# Advantage Announces Second Quarter 2026 Results

**(TSX: AAV)**

CALGARY, AB, July 30, 2026 /CNW/ -- Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report second quarter 2026 financial and operating results.

*The financial and operating highlights presented below are for Advantage only and exclude its subsidiary Entropy Inc.*

**2026 Second Quarter Financial Highlights**

- Cash provided by operating activities of $107.3 million.
- Adjusted funds flow[(a)] of $88.8 million or $0.53/share.
- Cash used in investing activities of $91.0 million.
- Net capital expenditures[(a)] totaled $88.1 million. Advantage has now executed over 70% of its 2026 capital budget.
- Net debt[(a)] of $560.2 million, substantially flat from year-end 2025 despite weak natural gas prices and a capital-intensive first half of 2026.
- Liquids production generated 67% of total sales, with average realized liquids pricing of $113.37 per barrel.

**2026 Second Quarter Operating Highlights**

- Average production of 70,611 boe/d (347.8 MMcf/d natural gas, 12,650 bbls/d liquids), a 13% decrease from the first quarter of 2026 due to a planned 21-day turnaround at our Glacier Gas Plant.
- Liquids production of 12,650 bbls/d (7,495 bbls/d crude oil, 1,692 bbls/d condensate, and 3,463 bbls/d NGLs), a 4% increase from the first quarter of 2026 and represented 18% of total production.
- Our 75 mmcf/d Progress Gas Plant was completed on time and on budget. The facility was brought online prior to the Glacier Gas Plant turnaround to minimize impacts to corporate production while maximizing high-value liquids from Valhalla and Progress.
- Completed 3 gross (2.9 net) wells at Glacier, with 4 gross (4.0 net) wells brought on production. Glacier continues to deliver strong results, with wells brought on production in 2026 achieving average peak IP30 rates of 16.4 MMcf/d raw natural gas.
- Drilled 2 gross (2.0 net) wells at Wembley of a three-well pad. All three wells are expected to be completed and brought on production in the third quarter.
- Our three-well Valhalla Montney pad, drilled and completed in the first quarter of 2026, delivered a per-well average IP30 of 1,375 boe/d (sales), including 44% liquids (4.7 MMcf/d natural gas, 449 bbls/d condensate, 138 bbls/d NGLs).

(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.*

**Marketing Update**

Advantage has hedged approximately 48% of forecasted natural gas production for the second half of 2026, 34% in 2027, and 24% in 2028. Direct AECO exposure has fallen to approximately 12% for the remainder of 2026 and 16% in 2027 due to our hedging and diversification efforts. Advantage has also hedged approximately 43% of forecasted crude oil and NGL production for the second half of 2026 and 26% in 2027.

Advantage continues to proactively layer in hedges, including positions extending through 2029, to reduce commodity price volatility.

**New Covenant-Based Credit Facility**

On June 30, 2026, Advantage transitioned to a covenant-based credit facility with its existing banking syndicate. Under the new credit facility, Advantage's borrowing capacity of $650 million remains unchanged, consisting of a $60 million operating facility with one financial institution and a $590 million facility with a syndicate of financial institutions, with a longer term of three years maturing in June 2029, and may be extended at Advantage's request, subject to lender approval. The transition to a covenant-based structure reflects Advantage's increased scale, financial strength and sustainability and provides a more flexible financing platform, including lower borrowing costs relative to the prior reserve-based facility.

**Entropy Update**

All major construction of Entropy's Glacier Carbon Capture and Storage ("CCS") phase 2 project is now complete and the facility has been commissioned, substantially decarbonizing the Glacier facility and driving a positive step change in Entropy's operating income from power sales and contractually guaranteed carbon pricing. The project includes repowering Glacier with a gas turbine combined with post-combustion carbon capture on all major sources of emissions; all funding is provided by Entropy's investment partners.

**Looking Forward**

Advantage is at the midpoint of our three-year plan, marking an important free cash flow inflection point. With the completion of our 75 mmcf/d Progress Gas Plant and the 21-day turnaround at our Glacier Gas Plant, all major infrastructure projects in our three-year plan are now complete. We would like to thank our employees and contractors for delivering these projects safely and on schedule, reflecting our strong execution and safety-first culture.

