Advantage Announces Record 2025 Year-End Results

(TSX: AAV)

CALGARY, AB, March 5, 2026 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report 2025 year-end financial and operating results. Advantage achieved exceptional results during the year, with record production, strong reserves metrics, compelling recycle ratios[(a)] and significantly enhanced adjusted funds flow per share[(a)].

Our core Glacier/Valhalla assets continue to demonstrate resilience in a volatile commodities environment, with highly efficient development drilling delivering the strongest operational outcomes in our 25-year history. Combined with strong free cash flow ("FCF") [(a)] profiles from our Wembley and Charlie Lake liquids assets, our portfolio simultaneously delivered disciplined production growth, debt reduction and enhanced operating netbacks.

Meanwhile, Advantage laid the foundation for several important milestones in 2026. A new 75 mmcf/d gas plant will be commissioned at Progress in Q2 2026, and corporate production is expected to surpass 90,000 boe/d during the second half of 2026. Production per share has nearly doubled in the last 4 years, while capital spending has remained relatively stable.

2025 Financial Highlights

- Cash provided by operating activities of $357.5 million.
- Adjusted funds flow ("AFF")[(a)] of $381.6 million or $2.29/share for Advantage[(b)].
- Cash used in investing activities of $422.0 million, including both Advantage and Entropy.
- Net capital expenditures[(a)] were $287.7 million for Advantage[(b)].
- Net debt[(a)] of $549.1 million for Advantage[(b)], a reduction of $76.5 million from year-end 2024.

2025 Operating Highlights

- Record annual average production of 78,267 boe/d (396.0 mmcf/d natural gas, 12,261 bbls/d liquids), an increase of 10% over 2024.
- Record liquids production of 12,261 bbls/d (7,991 bbls/d crude oil, 872 bbls/d condensate, and 3,398 bbls/d NGLs), an increase of 28% over 2024.
- Proactively curtailed approximately 2,600 boe/d of dry natural gas (annualized) during times of very low natural gas prices. These curtailments reduced depletion without impacting AFF[(a)], allowing deferral of capital while supporting improved cash flow.
- Delivered the top 9 Alberta Montney gas wells in 2025, based on IP90 rates and publicly available information. This includes the most productive well ever drilled in the Alberta Montney[(c)], with an IP30 rate of 4,567 boe/d (26.5 mmcf/d natural gas, 150 bbls/d NGLs).
- Recycle ratios[(a)] were 1.7x, 2.1x and 1.9x for PDP, 1P and 2P, respectively, based on fourth quarter 2025 operating netback[(a)] of $15.99/boe.
- Succeeded in shedding certain inherited midstream processing contracts, reducing unit operating costs.
- Subsequent to year-end, closed a non-producing asset divestiture for cash proceeds of $12 million.

(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.

(c) Production information in this press release is based on publicly available provincial production data reported to the Alberta Energy Regulator ("AER") through Petrinex.

(d) DCET is the net capital expenditures required to drill, complete, equip and tie-in a well.

Marketing Update

Advantage has continued to advance our long-term strategy of minimizing exposure to AECO volatility. We have hedged approximately 34% of forecasted natural gas production in 2026, 20% in 2027 and 12% in 2028, and approximately 38% of forecasted crude oil and condensate production in 2026 and 5% in 2027.

Physical market diversification efforts have advanced as well, selling 22,500 GJ/d to the Ventura market under a seven-year

term commencing April 1, 2029 and 10,000 mmbtu/d to the Dawn market under a ten-year term commencingApril 1, 2027. Since the beginning of 2025, Advantage has added nearly 60,000 GJ/d of long-term physical transportation service to downstream markets, providing diversification away from volatile AECO markets.

Looking Forward

Advantage will continue to allocate substantially all FCF toward debt reduction until we achieve our target range, currently set at $400 million to $500 million (approximately 1x debt to AFF[(a)]). We expect to achieve this target during the second half of 2026, at which point we will balance further debt reduction with opportunistic share buybacks, consistent with our capital allocation framework.

