

July 7, 2026

Highwood Asset Management Ltd.

HAM-TSXV | Rating **BUY** Price: Jul-6 **\$4.80** Target **\$9.50** Total Rtn **98%**

Highwood Announces Normal Course Issuer Bid

Bottom Line:

Highwood Asset Management Ltd. (HAM – TSXV) announced that the TSX Venture Exchange has accepted the Company's notice of its intention to make a normal course issuer bid (NCIB) over the next year (July 7, 2026 – July 6, 2027) purchasing up to ~10% of its public float. Concurrent with this announcement the Company has entered into an automatic share purchase plan (an ASPP) with RBC Dominion Securities (the Broker), to allow for the purchase of its common shares. We believe that this action **represents a strong vote of confidence in the value of HAM's shares by the Board, and we reiterate our Buy rating and \$9.50 target price.**

Key Points

Recent sale of Wilson Creek assets has significantly improved the balance sheet. Net debt moves to ~\$15 million (down from \$114 million pre-transaction) which has afforded Highwood with the financial flexibility for this return of capital via its inaugural NCIB.

HAM shares undervalued. We believe that recent market prices of the Shares do not properly reflect the underlying value of the shares, a view shared by the Company's Board. With this NCIB, Highwood is signalling that the future purchase of shares would be a good use of corporate funds and in the best interests of the Company, a positive signal.

Up to approximately 10% of its public float could be cancelled. By reducing the proportional ownership, we believe the NCIB will boost key financial metrics and the NCIB could provide a reliable source of market demand in periods where HAM is undervalued. This is a bullish signal to existing shareholders. As of the close of business on July 6, 2026, the Company had 15,198,818 Shares issued and outstanding. The NCIB will run from July 7, 2026 to July 6, 2027, or on such earlier date as Highwood completes its purchases or provides notice of termination. Under the NCIB, the Company may purchase up to 567,538 Shares in total, representing approximately 10% of the Company's public float as at July 7, 2026. According to the policies of the Exchange, the Company may not purchase more than 2% of its issued and outstanding Shares (~303,976 Shares) during any 30-day period.

Important Disclosures: See pages 5-6

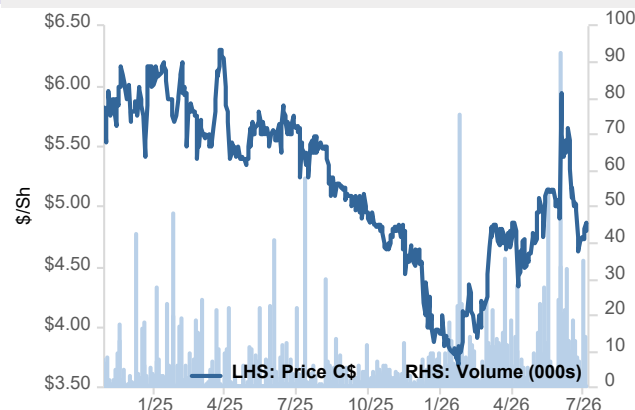


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RESEARCH**

Oil & Gas

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Source: FactSet

Market Data

Dividend	\$0.00	Shares O/S (mm)	15.2
Yield	0.0%	Market Cap (mm)	\$73.0
EV (mm)	\$88.0	Net Debt (mm)	\$15.0

FYE Dec	2025A	2026E	2027E
Total Prod (boe/d)	5,296	4,899	4,068
Gas (%)	32	27	16
CFPS FD (C\$)	3.08	3.71	4.21
EV/BOEPD (C\$)	35,643	20,704	20,356
EV/DACF (x)	3.50	1.80	1.40
D/CF	2.2	0.5	0.2

Company Description

Highwood Asset Management is a Canadian junior oil and gas exploration and production company with sustainable oil-weighted assets. The Company's primary area of production is at Brazeau in west-central Alberta.

Our Thesis

Highwood is an oil-weighted producer (~70%) with key assets focused on the Brazeau area. The Company has high insider ownership and is focused on increasing production through acquisition and/or organically in the mid-term.

Operational and Financial Highlights

Exhibit 1: Operational and Financial Highlights

Valuation	2025A	2026E	2027E
EBITDA	64,241	59,094	59,303
DACF	53,286	57,818	60,279
EV/DACF	3.5x	1.8x	1.4x
EV/boe/d	\$35,643	\$20,704	\$20,356
D/CF	2.2x	0.5x	0.2x
EV/EBITDA	2.9x	1.7x	1.4x
Per Share	2025A	2026E	2027E
CFPS (FD)	\$3.08	\$3.71	\$4.21
CFPS (Basic)	\$3.18	\$3.79	\$4.33
Dividend/Share	-	-	-
Drip Participation	-	-	-

