# HighPeak Energy, Inc. Announces Fourth Quarter and Yearend 2023 Financial and Operating Results and Provides 2024 Guidance

March 6, 2024

FORT WORTH, Texas, March 06, 2024 (GLOBE NEWSWIRE) -- HighPeak Energy, Inc. (“HighPeak” or the “Company”) (NASDAQ: HPK) today announced financial and operating results for the quarter and the year ended December 31, 2023. In addition, HighPeak provided its 2024 guidance and capital budget, as approved by its Board of Directors.

**Highlights**

*Fourth Quarter 2023*

- The Company surpassed the milestone of $1 billion in revenues in 2023 and generated free cash flow (a non-GAAP financial measure defined and reconciled below) of $33.7 million in the fourth quarter.
- Sales volumes, consisting of 81% crude oil and 92% liquids, averaged 50.0 thousand barrels of crude oil equivalent per day (“MBoe/d”), representing a 34% increase over fourth quarter 2022. Volumes were approximately 3,300 Boe/d lower than expected due to weather and unscheduled midstream maintenance interruptions.
- Net income and EBITDAX (a non-GAAP financial measure defined and reconciled below) were $95.0 million and $241.6 million, respectively.
- The Company significantly increased its net acreage position to approximately 132,000 total net acres primarily through acquisitions in northern Flat Top, where production profiles in the Wolfcamp A and Lower Spraberry zones are expected to resemble its core Flat Top operating area.
- Realized price averaged $65.53 per Boe, or 83% of the weighted average of NYMEX WTI crude oil prices, excluding the effects of derivatives.
- Cash operating margin averaged $54.27 per Boe, or 83% of the average realized price per Boe, excluding the effects of derivatives.
- On November 1st, the Company completed a $100 million super priority revolving credit facility with $75.0 million of initial commitments, which provides the Company with additional liquidity and flexibility. The facility matures in September 2026, simultaneous with the Company’s $1.2 billion term loan.

*Recent Events*

- On February 5, 2024, the Company announced both a 60% increase to its quarterly dividend, from $.025 to $0.04 per common share outstanding, and a share repurchase authorization of up to $75.0 million of common stock.

HighPeak Chairman and CEO, Jack Hightower, said, “2023 was a transformational year for HighPeak and we are continuing to carry positive momentum into 2024. We were within the range on our annual production and budget guides while growing our production 86% year over year, which is a testament to the quality of our asset base and the caliber of our operations team.

In 2024, now that HighPeak is an established player in the Permian, our focus shifts to a steadfast commitment of maintaining capital discipline, generating free cash flow and returning value to shareholders. In addition, we have engaged Texas Capital Securities and Wells Fargo Securities to assist us in our pursuit of strategic alternatives. In a market landscape where oily, high-margin production and premier inventory are being pursued aggressively, we consider ourselves extremely fortunate to possess assets that meet these criteria.”

**2024 Development Outlook**

The Company expects to average two (2) drilling rigs and one (1) frac crew during 2024 under its current development plan, assuming commodity prices and capital costs continue to stay in their current ranges. Given the dynamic nature of the global economy and current geopolitical risks, the Company will remain flexible to increase or decrease its development activity as merited.

Production (Boe/d)

- Average production rate 43,000 – 47,000

Capex ($MM)

- Net Operated Wells TIL 55 – 60

- Capital Expenditures, D,C,E&F $450 - $525
- Capital Expenditures, Infrastructure $50 - $60
- Total Capital Expenditures $500 - $585

Unit Measures ($/Boe)

- Lease Operating Expenses $7.50 - $8.50
- General & Administrative $1.00 - $1.20