The Progress Gas Plant unlocks significant regional synergies through more efficient Montney and Charlie Lake operations, reduces reliance on third-party processing, and increases utilization of our owned infrastructure. These benefits are expected to reduce operating costs per boe to approximately $5.00 in the second half of 2026, approximately 13% lower than the second half of 2025, and position Advantage for the next phase of liquids-focused growth across our Valhalla and Progress properties. Our recent three-well Valhalla Montney pad delivered exceptional results, and we recently spud a two-well Montney pad at Progress offsetting our successful 16-36 oil well. We now expect 2026 operating costs per boe to be at the lower end of our annual guidance range.

Advantage exited the second quarter at approximately 90,000 boe/d and expects to maintain production at this level through to the end of 2027, supported by an efficient capital program designed to maximize free cash flow[a] and shareholder returns. Based on current commodity pricing, we expect to achieve our net debt target range of $400 million to $500 million in the second half of 2026 while also repurchasing up to 5% of our shares outstanding. Share buybacks are our main vehicle for shareholder returns while our shares are trading below intrinsic value.

Advantage has a deep portfolio of future growth options beyond those considered in our current three-year plan. However, additional capacity expansions and major infrastructure investments will only be considered if our returns thresholds are met.

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 to discuss the Corporation's second quarter 2026 results on Friday, July 31, 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 44815#. The replay will be available until August 7, 2026.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/4wGx2YR to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/OZVwqZG6kPx.

Below are complete tables showing financial and operating highlights.

| **Financial Highlights** | **Three months ended June 30** | | **Six months ended June 30** | |
|---|---|---|---|---|
| **($000, except as otherwise indicated)** | **2026** | **2025** | **2026** | **2025** |
| **Consolidated Financial Highlights** | | | | |
| Natural gas and liquids sales | **195,964** | 164,593 | **402,886** | 386,383 |
| Net income and comprehensive income [4] | **45,114** | 72,502 | **74,642** | 43,478 |
| per basic share [2] | **0.27** | 0.43 | **0.45** | 0.26 |
| per diluted share [2] | **0.26** | 0.41 | **0.44** | 0.26 |
| Basic weighted average shares (000) | **167,614** | 167,179 | **167,296** | 167,001 |
| Diluted weighted average shares (000) | **179,640** | 180,785 | **170,203** | 170,233 |
| Cash provided by operating activities | **104,632** | 80,084 | **221,710** | 203,033 |
| Cash provided by financing activities | **43,761** | 42,046 | **75,720** | 53,716 |
| Cash used in investing activities | **(130,903)** | (95,230) | **(265,142)** | (203,149) |
| **Segmented Financial Highlights** [1] | | | | |
| Advantage Energy Ltd. | | | | |

| | | | | |
|---|---|---|---|---|
| Adjusted funds flow | **88,797** | 88,892 | **209,986** | 210,019 |
| per basic share [(2)] | **0.53** | 0.53 | **1.26** | 1.26 |
| per diluted share [(3)] | **0.52** | 0.52 | **1.23** | 1.24 |
| Net capital expenditures | **88,063** | 48,840 | **212,291** | 143,011 |
| Free cash flow - surplus (deficit) | **734** | 40,052 | **(14,242)** | 63,008 |
| Bank indebtedness | **397,896** | 440,957 | **397,896** | 440,957 |
| Net debt | **560,248** | 569,859 | **560,248** | 569,859 |
| Entropy Inc. | | | | |
| Adjusted funds flow | **(5,837)** | (3,645) | **(9,273)** | (6,130) |
| per basic share [(2)] | **(0.03)** | (0.02) | **(0.06)** | (0.04) |
| per diluted share [(3)] | **(0.03)** | (0.02) | **(0.05)** | (0.04) |
| Net capital expenditures | **38,044** | 18,448 | **82,788** | 38,264 |
| Free cash flow - deficit | **(43,881)** | (22,093) | **(92,061)** | (44,394) |
| Net debt | **368,664** | 147,606 | **368,664** | 147,606 |

(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 and comprehensive income attributable to Advantage shareholders.

