MOI GLOBAL

Mike Kruger

Managing Partner, MPK Partners

BEST IDEAS

TENAZ ENERGY

Best Ideas 2026
Hosted by MOI Global

Mike Kruger, CFA
mkruger@mpkpartners.com

Past MOI Best Ideas recommendations

Date	Company	Ticker	Exchange	Buy price	Dividends	Acquired at	Current price	Total return	Years
1/10/25	Vistry	VTY	London	£5.20			£6.33	22%	1.0
1/4/24	Card Factory	CARD	London	£1.01	£0.11		£0.66	-24%	2.0
1/13/23	Ströer	SAX	Xetra	€ 48.54	€ 6.00		€ 37.15	-11%	3.0
12/31/21	Houghton Mifflin	HMHC	NASDAQ	$16.10		$21.00	na	30%	0.3
1/5/21	Shinoken	8909	Tokyo	¥1,086	¥85	¥1,600	na	55%	1.7
12/30/19	Terravest	TVK	Toronto	C$12.45	C$2.78		C$174.86	1327%	6.0
1/8/19	Boustead Projects	AVM	Singapore	S$0.85	S$0.19	S$1.18	na	61%	5.0
6/20/18	Texhong	2678	Hong Kong	HK$12.48	HK$2.61		HK$4.91	-40%	7.6
12/17/17	IES Holdings	IESC	NASDAQ	$17.50			$431.01	2363%	8.1

Prices at 1/14/26

Share Profile: Tenaz Energy Corp.

- Ticker: TNZ (Toronto Stock Exchange)
- Price: C$31.07 (as of January 15th, 2026)
- Market capitalization: C$1,015 million
- Enterprise Value: C$1,367 million
- Fiscal year ends December 31st
- Insiders own 16.3%

Prices and values in C$ millions unless noted

1 mmcf = thousand cubic feet of natural gas. 6 mmcf = 1 barrel of oil equivalent (boe)

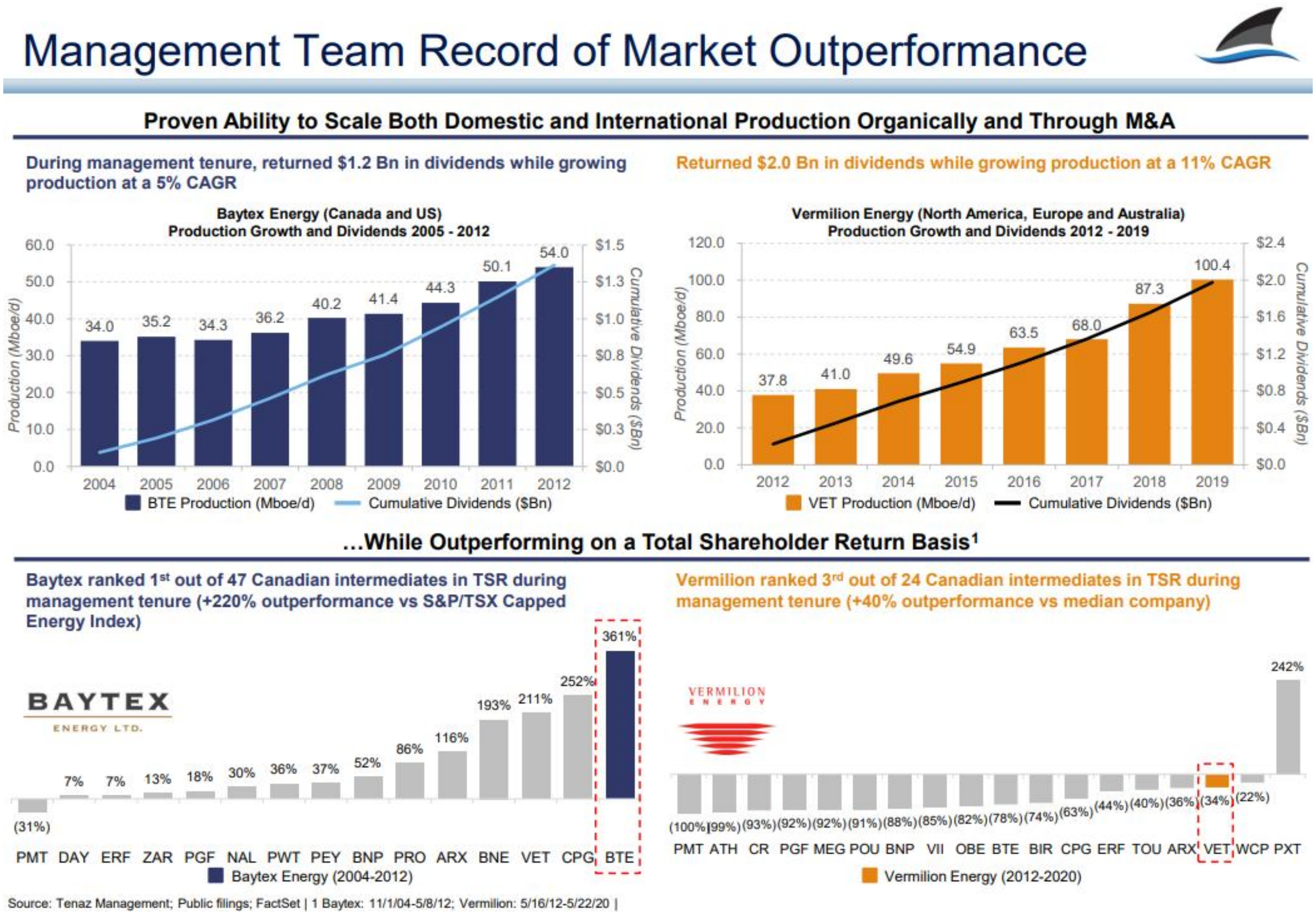
Introduction

- Tenaz is a shareholder-friendly E&P run by a shrewd dealmaker who used to run much larger companies.
- Just over 10% production from Canada, rest from the Dutch North Sea (99% natural gas, 1% condensate). Also, Tenaz earns ~$5.8m a year from a midstream asset in the DNS.
- Having grown the company enormously through low-cost M&A, Tenaz remains an M&A story, but is now also an organic growth story.
- Management is conservative: production is high-margin and typically ~50% hedged over NTM. Debt to NTM cash flow is around 1.0x
- At 115% EV/After-tax 1P and 75% EV/After-tax 2P reserves on just over 32 million shares, Tenaz is no longer stupid-cheap, but it's still pretty cheap. You're paying nothing for the acquisition program, and reserves are likely understated.