**Year End 2023 Proved Reserves**

- As of December 31, 2023, HighPeak Energy's estimated proved reserves, prepared by Cawley, Gillespie & Associates, Inc., increased over 25% from December 31, 2022 to 154.2 MMBoe consisting of approximately 78% crude oil, 13% NGL and 9% natural gas.
- Proved developed reserves increased 30% to 79.6 MMBoe compared with December 31, 2022 and comprised 52% of the Company's total proved reserves.
- The Company's PV-10 was approximately $2.9 billion at year end 2023 based on pricing guidelines established by the Securities and Exchange Commission ("SEC"). 2023 SEC pricing was $78.22 per barrel of crude oil and $2.637 per MMBtu of natural gas, before adjustments for price differentials.
- As of December 31, 2023, the average adjusted prices realized over the remaining lives of the Company's assets were $78.13 per barrel of crude oil, $17.33 per barrel of NGL and $0.198 per Mcf of natural gas, respectively.
- The Company's 2023 reserve replacement ratio was 295%.

| | SEC PRICING | | | | |
|---|---|---|---|---|---|
| | **Crude Oil (MBbl)** | **NGL (MBbl)** | **Natural Gas (MMcf)** | **Total (Mboe)** | **PV-10 ($M)** |
| Proved developed producing | 54,033 | 11,649 | 50,782 | 74,146 | $ 1,921 |
| Proved developed nonproducing | 4,598 | 534 | 1,889 | 5,447 | 141 |
| Total proved developed reserves | 58,631 | 12,183 | 52,671 | 79,593 | 2,061 |
| Proved undeveloped | 60,923 | 7,913 | 34,400 | 74,569 | 823 |
| Total proved reserves | 119,554 | 20,096 | 87,071 | 154,162 | $ 2,884 |

**Fourth Quarter 2023 Operational Update**

HighPeak's sales volumes during the fourth quarter of 2023 averaged 50.0 Mboe/d, a 34% increase over fourth quarter of 2022. Fourth quarter sales volumes consisted of approximately 81% crude oil and 92% liquids. Full-year 2023 sales volumes averaged 45.6 thousand Boe/d, an 86% increase over 2022 sales volumes.

The Company averaged three drilling rigs and one and a half frac crews during the fourth quarter, drilled 18 gross (17.9 net) horizontal wells and completed 24 gross (23.8 net) operated producing wells. At December 31, 2023, the Company had 22 gross (22.0 net) operated horizontal wells in various stages of drilling and completion. In February 2024, the Company reduced its development drilling program to two drilling rigs and is currently running one frac crew and may add a second frac crew periodically throughout the year as needed.

HighPeak President, Michael Hollis, commented, "Our 2024 capital budget will be slightly front half weighted as we carried in a higher cadence of activity from 2023. Our infrastructure budget this year includes the expansion of our current system to reach wells drilled on newly acquired acreage. The infrastructure spend in future years is expected to trend downward to approximately half of this year's budgeted amount.

This year, HighPeak Energy is laser-focused on our commitment to capital and operational efficiency. We are working diligently to reduce both operating and capital costs, resulting in even greater free cash flow generation which is essential for achieving our corporate objectives of funding our operations through cash flow, paying down debt, and returning value to our shareholders. As we move forward, we are committed to navigating this landscape with unwavering capital discipline."

**Fourth Quarter 2023 Financial Results**

HighPeak reported net income of $95.0 million for the fourth quarter of 2023, or $0.66 per diluted share, and EBITDAX of $241.6 million, or $1.68 per diluted share.

Fourth quarter average realized prices were $79.24 per barrel ("$/Bbl") of crude oil, $19.93 per barrel of NGL and $1.51 per Mcf of natural gas, resulting in an overall realized price of $65.53 per Boe, or 83% of the weighted average of NYMEX crude oil prices, excluding the effects of derivatives. HighPeak's cash costs for the third quarter were $12.27 per Boe, including lease operating expenses of $7.53 per Boe, workover expenses of $0.66 per Boe, production and ad valorem taxes of $3.06 per Boe and G&A expenses of $1.01 per Boe. The Company's cash margin was $53.26 per Boe, or 81% of the overall realized price per Boe for the quarter, excluding the effects of derivatives.

HighPeak's fourth quarter 2023 capital expenditures to drill, complete, equip, provide facilities and for infrastructure were $169.1 million.

