



## HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2025 RESULTS, 2025 YEAR-END RESERVES AND OPERATIONAL UPDATE

NOT FOR DISSEMINATION IN THE U.S. OR THROUGH U.S. NEWSWIRES

Calgary, Alberta, March 17, 2026

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce its financial and operating results for the three and twelve months ended December 31, 2025 and to provide the results of its independent oil and gas reserves evaluation as of December 31, 2025, prepared by GLJ Ltd. ("**GLJ**"). The Company also announces that its audited consolidated financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2025, are available on Highwood's website at [www.highwoodmgmt.com](http://www.highwoodmgmt.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### Highlights

- Average corporate production of 5,040 boe/d in Q4 2025. Highwood expects Q1 2026 production to be approximately 6,000 boe/d, representing an increase of approximately 20% from Q4 2025.
- For the fourth quarter of 2025, Highwood delivered Adjusted EBITDA of \$10.9 million (\$0.72 per share) and adjusted funds flow of \$10.6 million (\$0.70 per share).<sup>(1)(2)</sup>
- Highwood continues to be encouraged by the results of the 102/13-02-043-06W5 (the "**13-02 well**") and the 100/11-33-042-05W5 (the "**11-33 well**") that were drilled and brought online in mid December. For the month of January 2026, both the 13-02 well and 11-33 well were recognized by multiple third parties as two of the top net oil wells in Alberta, based on production, with both wells exceeding 25,000 bbl of gross oil production. The 13-02 well and 11-33 well combined, averaged gross production of approximately 1,650 bbls/d light oil and 2,500 boe/d (80% liquids) including associated gas and natural gas liquids (1,450 bbls/d and 2,225 boe/d net). Both wells have remained strong in February averaging gross total production of approximately 2,100 boe/d (76% liquids, 1,860 boe/d net). In aggregate, the Company expects the wells to pay out in less than 3 months at current strip pricing.<sup>(1)(3)</sup>
- Highwood's top priority remains shareholder value, and the Company achieved growth in all reserve categories, including the addition of 3,371 Mboe of new Proved Developed Producing ("**PDP**") reserves. Overall PDP reserves increased 7% to 19,594 Mboe, Total Proved ("**1P**") reserves increased 7% to 39,600 Mboe and Total Proved plus Probable ("**2P**") reserves increased 9% to 66,441 Mboe. As a result of the increase in reserves, Highwood realized a PDP NAV of \$7.96/share, 1P NAV of \$22.39/share and 2P NAV of \$41.23/share.<sup>(2)</sup>
- Highwood's hedging program helps mitigate volatility in commodity pricing with approximately 2,400 bbls/day and 1,400 bbls/day of oil hedged throughout 2026 and 2027, respectively, at an average contract price of approximately \$94.00CAD/bbl and \$91.00CAD/bbl (WTI-NYMEX). With the recent

conflict in the Middle East and the resulting increase in oil prices, Highwood layered in approximately 350 bbls/day and 1,300 bbls/day of oil throughout 2026 and 2027, respectively, which is included in the volumes noted above. In addition, the Company has approximately 6,975GJ/day of natural gas hedged in 2026 at an average contract price of approximately \$3.15/GJ (AECO). The Company realized a gain on commodity contracts of \$3.1 million during the fourth quarter of 2025.

- The Company is focused on reducing Net Debt / EBITDA to increase flexibility for the Company moving forward. At December 31, 2025, Highwood had approximately \$325 million in tax pools, including more than \$100 million in non-capital losses. Highwood does not anticipate being cash taxable for approximately three years or more.

### Notes to Highlights:

- (1) See "Caution Respecting Reserves Information" and "Non-GAAP and other Specified Financial Measures".
- (2) Basic shares at December 31, 2025 is 15,171,169 which includes shares held in trust. Fully diluted shares at December 31, 2025 is 15,599,131.
- (3) Based on Management's projections (not Independent Qualified Reserves Evaluators' forecasts) and applying the following pricing assumptions: Actual pricing up to February 28, 2026 and thereafter, WTI: US\$70.00/bbl; MSW Diff: US\$3.50/bbl; AECO: C\$1.75/GJ; 0.735 CAD/USD. Management projections are used in place of Independent Qualified Reserves Evaluators' forecasts as Management believes it provides investors with valuable information concerning the liquidity of the Company.

