Advantage Announces Third Quarter 2025 Financial and Operating Results

(TSX: AAV)

CALGARY, AB, Oct. 28, 2025 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report 2025 third quarter financial and operating results.

2025 Third Quarter Financial Highlights

- Cash provided by operating activities of $80.1 million.
- Adjusted funds flow ("AFF")[(a)] of $72.4 million or $0.43 per basic share for Advantage[(b)].
- Cash used in investing activities of $102.3 million.
- Net capital expenditures[(a)] were $71.6 million for Advantage[(b)].
- Net debt[(a)] of $572.3 million for Advantage[(b)], essentially unchanged quarter-over-quarter.

During the third quarter, Advantage was effectively free cash flow ("FCF")[(a)] neutral while average AECO prices were the lowest in history. This highlights our unique ability to fully fund a steady, efficient annual capital program of about $300 million throughout the commodity price cycle.

2025 Third Quarter Operating Highlights

- Average production was 71,482 boe/d (356.1 mmcf/d natural gas, 12,139 bbls/d liquids), a decrease of 4% versus the third quarter of 2024. Advantage aggressively curtailed production during periods of extremely weak/negative AECO pricing, prioritizing value over volumes.
- Liquids production was 12,139 bbls/d (8,483 bbls/d crude oil, 684 bbls/d condensate and 2,972 bbls/d NGLs), a decrease 5% over the third quarter of 2024.
- Operating costs in the third quarter were $5.82/boe[(a)] compared to $5.46/boe in the third quarter of 2024, mainly due to significantly curtailed natural gas production. With production now returned to normal levels, we remain firmly on track to achieve our annual guidance range ($4.95/boe to $5.30/boe) as we move into the fourth quarter.
- At Glacier, Advantage drilled a three-well pad which is now being brought on production with exceptional results. Based on publicly available data, the first well has the highest initial production rate of raw natural gas ever delivered in the Alberta Montney, producing 31.7 mmcf/d over the last 7 days. The second well has been producing at a restricted rate of 20.0 mmcf/d over the last 7 days, and the third well has yet to be brought on production, awaiting pipeline capacity. This outstanding performance reflects a combination of high-quality Montney reservoir in the Glacier region, Advantage's operated infrastructure and the advanced strategies and dedication of our technical team.

(a) Specified financial measure which is not a standardized measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measure, an explanation of how such specified financial measure provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measure, and where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

(b) "Advantage" refers to Advantage Energy Ltd. only and excludes its subsidiary Entropy Inc.

Proactive Response to AECO Prices

Poor NGTL system reliability and maintenance on key export pipelines continued through the third quarter, resulting in both the weakest quarter and the weakest month (September) on record for AECO cash prices.

Consistent with our strategic priority of maximizing cumulative FCF[(a)], Advantage curtailed significant volumes of dry natural gas production when cash prices were exceptionally weak or negative. Gas curtailments averaged 60 mmcf/d for the quarter, with certain days in September exceeding 300 mmcf/d. On those days, Advantage purchased spot gas at negative prices to satisfy physical delivery commitments to downstream markets while preserving our natural gas resource.

Our curtailment strategy directly resulted in a $2 million net increase to third-quarter AFF[(a)] from purchasing gas at negative prices and about $5 million of reduced depletion expense, which will translate to lower development capital during the next six months. Financial hedging gains, which are independent of physical production, accounted for 47% of the quarter's AFF[(a)].

Marketing Update

Advantage has hedged 43% of its forecasted natural gas production for the fourth quarter of 2025, as well as 28% in 2026 and

8% in 2027. Advantage has also hedged 45% of its forecasted crude oil and condensate production for the fourth quarter of 2025, as well as 17% for the first half of 2026.

Executive Update

Advantage is pleased to announce that Geoff Keyser has been appointed to the expanded role of Vice President, Development. Mr. Keyser joined Advantage in November 2020 and has been serving as Vice President, Corporate Development since January 2022. His new title formalizes the key role he plays across all aspects of the business including capital allocation, planning, development execution, reserves, business development and integration of artificial intelligence.