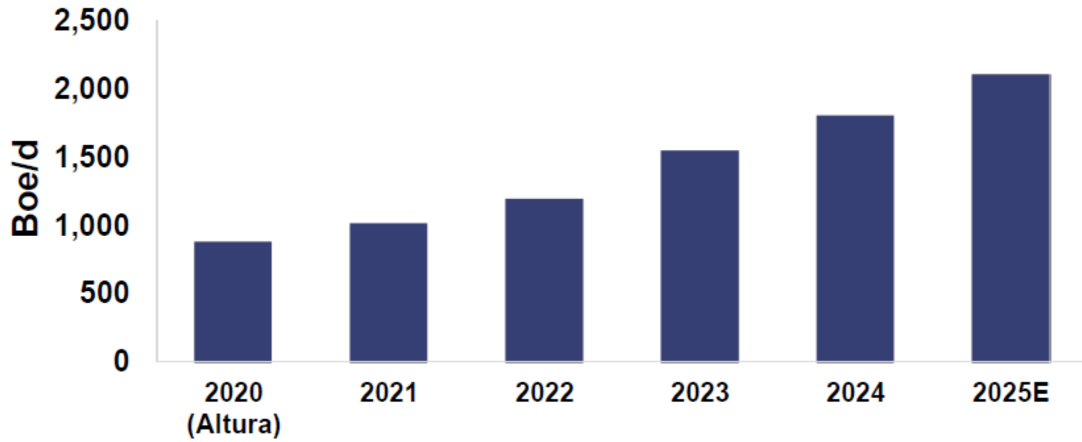
History

- Tenaz CEO Anthony Marino previously ran Canadian E&Ps Baytex (EV $5.6 billion) and Vermillion (EV $3.1 billion). In August 2021, he and a small team of ex-Vermillion colleagues recapitalized a nanocap E&P called Altura, raising $29.5m plus $1.8m from a rights offering. The shares then traded at $1.80.
- Altura had been founded by another of Marino's former Vermillion colleagues and had discovered the Leduc-Woodbend (LWB) reservoir. The strategy: acquire & exploit via international M&A, with a strong preference for operated production.
- But the M&A got off to a slow start. Big run-ups in oil & gas prices make it tougher to close deals. From about 4Q21-3Q22, sellers were generating so much cash out of these properties that they had little interest in lowball bids from Tenaz. Tenaz made a bunch of offers – from small to large deals – yet almost none of those assets were sold to anybody.
- Not until December 2022 did Tenaz close a small acquisition. The second deal in mid-2023 was also small. But their third deal in mid-2024 dramatically grew the company.

CEO performed well prior to Tenaz



Tenaz began in Canada



- Only asset of Altura/Tenaz at the time of the recap, but is now only ~10% of production. Just south of Edmonton. 87.5% owned. Production is mostly oil, which sells at US$ 5/bbl discount to WCS crude oil, and WTI-WCS discount has tightened since the Trans Mountain Pipeline came online in May 2024.
- Moderately tight but not ultra-tight sandstone, drilled using small multistage fracs. At US$ 70 WTI = ~ 65% IRRs on drilling.
- Production should grow ~10% in 2026 with just 4% of capex budget. Could grow faster, but now have more attractive targets in Europe.
- Tenaz has ~$50 MM of Canadian tax pools to shelter domestic income from taxes.

M&A strategy: avoid competition, stay disciplined

- Europe is top focus, with MENA and Latin America as a distant second and third, respectively. These markets offer greater opportunities for asset improvements vs the ultra-efficient North American market. Just as importantly, Tenaz encounters fewer bidders, leading to much lower multiples.
- Quantitative criteria:
  1. Unlevered after-tax IRR of at least 20%, before any asset improvements
  2. Ability to improve growth of per-share production/ cash flow/ FCF/ reserves
  3. Asset cash flow covers the capital required to grow. If Tenaz starts paying a dividend, cashflow needs to cover the new dividend load that would come with issuance of any new shares.
- Given all this, they get rejected 90-95% of the time.
- Hope to reach 100,000 boe/d of production. At 50,000 boe/d, they may start returning capital via a variable dividend and/or more buybacks - whatever makes the most sense. Tenaz has already repurchased enough shares to offset dilution from the vast majority of warrants and options.

… and it's paid off

An - nounce	Com - plete	Effect - ive	Target	Seller	Initial cost	Earn -out	After-tax PDP	After-tax 1P	After-tax 2P	NGT stake	Country	Notes
10/6/25	10/6/25	12/31/24	**GEMS**	Hansa Hydrocarbons	(339)	NA	218	394	590		NL/ Germany	ONE-Dyas is operator. $17m paid in shares. US$20m contingent payment due on each of first 3 exploration wells >50bcf.
7/18/24	5/1/25	1/1/24	**NOBV (nka TEN)**	Exxon & Shell JV	(10)	(73)	428	542	802		NL	Base consideration C$246m/€165m reduced via lockbox cashflow. $34m deposit, received $24m at close. Earnout on 2025-27 FCF est $89.3m at close (now $73.1m)
6/26/23	7/3/23	1/1/23	**XTO Netherlands**	Exxon	43		NA	NA	7	10.1%	NL	Non-operated, 23E FFO 7.4m, incl NGT stake,
12/20/22	12/20/22	11/1/22	**9 offshore licences**	private company	0		14	15	31	11.3%	NL	Eni/Neptune is operator, 23E FFO $23m, incl 9.85% interest in Rembrandt & Vermeer oil discoveries operated by Wintershall,11.34% NGT stake, option for 11.34% stake in CCS project
5/25/22	Termin - ated	NA	**SDX Energy**	shareholders							Egypt/ Morocco	$34.3m all-share transaction. Had $23.7m of WC, incl $13.5m cash, no debt, and $89m of Canadian tax pools. SDX shareholders rejected offer
8/30/21	10/8/21	NA	**Altura Energy**	Altura Energy	(31)						Canada	Recap
					(337)	(73)	660	951	1,430			

