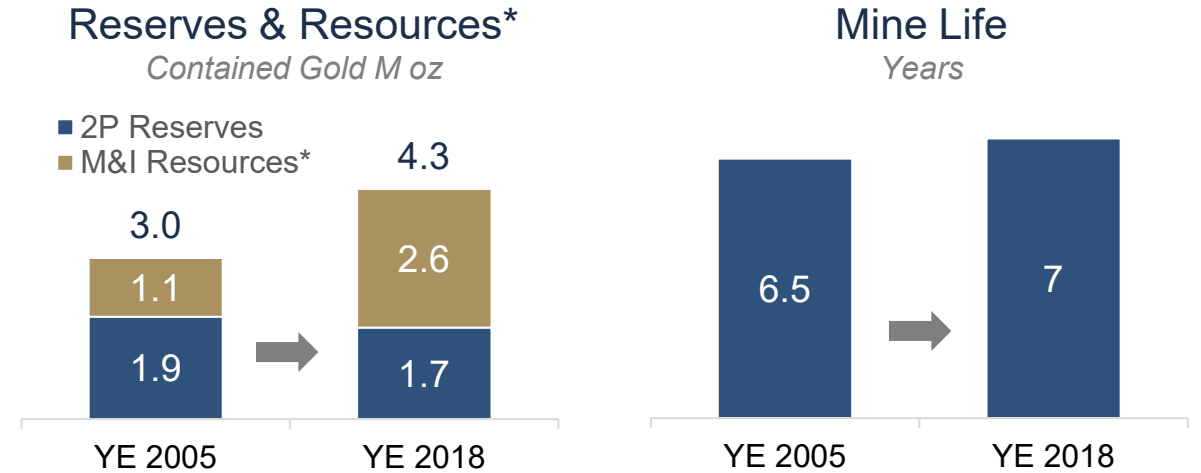
1. Return on initial acquisition based on mine feasibility study at date of acquisition<sup>1</sup>
2. Additional return resulting from resource conversion and mine life extension<sup>2</sup>
3. Additional return resulting from exposure to higher gold price received over the extended mine life<sup>3</sup>

<sup>1</sup> - Initial Expectation based on 2P reserve processed at 15,000 t/d, assumed \$450/oz flat gold price

<sup>2</sup> - Resource Conversion based on actual production at \$450/oz flat gold price

<sup>3</sup> - Actual royalty revenue received

\* The terms "resources," "measured resources," and "indicated resources," are not terms recognized by the Securities and Exchange Commission. Investors are advised that these estimates have not been prepared in accordance with SEC rules.