Looking Forward

Advantage's corporate strategy remains focused on maximizing AFF per share growth without compromising our balance sheet.

Western Canadian natural gas market fundamentals remain encouraging, with oversupplied conditions easing as LNG Canada continues to ramp up and export pipelines return to full service. This rebalancing increases the likelihood that AECO prices will exceed levels currently implied by the futures market. However, even at current strip pricing Advantage expects to generate more than $500 million of FCF[(a)] over our three-year plan (2025 to 2027), while continuing to grow production 5% to 10% annually.

Voluntary production curtailments ended in early October and corporate production was restored to full capacity. We expect fourth quarter production to average between 79,000 and 83,000 boe/d, resulting in full-year 2025 production of 78,100 to 79,100 boe/d (previously 80,000 to 83,000 boe/d).

As a result of the aggressive shut-ins during the third quarter, development capital for the remainder of the year is expected to be modestly lower than budgeted and, pending budgetary approval in December, we expect to reduce capital for 2026 by approximately $10 million. At strip pricing, Advantage expects our 2026 capital program reinvestment rate to be amongst the lowest in industry, helping amplify our 2026 share buyback program. With net debt forecast to fall rapidly this winter, we are shifting to a net debt target range, between $400 million and $500 million (midpoint target remaining at $450 million), providing flexibility around the timing of accelerated share buybacks.

Advantage is strongly positioned to benefit from the Canadian political outlook by virtue of our low carbon natural gas and ownership of Entropy Inc. Our strategy remains centered on disciplined capital allocation, high-return investments, and measured, sustainable AFF per share growth. This strategy presents shareholders with a transformative opportunity for long-term value creation.

Advantage wishes to thank our employees, board of directors and shareholders for their ongoing support.

Conference call

Advantage's management team will host a conference call and webcast to discuss the Corporation's third quarter 2025 financial and operating results on Wednesday, October 29, 2025 at 8:00 am Mountain Time (10:00 am Eastern Time).

To participate by phone, please call 1-888-510-2154 (North American toll-free) or 1-437-900-0527 (International). A recording of the conference call will be available for replay by calling 1-888-660-6345 and entering the conference replay code 84211#. The replay will be available until November 5, 2025.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/4pTkyu5 to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/LVo0Zlq1nPO

Below are complete tables showing financial and operating highlights.

Financial Highlights	**Three months ended September 30**		**Nine months ended September 30**	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Consolidated Financial Statement Highlights				
Natural gas and liquids sales	**130,805**	139,840	**517,188**	379,818
Net income (loss) and comprehensive income (loss) [(4)]	**(43)**	(6,490)	**43,435**	4,589
per basic share [(2)]	**-**	(0.04)	**0.26**	0.03
per diluted share [(2)]	**-**	(0.04)	**0.25**	0.03
Basic weighted average shares (000)	**166,968**	166,972	**166,990**	162,941
Diluted weighted average shares (000)	**166,968**	166,972	**170,405**	166,116
Cash provided by operating activities	**80,100**	46,719	**283,133**	161,183

Cash provided by (used in) financing activities	**(33,040)**	(1,097)	**20,676**	458,288
Cash used in investing activities	**(102,338)**	(52,765)	**(305,487)**	(626,523)

Segmented Financial Highlights [1]				
Advantage Energy Ltd.				
Adjusted funds flow	**72,422**	54,662	**282,439**	165,722
per basic share [2]	**0.43**	0.33	**1.69**	1.02
per diluted share [3]	**0.42**	0.32	**1.66**	1.00
Net capital expenditures	**71,594**	54,936	**214,605**	616,310
Free cash flow – surplus (deficit)	**828**	(475)	**63,834**	(5,314)
Bank indebtedness	**411,895**	469,551	**411,895**	469,551
Net debt	**572,310**	621,890	**572,310**	621,890
Entropy Inc.				
Adjusted funds flow	**(3,244)**	(2,402)	**(9,372)**	(5,715)
per basic share [2]	**(0.02)**	(0.02)	**(0.06)**	(0.04)
per diluted share [3]	**(0.02)**	(0.01)	**(0.05)**	(0.04)
Net capital expenditures	**48,446**	11,791	**86,710**	21,439
Free cash flow – deficit	**(26,521)**	(14,193)	**(70,913)**	(27,154)
Net debt	**203,413**	72,069	**203,413**	72,069