Cost to create Tenaz	
NAV of Altura YE20 2P After-tax reserves	(49)
Recapitalization capital raised	(31)
Shares issued for GEMS	(17)
Cash paid	(289)
9/30/25 est contingent $ due on NOBV	(73)
	(459)

Value of Tenaz (incl $50m for NGT, less $352m net debt)

1,242	1P
1,861	2P
2,316	2P + risked contingent & prospective resources

- **Values of NOBV & GEMS likely > 2P, especially GEMS where they'll drill 2 fields not in 2P reserves in 2026**
- **Pre-GEMS deal: $120m spent for $523m PDP, $798 1P, $1,221 2P plus ~$50m value of NGT pipeline stake.**

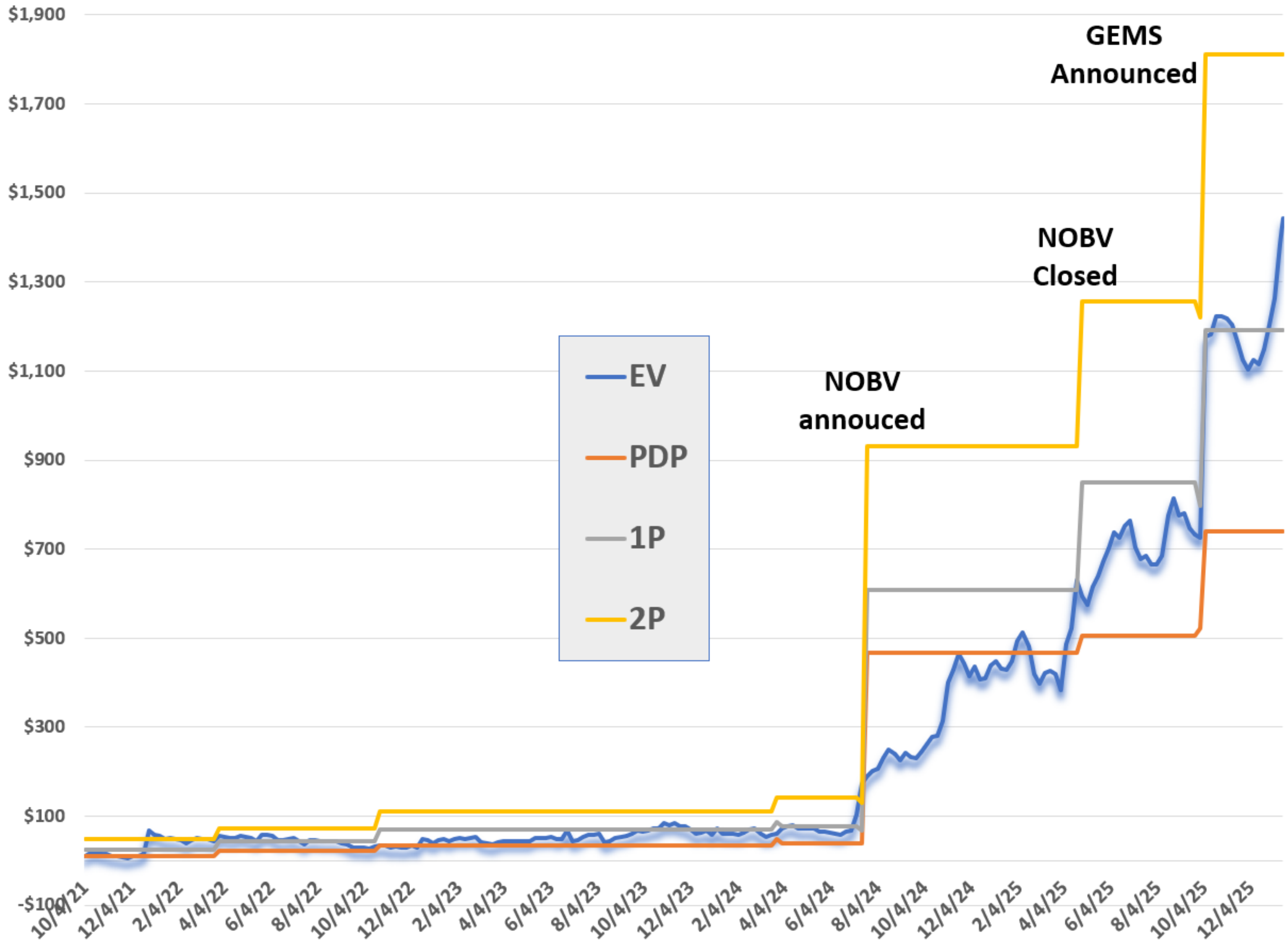
Entered Dutch North Sea with small 2 deals

- **May 2022 SDX (deal failed)** Tried to acquire SDX Energy PLC, an E&P with assets in Egypt and Morocco, in an all-stock deal that would have taken corporate production over 4,500 boe/d [from 1,900 boe/d). Despite the addition of a cash alternative to the all-stock bid, an >25% SDX shareholder managed to block the deal.
- **December 2022 privateco assets** Bought ~750 boe/d of natgas production in the Dutch North Sea (DNS) and an 11.34% stake in the NGT pipeline network from a private E&P that was refocusing on the US lower-48. NGT moves ~30% of all DNS gas. The cost was the assumption of future asset retirement obligations (AROs), requiring a deposit of $58.9m. This fell to $16.9m in early 2023 due to higher TTF (ie local natural gas) prices and completed ARO work. 2023E FFO was $23m at the time of the deal. Incl option to participate ($85m capex net to Tenaz) in a carbon capture utilization and storage (CCS) project that would offset carbon taxes on 50k boe/d of production (good IRR)
- **June 2023 XTO Netherlands** Bought 450-500 boe/d of natgas production from Exxon plus an additional 10.1% stake in NGT. Rather than pay Exxon for the assets, Tenaz inherited ~$46.5m of positive working capital (incl ~$61.8m of cash, of which $15.3m pledged toward AROs).

