Advantage Announces Third Quarter 2026 Results

(TSX: AAV)

CALGARY, AB, Oct. 29, 2026 /CNW/ -- Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report third quarter 2026 financial and operating results.

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

2026 Third Quarter Financial Highlights

- Cash provided by operating and investing activities was $100.0 million and $230.7 million, respectively.
- Adjusted funds flow[(a)] of $96.8 million or $0.58/share.
- Closed the disposition of our assets in the Wembley area (the "Wembley Assets") for total cash proceeds of $325.4 million after closing adjustments, including the reimbursement of certain capital expenditures, and recognized a gain on disposition of $90.1 million.
- Exploration and development expenditures[(a)] of $60.9 million.
- Our cost structure improved significantly compared to the second quarter of 2026, reflecting a more focused asset base, increased utilization of owned infrastructure, and reduced leverage.
  - Operating expense per boe[(a)] of $4.86, a reduction of 16%.
  - Transportation expense per boe[(a)] of $3.71, a reduction of 10%.
  - General and administrative plus interest expense per boe[(a)] of $1.73, a reduction of 41%.
- Net debt[(a)] of $233.0 million, a decrease of $327.2 million, or 58% from the second quarter of 2026, reflecting the application of proceeds from the disposition of the Wembley Assets.
- Generated free cash flow[(a)] of $35.9 million, which was dedicated to shareholder returns through share repurchases, consistent with Advantage's capital allocation strategy.

2026 Third Quarter Operating Highlights

- Average production of 86,964 boe/d (452.0 MMcf/d natural gas, 11,623 bbls/d liquids), a 23% increase from the second quarter of 2026, following commissioning of the Progress Gas Plant and completion of the 21-day planned turnaround at our Glacier Gas Plant in the second quarter.
- Liquids production of 11,623 bbls/d (6,293 bbls/d crude oil, 1,332 bbls/d condensate, and 3,998 bbls/d NGLs), an 8% decrease from the second quarter of 2026 due to the sale of the Wembley Assets and natural declines.
- Drilled 2 gross (2.0 net) Montney wells at Progress, offsetting our successful 16-36 well that was drilled in 2019. Both wells were completed and tested subsequent to the end of the third quarter.
- Completed 3 gross (2.9 net) wells at Glacier, with 4 gross (3.8 net) wells brought on production. Glacier continues to deliver strong results, with wells brought on production in 2026 achieving average IP30 rates of 16.0 MMcf/d raw natural gas.

(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.

Progress Montney Update

Our two-well 5-32 pad was completed in early October. Initial test rates over 48 hours and 62 hours, respectively, delivered encouraging results. Both wells demonstrated higher length-normalized productivity than our successful 16-36 well, which was drilled in 2019. The 16-36 well achieved an IP30 of over 1,100 bbl/d of oil and liquids and has produced approximately 265 Mbbl of oil and liquids to date. The new wells at 5-32 were subsequently shut-in, equipped and brought on production on October 27. Advantage expects to provide IP30 results in early December.

Marketing Update

Advantage has hedged approximately 46% of forecasted natural gas production for the fourth quarter of 2026, 37% in 2027, 35% in 2028, and 15% in 2029. Direct AECO exposure has fallen to approximately 12% in the fourth quarter of 2026, 16% in 2027, and 8% in 2028 due to our hedging and market diversification initiatives.

Advantage has also hedged approximately 54% of forecasted crude oil and NGL production for the fourth quarter of 2026 and 34% in 2027.

Productivity Mega Deduction

On September 15, 2026, the Department of Finance announced the proposed Productivity Mega Deduction, which would allow companies to immediately deduct most new capital investment and development expenditures rather than deducting these costs over time. This is expected to defer Advantage becoming cash taxable to 2031 from its previous estimate of 2028, based on current plans and commodity prices.