(1) Specified financial measures which are not standardized measures under IFRS and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measures, an explanation of how such specified financial measures provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measures, and/or where required, a reconciliation of the specified financial measures to the most directly comparable IFRS measures.

(2) Based on basic and diluted weighted average shares outstanding, as applicable.

(3) Based on adjusted diluted weighted average shares outstanding.

(4) Net income (loss) and comprehensive income (loss) attributable to Advantage Shareholders.

Operating Highlights [1]	**Three months ended September 30**		**Nine months ended September 30**	
	2025	**2024**	**2025**	**2024**
Operating				
Production				
Crude oil (bbls/d)	**8,483**	8,144	**8,199**	4,615
Condensate (bbls/d)	**684**	1,055	**850**	1,162
NGLs (bbls/d)	**2,972**	3,621	**3,377**	3,042
Total liquids (bbls/d)	**12,139**	12,820	**12,426**	8,819
Natural gas (Mcf/d)	**356,059**	369,306	**391,900**	360,791
Total production (boe/d)	**71,482**	74,371	**77,743**	68,951
Average realized prices (including realized derivatives)				
Natural gas ($/Mcf)	**2.37**	1.65	**2.81**	2.10
Liquids ($/bbl)	**78.13**	85.05	**81.67**	83.74
Operating Netback ($/boe) [2]				
Natural gas and liquids sales	**19.89**	20.44	**24.37**	20.10
Realized gains on derivatives	**5.19**	2.44	**2.84**	1.62
Processing and other income	**0.14**	0.15	**0.12**	0.25
Net sales of purchased natural gas	**0.26**	-	**0.08**	-
Royalty expense	**(1.87)**	(2.83)	**(2.20)**	(1.88)
Operating expense	**(5.82)**	(5.46)	**(5.13)**	(4.58)
Transportation expense	**(4.21)**	(3.88)	**(4.10)**	(3.94)
Operating netback	**13.58**	10.86	**15.98**	11.57

(1) Operating highlights are for Advantage's natural gas and liquids operations.

(2) Specified financial measure which is not a standardized measure under IFRS and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measure, an explanation of how such specified financial measure provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measure, and/or where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

The Corporation's unaudited consolidated financial statements for the three and nine months ended September 30, 2025 together with the notes thereto, and Management's Discussion and Analysis for the three and nine months ended September 30, 2025 have been filed on SEDAR+ and are available on the Corporation's website at https://www.advantageog.com/investors/financial-reports. Upon request, Advantage will provide a hard copy of any financial reports free of charge.