**Hedging**

As of December 31, 2023, HighPeak had the following outstanding crude oil derivative instruments and the weighted average crude oil prices and premiums payable per barrel:

| | | | | | Swaps | Enhanced Collars & Deferred Premium Puts | | |
|---|---|---|---|---|---|---|---|---|
| Settlement Month | Settlement Year | Type of Contract | Bbls Per Day | Index | Price per Bbl | Floor or Strike Price per Bbl | Ceiling Price per Bbl | Deferred Premium Payable per Bbl |
| **Crude Oil:** | | | | | | | | |
| Jan - Mar | 2024 | Swap | 4,000 | WTI | $ 84.00 | $ — | $ — | $ — |
| Jan - Mar | 2024 | Collar | 6,000 | WTI | $ — | $ 80.00 | $ 100.00 | $ 3.50 |
| Jan - Mar | 2024 | Put | 20,000 | WTI | $ — | $ 66.44 | $ — | $ 5.00 |
| Apr - Jun | 2024 | Swap | 4,000 | WTI | $ 84.00 | $ — | $ — | $ — |
| Apr - Jun | 2024 | Collar | 5,500 | WTI | $ — | $ 69.73 | $ 95.00 | $ 0.61 |
| Apr - Jun | 2024 | Put | 14,000 | WTI | $ — | $ 60.41 | $ — | $ 5.00 |
| Jul - Sep | 2024 | Swap | 4,000 | WTI | $ 84.00 | $ — | $ — | $ — |
| Jul - Sep | 2024 | Collar | 1,500 | WTI | $ — | $ 69.00 | $ 95.00 | $ 0.85 |
| Jul - Sep | 2024 | Put | 14,000 | WTI | $ — | $ 60.41 | $ — | $ 5.00 |
| Oct - Dec | 2024 | Swap | 5,500 | WTI | $ 76.37 | $ — | $ — | $ — |
| Oct - Dec | 2024 | Collar | 10,600 | WTI | $ — | $ 65.68 | $ 90.32 | $ 1.85 |
| Oct - Dec | 2024 | Put | 2,000 | WTI | $ — | $ 58.00 | $ — | $ 5.00 |
| Jan - Mar | 2025 | Swap | 5,500 | WTI | $ 76.37 | $ — | $ — | $ — |
| Jan - Mar | 2025 | Collar | 8,000 | WTI | $ — | $ 65.00 | $ 90.00 | $ 2.12 |
| Jan - Mar | 2025 | Put | 2,000 | WTI | $ — | $ 58.00 | $ — | $ 5.00 |
| Apr - Jun | 2025 | Swap | 5,500 | WTI | $ 76.37 | $ — | $ — | $ — |
| Apr - Jun | 2025 | Collar | 7,000 | WTI | $ — | $ 65.00 | $ 90.08 | $ 2.28 |
| Apr - Jun | 2025 | Put | 2,000 | WTI | $ — | $ 58.00 | $ — | $ 5.00 |
| Jul - Sep | 2025 | Swap | 3,000 | WTI | $ 75.85 | $ — | $ — | $ — |
| Jul - Sep | 2025 | Collar | 7,000 | WTI | $ — | $ 65.00 | $ 90.08 | $ 2.28 |
| Jul - Sep | 2025 | Put | 2,000 | WTI | $ — | $ 58.00 | $ — | $ 5.00 |

The Company's crude oil derivative contracts detailed above are based on reported settlement prices on the New York Mercantile Exchange for West Texas Intermediate pricing.

Subsequent to yearend, the Company entered into fixed price basis swaps for the spread between the Cushing crude oil price and the Midland WTI crude oil price. The weighted average differential represents the amount of premium to the Cushing, Oklahoma crude oil price for the notional volumes covered by the basis swap contracts as shown below.

| | | | | | Swaps |
|---|---|---|---|---|---|
| Settlement Month | Settlement Year | Type of Contract | Bbls Per Day | Index | Weighted Average Differential per Bbl |
| **Crude Oil:** | | | | | |
| Jan - Mar | 2024 | Basis Swap | 16,484 | Argus WTI Midland | $ 1.12 |
| Apr - Jun | 2024 | Basis Swap | 25,000 | Argus WTI Midland | $ 1.12 |
| Jul - Sep | 2024 | Basis Swap | 25,000 | Argus WTI Midland | $ 1.12 |
| Oct - Dec | 2024 | Basis Swap | 25,000 | Argus WTI Midland | $ 1.12 |