Advantage's 2026 drilling program is Glacier-focused, delivering production growth of approximately 6% and DCET[(d)] capital efficiencies trending below $8,000/boe/d. Thanks to continued strong well performance, the Corporation announced on February 12, 2026 a reduction of approximately $20 million to its 2026 capital program (now $280 million to $310 million), with unchanged production guidance. Year-to-date production is ahead of budget, averaging approximately 81,000 boe/d (85% natural gas).

Following commissioning of the Progress gas plant and the turnaround at the Glacier gas plant in Q2 2026, Advantage expects to enter a period of highly efficient capital spending and escalating free cash flow. Operating costs per boe are expected to fall as production will increasingly be processed through owned and operated gas plant capacity. Beginning in Q3 2026, corporate production is expected to average approximately 90,000 boe/d and remain stable through the end of 2027.

Development programs beyond 2027 are expected to remain efficient, in part due to our expandable Progress gas plant and our idle Caribou/Conroy gas plant in northeast British Columbia. However, material investments in new infrastructure will only be considered if supported by future supply and demand fundamentals.

Construction of Entropy's Glacier CCS phase 2 project is expected to be completed in mid-2026, substantially decarbonizing the Glacier facility and driving a step change in Entropy's operating income from contractually guaranteed carbon pricing. The $200 million project is funded entirely by Entropy's partners, Brookfield and Canada Growth Fund. Advantage congratulates the entire Entropy team on this significant advancement, the first of its kind in the world.

Conference call

Advantage's management team will host a conference call to discuss the Corporation's fourth quarter and full-year 2025 results on Friday, March 6, 2026 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 14657#. The replay will be available until March 13, 2026.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/4kHp5Oa to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/aQwXKJ2KbvO.

Below are complete tables showing financial highlights, operating highlights and reserves results.

Financial Highlights	Three months ended December 31		Year ended December 31	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Financial Statement Highlights				
Natural gas and liquids sales	**181,796**	163,477	**698,984**	543,295
Net income and comprehensive income[(3)]	**9,616**	17,130	**53,051**	21,719
per basic share [(2)]	**0.06**	0.10	**0.32**	0.13
per diluted share [(2)]	**0.06**	0.10	**0.31**	0.13
Basic weighted average shares (000)	**166,941**	166,974	**166,978**	163,955
Diluted weighted average shares (000)	**170,338**	169,785	**170,180**	166,821
Cash provided by operating activities	**74,357**	56,350	**357,490**	217,533
Cash provided by financing activities	**41,387**	22,789	**62,063**	481,077
Cash used in investing activities	**(116,477)**	(71,202)	**(421,964)**	(697,725)
Segmented Financial Highlights [(1)]				
Advantage Energy Ltd.				
Adjusted funds flow	**99,143**	84,309	**381,582**	250,031
per basic share [(2)]	**0.59**	0.51	**2.29**	1.53

per diluted share [3]	**0.57**	0.50	**2.24**	1.50
Net capital expenditures	**73,093**	84,287	**287,698**	700,597
Free cash flow – surplus (deficit)	**27,350**	(11,399)	**91,184**	(16,713)
Bank indebtedness	**412,993**	470,424	**412,993**	470,424
Net debt	**549,092**	625,551	**549,092**	625,551
Entropy Inc.				
Adjusted funds flow	**(2,971)**	(2,920)	**(12,343)**	(8,635)
per basic share [2]	**(0.01)**	(0.02)	**(0.07)**	(0.05)
per diluted share [3]	**(0.01)**	(0.02)	**(0.07)**	(0.05)
Net capital expenditures	**44,488**	14,875	**131,198**	36,314
Free cash flow - deficit	**(42,811)**	(17,795)	**(113,724)**	(44,949)
Net debt	**257,596**	92,898	**257,596**	92,898

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

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

(3) Net income and comprehensive income attributable to Advantage shareholders.