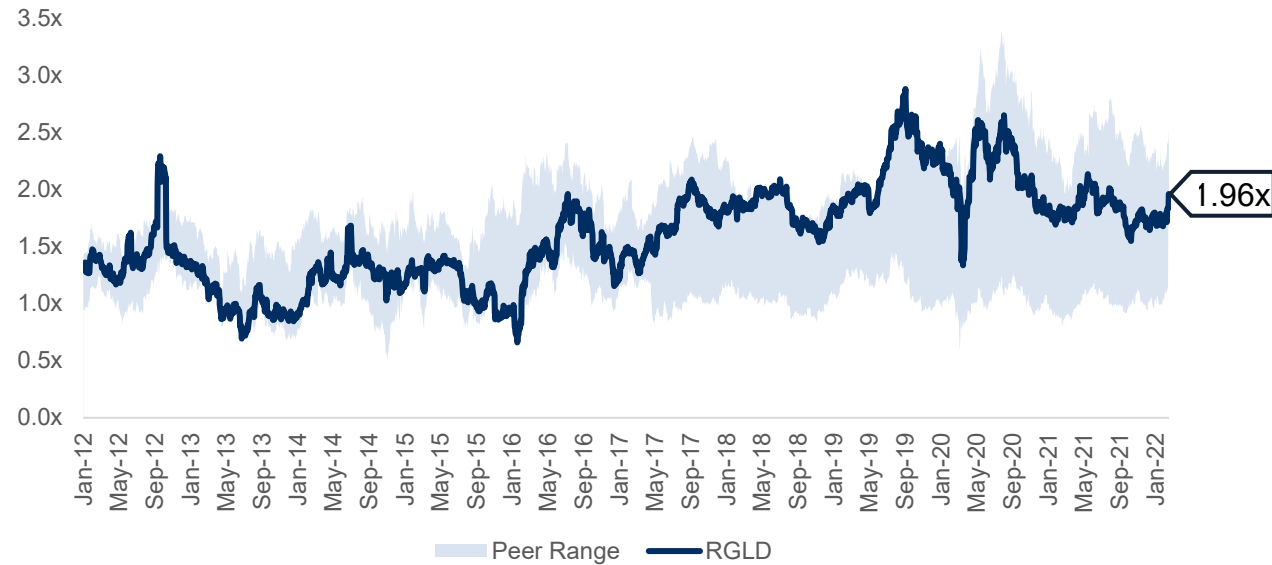


# Historical Trading Multiples

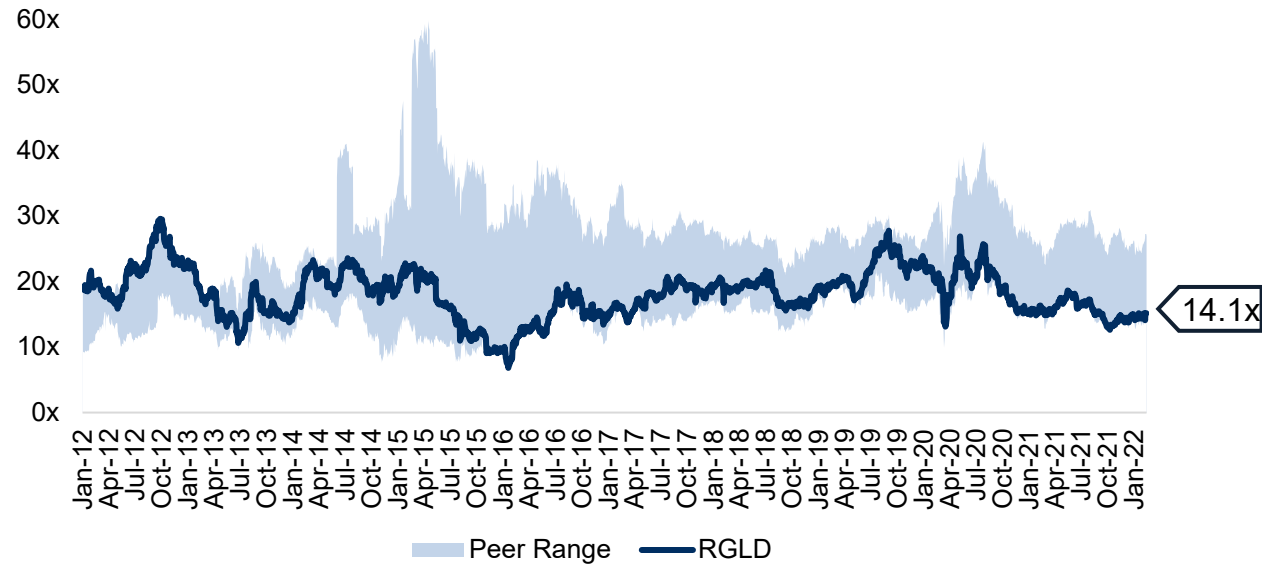


Streaming Companies have historically traded at relatively high P/NAV and P/CF multiples\*\*

## P / NAV



## P / CF



\*\* Peers include Franco-Nevada, Wheaton Precious Metals, Osisko Gold Royalties, Sandstorm. Source: CapIQ





## Non-GAAP Financial Measures and Certain Other Measures

### Overview of non-GAAP financial measures:

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by U.S. generally accepted accounting principles ("GAAP"). These measures should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. In addition, because the presentation of these non-GAAP financial measures varies among companies, these non-GAAP financial measures may not be comparable to similarly titled measures used by other companies.