**Dividends**

During the fourth quarter of 2023, HighPeak's Board of Directors approved a quarterly dividend of $0.025 per share, or $3.2 million in dividends paid to stockholders during the quarter. In addition, in February 2024, the Company's Board of Directors declared a quarterly dividend of $0.04 per share, or approximately $5.1 million in dividends, to be paid on March 25, 2024 to stockholders of record on March 1, 2024.

**Conference Call**

HighPeak will host a conference call and webcast on Thursday, March 7, 2024, at 10:00 a.m. Central Time for investors and analysts to discuss its results for the fourth quarter of 2023 and its 2024 operating plan. Conference call participants may register for the call here. Access to the live audio-only webcast and replay of the earnings release conference call may be found here. A live broadcast of the earnings conference call will also be available on the HighPeak Energy website at www.highpeakenergy.com under the "Investors" section of the website. A replay will also be available on the website following the call.

When available, a copy of the Company's earnings release, investor presentation and Annual Report on Form 10-K may be found on its website at www.highpeakenergy.com.

**Conference Participation**

HighPeak Energy will participate in-person in the upcoming 36th Annual Roth Conference to be held from March 17-19, 2024. The Company will use

its March 2024 investor presentation for this event. The Company's March investor presentation will be posted to its website before market open on Thursday, March 7, 2024.

**About HighPeak Energy, Inc.**

HighPeak Energy, Inc. is a publicly traded independent crude oil and natural gas company, headquartered in Fort Worth, Texas, focused on the acquisition, development, exploration and exploitation of unconventional crude oil and natural gas reserves in the Midland Basin in West Texas. For more information, please visit our website at www.highpeakenergy.com.

**Cautionary Note Regarding Forward-Looking Statements**

The information in this press release contains forward-looking statements that involve risks and uncertainties. When used in this document, the words "believes," "plans," "expects," "anticipates," "forecasts," "intends," "continue," "may," "will," "could," "should," "future," "potential," "estimate" or the negative of such terms and similar expressions as they relate to HighPeak Energy, Inc. ("HighPeak Energy," the "Company" or the "Successor") are intended to identify forward-looking statements, which are generally not historical in nature. The forward-looking statements are based on the Company's current expectations, assumptions, estimates and projections about the Company and the industry in which the Company operates. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond the Company's control. For example, the Company's review of strategic alternatives may not result in a sale of the Company, a recommendation that a transaction occur or result in a completed transaction, and any transaction that occurs may not increase shareholder value, in each case as a result of such risks and uncertainties.

These risks and uncertainties include, among other things, the results of the strategic review being undertaken by the Company's Board and the interest of prospective counterparties, the Company's ability to realize the results contemplated by its 2024 guidance, volatility of commodity prices, product supply and demand, the impact of a widespread outbreak of an illness, such as the coronavirus disease pandemic, on global and U.S. economic activity, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms, litigation, the costs and results of drilling and operations, availability of equipment, services, resources and personnel required to perform the Company's drilling and operating activities, access to and availability of transportation, processing, fractionation, refining and storage facilities, HighPeak Energy's ability to replace reserves, implement its business plans or complete its development activities as scheduled, access to and cost of capital, the financial strength of counterparties to any credit facility and derivative contracts entered into by HighPeak Energy, if any, and purchasers of HighPeak Energy's oil, natural gas liquids and natural gas production, uncertainties about estimates of reserves, identification of drilling locations and the ability to add proved reserves in the future, the assumptions underlying forecasts, including forecasts of production, expenses, cash flow from sales of oil and gas and tax rates, quality of technical data, environmental and weather risks, including the possible impacts of climate change, cybersecurity risks and acts of war or terrorism. These and other risks are described in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and other filings with the SEC. The Company undertakes no duty to publicly update these statements except as required by law.

Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. Reserves estimates included herein may not be indicative of the level of reserves or PV-10 value of oil and natural gas production in the future, as they are based on 2023 SEC prices which are different than current commodity prices. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could impact HighPeak's strategy and change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered.

**Use of Projections**

The financial, operational, industry and market projections, estimates and targets in this press release and in the Company's guidance (including production, operating expenses and capital expenditures in future periods) are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond the Company's control. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial, operational, industry and market projections, estimates and targets, including assumptions, risks and uncertainties described in "Cautionary Note Regarding Forward-Looking Statements" above. These projections are speculative by their nature and, accordingly, are subject to significant risk of not being actually realized by the Company. Projected results of the Company for 2024 are particularly speculative and subject to change. Actual results may vary materially from the current projections, including for reasons beyond the Company's control. The projections are based on current expectations and available information as of the date of this release. The Company undertakes no duty to publicly update these projections except as required by law.

**Drilling Locations**

The Company has estimated its drilling locations based on well spacing assumptions and upon the evaluation of its drilling results and those of other operators in its area, combined with its interpretation of available geologic and engineering data. The drilling locations actually drilled on the Company's properties will depend on the availability of capital, regulatory approvals, commodity prices, costs, actual drilling results and other factors. Any drilling activities conducted on these identified locations may not be successful and may not result in additional proved reserves. Further, to the extent the drilling locations are associated with acreage that expires, the Company would lose its right to develop the related locations.

**HighPeak Energy, Inc.**
**Unaudited Condensed Consolidated Balance Sheet Data**
**(In thousands)**

| | December 31, |
|---|---|

| | 2023 | 2022 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 194,515 | $ 30,504 |
| Accounts receivable | 94,589 | 96,596 |
| Derivative instruments | 31,480 | 17 |
| Inventory | 7,254 | 13,275 |
| Prepaid expenses | 995 | 4,133 |
| Total current assets | 328,833 | 144,525 |
| Crude oil and natural gas properties, using the successful efforts method of accounting: | | |
| Proved properties | 3,338,107 | 2,270,236 |
| Unproved properties | 72,715 | 114,665 |
| Accumulated depletion, depreciation and amortization | (684,179) | (259,962) |
| Total crude oil and natural gas properties, net | 2,726,643 | 2,124,939 |
| Other property and equipment, net | 3,572 | 3,587 |
| Derivative instruments | 16,059 | — |
| Other noncurrent assets | 5,684 | 6,431 |
| **Total assets** | $ 3,080,791 | $ 2,279,482 |
| | | |
| Current liabilities: | | |
| Current portion of long-term debt, net | $ 120,000 | $ — |
| Accounts payable – trade | 63,583 | 105,565 |
| Accrued capital expenditures | 39,231 | 91,842 |
| Revenues and royalties payable | 29,724 | 15,623 |
| Other accrued liabilities | 19,613 | 15,600 |
| Derivative instruments | 13,054 | 16,702 |
| Accrued interest | 1,398 | 13,152 |
| Operating leases | 528 | 343 |
| Advances from joint interest owners | 262 | 7,302 |
| Total current liabilities | 287,393 | 266,129 |
| Noncurrent liabilities: | | |
| Long-term debt, net | 1,030,299 | 704,349 |
| Deferred income taxes | 197,068 | 131,164 |
| Asset retirement obligations | 13,245 | 7,502 |
| Derivative instruments | 65 | 691 |
| Commitments and contingencies | | |
| | | |
| Stockholders' equity | | |
| Common stock | 13 | 11 |
| Additional paid-in capital | 1,189,424 | 1,008,896 |
| Retained earnings | 363,284 | 160,740 |
| Total stockholders' equity | 1,552,721 | 1,169,647 |
| **Total liabilities and stockholders' equity** | $ 3,080,791 | $ 2,279,482 |