NOBV (nka TEN) – big and crazy cheap

- **July 2024 NOBV** (NAM Offshore BV, nka Tenaz Energy Netherlands (TEN)) bought from NAM, a 50/50 JV of Shell and Exxon. Production was at 11,000 boe/d, or ~20% of all DNS natgas production. Tenaz will be operator with a 87.5% working interest (WI).
- Buying from supermajors means good people and good steel (ie high-quality infrastructure). Beyond that, though, NAM had done very little new drilling over the previous 5 years. These mid-life wells are now at a low ~9% decline rate.
- Tenaz also became operator/part-owner of the Den Helder Gas Plant, which handles ~50% of all gas produced in the DNS
- Netherlands government is keen to boost offshore production.
- Base consideration of $246m plus 50%/50%/25% of 2025/26/27 FCF, respectively, up to $177m (note: this is after ALL capex). Other potential earnouts unlikely to be triggered.
- Deal came with a generous "lockbox" mechanism. **Slated to close 7/1/25, but effective date was 1/1/24, so Tenaz could use all of NOBV's FCF from 1/1/24 thru close to pay for the deal!** A $34m deposit and expected FCF of $185m meant they were likely to owe just ~$25m at close after working cap adjustments. But TTF prices beat expectations, and Tenaz actually received $24m at an early 5/1/25 close. Closing early meant a quicker start to reinvestment capex, thus lowering the earnout.

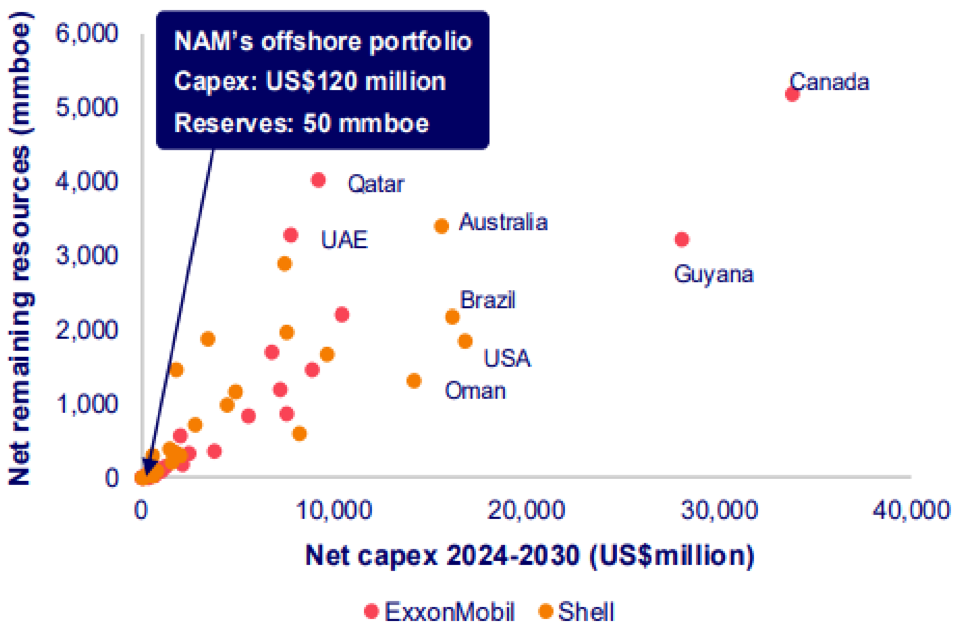
Market took a while to figure out how good it was



NOBV sellers had non-economic motivations

- All licenses covered with state-of-the-art OBN 3D seismic, allowing Tenaz to identify dozens more development locations than the 5.3 net wells in 2P reserves.
- Tenaz will invest heavily to boost production in 2026-27. Note that each $1 of capex reduces the earnout by 50-cents in ‘26 and 25-cents in ‘27.

Shell and Exxon’s global capex vs. remaining resources

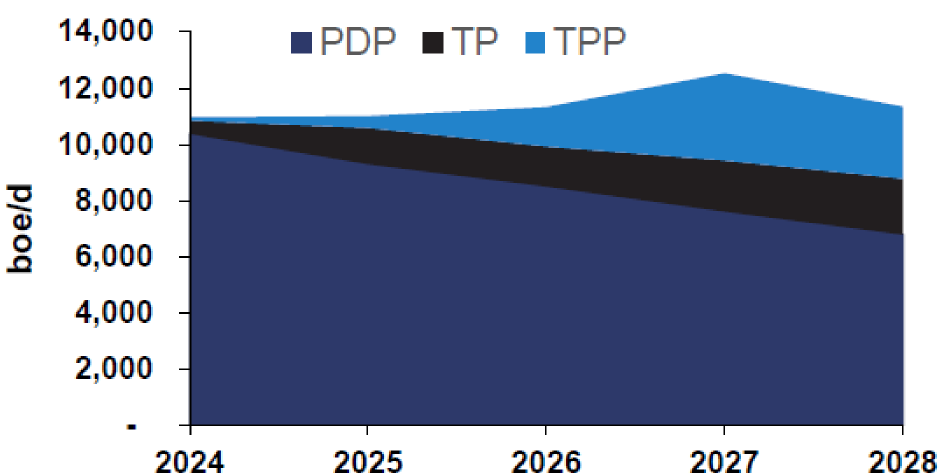


Source: Wood Mackenzie Lens Upstream

- How did Tenaz get such a good deal? Earthquakes from natgas activity in the giant onshore Groningen caused the gov’t to cap production in 2013 and close the field in April 2024. Shell and Exxon saw the writing on the wall and put NAM (incl onshore) up for sale in 2022
- As a previously Dutch company, Shell got lots of negative press due to the earthquakes in Groningen. And for both Shell and Exxon, the DNS was no longer big enough to move the needle.