Production	2025A	2026E	2027E
Light Oil (bbls/d)	2,773	2,887	3,056
Medium/Heavy Oil (bbls/d)	-	-	-
NGL (bbls/d)	853	676	351
Total Liquids (bbls/d)	3,626	3,563	3,407
Natural Gas (mcf/d)	10,020	8,016	3,966
Total (boe/d) (6:1)	5,296	4,899	4,068
% Gas	32%	27%	16%

Growth / Key Metrics	2025A	2026E	2027E
CFPS Growth Y/Y	(34%)	20%	14%
Production/Share Growth Y/Y	(7%)	(4%)	(16%)
Simple Payout (Dividend)	-	-	-
Total Payout (Capex+Div)	112%	83%	64%
Cashflow Margin	52%	60%	67%
D/CF	2.2x	0.5x	0.2x
D/EBITDA	1.8x	0.5x	0.2x

Net Asset Value	Memo: Pre-transaction \$/Sh (FY20)	P/NAV	
PDP	\$8.13	1.1x	n.a.
1P	\$22.53	0.4x	n.a.
2P	\$41.34	0.2x	n.a.
Risked	\$20.03	0.4x	n.a.

Reserves			
PDP (mmboe)	19.6		
1P (mmboe)	39.6		
2P (mmboe)	66.4		

Capital Structure (m)	2025A	2026E	2027E
Basic Shs. O/S	14,443	13,982	13,645
FD Shs. O/S (incl. anti-dilutive)	14,871	14,288	14,053
WAFD Shs. O/S	14,871	14,288	14,053

Pricing	2025A	2026E	2027E
WTI (US\$/bbl)	\$65.25	\$60.00	\$60.00
FX (C\$/US\$)	1.401	1.370	1.370
MSW (C\$/bbl)	\$99.28	\$83.10	\$81.71
AECO (C\$/mcf)	\$2.00	\$3.30	\$3.39

Balance Sheet (\$000)	2025A	2026E	2027E
Cash	4,564	115	6,828
Current Assets	36,487	24,117	26,732
PP&E	255,406	167,823	141,415
Other	30,141	65,005	102,438
Total Assets	322,034	256,945	270,585
Total Debt	105,299	11,586	1,586
Total Liabilities	167,971	87,227	86,556
Total Liabilities & Equity	322,034	256,945	270,585

Funds Flow (\$000)	2025A	2026E	2027E
Funds from Operation	56,397	53,671	59,125
Funds from Investments	(64,139)	51,004	(38,500)
Other Capital	(4,561)	99,006	-
Capital Expenditures	(59,578)	(48,002)	(38,500)
Funds from Financing	10,495	(109,124)	(13,912)
Equity Offering	-	-	-
Debt	14,580	(93,713)	(10,000)
Dividend	-	-	-
Net Change in Cash	2,753	(4,449)	6,713

Netback (\$/boe)	2025A	2026E	2027E
Revenue	\$50.73	\$54.50	\$60.79
Processing Income	-	-	-
Hedging	\$4.04	\$5.54	\$7.56
Royalties	(\$10.65)	(\$10.63)	(\$11.85)
Op. Costs	(\$14.41)	(\$13.62)	(\$13.00)
Transportation	-	-	-
Operating Netback	\$29.71	\$35.79	\$43.49
Op. Netback (Ex Hedges)	\$25.67	\$30.25	\$35.93
G&A	(\$3.80)	(\$3.94)	(\$5.12)
Interest	-	(\$1.62)	(\$0.78)
Cash Taxes/Other	-	-	-
Cash Flow Netback	\$25.91	\$30.23	\$37.60