Looking Forward

Advantage is focused on maximizing shareholder returns. Following the sale of the Wembley Assets and the substantial completion of our 2026 capital program, all free cash flow[(a)] is being dedicated to share repurchases, allowing us to repurchase up to 5% of our common shares outstanding in the second half of 2026 and up to an additional 10% in 2027. Advantage has already repurchased approximately 6.0 million shares so far in 2026, representing 3.6% of our shares outstanding as of December 31, 2025.

Advantage expects to retain substantial financial flexibility even after fulfilling our share buyback commitment, allowing us to advance liquids-rich development in the Montney at Progress and Valhalla and in the Charlie Lake, all of which are supported by our new 75 mmcf/d owned and operated Progress Gas Plant.

In the Progress Montney, we plan to follow up our successful 5-32 pad by drilling two additional wells in the first quarter of 2027.

In the Valhalla Montney, Advantage's three-well pad, which came on-stream in the second quarter of 2026, delivered an average IP90 of 1,093 boe/d including 35% liquids (4.3 MMcf/d natural gas, 289 bbls/d condensate, and 94 bbls/d NGLs).

In the Charlie Lake, industry peers have been implementing open hole multi-lateral ("OHML") well designs that have delivered strong productivity with reduced capital costs. Given those encouraging results, Advantage has elected to drill its first Charlie Lake OHML in the fourth quarter of 2026, funded by the additional proceeds received from the Wembley disposition.

Advantage has identified over 1,000 drilling locations across our liquids-rich Progress, Valhalla and Charlie Lake assets, representing approximately half of our total drilling inventory, including over 300 currently identified Tier 1 locations. We expect to release our formal 2027 budget in early December, together with an updated three-year plan which will focus on developing this significant liquids-rich inventory.

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 third quarter 2026 results on Friday, October 30, 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 21200#. The replay will be available until November 6, 2026.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/4rOymr7 to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/YAZ4NB9pz3M.

Below are complete tables showing financial and operating highlights.

Financial Highlights	**Three months ended September 30**		**Nine months ended September 30**	
($000, except as otherwise indicated)	**2026**	**2025**	**2026**	**2025**
Consolidated Financial Highlights				
Natural gas and liquids sales	**190,168**	130,805	**593,054**	517,188
Net income (loss) and comprehensive income (loss) [(4)]	**56,431**	(43)	**131,073**	43,435
per basic share [(2)]	**0.34**	-	**0.78**	0.26
per diluted share [(2)]	**0.33**	-	**0.77**	0.25
Basic weighted average shares (000)	**166,846**	166,968	**167,144**	166,990
Diluted weighted average shares (000)	**179,458**	166,968	**179,794**	170,405
Cash provided by operating activities	**98,228**	80,100	**319,938**	283,133
Cash provided by (used in) financing activities	**(306,861)**	(33,040)	**(231,141)**	20,676

Cash provided by (used in) investing activities	**203,979**	(102,338)	**(61,163)**	(305,487)
Segmented Financial Highlights (1)				
Advantage Energy Ltd.				
Adjusted funds flow	**96,813**	72,422	**306,799**	282,439
per basic share (3)	**0.58**	0.43	**1.84**	1.69
per diluted share (3)	**0.57**	0.42	**1.81**	1.66
Exploration and development expenditures	**60,928**	71,594	**285,156**	218,605
Net capital expenditures	**(264,447)**	71,594	**(52,156)**	214,605
Free cash flow	**35,885**	828	**21,643**	63,834
Bank indebtedness	**112,985**	411,895	**112,985**	411,895
Net debt	**233,021**	572,310	**233,021**	572,310
Entropy Inc.				
Adjusted funds flow	**(1,784)**	(3,244)	**(11,057)**	(9,372)
per basic share (3)	**(0.01)**	(0.02)	**(0.07)**	(0.06)
per diluted share (3)	**(0.01)**	(0.02)	**(0.07)**	(0.05)
Net capital expenditures	**14,049**	48,446	**96,837**	86,710
Free cash flow (deficit)	**(15,833)**	(26,521)	**(107,894)**	(70,913)
Net debt	**394,705**	203,413	**394,705**	203,413