| **Operating Highlights**[(1)] | **Three months ended June 30** | | **Six months ended June 30** | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| **Operating** | | | | |
| Production | | | | |
| Crude oil (bbls/d) | **7,495** | 7,627 | **7,591** | 8,055 |
| Condensate (bbls/d) | **1,692** | 848 | **1,448** | 935 |
| NGLs (bbls/d) | **3,463** | 3,404 | **3,348** | 3,583 |
| Total liquids (bbls/d) | **12,650** | 11,879 | **12,387** | 12,573 |
| Natural gas (Mcf/d) | **347,770** | 397,379 | **381,456** | 410,118 |
| Total production (boe/d) | **70,611** | 78,108 | **75,964** | 80,925 |
| Average realized prices (including realized derivatives)[(2)] | | | | |
| Natural gas ($/Mcf) | **2.56** | 2.70 | **3.16** | 3.00 |
| Liquids ($/bbl) | **97.12** | 79.96 | **88.89** | 83.41 |
| **Operating Netback ($/boe)** [(2)] | | | | |
| Natural gas and liquids sales | **30.50** | 23.16 | **29.30** | 26.38 |
| Realized gains (losses) on derivatives | **(0.51)** | 2.77 | **1.07** | 1.79 |
| Net sales of purchased natural gas | **0.40** | - | **0.19** | - |
| Royalty expense | **(3.72)** | (1.86) | **(2.81)** | (2.34) |
| Operating expense | **(5.78)** | (4.81) | **(5.65)** | (4.71) |
| Transportation expense | **(4.11)** | (4.03) | **(4.02)** | (4.04) |
| Operating netback | **16.78** | 15.23 | **18.08** | 17.08 |

(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 six months ended June 30, 2026 together with the notes thereto, and Management's Discussion and Analysis for the three and six months ended June 30, 2026 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; that Glacier continues to deliver strong results; the anticipated timing of completion of our three-well pad at Wembley; Advantage's hedging program, including the proportion of forecasted natural gas, crude oil and NGL production hedged, and the anticipated benefits thereof; that Advantage continues to proactively layer in hedges, including positions extending through 2029, and that such hedges will reduce commodity price volatility; the terms of Advantage's credit facility, including the extension thereof and the anticipated benefits thereof; the anticipated benefits of the completion of Entropy's CCS phase 2 project; anticipated benefits of the Progress Gas Plant, including anticipated reduction to operating costs and positioning Advantage for the next phase of liquids-focused growth across our Valhalla and Progress properties; anticipated 2026 operating costs per boe; Advantage's net debt target range and the anticipated timing of reaching the net debt target range; that Advantage expects to reach its net debt target range while purchasing up to 5% of our shares outstanding; that Advantage has a deep portfolio of future growth options beyond those considered in our current three-year plan; that any capacity expansions and major infrastructure investments will only be considered if our returns thresholds are met; 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.*

*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; risks associated with the refusal of the U.S. to renew the Canada-United States-Mexico Agreement ("CUSMA") by the July 1, 2026 deadline, including the risk that the U.S. ultimately withdraws from CUSMA, which could result in a significant increase in trade barriers, which could in turn have a material adverse effect on the Canadian and U.S. economies, and by extension the Canadian oil and natural gas industry and Advantage; 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 the Progress Gas Plant may not result in the anticipated benefits; the risk that the Corporation may not buy back shares in the anticipated amounts or on the anticipated* *timeline; 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 reach its net debt target range on the anticipated timeline, or at all; and the risk that Entropy's CCS phase 2 project may not result in the anticipated benefits thereof. 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](www.sedarplus.ca) ("SEDAR+") and [www.advantageog.com](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; the proportion of our capital budget expected to be spent during the second half of the year; anticipated operating costs; 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, which are 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, such as IP30, 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.*

***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***

*<u>Adjusted Funds Flow</u>*

*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 June 30** | | | | | |
|---|---|---|---|---|---|---|
| | | **2026** | | | **2025** | |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash provided by (used in) operating activities | 107,327 | (2,695) | **104,632** | 82,501 | (2,417) | **80,084** |
| Expenditures on decommissioning liability | 744 | - | **744** | 1,170 | - | **1,170** |
| Changes in non-cash working capital | (19,274) | (3,142) | **(22,416)** | 5,221 | (1,228) | **3,993** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Adjusted funds flow | 88,797 | (5,837) | **82,960** | 88,892 | (3,645) | **85,247** |

| | **Six months ended June 30** | | | | | |
|---|---|---|---|---|---|---|
| | **2026** | | | **2025** | | |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash provided by (used in) operating activities | 224,818 | (3,108) | **221,710** | 206,416 | (3,383) | **203,033** |
| Expenditures on decommissioning liability | 1,365 | - | **1,365** | 2,563 | - | **2,563** |
| Changes in non-cash working capital | (16,197) | (6,165) | **(22,362)** | 1,040 | (2,747) | **(1,707)** |
| Adjusted funds flow | 209,986 | (9,273) | **200,713** | 210,019 | (6,130) | **203,889** |