Forward-Looking Information Advisory

The information in this press release contains certain forward-looking statements, including within the meaning of applicable securities laws. These statements relate to future events or our future intentions or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "continue", "demonstrate", "expect", "may", "can", "will", "believe", "would" and similar expressions and include statements relating to, among other things, Advantage's position, strategy and development plans and the benefits to be derived therefrom; Advantage's unique ability to fully fund a steady, efficient annual capital program and the expected benefits thereof; Advantage's expectations that its curtailment strategy will translate to lower development capital during the next six months; Advantage's corporate strategy of maximizing AFF per share growth without compromising our balance sheet; that Western Canadian natural gas market fundamentals remain encouraging and the anticipated benefits in connection therewith, including the likelihood for AECO prices to exceed levels currently implied by the futures market; NGTL system reliability and the anticipated effects thereof, including pressure on AECO prices; Advantage's new net debt target range, the anticipated timing of meeting our new net debt target range and that it provides flexibility around the timing of accelerated share buybacks; the anticipated amount of FCF that Advantage will generate and anticipated production growth over the next three years; that Advantage may choose to curtail dry natural gas production if cash prices are exceptionally weak, prioritizing value of volumes; expectations that Advantage is strongly positioned to benefit from the Canadian political outlook by virtue of its low carbon natural gas and ownership of Entropy Inc.; Advantage's strategy of disciplined capital allocation, high-return investments, and measured, sustainable AFF per share growth and the anticipated benefits to be derived therefrom, including that Advantage's strategy may present shareholders with a transformative opportunity for long-term value creation; Advantage's hedging program and the percentage of its natural gas, crude oil and condensate production that is hedged; and the anticipated timing of Advantage's conference call to discuss its third quarter 2025 financial and operating results. Advantage's actual decisions, activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including, but not limited to: changes in general economic, market, industry and business conditions; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; the risk that (i) the U.S. tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; Advantage's success at acquisition, exploitation and development of reserves; unexpected drilling results; changes in commodity prices, currency exchange rates, net capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties, including hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production and processing facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; delays in anticipated timing of drilling and completion of wells; individual well productivity; competition from other producers; the lack of

availability of qualified personnel or management; credit risk; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; stock market volatility and market valuations; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; ability to obtain required approvals of regulatory authorities; the risk that the Corporation may not have access to sufficient capital from internal and external sources; the risk that the Corporation may not be able to grow its production as anticipated, or at all; the risk that the Corporation may not achieve its net debt target range when anticipated, or at all; the risk that the Corporation may not achieve its strategy of maximizing its AFF per share growth without compromising its balance sheet; the risk that Advantage may generate less FCF over the next three years than anticipated; the risk that Advantage is not able to fully fund a steady, efficient annual capital program or realize the anticipated benefits in connection therewith; the risk that Advantage may be negatively impacted by industry consolidation; the risk that Advantage is unable to identify any new strategic opportunities that are in the best interests of Advantage and its shareholders; the risk that Western Canadian natural gas market fundamentals are not as encouraging as anticipated, or the risk that the Corporation may not be able to realize the anticipated benefits therefrom; the risk that Advantage may not benefit from the Canadian political outlook to the extent anticipated, or at all; and the risk that the Corporation's financial and operating results may be less favorable than anticipated. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form which is available at www.sedarplus.ca ("SEDAR+") and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this press release, Advantage has made assumptions regarding, but not limited to: conditions in general economic and financial markets; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; the Corporation's current and future hedging program; future exchange rates; royalty rates; future operating costs; future transportation costs and availability of product transportation capacity; availability of skilled labor; availability of drilling and related equipment; timing and amount of net capital expenditures; the impact of increasing competition; the price of crude oil and natural gas; the number of new wells required to achieve the budget objectives; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects. Readers are cautioned that the foregoing lists of factors are not exhaustive.

Management has included the above summary of assumptions and risks related to forward-looking information above and in its continuous disclosure filings on SEDAR+ in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The future acquisition by the Corporation of the Corporation's shares pursuant to a share buyback program, if any, and the level thereof is uncertain. Any decision to implement a share buyback program or acquire shares of the Corporation will be subject to the discretion of the board of directors of the Corporation and may depend on a variety of factors, including, without limitation, the Corporation's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions, satisfaction of the solvency tests imposed on the Corporation under applicable corporate law and receipt of regulatory approvals. There can be no assurance that the Corporation will buyback any shares of the Corporation in the future.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to, Advantage's new net debt target range and the anticipated timing of meeting our new net debt target range; and the anticipated amount of FCF that Advantage will generate over the next three years, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this press release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook 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 the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.

Oil and Gas Information

Barrels of oil equivalent (boe) and thousand cubic feet of natural gas equivalent (mcfe) may be misleading, particularly if used in isolation. Boe and mcfe conversion ratios have been calculated using a conversion rate of six thousand cubic feet of natural gas equivalent to one barrel of oil. A boe and mcfe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that 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 on a 6:1 basis may be misleading as an indication of value.