Operating Highlights[1]	**Three months ended December 31**		**Year ended December 31**	
	2025	**2024**	**2025**	**2024**
Operating				
Production				
Crude oil (bbls/d)	**7,372**	7,527	**7,991**	5,347
Condensate (bbls/d)	**938**	979	**872**	1,116
NGLs (bbls/d)	**3,462**	3,379	**3,398**	3,127
Total liquids production (bbls/d)	**11,772**	11,885	**12,261**	9,590
Natural gas (Mcf/d)	**408,307**	389,331	**396,036**	367,965
Total production (boe/d)	**79,823**	76,774	**78,267**	70,918
Average realized prices (including realized derivatives)[2]				
Natural gas ($/Mcf)	**3.31**	2.46	**2.94**	2.20
Liquids ($/bbl)	**72.82**	87.84	**79.53**	85.02
Operating Netback ($/boe) [2]				
Natural gas and liquids sales	**24.76**	23.14	**24.47**	20.93
Realized gain on derivatives	**2.92**	2.91	**2.86**	1.97
Processing and other income	**0.08**	0.11	**0.11**	0.21
Net sales of purchased natural gas	**-**	-	**0.06**	-
Royalty expense	**(1.83)**	(2.40)	**(2.10)**	(2.02)
Operating expense	**(5.93)**	(5.19)	**(5.34)**	(4.75)
Transportation expense	**(4.01)**	(3.77)	**(4.07)**	(3.90)
Operating netback	**15.99**	14.80	**15.99**	12.44

(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 audited consolidated financial statements for the fiscal year endedDecember 31, 2025 together with the notes thereto, and Management's Discussion and Analysis for the year ended December 31, 2025 have been filed on SEDAR+ and are available on the Corporation's website at https://www.advantageog.com/investors/financial-reports. The Corporation's audited consolidated financial statements for the fiscal year ended December 31, 2024 are also available on the Corporation's website via the same webpage. 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; that our core Glacier/Valhalla assets continue to demonstrate resilience in a volatile commodities environment; the anticipated timing of Advantage's new Progress gas plant and the anticipated benefits thereof, including anticipated increase in second half 2026 production; Advantage's hedging program, including the proportion of expected production hedged; the terms of Advantage's Ventura and Dawn market sales; that Advantage expects to continue to allocate substantially all of its FCF toward debt reduction; Advantage's net debt target range and the anticipated timing of reaching the net debt target range; that once the net debt target range is reached, Advantage expects to balance further debt reduction with opportunistic share buybacks; Advantage's 2026 drilling program and the anticipated production growth; the anticipated timing of the turnaround of the Glacier gas plant and the benefits thereof, including the anticipated escalating free cash flow and reduction in operating costs; Advantage's development programs beyond 2027; anticipated timing of completion of Entropy's Glacier CCS phase 2 project and the benefits thereof; and the anticipated timing of Advantage's conference call. 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. In addition, forward-looking statements contained in this document include, statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of Advantage's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

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; 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; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; 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 Advantage's future production may be less than anticipated; the risk that Advantage may not complete the Progress gas plant when anticipated; the risk that the Corporation may not buy back its shares with all excess cash; the risk that the Corporation may not have sufficient financial resources to acquire its common shares pursuant to its share buyback program in the future; the risk that Advantage may not continue to allocate substantially all of its FCF toward debt reduction; the risk that Advantage may not reach its net debt target range on the anticipated timeline, or at all; the risk that once the net debt target range is reached, Advantage may not balance further debt reduction with opportunistic share buybacks. 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; that the Corporation will have sufficient financial resources to purchase its shares pursuant to its share buyback program in the future; 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.

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.

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.

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 net debt target range and anticipated timing of reaching our net debt target range; that the Corporation intends to continue to allocate substantially all FCF toward debt reduction until achieving its net debt target, and Advantage's expectation that it will balance further debt reduction with opportunistic share buybacks once reaching its net debt target range, 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.

McDaniel & Associates Consultants Ltd. ("McDaniel") was engaged as an independent qualified reserve evaluator to evaluate Advantage's year-end reserves as of December 31, 2025 ("McDaniel 2025 Reserves Report") and December 31, 2024 in accordance with National Instrument 51-101 ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). The net present value of future net revenue of reserves at December 31, 2025 was based upon light and medium oil, shale gas and conventional natural gas and natural gas liquid pricing assumptions, which were computed by using the IQRE Average Forecast effective December 31, 2025. Reserves are stated on a gross (before royalties) working interest basis unless otherwise indicated. It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. Additional details are provided in the accompanying tables to this release and additional reserve information as required under NI 51-101 is included in our Annual Information Form which is available on SEDAR+ and at www.advantageog.com. The recovery and reserve estimates of reserves provided in this press release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein.