We have provided below reconciliations of our non-GAAP financial measures to the comparable GAAP measures. We believe these non-GAAP financial measures provide useful information to investors for analysis of our business. We use these non-GAAP financial measures to compare period-over-period performance on a consistent basis and when planning and forecasting for future periods. We believe these non-GAAP financial measures are used by professional research analysts and others in the valuation, comparison and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. The adjustments made to calculate our non-GAAP financial measures are subjective and involve significant management judgement. Non-GAAP financial measures used by management in this report or elsewhere include the following:

1. Adjusted earnings before interest, taxes, depreciation, depletion and amortization, or adjusted EBITDA, is a non-GAAP financial measure that is calculated by the Company as net income adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliation below. We consider adjusted EBITDA to be useful because the measure reflects our operating performance before the effects of certain non-cash items and other items that we believe are not indicative of our core operations.
2. Net debt (or net cash) is a non-GAAP financial measure that is calculated by the Company as debt (excluding debt issuance costs) as of a date minus cash and equivalents for that same date. Net debt (or net cash) to trailing twelve months (TTM) adjusted EBITDA is a non-GAAP financial measure that is calculated by the Company as net debt (or net cash) as of a date divided by the TTM adjusted EBITDA (as defined above) ending on that date. We believe that these measures are important to monitor leverage and evaluate the balance sheet. Cash and equivalents are subtracted from the GAAP measure because they could be used to reduce our debt obligations. A limitation associated with using net debt (or net cash) is that it subtracts cash and equivalents and therefore may imply that there is less Company debt than the most comparable GAAP measure indicates. We believe that investors may find these measures useful to monitor leverage and evaluate the balance sheet.
3. Adjusted net income and adjusted net income per share are non-GAAP financial measures that are calculated by the Company as net income and net income per share adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliations below. We consider these non-GAAP financial measures to be useful because they allow for period-to-period comparisons of our operating results excluding items that we believe are not indicative of our fundamental ongoing operations. The tax effect of adjustments is computed by applying the statutory tax rate in the applicable jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.





## Non-GAAP Financial Measures and Certain Other Measures

### Overview of non-GAAP financial measures:

4. Free cash flow is a non-GAAP financial measure that is calculated by the Company as net cash provided by operating activities for a period minus acquisition of stream and royalty interests for that same period. We believe that free cash flow represents an additional way of viewing liquidity as it is adjusted for contractual investments made during such period. Free cash flow does not represent the residual cash flow available for discretionary expenditures. We believe it is important to view free cash flow as a complement to our consolidated statements of cash flows.
5. Cash general and administrative expense, or cash G&A, is a non-GAAP financial measure that is calculated by the Company as general and administrative expenses for a period minus non-cash employee stock compensation expense for the same period. We believe that cash G&A is useful as an indicator of overhead efficiency without regard to non-cash expenses associated with employee stock compensation.







## Reconciliation of non-GAAP financial measures to U.S. GAAP measures

### Adjusted EBITDA and Net cash to TTM adjusted EBITDA:

<i>(amounts in thousands)</i>	December 31,	Three Months Ended		March 31,
	2021	September 30,	June 30,	2021
		2021	2021	
Net income and comprehensive income	\$ 68,362	\$ 70,466	\$ 81,919	\$ 54,193
Depreciation, depletion and amortization	49,074	50,611	48,028	41,296
Non-cash employee stock compensation	1,715	1,503	1,494	1,344
Fair value changes in equity securities	1,526	(176)	(1,957)	(1,902)
Interest and other, net	88	1,089	469	1,087
Income tax expense	13,980	16,028	5,536	17,679
Non-controlling interests in operating (income) loss of consolidated subsidiaries	(199)	(290)	(242)	(167)
<b>Adjusted EBITDA</b>	<b>\$ 134,546</b>	<b>\$ 139,231</b>	<b>\$ 135,247</b>	<b>\$ 113,530</b>
<b>TTM adjusted EBITDA</b>	<b>\$ 522,554</b>			
Debt	\$ —			
Debt issuance costs	5,169			
Cash and equivalents	(143,551)			
<b>Net (cash)</b>	<b>\$ (138,382)</b>			
<b>TTM adjusted EBITDA</b>	<b>\$ 522,554</b>			
<b>Net cash to TTM adjusted EBITDA</b>	<b>(0.26)x</b>			