**HighPeak Energy, Inc.**
**Unaudited Condensed Consolidated Statements of Operations**
**(in thousands, except per share data)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Operating revenues:** | | | | |
| Crude oil sales | $ 296,140 | $ 248,164 | $ 1,086,598 | $ 715,469 |
| NGL and natural gas sales | 5,013 | 9,751 | 24,695 | 40,217 |
| Total operating revenues | 301,153 | 257,915 | 1,111,293 | 755,686 |
| **Operating costs and expenses:** | | | | |
| Crude oil and natural gas production | 37,666 | 23,851 | 145,362 | 69,599 |
| Production and ad valorem taxes | 14,077 | 12,607 | 58,472 | 38,440 |
| Exploration and abandonments | 862 | 466 | 5,234 | 1,149 |
| Depletion, depreciation and amortization | 132,862 | 83,211 | 424,424 | 177,742 |

| | | | | |
|---|---|---|---|---|
| Accretion of discount | 162 | 125 | 522 | 370 |
| General and administrative | 4,646 | 6,637 | 16,598 | 12,470 |
| Stock-based compensation | 3,862 | 4,142 | 25,957 | 33,352 |
| Total operating costs and expenses | 194,137 | 131,039 | 676,569 | 333,122 |
| Other expense | 220 | — | 8,262 | — |
| **Income from operations** | 106,796 | 126,876 | 426,462 | 422,564 |
| Interest and other income | 1,985 | 13 | 2,908 | 266 |
| Interest expense | (44,623) | (21,468) | (147,901) | (50,610) |
| Gain (loss) on derivative instruments, net | 58,500 | (17,518) | 27,602 | (60,005) |
| Loss on extinguishment of debt | — | — | (27,300) | — |
| **Income before income taxes** | 122,658 | 87,903 | 281,771 | 312,215 |
| Income tax expense | 27,654 | 20,004 | 65,905 | 75,361 |
| **Net income** | $ 95,004 | $ 67,899 | $ 215,866 | $ 236,854 |
| | | | | |
| **Earnings per share:** | | | | |
| Basic net income | $ 0.68 | $ 0.56 | $ 1.64 | $ 2.04 |
| Diluted net income | $ 0.66 | $ 0.53 | $ 1.58 | $ 1.93 |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 126,242 | 111,042 | 117,956 | 104,738 |
| Diluted | 130,579 | 117,249 | 123,020 | 111,164 |
| | | | | |
| Dividends declared per share | $ 0.025 | $ 0.025 | $ 0.10 | $ 0.10 |

**HighPeak Energy, Inc.**
**Unaudited Condensed Consolidated Statements of Cash Flows**
**(in thousands)**

| | Year Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 215,866 | $ 236,854 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Provision for deferred income taxes | 65,905 | 75,361 |
| Loss on extinguishment of debt | 27,300 | — |
| (Gain) loss on derivative instruments | (27,602) | 60,005 |
| Cash paid on settlement of derivative instruments | (24,194) | (58,096) |
| Amortization of debt issuance costs | 11,411 | 5,635 |
| Amortization of discounts on long-term debt | 15,140 | 7,735 |
| Stock-based compensation expense | 25,957 | 33,352 |
| Accretion expense | 522 | 370 |
| Depletion, depreciation and amortization | 424,424 | 177,742 |
| Exploration and abandonment expense | 4,242 | 146 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,007 | (57,218) |
| Prepaid expenses, inventory and other assets | 6,923 | (11,959) |
| Accounts payable, accrued liabilities and other current liabilities | 8,488 | 34,087 |
| Net cash provided by operating activities | 756,389 | 504,014 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Additions to crude oil and natural gas properties | (1,009,855) | (1,046,739) |
| Changes in working capital associated with crude oil and natural gas property additions | (100,802) | 128,938 |
| Acquisitions of crude oil and natural gas properties | (15,085) | (262,363) |
| Other property additions | (193) | (2,244) |
| Net cash used in investing activities | (1,125,935) | (1,182,408) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Borrowings under Term Loan Credit Agreement, net of discount | 1,170,000 | — |
| Borrowings under Prior Credit Agreement | 255,000 | 925,000 |
| Proceeds from issuance of 10.000% Senior Notes, net of discount | — | 440,179 |
| Repayments under Prior Credit Agreement | (525,000) | (755,000) |