### Summary of Financial & Operating Results

	Three months ended December 31,			Year ended December 31,		
	2025	2024	%	2025	2024	%
<b>Financial (in thousands)</b>						
Petroleum and natural gas sales	\$ 21,463	\$ 33,775	(36)	\$ 98,169	\$ 135,794	(28)
Transportation pipeline revenues	\$ 534	\$ 621	(14)	\$ 2,172	\$ 2,670	(19)
Total revenues, net of royalties <sup>(1)</sup>	\$ 25,392	\$ 21,167	20	\$ 101,853	\$ 109,498	(7)
Income	\$ 5,719	\$ 1,914	199	\$ 21,707	\$ 27,950	(22)
Funds flow from operations <sup>(5)</sup>	\$ 8,973	\$ 16,791	(47)	\$ 45,877	\$ 68,876	(33)
EBITDA <sup>(5)</sup>	\$ 12,511	\$ 20,365	(39)	\$ 55,340	\$ 80,760	(31)
Adjusted EBITDA <sup>(5)</sup>	\$ 10,883	\$ 18,995	(43)	\$ 53,286	\$ 79,144	(33)
Capital expenditures	\$ 9,931	\$ 10,999	(10)	\$ 59,578	\$ 66,451	(10)
Net debt <sup>(2)</sup>				\$ 116,723	\$ 97,832	19
Shareholder's equity (end of year)				\$ 154,063	\$ 132,087	17
Shares outstanding (end of year) <sup>(6)</sup>				14,186	14,671	(3)
Weighted-average basic shares outstanding				14,443	14,837	(3)
<b>Operations<sup>(3)</sup></b>						
Production						
Crude oil (bbls/d)	2,623	3,638	(28)	2,773	3,580	(23)
NGLs (boe/d)	759	775	(2)	853	752	13
Natural gas (mcf/d)	9,943	9,319	7	10,020	8,965	15
Total (boe/d)	5,040	5,966	(16)	5,296	5,781	(9)
Average realized prices <sup>(4)</sup>						
Crude oil (Cdn\$/bbl)	72.71	91.63	(21)	81.76	93.82	(13)
NGL (Cdn\$/boe)	26.88	29.51	(9)	29.70	31.76	(6)
Natural gas (Cdn\$/mcf)	2.23	1.17	91	1.68	1.30	29
Operating netback (per BOE)	\$ 22.67	\$ 36.58	(38)	\$ 26.31	\$ 38.30	(31)

(1) Includes realized and unrealized gain and losses on commodity contracts.

(2) Net debt consists of bank debt and working capital deficit excluding commodity contract assets and/or liabilities, current portion of decommissioning liabilities and lease liabilities.

(3) For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".

(4) Before hedging.

(5) See "Non-GAAP and Other Specified Financial Measures".

(6) Shares outstanding is adjusted for treasury shares purchased and held in trust.

## 2025 Reserves Summary

Highwood's assets were evaluated by GLJ effective December 31, 2025, in a report dated February 27, 2026, using the three Consultants' Average price forecast (the "**Reserves Report**"). GLJ is the Company's independent qualified reserves evaluator.

Key highlights of the Company's PDP, 1P and total 2P reserves from the Reserves Report are highlighted below:

- PDP reserves increased by 1,351 Mboe to 19,594 Mboe, representing a 7% increase to volume when compared to YE2024 yielding a RLI of 8.6 years.
- 1P reserves increased by 2,680 Mboe to 39,600 Mboe, representing a 7% increase to volume when compared to YE2024 yielding a RLI of 12.5 years.
- 2P reserves increased by 5,241 Mboe to 66,441 Mboe, representing a 9% increase to volume when compared to YE2024 yielding a RLI of 18.8 years.