Source: Company reports, Granite Point Research

Financial Model Summary

Exhibit 2: Financial Model Summary

	2025A	1Q/26E	2Q/26E	3Q/26E	4Q/26E	2026E	1Q/27E	2Q/27E	3Q/27E	4Q/27E	2027E
Income Statement (\$000)											
Revenue											
Net Revenue	\$82,937	\$27,158	\$20,700	\$18,710	\$19,252	\$85,821	\$17,685	\$19,300	\$20,045	\$21,433	\$78,463
Realized gain (loss) on commodity contracts	7,810	(904)	3,547	2,608	1,908	9,906	2,378	2,663	2,958	3,223	11,222
Unrealized gain (loss) on commodity contracts	11,106	(25,303)	-	-	-	-	-	-	-	-	-
Total Revenue	101,853	951	24,247	21,318	21,160	95,727	20,063	21,963	23,003	24,656	89,685
Expenses											
Operating and Transportation	27,846	8,130	6,507	4,866	4,846	24,347	4,351	4,728	4,943	5,282	19,304
General and administrative	7,354	2,057	1,663	1,663	1,663	7,045	1,900	1,900	1,900	1,900	7,600
Depletion and depreciation	24,331	6,364	6,120	4,577	4,559	21,865	4,093	4,447	4,650	4,968	18,158
Interest	-	-	2,199	494	210	2,903	363	313	264	214	1,154
Total Expenses	61,943	17,129	17,070	12,180	11,858	58,498	11,287	11,969	12,338	12,945	48,540
EBIT	39,910	(16,178)	7,177	9,138	9,302	37,229	8,775	9,994	10,664	11,711	41,145
EBITDA	64,241	(9,814)	13,298	13,715	13,860	59,094	12,868	14,441	15,314	16,679	59,303
Adjusted EBITDA	53,286	16,213	13,542	13,959	14,104	57,818	13,112	14,685	15,558	16,923	60,279
Adj. EBITDA per share (FD)	3.58	1.15	0.94	0.97	0.99	4.05	0.92	1.04	1.11	1.22	4.29
Adj. Funds Flow per share (FD)	3.22	1.01	0.81	0.96	1.00	3.78	0.92	1.04	1.12	1.22	4.30
Income (loss) before taxes	30,409	(18,585)	28,411	8,080	8,530	54,226	7,853	9,124	9,847	10,946	37,770
Total Taxes	(8,702)	4,082	(6,677)	(1,899)	(2,005)	(6,498)	(1,845)	(2,144)	(2,314)	(2,572)	(8,876)
Net Income	\$21,707	(\$14,503)	\$21,735	\$6,181	\$6,526	\$47,728	\$6,008	\$6,980	\$7,533	\$8,374	\$28,894
Income (loss) per share:											
Basic	1.50	(1.03)	1.55	0.44	0.47	3.41	0.44	0.51	0.55	0.62	2.12
Diluted	1.46	(1.03)	1.51	0.43	0.46	3.34	0.42	0.50	0.54	0.60	2.06
Balance Sheet (\$000)											
Assets											
Total Current Assets	36,487	43,638	52,744	25,145	24,117	24,117	26,108	29,582	28,625	26,732	26,732
Property, Plant and Equipment	255,406	258,245	177,583	172,694	167,823	167,823	160,133	153,163	146,911	141,415	141,415
Other Non-Current Assets	30,141	35,388	40,404	51,845	65,005	65,005	71,062	78,657	89,758	102,438	102,438
Total Assets	322,034	337,271	270,731	249,683	256,945	256,945	257,303	261,403	265,294	270,585	270,585
Liabilities											
Total Current Liabilities	38,226	66,979	46,555	42,585	38,615	38,615	38,615	38,615	38,615	38,615	38,615
Bank Debt	105,299	105,829	15,000	-	11,586	11,586	9,086	6,586	4,086	1,586	1,586
Other Non-Current Liabilities	24,446	24,692	32,864	34,895	37,026	37,026	38,993	41,253	43,677	46,354	46,354
Total Liabilities	167,971	197,500	94,419	77,480	87,227	87,227	86,694	86,454	86,379	86,556	86,556
Shareholders' Equity	154,063	139,771	176,312	172,204	169,718	169,718	170,609	174,949	178,916	184,029	184,029
Basic Shares Outstanding (000)	14,443	14,118	14,019	13,936	13,853	13,982	13,770	13,687	13,604	13,520	13,645
Diluted Shares Outstanding (000)	14,871	14,118	14,427	14,344	14,261	14,288	14,178	14,095	14,012	13,928	14,053
Cash Flow Statement (\$000)											
Net cash from (used) in operating activities	56,397	5,328	27,661	11,229	9,453	53,671	12,749	14,372	15,295	16,709	59,125
Cash from Investments											
Capex	(59,578)	(10,414)	(9,487)	(13,138)	(14,963)	(48,002)	(4,416)	(7,327)	(11,923)	(14,835)	(38,500)
Net cash used in investing activities	(64,139)	(9,408)	88,513	(13,138)	(14,963)	51,004	(4,416)	(7,327)	(11,923)	(14,835)	(38,500)
Cash from financing activities	10,495	(369)	(91,807)	(22,458)	5,510	(109,124)	(3,478)	(3,478)	(3,478)	(3,478)	(13,912)
Change in cash	2,753	(4,449)	24,367	(24,367)	-	(4,449)	4,855	3,567	(106)	(1,603)	6,713
Cash end of period	4,564	115	24,482	115	115	115	4,970	8,537	8,431	6,828	6,828

