



HIGHWOOD ASSET MANAGEMENT LTD. ANNOUNCES FIRST QUARTER 2026 RESULTS, AND OPERATIONAL UPDATE

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

Calgary, Alberta, May 14, 2026

Highwood Asset Management Ltd. ("**Highwood**" or the "**Company**") (TSXV: HAM) is pleased to announce its financial and operating results for the three months ended March 31, 2026 and to provide an operational update. The Company also announces that its unaudited interim consolidated financial statements and associated Management's Discussion and Analysis ("**MD&A**") for the period ended March 31, 2026, are available on Highwood's website at www.highwoodmgmt.com and on SEDAR+ at www.sedarplus.ca.

Highlights

- Average corporate production of 6,005 boe/d in Q1 2026, representing an increase of approximately 20% from Q4 2025.
- For the first quarter of 2026, Highwood delivered Adjusted EBITDA of \$16.2 million (\$1.07 per share) and adjusted funds flow of \$14.3 million (\$0.94 per share).⁽¹⁾⁽²⁾
- Highwood is extremely pleased with 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. As previously disclosed, 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 in January 2026, based on production, with both wells exceeding 25,000 bbl of gross oil production in January 2026. In addition, both wells paid out in approximately 3.5 months and are expected to payout two times in less than 12 months. In addition, the 13-02 well is expected to payout three times in less than 16 months. Highwood was unable to follow up these drills in the first quarter of 2026 due to infrastructure constraints and land use restrictions. However, Highwood is planning to upgrade infrastructure in Wilson Creek in the summer to alleviate the constraints. Furthermore, Highwood has worked with third parties to allow access to drill 2-3 wells in the Wilson Creek area commencing late in the second quarter.⁽³⁾
- During the first quarter of 2026, Highwood drilled the 100/13-02-048-14W5 (the "**Braz 13-02 well**") which was brought onstream late in the first quarter. Current gross and net production is in excess of 300 bbls/d light oil and continuing to clean up. The Company is encouraged by these early results of the well which are at or above type curve expectations.
- Highwood's hedging program helps mitigate volatility in commodity pricing with approximately 2,450 bbls/day and 1,800 bbls/day of oil hedged throughout 2026 and 2027, respectively, at an average contract price of approximately \$94.50CAD/bbl and \$93.50CAD/bbl (WTI-NYMEX). 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 is focused on reducing Net Debt / EBITDA to increase flexibility for the Company moving forward. At March 31, 2026, 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 March 31, 2026 is 15,186,818 which includes shares held in trust.
- (3) Based on Management's projections (not Independent Qualified Reserves Evaluators' forecasts) and applying the following pricing assumptions: Actual pricing up to April 30, 2026 and thereafter, WTI: US\$85.00/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 March 31,		
	2026	2025	%
Financial (in thousands)			
Petroleum and natural gas sales	\$ 29,974	\$ 27,980	7
Transportation pipeline revenues	\$ 365	\$ 599	(39)
Total revenues, net of royalties ⁽¹⁾	\$ 951	\$ 21,010	(95)
Income (loss)	\$ (14,503)	\$ 2,355	(716)
Funds flow from operations ⁽⁵⁾	\$ 14,254	\$ 11,904	20
EBITDA ⁽⁵⁾	\$ 16,229	\$ 13,770	18
Adjusted EBITDA ⁽⁵⁾	\$ 16,213	\$ 13,690	18
Capital expenditures	\$ 10,414	\$ 33,172	(69)
Net debt ⁽²⁾	\$ 113,985	\$ 121,209	(6)
Shareholders equity (end of period)	139,771	134,436	4
Shares outstanding (end of period) ⁽⁶⁾	15,186	15,154	0
Weighted-average basic shares outstanding	14,118	14,616	(3)
Operations ⁽³⁾			
Production			
Crude oil (bbls/d)	3,187	2,824	13
NGLs (boe/d)	1,000	899	11
Natural gas (mcf/d)	10,909	9,250	18
Total (boe/d)	6,005	5,264	14
Average realized prices ⁽⁴⁾			
Crude oil (Cdn\$/bbl)	\$ 88.12	\$ 91.84	(4)
NGL (Cdn\$/boe)	\$ 29.10	\$ 33.45	(13)
Natural gas (Cdn\$/mcf)	\$ 2.12	\$ 2.32	(9)
Operating netback (per BOE)	\$ 33.11	\$ 30.84	7

⁽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.

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 provided significant production increase to Highwood in the first quarter of 2026. During the first quarter of 2026 and continuing into the second quarter, Highwood is working on upgrading infrastructure in the Wilson Creek area to support further development and provide optionality for the Company. 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 unbooked gross (0.1 net) in Wilson Creek that was drilled by an industry partner. Highwood was not able to deploy substantial capital in the Wilson Creek area during the first quarter due to infrastructure constraints, as a result, Highwood anticipates a decline in second quarter production. The infrastructure constraints will also impact production in Wilson Creek during the second quarter, with volumes backed out due to line pressures. As a result of the infrastructure constraints limiting capital and negatively impacting production, Highwood expects corporate production to be approximately 5,300-5,500 boe/d for the second quarter of 2026. 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 in Wilson Creek.

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.

Further Information

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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 March 31, 2026, which are available on the Company's SEDAR+ profile at 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 second quarter of 2026 and payout on wells 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	m ³	metres cubed
	gravity		
bbl	barrels of oil	m ³ bbl	thousand barrels of oil
bbls/d	barrels of oil per day	m ³ 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 May 14, 2026 that is available on the Company's SEDAR+ profile at 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**").

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.

Non-GAAP and other Specified Financial Measures

This news release contains financial measures commonly used in the oil and natural gas industry. 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 measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-IFRS measures provide 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.

"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.