Significant intrinsic value recognized in Year-End 2025 Reserves. Realized before-tax net present value, after debt, of booked reserves as follows:

- PDP BTNPV10 of \$237 million representing NAV \$7.96/share and \$7.74/share fully diluted.
- 1P BTNPV10 of \$456 million representing NAV \$22.39/share and \$21.78/share fully diluted.
- 2P BTNPV10 of \$742 million representing NAV \$41.23/share and \$40.10/share fully diluted.

Strong Recycle Ratios — Highwood expects strong netbacks as a result of its highly economic oil plays, which result in the recycle ratios listed below:

- PDP reserves: converted reserves in 2025 at FD&A of \$19.46 with associated recycle ratio of 1.4.
- 1P reserves: FD&A of \$13.28/boe with associated recycle ratio of 2.0.
- 2P reserves: FD&A of \$7.97/boe with associated recycle ratio of 3.3.

Further recycle ratios are listed below:

Recycle Ratio	F&D (Excluding FDC)	FD&A	F&D (Including FDC)	FD&A
1P Reserves	2.4	2.4	2.0	2.0
2P Reserves	3.8	3.8	3.3	3.3

## 2025 Reserves by Category

The following table provides a summary of specific details from the Reserves Report, which was created in accordance with the procedures and standards contained in the Canadian Oil and Gas Evaluation Handbook and the requirements of National Instruments 51-101 — *Standards of Disclosure for Oil and Gas Activities*.

Working interest	Mboe	BTNPV10 (\$M)
Proved Developed Producing	19,594	237,488
Total Proved	39,600	456,447

Proved Plus Probable

66,441

742,246

*Company Reserves (working interest)*

Reserves Category	Light and Medium Oil		Heavy Oil		Conventional Natural Gas		Shale Gas		Natural Gas Liquids		Oil Equivalent	
	Company Gross	Company Net	Company Gross	Company Net	Company Gross	Company Net	Company Gross	Company Net	Company Gross	Company Net	Company Gross	Company Net
	Mbbl	Mbbl	Mbbl	Mbbl	MMcf	MMcf	MMcf	MMcf	Mboe	Mboe	Mboe	Mboe
Proved												
Producing	6,571	5,309	29	27	56,099	47,335	0	0	3,638	2,886	19,594	16,117
Developed Non-Producing	328	231	0	0	4,745	3,654	0	0	290	201	1,409	1,041
Undeveloped	10,862	9,011	186	156	28,971	26,629	2,087	1,908	2,372	1,980	18,597	15,904
Total Proved	17,764	14,552	215	183	89,815	77,618	2,087	1,908	6,307	5,072	39,600	33,061
Total Probable	10,066	7,798	408	339	62,602	55,277	2,574	2,316	5,505	4,346	26,843	22,081
Total Proved Plus Probable	27,829	22,349	623	522	152,217	132,895	4,661	4,224	11,812	9,418	66,441	55,143

*Net Present Values for Future Net Revenues before Income Taxes Discounted at (% per year)*

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)					Unit Value Before Income Tax Discounted at 10%/year	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	\$/boe	\$/Mcfe
	MS	MS	MS	MS	MS	MS	MS	MS	MS	MS		
Proved												
Producing	424,110	300,224	237,488	199,393	173,584	402,060	291,606	233,545	197,397	172,503	21.64	3.61
Developed Non-Producing	19,719	12,968	9,570	7,569	6,245	15,175	10,516	8,148	6,701	5,695	13.99	2.33
Undeveloped	459,076	300,006	209,390	151,370	111,753	352,667	227,194	155,563	109,834	78,736	24.69	4.11
Total Proved	902,905	613,198	456,447	358,332	291,583	769,872	529,315	397,256	313,932	256,934	22.80	3.80
Total Probable	755,135	433,326	285,779	205,172	151,753	580,573	330,723	216,261	153,953	116,008	28.13	4.69
Total Proved Plus Probable	1,658,039	1,046,524	742,246	563,504	447,336	1,350,445	860,039	613,517	467,885	372,942	24.96	4.16

Note: Unit values are based on Company Net Reserves.