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

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

Operating Highlights(1)	**Three months ended September 30**		**Nine months ended September 30**	
	2026	**2025**	**2026**	**2025**
Operating				
Production				
Crude oil (bbls/d)	**6,293**	8,483	**7,154**	8,199
Condensate (bbls/d)	**1,332**	684	**1,409**	850
NGLs (bbls/d)	**3,998**	2,972	**3,567**	3,377
Total liquids (bbls/d)	**11,623**	12,139	**12,130**	12,426
Natural gas (Mcf/d)	**452,046**	356,059	**405,245**	391,900
Total production (boe/d)	**86,964**	71,482	**79,671**	77,743
Average realized prices (including realized derivatives)(2)				
Natural gas ($/Mcf)	**2.69**	2.37	**2.98**	2.81
Liquids ($/bbl)	**86.29**	78.13	**88.04**	81.67
Operating Netback ($/boe) (2)				
Natural gas and liquids sales	**23.84**	19.89	**27.29**	24.37
Realized gains on derivatives	**1.63**	5.19	**1.28**	2.84
Net sales of purchased natural gas	**-**	0.26	**0.12**	0.08
Royalty expense	**(2.98)**	(1.87)	**(2.87)**	(2.20)
Operating expense	**(4.86)**	(5.68)	**(5.36)**	(5.01)
Transportation expense	**(3.71)**	(4.21)	**(3.91)**	(4.10)
Operating netback	**13.92**	13.58	**16.55**	15.98

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

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

The Corporation's unaudited consolidated financial statements for the three and nine months ended September 30, 2026 together with the notes thereto, and Management's Discussion and Analysis for the three and nine months ended September 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; the proportion of Advantage's forecasted production that is hedged; Advantage's expectations with respect to the Productivity Mega Deduction and its impacts on Advantage, including that Advantage expects to become cash taxable in 2031; that Advantage is focused on maximizing shareholder returns; that Advantage expects to dedicate all free cash flow to share purchases and the anticipated amounts thereof; that Advantage expects to retain substantial financial flexibility and the benefits thereof; that Advantage expects to provide IP30 rates from its two new Progress wells in December and drill two additional wells in Progress and the timing thereof; that Advantage plans to drill its first Charlie Lake OHML and the timing thereof; the anticipated timing of Advantage's formal 2027 budget and three-year plan and the focus 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.

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 or that CUSMA is renewed on terms that are less favourable to Canada, either of 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 does not have the anticipated financial flexibility or is unable to realize the anticipated benefits of its financial flexibility; the risk that Advantage is unable to realize the expected benefits of its new Progress wells; and the risk that Advantage's first Charlie Lake OHML is not completed on the anticipated timeline or at all. 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 (including Advantage's NCIB), 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 that Advantage expects to become cash taxable in 2031, 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 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.

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") in accordance with National Instrument 51-101 ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook").

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Booked locations include both proved locations and probable locations that are derived from the McDaniel & Associates Consultants Ltd. reserves evaluations effective December 31, 2025 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 1,055 total drilling locations identified in Progress, Valhalla and the Charlie Lake, 167 are proved locations, 30 are probable locations and 858 are unbooked locations. Unbooked locations have been identified by Management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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 given the Corporation's relatively low decommissioning liability.