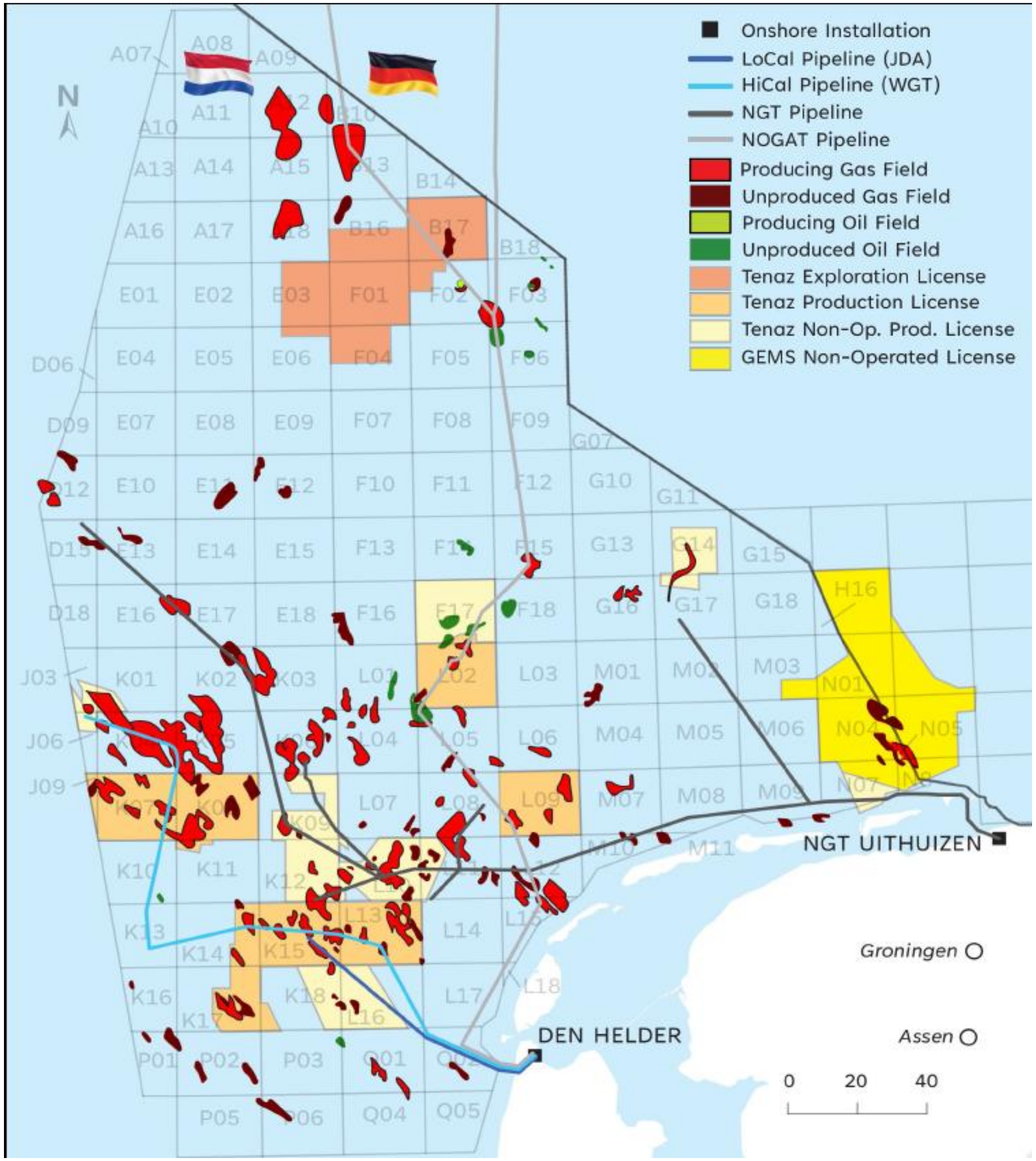
NOBV organic growth should be good

- Tenaz will invest heavily to boost production in 2026-27. Note that each $1 of capex reduces the earnout by 50-cents in ‘26 and 25-cents in ‘27.
- Future costs are expected to be around 20% lower than estimated. McDaniel used NAM’s prior opex, which included indirect costs, while TNZ has already optimized operations by reducing staff, management, and adjusting policies.
- On a gross basis, wells cost $20-30m to drill, but they’re huge: 5,000 boe/d is the norm. One decent well per year could sustain production.
- All licenses covered with state-of-the-art OBN 3D seismic, allowing Tenaz to identify dozens more development locations than the 5.3 net wells in 2P reserves.



- In 2026, 3 new wells (1.6 net to Tenaz) wells plus ongoing workovers. PUD (black area) and Probables (light blue area) boe/d could exceed this estimate