| | | |
|---|---|---|
| Repayments of 10.000% Senior Notes and 10.625% Senior Notes | (475,000) | — |
| Premium on extinguishment of debt | (4,457) | — |
| Proceeds from issuance of common stock | 155,768 | 85,000 |
| Proceeds from exercises of warrants | 4,028 | 7,805 |
| Proceeds from exercises of stock options | 148 | 120 |
| Debt issuance costs | (28,444) | (17,128) |
| Stock offering costs | (5,371) | (339) |
| Dividends paid | (11,864 ) | (10,412) |
| Dividend equivalents paid | (1,251 ) | (1,196) |
| Net cash provided by financing activities | 533,557 | 674,029 |
| Net increase (decrease) in cash and cash equivalents | 164,011 | (4,365) |
| Cash and cash equivalents, beginning of period | 30,504 | 34,869 |
| Cash and cash equivalents, end of period | $ 194,515 | $ 30,504 |

**HighPeak Energy, Inc.**
**Unaudited Summary Operating Highlights**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Average Daily Sales Volumes:** | | | | |
| Crude oil (Bbls) | 40,624 | 31,860 | 38,041 | 20,718 |
| NGLs (Bbls) | 5,262 | 3,302 | 4,239 | 2,249 |
| Natural gas (Mcf) | 24,395 | 13,112 | 19,777 | 9,105 |
| Total (Boe) | 49,952 | 37,348 | 45,577 | 24,485 |
| **Average Realized Prices (excluding effects of derivatives):** | | | | |
| Crude oil per Bbl | $ 79.24 | $ 84.67 | $ 78.26 | $ 94.61 |
| NGL per Bbl | $ 19.93 | $ 26.19 | $ 21.51 | $ 35.67 |
| Natural gas per Mcf | $ 1.51 | $ 3.41 | $ 1.56 | $ 5.36 |
| Total per Boe | $ 65.53 | $ 75.06 | $ 66.80 | $ 84.56 |
| **Margin Data ($ per Boe):** | | | | |
| Average price | $ 65.53 | $ 75.06 | $ 66.80 | $ 84.56 |
| Lease operating expenses | (7.53) | (6.86) | (8.04) | (7.49) |
| Expense workovers | (0.66) | (0.08) | (0.70) | (0.30) |
| Production and ad valorem taxes | (3.06) | (3.67) | (3.51) | (4.30) |
| | $ 54.27 | $ 64.45 | $ 54.55 | $ 72.47 |

**HighPeak Energy, Inc.**
**Unaudited Earnings Per Share Details**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Net income as reported | $ 95,004 | $ 67,899 | $ 215,866 | $ 236,854 |
| Participating basic earnings | (9,103) | (6,130) | (21,890) | (22,991) |
| Basic earnings attributable to common shareholders | 85,901 | 61,769 | 193,976 | 213,863 |
| Reallocation of participating earnings | 133 | 103 | 334 | 401 |
| Diluted net income attributable to common shareholders | $ 86,034 | $ 61,872 | $ 194,310 | $ 214,264 |
| Basic weighted average shares outstanding | 126,242 | 111,042 | 117,956 | 104,738 |
| Dilutive warrants and unvested stock options | 2,178 | 4,085 | 2,905 | 4,304 |
| Dilutive unvested restricted stock | 2,159 | 2,122 | 2,159 | 2,122 |
| Diluted weighted average shares outstanding | 130,579 | 117,249 | 123,020 | 111,164 |

| | | | | |
|---|---|---|---|---|
| Net income per share attributable to common shareholders: | | | | |
| Basic | $ 0.68 | $ 0.56 | $ 1.64 | $ 2.04 |
| Diluted | $ 0.66 | $ 0.53 | $ 1.58 | $ 1.93 |