**Operational Update**

The 13-02 well and the 11-33 well are Belly River wells in the Wilson Creek area that were completed and brought onstream late in the fourth quarter of 2025. The 13-02 well and 11-33 well continue to deliver strong results with current combined gross production of approximately 2,050 boe/d (75-80% liquids, 1,800 boe/d net).

Highwood continues to be encouraged by the results from the Basal Belly River play within its portfolio and the recent successes reinforce the Company's confidence in our inventory. The Company currently carries 16.5 net booked and 13 net unbooked locations in Wilson Creek.

Highwood has drilled two booked gross (1.1 net) wells in the first quarter of 2026, with one booked gross (1.0 net) in Brazeau and 1 booked gross (0.1 net) in Wilson Creek. Subject to market conditions, Highwood plans to drill 4-7 wells in the Belly River horizon for the remainder of 2026, with the next drills currently planned for the summer of 2026. Prior to the next drill in Wilson Creek, which will be the summer of 2026, Highwood is planning to upgrade infrastructure in the area to support further development.

## **Outlook**

The primary focus in the near-term is reducing leverage while continuing to focus on shareholder returns. Corporately, the Company is dedicated to growing Free Cash Flow, on a per share basis, while using prudent leverage to provide maximum flexibility for organic growth and/or other strategic M&A opportunities, with a longer-term goal to provide significant returns of capital to shareholders. Highwood will continue to review and assess opportunities which are accretive to the Company as Highwood seeks to grow its operations. The Company will also continue to assess land offerings in strategic areas where the Company sees significant growth opportunities.

## **Long Term Incentive Plan Grants**

The Company has granted 185 thousand Options, 69 thousand Restricted Share Units (“**RSUs**”), 143 thousand Performance Share Units (“**PSUs**”) to Officers of the Company and 22 thousand Deferred Share Units (“**DSUs**”) to non-management directors. All Options, RSUs, PSUs and DSUs were granted effective March 16, 2026 and pursuant to the Company’s share based compensation plan and are subject to the terms of the applicable grant agreements and the requirements of the TSX Venture Exchange (“**TSXV**”).

The Options and RSUs granted vest 1/3 each on the first, second and third anniversary date of the grant. The exercise price of the Options will be the market closing price on March 17, 2026 per option.

The PSUs granted vest on the third anniversary of the date of grant.

The DSUs shall vest on the first anniversary of the date of grant. The Company relied on exemptions provided for by Multilateral Instrument 61-101 for the grants to the Directors and Officers of the Company.

## **Further Information**

For further information about the Company please contact:

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## ADVISORIES

### Forward-Looking Information

*Certain information contained in the press release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements may be identified by words like "anticipates", "estimates", "expects", "indicates", "intends", "may", "could", "should", "would", "plans", "target", "scheduled", "projects", "outlook", "proposed", "potential", "will", "seek" and similar expressions. Forward-looking statements in this press release include statements regarding, among other things: plans to continue the Company's active capital program while commodity prices remain strong; Highwood's business, strategy, objectives, strengths and focus; the Company's drilling plans and expectations; and the performance and other characteristics of the Company's properties and expected results from its assets. Such statements reflect the current views of management of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements. With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: that commodity prices will be consistent with the current forecasts of its engineers; field netbacks; the accuracy of reserves estimates; average production rates; costs to drill, complete and tie-in wells; ultimate recovery of reserves; that royalty regimes will not be subject to material modification; future exchange and interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; that the Company will be able to access capital, including debt, on acceptable terms; the receipt and timing of regulatory, exchange and other required approvals; the ability of the Company to implement its business strategies and complete future acquisitions; the Company's long term business strategy; and effects of regulation by governmental agencies.*

*Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of the Company's businesses include, among other things: assumptions concerning operational reliability; risks inherent in the Company's future operations; the Company's ability to generate sufficient cash flow from operations to meet its future obligations; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of future acquisitions, if any; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which the Company intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil insurrection, pandemics, political and economic instability overseas and its effect on commodity pricing and the oil and gas industry (including ongoing military actions between Russia and Ukraine, military action in Iran and the crisis in Israel and Gaza and related areas); severe weather conditions and risks related to climate change, such as fire, drought and flooding; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to the management team's future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time. For additional risk*

factors relating to Highwood, please refer to the Company's annual information form and management discussion and analysis for the year ended December 31, 2025, as well as the Company's management discussion and analysis for the period ended December 31, 2025, which are available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). The forward-looking statements contained in this press release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**Short Term Results.** References in this press release to production test rates, initial test production rates, 7-day initial production rates, 30-day initial production rates and other short-term production rates that are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Highwood. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results should be considered to be preliminary.

**FOFI Disclosure.** This press release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about Highwood's prospective results of operations and production, and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Highwood's anticipated future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press release complies with the requirements of Canadian securities legislation, including Canadian Securities Administrators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. Changes in forecast commodity prices, differences in the timing of capital expenditures and variances in average production estimates can have a significant impact on the key performance metrics included in the Company's guidance for the full year 2024 and full year 2025 contained in this news release. The Company's actual results may differ materially from such estimates.

**Currency.** All amounts in this press release are stated in Canadian dollars unless otherwise specified.

#### **Abbreviations.**

API	American Petroleum Institute gravity	m <sup>3</sup>	metres cubed
bbl	barrels of oil	m <sup>3</sup> bbl	thousand barrels of oil
bbls/d	barrels of oil per day	m <sup>3</sup> cf/d	thousand cubic feet per day
m	metres	boe/d	boe per day
boe	barrels of oil equivalent		

**Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.**

## Caution Respecting Reserves Information

Readers should see the "Selected Technical Terms" in the Company's Annual Information Form dated March 17, 2026 that is available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) for the definition of certain oil and gas terms.

Disclosure in this news release of oil and gas information is presented in accordance with generally accepted industry practices in Canada and National Instrument 51-101 — Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Specifically, other than as noted herein, the oil and gas information regarding the Company presented in this news release is based on the report prepared by GLJ Ltd., independent petroleum consultants of Calgary, Alberta and dated February 27, 2026 evaluating the light and medium crude oil, conventional natural gas, shale gas, and natural gas liquids reserves attributable to Highwood's properties at December 31, 2025 (the "**Reserves Report**").

Reserves are classified according to the degree of certainty associated with the estimates as follows:

"Proved reserves" or "1P" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves.

"Proved plus probable reserves" or "2P" is the total of proved reserves and probable reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Proved Developed Producing" or "PDP" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

This news release may disclose potential future drilling locations in two categories: (a) booked locations; and (b) unbooked locations. Booked locations are proposed drilling locations identified in the Reserves Report that have proved and/or probable reserves, as applicable, attributed to them in the Reserves Report. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by members of management. Unbooked locations do not have proved or probable reserves attributed to them in the Reserves Report. Highwood's ability to drill and develop these locations and the drilling locations on which Highwood actually drills wells depends on a number of known and unknown risks and uncertainties. As a result of these risks and uncertainties, there can be no assurance that the potential future drilling locations identified in this news release will ever be drilled or if Highwood will be able to produce crude oil, natural gas and natural gas liquids from these or any other potential drilling locations.

*The net present value of future net revenues attributable to reserves and resources included in this news release do not represent the fair market value of such reserves and resources. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of reserves and resources provided in this news release are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Actual reserves and resources may be greater or less than the estimates provided in this news release. The estimates of reserves and future net revenue for individual properties in this news release may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.*

*Basis of Barrels of Oil Equivalent – In this news release, the abbreviation boe means a barrel of oil equivalent on the basis of 1 boe to 6 Mcf of natural gas when converting natural gas to boes. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading.*

*References to "liquids" in this news release refer to, collectively, heavy crude oil, light crude oil and medium crude oil combined, and natural gas liquids.*

*"BT" means before tax.*

*"RLI" means reserves life index and is calculated as total company interest reserves divided by annual production.*