All DNS deals in one map

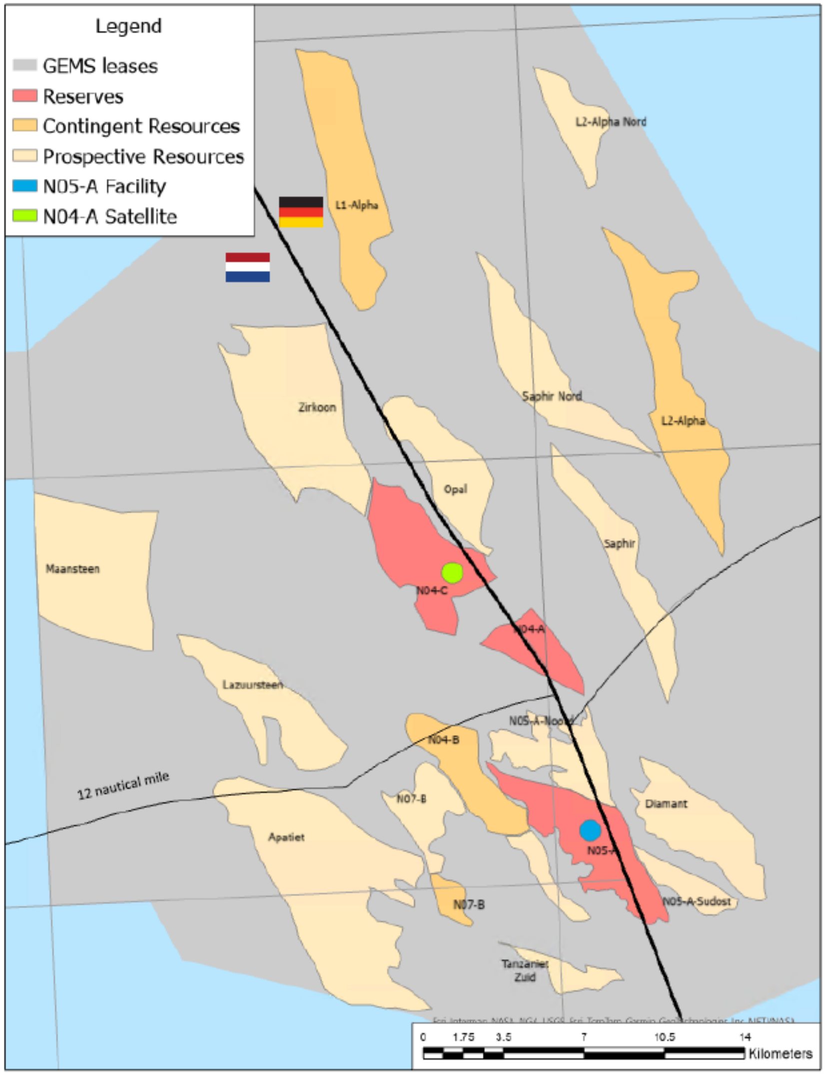


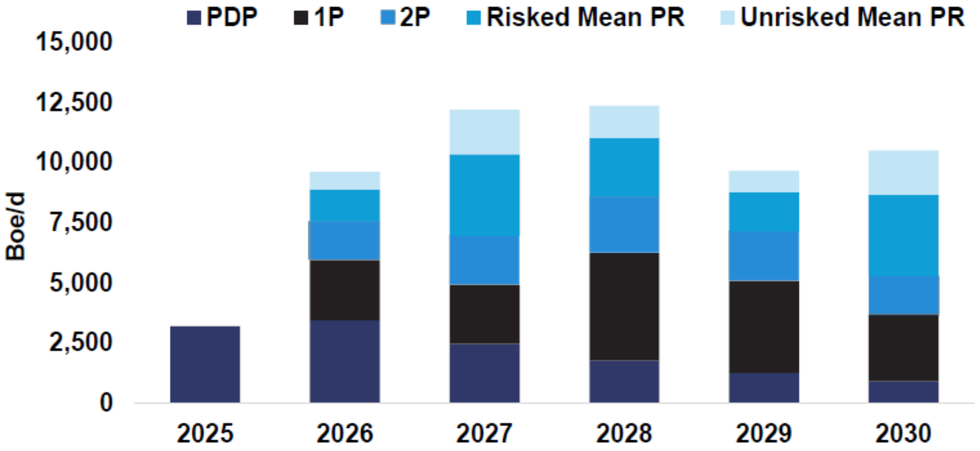
- XTO and privateco deals are the "Non-Op" light tan areas
- Dark line spanning lower width of map is NGT pipeline
- NOBV deal are the "Production License" light orange areas.
- Note Den Helder plant at bottom middle
- GEMS (most recent deal) is yellow area on right

GEMS

- **October 2025 GEMS** (Gateway to the Ems River) Paid $322m cash, $17 in shares for non-operated WIs in 5 field right along the Dutch-German nautical boundary. Paid 2.1x 2026E FFO, < 3-year payout.
- On the first 3 exploration discoveries >50bcf, a contingent payment of US$20m contingent payment will be due. Payments would be ~28% of the net value to Tenaz at most, with ~15% more likely.
- New project: N05-A platform installed mid-2024, N05-A-01 well spud March 2025.
- 3,200 boe/d net production all from N05-A-01 – the highest producing well in the Netherlands. In 2026, will drill 2 nearby infill wells from N05-A plaform, for 7,000 boe/d net production, then drill 2 nearby exploration wells (N05-A-Noord and Diamant), 1.6 net wells to Tenaz. Latter 2 could boost production well over 7,000 boe/d
- Low opex projected at ~EUR 5 per boe incl transport costs as production ramps on fixed cost base. No royalties in the Netherlands, and future German production would have 5% royalty after opex
- Tenaz now the largest natgas producer in the Netherlands, aside from state-owned EBN
- In 2027, will install a new platform called N04-A to the north and tie it back to N05-A. Two nearby development fields could then be drilled from this in 2028, followed by an exploration well in the Opal field

GEMS





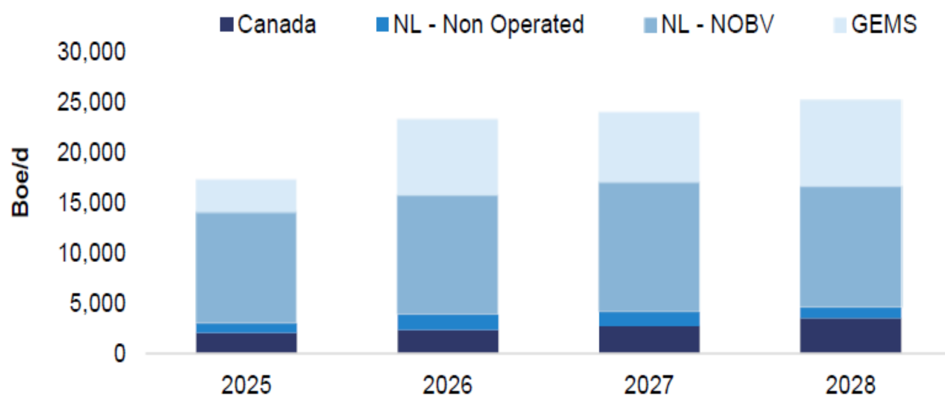
- 26E: drill 2 infill wells in N05-A (bottom red area)
- Then adjacent N05-A-Noord & Diamant
- 27E: N04-A, N04-C (upper red areas)
- 28E: adjacent Opal field
- **N05-A-Noord, Diamant, Opal risked value of $306m not in $590m 2P reserves**
-