This press release contains several oil and gas metrics, including operating netback. Operating netback is described below under "Specified Financial Measures". Such oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Corporation's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

References in this press release to short-term production rates 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. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Advantage.

References in this press release to "Low carbon" refers to emissions intensity lower than traditional fossil fuel-based power generation sources, such as coal, oil or natural gas, on a relative basis.

Specified Financial Measures

Throughout this press release and in other documents disclosed by the Corporation, Advantage discloses certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and comprehensive income (loss), cash provided by operating activities, and cash used in investing activities, as indicators of Advantage's performance.

Non-GAAP Financial Measures

Adjusted Funds Flow

The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, support future capital

expenditures plans, or return capital to shareholders. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables and paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production and are partially discretionary due to the nature of our low liability. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	82,877	(2,777)	80,100	49,238	(2,519)	46,719
Expenditures on decommissioning liability	1,548	-	1,548	879	-	879
Changes in non-cash working capital	(12,003)	(467)	(12,470)	4,545	117	4,662
Adjusted funds flow	72,422	(3,244)	69,178	54,662	(2,402)	52,260

	Nine months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	289,293	(6,160)	283,133	166,478	(5,295)	161,183
Expenditures on decommissioning liability	4,111	-	4,111	988	-	988
Changes in non-cash working capital	(10,965)	(3,212)	(14,177)	(1,744)	(420)	(2,164)
Adjusted funds flow	282,439	(9,372)	273,067	165,722	(5,715)	160,007

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Net Capital Expenditures

Net capital expenditures include total capital expenditures related to property, plant and equipment, exploration and evaluation assets and intangible assets. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods and excludes cash receipts on government grants. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used in investing activities	56,341	45,997	102,338	43,883	8,882	52,765
Changes in non-cash working capital	15,253	2,449	17,702	11,053	2,909	13,962
Net capital expenditures	71,594	48,446	120,040	54,936	11,791	66,727

	Nine months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used in investing activities	220,272	85,215	305,487	607,018	19,505	626,523
Changes in non-cash working capital	(5,667)	1,495	(4,172)	9,292	1,934	11,226
Net capital expenditures	214,605	86,710	301,315	616,310	21,439	637,749

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

The Corporation computes free cash flow as adjusted funds flow less net capital expenditures excluding the impact of asset acquisitions and dispositions. The Corporation uses free cash flow as an indicator of the efficiency and liquidity of the Corporation's business by measuring its cash available after net capital expenditures, excluding acquisitions and dispositions, to

settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. The Corporation excludes the impact of acquisitions and dispositions as they are not representative of the free cash flow used in the Corporation's natural gas and liquids and carbon capture operations and are financed by means other than adjusted funds flow. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	82,877	(2,777)	80,100	49,238	(2,519)	46,719
Cash used in investing activities	(56,341)	(45,997)	(102,338)	(43,883)	(8,882)	(52,765)
Changes in non-cash working capital	(27,256)	(2,916)	(30,172)	(6,508)	(2,792)	(9,300)
Expenditures on decommissioning liability	1,548	-	1,548	879	-	879
Acquisitions	-	25,169	(25,169)	(201)	-	(201)
Free cash flow - surplus (deficit)	828	(26,521)	(25,693)	(475)	(14,193)	(14,668)

	Nine months ended September 30					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	289,293	(6,160)	283,133	166,478	(5,295)	161,183
Cash used in investing activities	(220,272)	(85,215)	(305,487)	(607,018)	(19,505)	(626,523)
Changes in non-cash working capital	(5,298)	(4,707)	(10,005)	(11,036)	(2,354)	(13,390)
Expenditures on decommissioning liability	4,111	-	4,111	988	-	988
Acquisitions	-	25,169	25,169	445,274	-	445,274
Dispositions	(4,000)	-	(4,000)	-	-	-
Free cash flow - surplus (deficit)	63,834	(70,913)	(7,079)	(5,314)	(27,154)	(32,468)