**HighPeak Energy, Inc.**
**Unaudited Reconciliation of Net Income to EBITDAX, Discretionary Cash Flow and Net Cash Provided by Operations**
**(in thousands)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net income | $ 95,004 | $ 67,899 | $ 215,866 | $ 236,854 |
| Interest expense | 44,623 | 21,468 | 147,901 | 50,610 |
| Interest and other income | (1,985) | (13) | (2,908) | (266) |
| Income tax expense | 27,654 | 20,004 | 65,905 | 75,361 |
| Depletion, depreciation and amortization | 132,862 | 83,211 | 424,424 | 177,742 |
| Accretion of discount | 162 | 125 | 522 | 370 |
| Exploration and abandonment expense | 862 | 466 | 5,234 | 1,149 |
| Stock based compensation | 3,862 | 4,142 | 25,957 | 33,352 |
| Derivative related noncash activity | (61,662) | 23,565 | (51,796) | 1,909 |
| Loss on extinguishment of debt | — | — | 27,300 | — |
| Other expense | 220 | — | 8,262 | — |
| EBITDAX | 241,602 | 220,867 | 866,667 | 577,081 |
| Cash interest expense | (40,084) | (15,968) | (121,350) | (37,240) |
| Other (a) | 1,398 | (441) | (6,346) | (737) |
| Discretionary cash flow | 202,916 | 204,458 | 738,971 | 539,104 |
| Changes in operating assets and liabilities | 31,731 | (3,250) | 17,418 | (35,090) |
| Net cash provided by operating activities | $ 234,647 | $ 201,208 | $ 756,389 | $ 504,014 |

(a) includes interest and other income net of other expense and operating portion of exploration and abandonment expenses.

**HighPeak Energy, Inc.**
**Unaudited Cash Margin Reconciliation**
**(in thousands, except per Boe data)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Crude oil, NGL and natural gas sales revenue | $ 301,153 | $ 257,915 | $ 1,111,293 | $ 755,686 |
| Less: Lease operating expenses | (34,627) | (23,573) | (133,737) | (66,933) |
| Less: Workover expenses | (3,039) | (278) | (11,625) | (2,666) |
| Less: Production and ad valorem taxes | (14,077) | (12,607) | (58,472) | (38,440) |
| Cash Operating Margin | 249,410 | 221,457 | 907,459 | 647,647 |
| Less: General and administrative expenses | (4,646) | (6,637) | (16,598) | (12,470) |
| Cash Margin | $ 244,764 | $ 214,820 | $ 890,861 | $ 635,177 |
| Divide by: Sales volumes (MBoe) | 4,595.6 | 3,436.0 | 16,635.5 | 8,936.9 |
| Cash Operating Margin per Boe, excluding effects of derivatives | $ 54.27 | $ 64.45 | $ 54.55 | $ 72.47 |
| Cash Margin per Boe, excluding effects of derivatives | $ 53.26 | $ 62.52 | $ 53.55 | $ 71.07 |

**HighPeak Energy, Inc.**
**Unaudited Free Cash Flow Reconciliation**
**(in thousands)**

| | Three Months Ended December 31, 2023 |
|---|---|
| Net cash provided by operating activities | $ 234,647 |

| | |
|---|---|
| Changes in operating assets and liabilities | (31,731) |
| Capital expenditures paid, excluding acquisitions | (169,192) |
| Free cash flow | $ 33,724 |

**HighPeak Energy, Inc.**
**Unaudited Reconciliation of PV-10 to Standardized Measure**
**(in thousands)**

| **As of December 31, 2023** | **Total Proved** |
|---|---|
| Present value of estimated future cash flows (PV-10) | $ 2,884,067 |
| Present value of future income taxes and certain abandonment costs | (276,363) |
| Standardized measure | $ 2,607,704 |

**HighPeak Energy, Inc.**
**Unaudited Reserve Replacement Computations**

| | **MBoe** |
|---|---|
| Proved Reserves on December 31, 2022 | 122,958 |
| Extensions, discoveries and revisions | 49,055 |
| Purchase of reserves-in-place | 171 |
| Sales of reserves-in-place | (1,387) |
| Production | (16,635) |
| Proved Reserves on December 31, 2023 | 154,162 |

| | |
|---|---|
| **Reserve Replacement:** | |
| With the drill bit | 295% |
| With the drill bit and acquisitions | 296% |

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Source: HighPeak Energy, Inc.