## Reconciliation of non-GAAP financial measures to U.S. GAAP measures (cont.)

### Cash G&A:

<i>(amounts in thousands)</i>	December 31,	Three Months Ended		March 31,
	2021	September 30,	June 30,	2021
		2021	2021	
General and administrative expense	\$ 8,034	\$ 7,129	\$ 7,212	\$ 6,932
Non-cash employee stock compensation	(1,715)	(1,503)	(1,494)	(1,344)
Cash G&A	\$ 6,319	\$ 5,626	\$ 5,718	\$ 5,588
TTM cash G&A	\$ 23,251			

### Adjusted net income and adjusted net income per share:

<i>(amounts in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Net income and comprehensive income attributable to Royal Gold common stockholders	\$ 68,163	\$ 59,889	\$ 138,339	\$ 166,828
Fair value changes in equity securities	1,526	382	1,350	(2,158)
Gain on sale of Peak Gold JV interest	—	—	—	(33,906)
Discrete tax benefits	(45)	—	(45)	(25,799)
Tax effect of adjustments	(404)	(147)	(358)	7,595
Adjusted net income and comprehensive income attributable to Royal Gold common stockholders	69,240	60,124	139,286	112,560
Net income attributable to Royal Gold common stockholders per diluted share	\$ 1.04	\$ 0.91	2.10	2.54
Fair value changes in equity securities	0.02	0.01	0.02	(0.03)
Gain on sale of Peak Gold JV interest	—	—	—	(0.52)
Discrete tax benefits	—	—	—	(0.39)
Tax effect of adjustments	(0.01)	(0.00)	(0.01)	0.12
Adjusted net income attributable to Royal Gold common stockholders per diluted share	\$ 1.05	\$ 0.92	\$ 2.11	\$ 1.72



## Reconciliation of non-GAAP financial measures to U.S. GAAP measures (cont.)

### Free cash flow:

<i>(amounts in thousands)</i>	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 118,898	\$ 99,912	\$ 248,783	\$ 194,064
Acquisition of stream and royalty interests	(16,066)	(37,528)	(281,066)	(48,832)
Free cash flow	\$ 102,832	\$ 62,384	\$ (32,283)	\$ 145,232
Net cash used in investing activities	\$ (15,397)	\$ (37,553)	\$ (288,130)	\$ 12,104
Net cash (used in) provided by financing activities	\$ (120,158)	\$ (93,616)	\$ (43,018)	\$ (143,437)

### Other measures

We use certain other measures in managing and evaluating our business. We believe these measures may provide useful information to investors for analysis of our business. We use these measures to compare period-over-period performance and liquidity on a consistent basis and when planning and forecasting for future periods. We believe these measures are used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. Other measures used by management in this report and elsewhere include the following:

1. Gold equivalent ounces, or GEOs, is calculated by the Company as revenue (in total or by reportable segment) for a period divided by the average gold price for that same period.
2. Depreciation, depletion, and amortization, or DD&A, per GEO is calculated by the Company as depreciation, depletion, and amortization for a period divided by GEOs (as defined above) for that same period.
3. Working capital is calculated by the Company as current assets as of a date minus current liabilities as of that same date.
4. Dividend payout ratio is calculated by the Company as dividends paid during a period divided by net cash provided by operating activities for that same period.
5. Operating margin is calculated by the Company as operating income for a period divided by revenue for that same period.





## DISCLAIMER STATEMENT FOR USE OF MSCI ESG RATING

THE USE BY ROYAL GOLD OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF ROYAL GOLD BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Cautionary Statement Regarding Resources: The terms “resource,” “measured resource,” “indicated resources,” and “inferred resources” are not terms recognized by the Securities and Exchange Commission. Investors are advised that these estimates have not been prepared in accordance with SEC rules. Resources are subject to future exploration and development and associated risks and may never convert to future reserves. In particular, inferred resources have a great amount of uncertainty as to their existence and their feasibility. However, the SEC generally requires mineral resource information in SEC-filed documents to be reported only as in-place tonnage and grade. See our most recent Annual Report on Form 10-K on our website for information about proven and probable reserves and mineralized material prepared in compliance with SEC rules.





Tel. 303.573.1660  
[investorrelations@royalgold.com](mailto:investorrelations@royalgold.com)  
[www.royalgold.com](http://www.royalgold.com)