*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, investment in associates, and excludes cash receipts on government grants. A reconciliation of the most directly comparable financial measure has been provided below:*

| | **Three months ended June 30** | | | | | |
|---|---|---|---|---|---|---|
| | **2026** | | | **2025** | | |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash used in investing activities | 90,989 | 39,914 | **130,903** | 76,032 | 19,198 | **95,230** |
| Changes in non-cash working capital | (2,926) | 1,885 | **(1,041)** | (27,192) | (750) | **(27,942)** |
| Investment in other assets | - | (3,755) | **(3,755)** | - | - | **-** |
| Net capital expenditures | 88,063 | 38,044 | **126,107** | 48,840 | 18,448 | **67,288** |

| | **Six months ended June 30** | | | | | |
|---|---|---|---|---|---|---|
| | | | **2026** | | | **2025** |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash used in investing activities | 186,374 | 78,768 | **265,142** | 163,931 | 39,218 | **203,149** |
| Changes in non-cash working capital | 25,917 | 7,775 | **33,692** | (20,920) | (954) | **(21,874)** |
| Investment in other assets | - | (3,755) | **(3,755)** | - | - | **-** |
| Net capital expenditures | 212,291 | 82,788 | **295,079** | 143,011 | 38,264 | **181,275** |

*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, and investments in other assets. 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 the Corporation's commons shares ("Common Shares"). The Corporation excludes the impact of acquisitions and dispositions, and investments in other assets 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 June 30** | | | | | |
|---|---|---|---|---|---|---|
| | **2026** | | | **2025** | | |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash provided by (used in) operating activities | 107,327 | (2,695) | **104,632** | 82,501 | (2,417) | **80,084** |
| Cash used in investing activities | (90,989) | (39,914) | **(130,903)** | (76,032) | (19,198) | **(95,230)** |
| Changes in non-cash working capital | (16,348) | (5,027) | **(21,375)** | 32,413 | (478) | **31,935** |
| Expenditures on decommissioning liability | 744 | - | **744** | 1,170 | - | **1,170** |
| Investment in other assets | - | 3,755 | **3,755** | - | - | **-** |
| Free cash flow - surplus (deficit) | 734 | (43,881) | **(43,147)** | 40,052 | (22,093) | **17,959** |

| | **Six months ended June 30** | | | | | |
|---|---|---|---|---|---|---|
| | **2026** | | | | | **2025** |
| **($000)** | **Advantage** | **Entropy** | **Total** | **Advantage** | **Entropy** | **Total** |
| Cash provided by (used in) operating activities | 224,818 | (3,108) | **221,710** | 206,416 | (3,383) | **203,033** |
| Cash used in investing activities | (186,374) | (78,768) | **(265,142)** | (163,931) | (39,218) | **(203,149)** |
| Changes in non-cash working capital | (42,114) | (13,940) | **(56,054)** | 21,960 | (1,793) | **20,167** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Expenditures on decommissioning liability | 1,365 | - | **1,365** | 2,563 | - | **2,563** |
| Investment in other assets | - | 3,755 | **3,755** | - | - | **-** |
| Dispositions | (11,937) | - | **(11,937)** | (4,000) | - | **(4,000)** |
| Free cash flow - surplus (deficit) | (14,242) | (92,061) | **(106,303)** | 63,008 | (44,394) | **18,614** |

*Operating Income*

*Operating income for Advantage's natural gas and liquids operations is comprised of natural gas and liquids sales, realized gains (losses) on derivatives, net sales of purchased natural gas, less expenses resulting 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 June 30** | | **Six months ended June 30** | |
|---|---|---|---|---|
| **($000)** | **2026** | **2025** | **2026** | **2025** |
| Natural gas and liquids sales | **195,964** | 164,593 | **402,886** | 386,383 |
| Realized gains (losses) on derivatives | **(3,246)** | 19,681 | **14,725** | 26,206 |
| Net sales of purchased natural gas | **2,575** | - | **2,575** | - |
| Royalty expense | **(23,890)** | (13,256) | **(38,604)** | (34,335) |
| Operating expense | **(37,133)** | (34,191) | **(77,617)** | (69,071) |
| Transportation expense | **(26,399)** | (28,653) | **(55,274)** | (59,226) |
| Operating Income | **107,871** | 108,174 | **248,691** | 249,957 |