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Operating Income

Operating income for Advantage's natural gas and liquids operations is comprised of natural gas and liquids sales, realized gains on derivatives, processing and other income, net sales of purchased natural gas, net of expenses from field operations including royalty expense, operating expense and transportation expense. Operating income provides Management and users with a measure to compare the profitability of Advantage's field operations across companies, development areas and specific wells. The composition of operating income is as follows:

	Three months ended September 30		Nine months ended September 30	
($000)	**2025**	**2024**	**2025**	**2024**
Natural gas and liquids sales	130,805	139,840	517,188	379,818
Realized gains on derivatives	34,160	16,705	60,366	30,547
Processing and other income	922	1,060	2,515	4,811
Net sales of purchased natural gas	1,677	-	1,677	-
Royalty expense	(12,309)	(19,338)	(46,644)	(35,488)
Operating expense	(38,258)	(37,335)	(108,922)	(86,549)
Transportation expense	(27,702)	(26,576)	(86,928)	(74,507)
Operating income	89,295	74,356	339,252	218,632

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per Share & Adjusted Funds Flow per Diluted Share

Adjusted funds flow per share is calculated by dividing adjusted funds flow, by segment, by the basic weighted average shares

outstanding and the adjusted diluted weighted average shares outstanding. The Corporation adjusted diluted weighted average shares to be calculated based on adjusted funds flow and to include only dilutive instruments that Management considers likely to be dilutive as at the balance sheet date, based on the current economic situation. Performance Share Units are included in adjusted diluted shares as they are expected to be settled in Common Shares. Convertible debentures are excluded until such time that the share price of the Corporation is greater than the conversion price as it avoids overstating dilution in periods where instruments are out-of-the-money and not economically viable to convert. Management believes that adjusted funds flow per share and per diluted share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Effective June 30, 2025, the Corporation revised its methodology for calculating adjusted funds flow per diluted share to use adjusted diluted weighted average shares outstanding, to include only instruments likely to be economically dilutive, as Management believes this approach provides a more accurate measure of adjusted funds flow per diluted share by better reflecting the economic reality of our capital structure. Comparative figures have been restated accordingly.

	Three months ended September 30		Nine months ended September 30	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Weighted average shares outstanding (000)	166,968	166,972	166,990	162,941
Diluted weighted average shares outstanding (000)	166,968	166,972	170,405	166,116
Common shares impact - Convertible debentures (000)	-	-	-	-
Common shares impact - Performance Share Units (000)	3,760	2,990	-	-
Adjusted diluted weighted average shares outstanding (000)	170,729	169,962	170,405	166,116
Advantage adjusted funds flow	72,422	54,662	282,439	165,722
Entropy adjusted funds flow	(3,244)	(2,402)	(9,372)	(5,715)
Advantage				
Adjusted funds flow per share ($/share)	0.43	0.33	1.69	1.02
Adjusted funds flow per diluted share ($/share)	0.42	0.32	1.66	1.00
Entropy				
Adjusted funds flow per share ($/share)	(0.02)	(0.02)	(0.06)	(0.04)
Adjusted funds flow per diluted share ($/share)	(0.02)	(0.01)	(0.05)	(0.04)

Adjusted Funds Flow per BOE

Adjusted funds flow per boe is derived by dividing adjusted funds flow attributable to Advantage by the total production in boe for the reporting period. Adjusted funds flow per boe is a useful ratio that allows users to compare the Corporation's adjusted funds flow against other corporations with different rates of production.

	Three months ended September 30		Nine months ended September 30	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Advantage adjusted funds flow	72,422	54,662	282,439	165,722
Total production (boe/d)	71,482	74,371	77,743	68,951
Days in period	92	92	273	274
Total production (boe)	6,576,344	6,842,132	21,223,839	18,892,574
Adjusted funds flow per BOE ($/boe)	11.01	7.99	13.31	8.77

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Operating netback

Operating netback is derived by dividing operating income by the total production in boe for the reporting period. Operating netback provides Management and users with a measure to compare the profitability of field operations across companies, development areas and specific wells against other corporations with different rates of production.