Source: Company reports, Granite Point Research

Key Metrics and Assumptions

Exhibit 3: Key Assumptions and Metrics

	2025A	1Q/26E	2Q/26E	3Q/26E	4Q/26E	2026E	1Q/27E	2Q/27E	3Q/27E	4Q/27E	2027E
Days in period	365	90	91	92	92	365	90	91	92	92	365
Assumptions - GPR Model											
WTI (US\$/bbl)	65.25	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
NYMEX (US\$/Mcf)	3.53	4.00	3.25	3.50	4.00	3.70	3.55	3.55	3.55	3.55	3.55
Foreign Exchange (US\$/C\$)	0.71	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
WCS (US\$/bbl)	75.84	65.49	66.48	66.07	63.93	67.58	66.16	67.53	67.53	66.15	66.85
Edmonton C5+ (C\$/bbl)	99.28	83.08	83.08	83.08	83.15	83.10	81.71	81.71	81.71	81.71	81.71
AECO (C\$/Mcf)	2.00	3.50	2.75	3.10	3.75	3.30	3.39	3.39	3.39	3.39	3.39
Realized Oil Price (C\$/bbl)	92.14	88.12	74.96	74.96	74.96	74.96	73.64	73.64	73.64	73.64	73.64
Realized Gas Price (C\$/Mcf)	1.90	2.12	2.61	2.95	3.56	3.14	3.22	3.22	3.22	3.22	3.22
Production											
Oil & NGLs (boe/d)	3,626	4,187	3,700	3,164	3,215	3,563	3,089	3,354	3,457	3,721	3,407
Natural Gas (Mcf/d)	10,020	10,909	10,800	5,428	5,020	8,016	3,777	3,857	4,056	4,169	3,966
Total Production (boe/d)	5,296	6,005	5,500	4,068	4,052	4,899	3,719	3,996	4,133	4,416	4,068
% Gas	31.5%	30.3%	32.7%	22.2%	20.6%	27.3%	16.9%	16.1%	16.4%	15.7%	16.2%
YoY Growth	(8.3%)	14.1%	(2.3%)	(22.5%)	(19.6%)	(7.5%)	(38.1%)	(27.3%)	1.6%	9.0%	(17.0%)
% Liquids Hedged	16.6%					1.4%					-
% Natural Gas Hedged	43.8%					90.6%					93.9%
Netbacks (\$/boe)											
Realized Corporate Price	50.73	55.46	47.78	57.28	59.32	54.50	60.26	60.97	60.74	61.10	60.79
Realized Hedging Gain (Loss)	4.04	-	7.09	6.97	5.12	5.54	7.11	7.32	7.78	7.93	7.56
Royalties	10.65	7.82	9.32	11.17	11.57	10.63	11.75	11.89	11.85	11.91	11.85
Net Revenue	36.04	47.64	31.37	39.15	42.63	38.33	41.40	41.76	41.12	41.25	41.38
Operating & Transportation Costs	14.41	15.04	13.00	13.00	13.00	13.62	13.00	13.00	13.00	13.00	13.00
Less Midstream and Other Costs	-	(0.53)	-	-	-	-	-	-	-	-	-
Field Netback	21.63	33.14	18.37	26.15	29.63	24.71	28.40	28.76	28.12	28.25	28.38
Interest	-	-	4.39	1.32	0.56	1.62	1.08	0.86	0.69	0.53	0.78
SG&A	3.80	3.81	3.32	2.93	4.46	3.94	5.68	5.22	5.00	4.68	5.12
Cash Netback (\$/boe)	17.83	0.37	3.58	4.19	3.88	19.15	6.33	9.19	9.49	9.81	22.48
Cash Flow Metrics											
Cash Flow (\$000)	53,286	14,269	11,680	13,803	14,232	57,818	13,086	14,709	15,632	17,046	60,279
CFPS - Basic	3.18	1.01	0.81	0.97	1.00	3.79	0.93	1.05	1.12	1.24	4.33
CFPS - Diluted	3.08	1.01	0.79	0.94	0.97	3.71	0.90	1.02	1.09	1.20	4.21
Capital Expenditures	(59,578)	(10,414)	-9,487	-13,138	-14,963	(48,002)	(4,416)	-7,327	-11,923	-14,835	(38,500)
Dividend	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow (\$000)	(12,701)	3,855	2,193	665	-731	8,380	8,670	7,382	3,709	2,212	21,973
Valuation and Leverage Ratios											
EV/EBITDA	2.94					1.72					1.40
EV/BOEPD	35,643					20,704					20,356
EV/DACF	3.54	11.16	6.02	6.33	6.74	1.75	6.76	5.50	4.97	4.42	1.37
FCF Yield (% Market Cap)	(17.6%)					11.6%					30.5%
FCF Yield (% EV)	(6.7%)					8.3%					26.5%
Net Debt (\$000)	116,723	113,985	15,107	22,237	29,382	29,382	23,392	15,918	12,875	10,769	10,769
Net Debt/EBITDA	1.82	(11.61)	1.14	1.62	2.12	0.50	1.82	1.10	0.84	0.65	0.18
Net Debt/CF	2.19	7.99	1.29	1.61	2.06	0.51	1.79	1.08	0.82	0.63	0.18

Source: Company reports, Granite Point Research

Important Disclosures

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RATING	COVERED COMPANIES
BUY	4
HOLD	
SELL	

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