References in this press release to short-term production rates, such as IP30 and IP90, 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.

This press release contains several oil and gas metrics, including operating netback, recycle ratio, F&D, FD&A and capital efficiency, each of which 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.

Specified Financial Measures

Throughout this press release, 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 and comprehensive income, 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 December 31					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by operating activities	73,194	1,163	74,357	62,487	(6,137)	56,350
Expenditures on decommissioning liability	941	-	941	2,071	-	2,071
Changes in non-cash working capital	25,008	(4,134)	20,874	19,751	3,217	22,968
Adjusted funds flow	99,143	(2,971)	96,172	84,309	(2,920)	81,389

	Year ended December 31					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by operating activities	362,487	(4,997)	357,490	228,965	(11,432)	217,533
Expenditures on decommissioning liability	5,052	-	5,052	3,059	-	3,059
Changes in non-cash working capital	14,043	(7,346)	6,697	18,007	2,797	20,804
Adjusted funds flow	381,582	(12,343)	369,239	250,031	(8,635)	241,396

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 December 31					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used in investing activities	75,779	40,698	116,477	60,083	11,119	71,202
Changes in non-cash working capital	(2,686)	3,790	1,104	24,204	3,756	27,960
Net capital expenditures	73,093	44,488	117,581	84,287	14,875	99,162

	Year ended December 31					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used in investing activities	296,653	125,311	421,964	667,101	30,624	697,725
Changes in non-cash working capital	(8,955)	5,887	(3,068)	33,496	5,690	39,186
Net capital expenditures	287,698	131,198	418,896	700,597	36,314	736,911

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 generated and used in the Corporation's natural gas and liquids and carbon capture operations. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended December 31					
	2025			2024		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	73,194	1,163	74,357	62,487	(6,137)	56,350

Cash used in investing activities	(75,779)	(40,698)	(116,477)	(60,083)	(11,119)	(71,202)
Changes in non-cash working capital	27,694	(7,924)	19,770	(4,453)	(539)	(4,992)
Expenditures on decommissioning liability	941	-	941	2,071	-	2,071
Acquisitions	1,300	4,648	5,948	-	-	-
Dispositions	-	-	-	(11,421)	-	(11,421)
Free cash flow - surplus (deficit)	27,350	(42,811)	(15,461)	(11,399)	(17,795)	(29,194)

	Year ended December 31					
		2025			2024	
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	362,487	(4,997)	357,490	228,965	(11,432)	217,533
Cash used in investing activities	(296,653)	(125,311)	(421,964)	(667,101)	(30,624)	(697,725)
Changes in non-cash working capital	22,998	(13,233)	9,765	(15,489)	(2,893)	(18,382)
Expenditures on decommissioning liability	5,052	-	5,052	3,059	-	3,059
Acquisitions	1,300	29,817	31,117	445,274	-	445,274
Dispositions	(4,000)	-	(4,000)	(11,421)	-	(11,421)
Free cash flow - surplus (deficit)	91,184	(113,724)	(22,540)	(16,713)	(44,949)	(61,662)

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 December 31		Year ended December 31	
($000)	**2025**	**2024**	**2025**	**2024**
Natural gas and liquids sales	181,796	163,477	698,984	543,295
Realized gains on derivatives	21,431	20,580	81,797	51,127
Processing and other income	599	746	3,114	5,557
Net sales of purchased natural gas	-	-	1,677	-
Royalty expense	(13,461)	(16,983)	(60,105)	(52,471)
Operating expense	(43,544)	(36,677)	(152,466)	(123,226)
Transportation expense	(29,459)	(26,632)	(116,387)	(101,139)
Operating Income	117,362	104,511	456,614	323,143