*"NPV10" represents the anticipated net present value of the future net revenue discounted at a rate of 10% associated with the reserves associated with Highwood's assets.*

*"F&D" is calculated as the sum of field capital plus the change in FDC for the period divided by the change in reserves that are characterized as development for the period, other than from production, for the period. Finding and development costs take into account reserves revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Management uses F&D costs as a measure of capital efficiency for organic reserves development.*

*"NAV per share" is calculated using the respective net present values of PDP, 1P and 2P reserves, before tax and discounted at 10% plus internally valued undeveloped land & seismic, less net debt, and divided by basic outstanding common shares adjusted for shares held in treasury. Management used NAV per share as a measure of the relative change of Highwood's net asset value over its outstanding common shares over a period of time.*

*"NAV per fully diluted share" is calculated using the respective net present values of PDP, 1P and 2P reserves, before tax and discounted at 10% plus internally valued undeveloped land & seismic and proceeds from warrants and stock options, less net debt, and divided by fully diluted outstanding shares.*

*Management used NAV per share as a measure of the relative change of Highwood's net asset value over its outstanding common shares over a period of time.*

*"Netback" is used to evaluate potential operating performance. Netback is calculated as follows: (Revenue – Royalties - Operating Expenses).*

*"Recycle Ratio" is measured by dividing the operating netback for the applicable period by F&D cost per boe for the year. The recycle ratio compares netback from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement reserves are of equivalent quality as the produced reserves.*

## **Non-GAAP and other Specified Financial Measures**

*This news release contains financial measures commonly used in the oil and natural gas industry, including "Net Debt" and "Net Debt / 2025 Exit EBITDA". These financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these non-IFRS measure should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-IFRS measures provides additional information that Management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Management believes that the presentation of these non-IFRS measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.*

*"Adjusted EBITDA" is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures, transaction costs and interest expense. The Company considers Adjusted EBITDA to be a key capital management measure as it is both used within certain financial covenants anticipated to be prescribed under its credit facilities and demonstrates Highwood's standalone profitability, operating and financial performance in terms of cash flow generation, adjusting for interest related to its capital structure. The most directly comparable GAAP measure is cash flow from (used in) operating activities.*

*"Adjusted funds flow" The Company considers adjusted funds flow to be a key capital management measure as it demonstrates the Company's ability to generate required funds to manage production levels and fund future capital investment. The Company calculates adjusted funds flow as adjusted EBITDA less net interest and adjusting for decommissioning expenditures incurred.*

*"EBITDA" is a non-GAAP financial measure and may not be comparable with similar measures presented by other companies. EBITDA is used as an alternative measure of profitability and attempts to represent the cash profit generated by the Company's operations. The most directly comparable GAAP measure is cash flow from (used in) operating activities. EBITDA is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures and interest expense.*

*"Free Cash Flow" is used as an indicator of the efficiency and liquidity of the Company's business, measuring its funds after capital expenditures available to manage debt levels, pursue acquisitions and*

*assess the optionality to pay dividends and/or return capital to shareholders through activities such as share repurchases. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Free Cash Flow is calculated as cash flow from (used in) operating activities, less interest, office lease expenses, cash taxes and capital expenditures.*

*"funds flow from operations" is calculated as cash flow from (used in) operating activities before changes in working capital and long term accounts payable.*

*"Net Debt" represents the carrying value of the Company's debt instruments, including outstanding deferred acquisition payments, net of Adjusted working capital. The Company uses Net Debt as an alternative to total outstanding debt as Management believes it provides a more accurate measure in assessing the liquidity of the Company. The Company believes that Net Debt can provide useful information to investors and shareholders in understanding the overall liquidity of the Company.*

*"Net Debt / EBITDA" is calculated as net debt at the ending period of each financial quarter divided by the EBITDA for that period. The Company believes that Net Debt / EBITDA is useful information to investors and shareholders in understanding the time frame, in years, it would take to eliminate Net Debt based on current period Exit EBITDA.*