Future acquisitions

- Lots of assets in the DNS are ripe for consolidation. Supermajors like Total and Eni are looking to leave.
- At the right price, Tenaz would love to buy out the operators on its non-operated leases (Eni, One-Dyas, Wintershall JV, etc.)
- New senior notes issued for GEMS deal left Tenaz with about $70m more cash than needed. Also replaced $20m revolver with new $115m revolver (undrawn). Tenaz is ready for another acquisition.
- There's a chance that Tenaz could use its 11.34% WI in the CCS project as currency to help pay for an acquisition in the DNS.
- CEO on 12/7/25 call: *We feel we have a very good transaction pipeline in place. Probably the best it's ever been.*

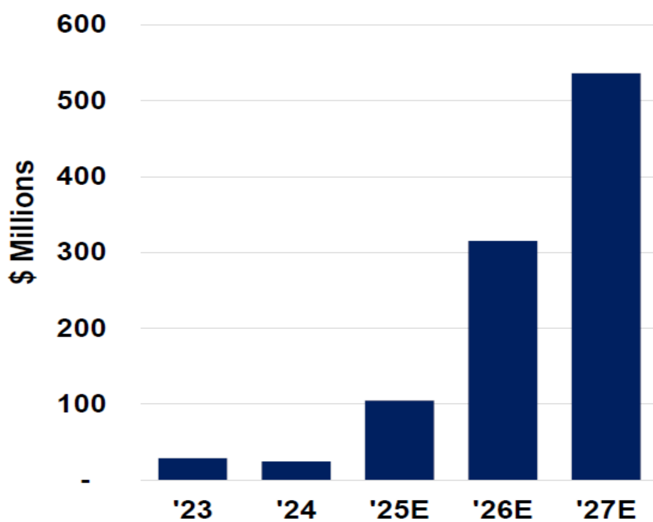
Production and cash flow set for major growth

2P Reserves Production by Asset[4]



2025E production includes pre-closing 2025 production for NOBV and GEMS
2026E production at midpoint of guidance

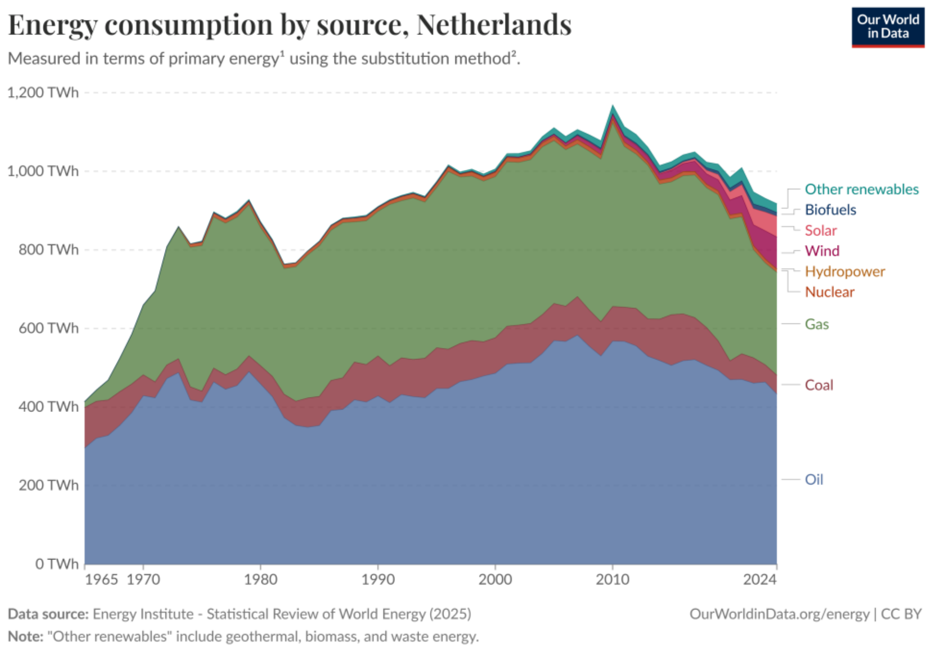
Funds Flow From Operations[1,2]

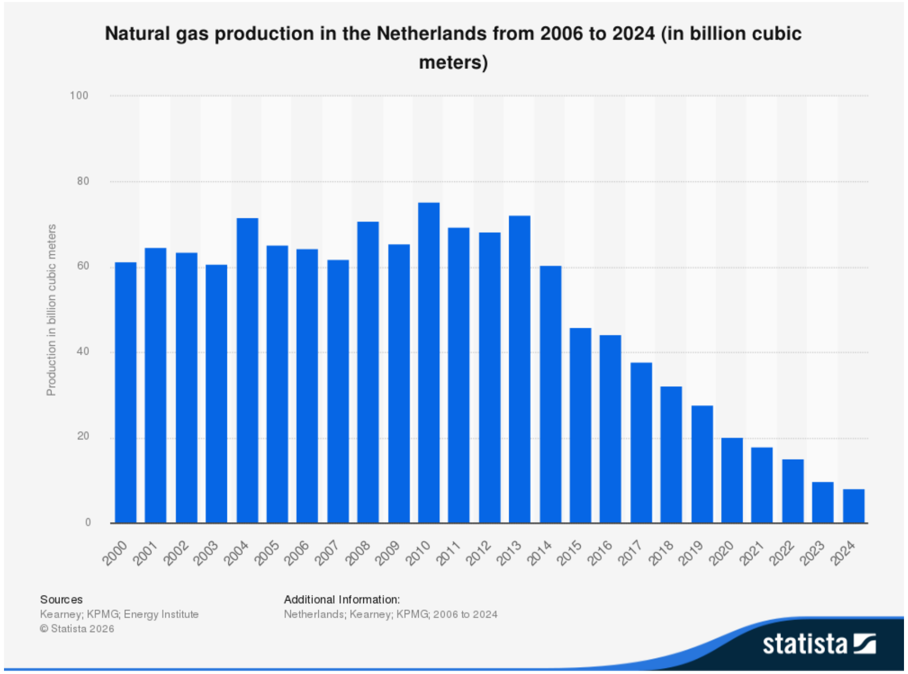


12/18/25 NBCCM projections

- In addition to NOBV and GEMS, operator Eni is drilling the L10 Malachite well (est at 4,200 boe/d gross, to put DNS non-operated production at ~1,500 boe/d
- Mgmt: 26E production range of 19,500 to 22,500 boe/d. Could exit 2026 at up to 27,000 boe/d.
- 26E production 93% natgas, 7% oil
- 42% of 2026 production hedged
- 8 large wells slated for 2026 – should provide good news flow
- Call dates in mid'27 on both senior notes could reduce interest expense as interest coverage improves.
- Year-end 25E net debt of $336m just 1.1x 26E FFO (and margins are high)