	Three months ended September 30	Nine months ended September 30

($000, except as otherwise indicated)	2025	2024	2025	2024
Operating income	89,295	74,356	339,252	218,632
Total production (boe/d)	71,482	74,371	77,743	68,951
Days in period	92	92	273	274
Total production (boe)	6,576,344	6,842,132	21,223,839	18,892,574
Operating netback ($/boe)	13.58	10.86	15.98	11.57

Capital Management Measures

Working capital

Working capital is a capital management financial measure that provides Management and users with a measure of the Corporation's short-term operating liquidity. By excluding short-term derivatives and the current portion of provisions and other liabilities, Management and users can determine if the Corporation's operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

A summary of working capital as atSeptember 30, 2025, December 31, 2024 and September 30, 2024 is as follows:

($000)	September 30 2025	December 31 2024	September 30 2024
Cash and cash equivalents	18,468	20,146	12,209
Trade and other receivables	59,365	83,188	59,910
Prepaid expenses and deposits	13,196	10,000	13,240
Trade and other accrued liabilities	(105,367)	(116,609)	(91,778)
Working capital deficit	(14,338)	(3,275)	(6,419)

Specified Financial Measures (continued)

Capital Management Measures (continued)

Net Debt

Net debt is a capital management financial measure that provides Management and users with a measure to assess the Corporation's liquidity. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

A summary of the reconciliation of net debt as atSeptember 30, 2025, December 31, 2024 and September 30, 2024 is as follows:

($000)	September 30 2025	December 31 2024	September 30 2024
Bank indebtedness	411,895	470,424	469,551
Convertible debentures	143,750	143,750	143,750
Working capital deficit	16,665	11,377	8,589
Net debt attributable to Advantage	572,310	625,551	621,890
Unsecured debentures	205,740	101,000	74,239
Working capital surplus	(2,327)	(8,102)	(2,170)
Net debt attributable to Entropy	203,413	92,898	72,069
Net debt	775,723	718,449	693,959

Supplementary financial measures

"Average realized prices (including realized derivatives) natural gas" is comprised of natural gas sales, as determined in accordance with IFRS, divided by the Corporation's natural gas production.

"Average realized prices (including realized derivatives) liquids" is comprised of crude oil, condensate and NGL's sales, as determined in accordance with IFRS, divided by the Corporation's crude oil, condensate and NGL's production.

"Natural gas and liquids sales per boe" is comprised of natural gas sales and liquids sales, as determined in accordance with IFRS, divided by the Corporation's total natural gas and liquids production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Corporation's total production.

"Processing and other income per boe" is comprised of processing and other income, as determined in accordance with IFRS, divided by the Corporation's total production.

"Realized gains on derivatives per boe" is comprised of realized gains on derivatives, as determined in accordance with IFRS, divided by the Corporation's total production.

"Royalty expense per boe" is comprised of royalty expense, as determined in accordance with IFRS, divided by the Corporation's total production.

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the Corporation's total production.

The following abbreviations used in this press release have the meanings set forth below:

bbl	*one barrel*
bbls	*barrels*
bbls/d	*barrels per day*
boe	*barrels of oil equivalent, on the basis of one barrel of oil or NGLs for six thousand cubic feet of natural gas*
boe/d	*barrels of oil equivalent per day*
mbbl	*thousand barrels*
mboe	*thousand barrels of oil equivalent*
mcf	*thousand cubic feet*
mcf/d	*thousand cubic feet per day*
mcfe	*thousand cubic feet equivalent on the basis of six thousand cubic feet of natural gas for one barrel of oil or NGLs*
mmcf	*million cubic feet*
mmcf/d	*million cubic feet per day*
mmbtu	*million British thermal units*
Liquids	*Includes NGLs, condensate and crude oil*
NGLs and condensate	*Natural Gas Liquids as defined in National Instrument 51-101*
Natural Gas	*"Conventional Natural Gas" & "Shale Gas" as defined in National Instrument 51-101*
Crude Oil	*Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101*
NGTL	*NOVA Gas Transmission Ltd.*

SOURCE Advantage Energy Ltd.

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