Non-GAAP Ratios

Adjusted Funds Flow per Basic Share and 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 December 31		Year ended December 31	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Weighted average shares outstanding (000)	166,941	166,974	166,978	163,955
Diluted weighted average shares outstanding (000)	170,338	169,785	170,180	166,821
Common shares impact - Convertible debentures (000)	-	-	-	-
Adjusted diluted weighted average shares outstanding (000)	170,338	169,785	170,180	166,821
Advantage adjusted funds flow	99,143	84,309	381,582	250,031
Entropy adjusted funds flow	(2,971)	(2,920)	(12,343)	(8,635)
Advantage				
Adjusted funds flow per basic share ($/share)	0.59	0.51	2.29	1.53
Adjusted funds flow per diluted share ($/share)	0.57	0.50	2.24	1.50
Entropy				
Adjusted funds flow per basic share ($/share)	(0.01)	(0.02)	(0.07)	(0.05)
Adjusted funds flow per diluted share ($/share)	(0.01)	(0.02)	(0.07)	(0.05)

Adjusted Funds Flow per boe

Adjusted funds flow per boe is derived by dividing adjusted funds flow attributed 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 competitor corporations with different rates of production.

	Three months ended December 31		Year ended December 31	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Advantage adjusted funds flow	99,143	84,309	381,582	250,031
Total production (boe/d)	79,823	76,774	78,267	70,918
Days in period	92	92	365	366
Total production (boe)	7,343,716	7,063,208	28,567,455	25,955,988
Adjusted funds flow per BOE ($/boe)	13.50	11.94	13.36	9.63

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 December 31		Year ended December 31	
($000, except as otherwise indicated)	**2025**	**2024**	**2025**	**2024**
Operating income	117,362	104,511	456,614	323,143
Total production (boe/d)	79,823	76,774	78,267	70,918
Days in period	92	92	365	366
Total production (boe)	7,343,716	7,063,208	28,567,455	25,955,988
Operating netback ($/boe)	15.99	14.80	15.99	12.44

Recycle Ratio

Recycle ratio is calculated by dividing Advantage's fourth quarter operating netback by the calculated F&D cost or FD&A cost of the applicable year and expressed as a ratio. Management uses recycle ratio to relate the cost of adding reserves to a recent operating netback.

Finding and Development Costs ("F&D")

F&D cost is calculated based on adding net capital expenditures excluding acquisitions and dispositions, and the net change in

future development capital ("FDC"), divided by the change in reserves within the applicable reserves category for the year. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

Finding, Development & Acquisition Costs ("FD&A")

FD&A cost is calculated based on adding net capital expenditures and the net change in FDC, divided by the change in reserves within the applicable reserves category for the year. Management uses FD&A costs as a measure of capital efficiency for organic and acquired reserves development.

Capital Efficiency

Capital efficiency is calculated by dividing net capital expenditures, or a subset such as drill, complete, equipping and tie-in ("DCET") spending, by the average production additions to replace the corporate decline rate and deliver production growth, expressed in $/boe/d. Capital efficiency is considered by Management to be a useful performance measure as a common metric used to evaluate the efficiency with which capital activity is allocated to achieve production additions.

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 provision and other liabilities, Management and users can determine if the Corporation's energy 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 at December 31, 2025 and 2024 is as follows:

	December 31 2025	December 31 2024
Cash and cash equivalents	17,735	20,146
Trade and other receivables	84,973	83,188
Prepaid expenses and deposits	11,016	10,000
Trade and other accrued liabilities	(109,248)	(116,609)
Working capital surplus (deficit)	4,476	(3,275)

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 at December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
Bank indebtedness	412,993	470,424
Convertible debentures	143,750	143,750
Working capital (surplus) deficit	(7,651)	11,377
Net debt attributable to Advantage	549,092	625,551
Unsecured debentures	254,421	101,000
Working capital (surplus) deficit	3,175	(8,102)
Net debt attributable to Entropy	257,596	92,898
Net debt	806,688	718,449

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.

"Realized gain 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 of natural gas, on the basis of one barrel of oil or NGLs for six thousand cubic feet of natural gas*
boe/d	*barrels of oil equivalent of natural gas per day*
mbbl	*thousand barrels*
mboe	*thousand barrels of oil equivalent of natural gas*
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*
tcf	*trillion cubic feet*
DCET	*net capital expenditures required to drill, complete, equip and tie-in a well*
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 as defined in National Instrument 51-101*
Crude Oil	*Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101*
IP30	*Average initial peak production rate over 30 consecutive days after a well is brought on production*
IP90	*Average initial peak production rate over 90 consecutive days after a well is brought on production*

SOURCE Advantage Energy Ltd.

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