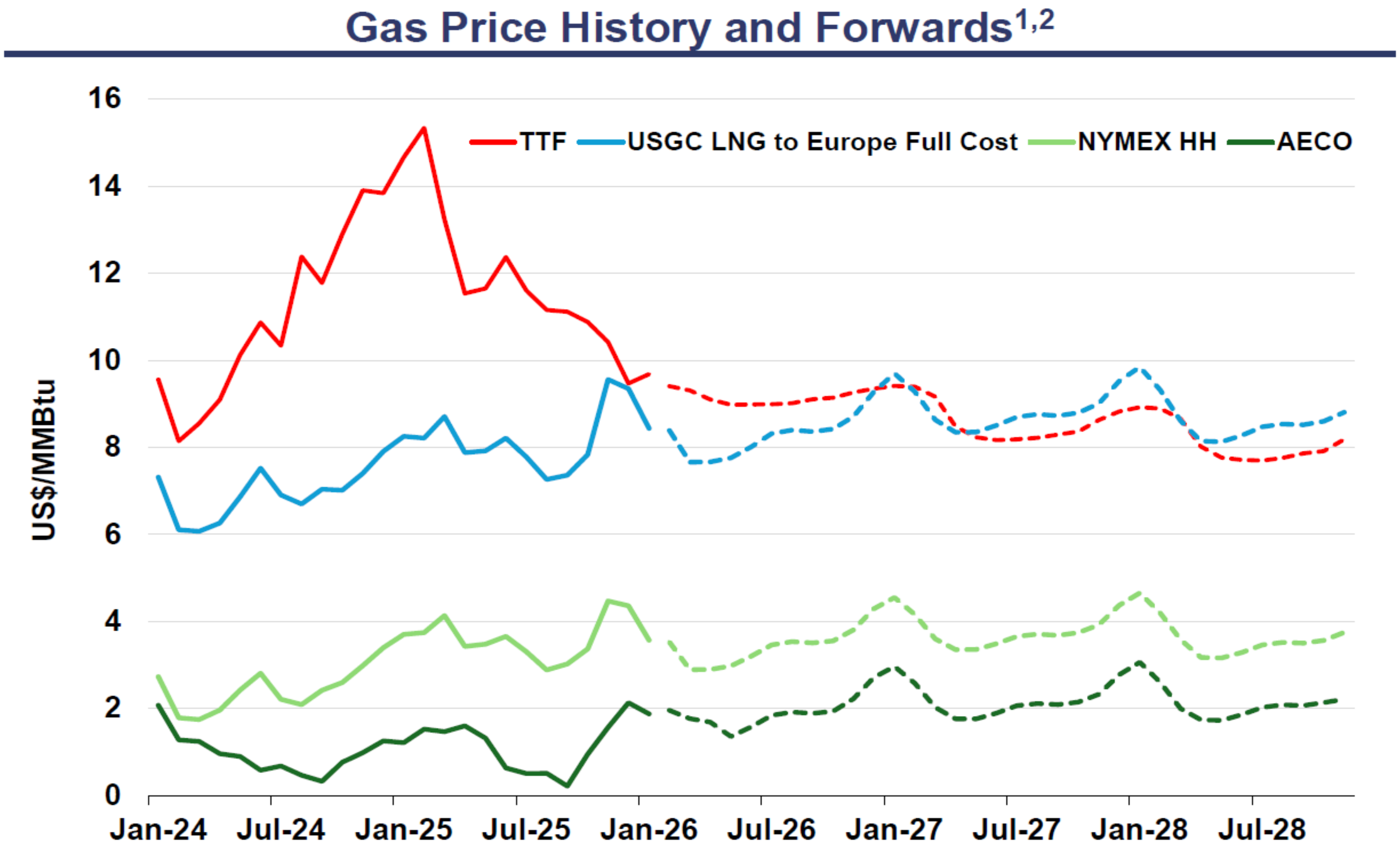
Dutch North Sea production makes sense





- Domestic production has declined, yet natural gas is still an important energy source in the Netherlands
- Ukraine war has dramatically reduced Russian imports by the EU, and the remainder will be phased out by late-2027
- Delivering natural gas by pipeline is cleaner than importing LNG
- Domestic production lessens dependence on foreign suppliers

Cost of LNG puts a floor at current TTF prices



From Tenaz investor presentation January 9, 2026 – since then, Henry Hub has dropped and TTF spiked due to Ukraine war and cold weather in Europe

Cost of LNG puts a floor on TTF prices

- A flood of US LNG exports to Europe is putting pressure on TTF prices. TTF was at €27–28/MWh from early December'25 to early January'26, until cold weather and a Russian strike on a major Ukrainian storage facility caused prices to spike to €33.
- At these levels (€27–28 TTF = C$12.78-13.26/mmbtu), certain LNG cargos coming from the U.S. into Europe would land with negative margins due to Henry Hub pricing (averaging ~US$4/mmbtu).
- Shipping via LNG isn't cheap. The cost of liquefaction, shipping, and regasification typically adds a total of US$3.50-6.50 to the cost of the natural gas, and many LNG contracts use a formula of 115% of Henry Hub to account for pipeline fuel and shrinkage.
- Although this creates some short-term pain, it is positive over the medium/long term because it pressures several LNG projects to delay their FIDs (final investment decision - to start construction).
- Likely that €27–28 is the bottom, precisely because transporting LNG at negative margins is unsustainable.