***Non-GAAP Ratios***

*Adjusted Funds Flow per Basic 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.*

| | **Three months ended June 30** | | **Six months ended June 30** | |
|---|---|---|---|---|
| **($000, except as otherwise indicated)** | **2026** | **2025** | **2026** | **2025** |
| Weighted average shares outstanding (000) | **167,614** | 167,179 | **167,296** | 167,001 |
| Diluted weighted average shares outstanding (000) | **179,640** | 180,785 | **170,203** | 170,233 |
| Common shares impact - Convertible debentures (000) | **(9,859)** | (9,859) | **-** | - |
| Common shares impact - Performance Share Units (000) | **-** | - | **-** | - |
| Adjusted diluted weighted average shares outstanding (000) | **169,781** | 170,926 | **170,203** | 170,233 |
| | | | | |
| Advantage adjusted funds flow | **88,797** | 88,892 | **209,986** | 210,019 |
| Entropy adjusted funds flow | **(5,837)** | (3,645) | **(9,273)** | (6,130) |
| Advantage | | | | |
| Adjusted funds flow per basic share ($/share) | **0.53** | 0.53 | **1.26** | 1.26 |
| Adjusted funds flow per diluted share ($/share) | **0.52** | 0.52 | **1.23** | 1.24 |
| Entropy | | | | |
| Adjusted funds flow per basic share ($/share) | **(0.03)** | (0.02) | **(0.06)** | (0.04) |
| Adjusted funds flow per diluted share ($/share) | **(0.03)** | (0.02) | **(0.05)** | (0.04) |

*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 corporations with different rates of production.*

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| **($000, except as otherwise indicated)** | **2026** | **2025** | **2026** | **2025** |
| Advantage adjusted funds flow | **88,797** | 88,892 | **209,986** | 210,019 |
| Total production (boe/d) | **70,611** | 78,108 | **75,964** | 80,925 |
| Days in period | **91** | 91 | **181** | 181 |
| Total production (boe) | **6,425,601** | 7,107,828 | **13,749,484** | 14,647,425 |
| Adjusted funds flow per BOE ($/boe) | **13.82** | 12.51 | **15.27** | 14.34 |

*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 June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| **($000, except as otherwise indicated)** | **2026** | **2025** | **2026** | **2025** |
| Operating income | **107,871** | 108,174 | **248,691** | 249,957 |
| | | | | |
| Total production (boe/d) | **70,611** | 78,108 | **75,964** | 80,925 |
| Days in period | **91** | 91 | **181** | 181 |
| Total production (boe) | **6,425,601** | 7,107,828 | **13,749,484** | 14,647,425 |
| Operating netback ($/boe) | **16.78** | 15.23 | **18.08** | 17.08 |

***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, financing liability, provisions and other liabilities and unsecured debentures, 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 at June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:*

| | **June 30 2026** | **December 31 2025** | **June 30 2025** |
|---|---|---|---|
| Cash and cash equivalents | **50,023** | 17,735 | 73,746 |
| Trade and other receivables | **76,567** | 84,973 | 76,756 |
| Prepaid expenses and deposits | **10,961** | 11,016 | 9,750 |
| Trade and other accrued liabilities | **(155,911)** | (109,248) | (91,336) |
| Working capital surplus (deficit) | **(18,360)** | 4,476 | 68,916 |

*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 June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:*

| | **June 30 2026** | **December 31 2025** | **June 30 2025** |
|---|---|---|---|
| Bank indebtedness | **397,896** | 412,993 | 440,957 |

| | | | |
|---|---|---|---|
| Convertible debentures | **143,750** | 143,750 | 143,750 |
| Working capital (surplus) deficit | **18,602** | (7,651) | (14,848) |
| Net debt attributable to Advantage | **560,248** | 549,092 | 569,859 |
| Unsecured debentures | **368,906** | 254,421 | 201,674 |
| Working capital (surplus) deficit | **(242)** | 3,175 | (54,068) |
| Net debt attributable to Entropy | **368,664** | 257,596 | 147,606 |
| Net debt | **928,912** | 806,688 | 717,465 |

***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.*

*"Net sales of purchased natural gas per boe" is comprised of net sales of purchased natural gas, 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 gains (losses) on derivatives per boe" is comprised of realized gains (losses) 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(s)* | *one barrel or 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* |
| *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* |
| *Liquids* | *Total of crude oil, condensate and NGLs* |
| *NGLs and condensate* | *Natural Gas Liquids as defined in National Instrument 51-101* |
| *Natural Gas* | *"Conventional Gas" and "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* |

| | |
|---|---|
| *IP30* | *average initial peak production rate over 30 consecutive days after a well is brought on production and cleaned up* |

SOURCE Advantage Energy Ltd.

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https://advantageog.mediaroom.com/2026-07-30-Advantage-Announces-Second-Quarter-2026-Results