A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended September 30 2026			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	99,956	(1,398)	(330)	**98,228**
Expenditures on decommissioning liability	1,419	-	**-**	**1,419**
Changes in non-cash working capital	(4,562)	(386)	**-**	**(4,948)**
Adjusted funds flow	**96,813**	**(1,784)**	**(330)**	**94,699**

	Three months ended September 30 2025			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	82,877	(2,777)	-	80,100
Expenditures on decommissioning liability	1,548	**-**	**-**	1,548
Changes in non-cash working capital	(12,003)	(467)	**-**	(12,470)
Adjusted funds flow	72,422	(3,244)	-	69,178

	Nine months ended September 30 2026			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	324,774	(4,506)	(330)	**319,938**
Expenditures on decommissioning liability	2,784	-	**-**	**2,784**
Changes in non-cash working capital	(20,759)	(6,551)	**-**	**(27,310)**
Adjusted funds flow	**306,799**	**(11,057)**	**(330)**	**295,412**

	Nine months ended September 30 2025			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	289,293	(6,160)	-	283,133
Expenditures on decommissioning liability	4,111	**-**	**-**	4,111
Changes in non-cash working capital	(10,965)	(3,212)	**-**	(14,177)
Adjusted funds flow	282,439	(9,372)	-	273,067

Net Capital Expenditures and Exploration and Development Expenditures

Net capital expenditures include total capital expenditures related to property, plant and equipment, exploration and evaluation assets and intangible assets, including the impacts of assets acquisitions and dispositions. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods and investment in other assets.

Additionally, the Corporation presents exploration and development expenditures, which excludes the impacts of assets acquisitions and dispositions. Management considers this a useful measure as it reflects capital invested in the organic growth and development of the Corporation's asset base.

A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended September 30					
	2026			2025		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used (provided) in investing activities	**(230,707)**	**26,728**	**(203,979)**	56,341	45,997	102,338
Changes in non-cash working capital	**(33,740)**	**(11,733)**	**(45,473)**	15,253	2,449	17,702
Investment in other assets	**-**	**(946)**	**(946)**	-	-	-
Net capital expenditures	**(264,447)**	**14,049**	**(250,398)**	71,594	48,446	120,040
Asset acquisitions	**-**	**-**	**-**	-	(25,169)	(25,169)
Asset dispositions	**325,375**	**-**	**325,375**	-	-	-
Exploration and development expenditures	**60,928**	**14,049**	**74,977**	71,594	23,277	94,871

	Nine months ended September 30					
	2026			2025		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used (provided) in investing activities	**(44,333)**	**105,496**	**61,163**	220,272	85,215	305,487
Changes in non-cash working capital	**(7,823)**	**(3,958)**	**(11,781)**	(5,667)	1,495	(4,172)
Investment in other assets		**(4,701)**	**(4,701)**	-	-	-
Net capital expenditures	**(52,156)**	**96,837**	**44,681**	214,605	86,710	301,315
Asset acquisitions	**-**	**-**	**-**	-	(25,169)	(25,169)
Asset dispositions	**337,312**	**-**	**337,312**	4,000	-	4,000
Exploration and development expenditures	**285,156**	**96,837**	**381,993**	218,605	61,541	280,146

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 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 September 30 2026			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	99,956	(1,398)	(330)	**98,228**
Cash used in investing activities	230,707	(26,728)	-	**203,979**
Changes in non-cash working capital	29,178	11,347	-	**40,525**
Expenditures on decommissioning liability	1,419	**-**	**-**	**1,419**
Investment in other assets	**-**	946	**-**	**946**
Asset dispositions	(325,375)	-	**-**	**(325,375)**
Free cash flow - surplus (deficit)	**35,885**	**(15,833)**	**(330)**	**19,722**

	Three months ended September 30 2025			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	82,877	(2,777)	-	80,100
Cash used in investing activities	(56,341)	(45,997)	-	(102,338)
Changes in non-cash working capital	(27,256)	(2,916)	-	(30,172)
Expenditures on decommissioning liability	1,548	-	-	1,548
Asset acquisitions	-	25,169	-	25,169
Free cash flow - surplus (deficit)	828	(26,521)	-	(25,693)

	Nine months ended September 30 2026			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	324,774	(4,506)	(330)	**319,938**
Cash used in investing activities	44,333	(105,496)	-	**(61,163)**
Changes in non-cash working capital	(12,936)	(2,593)	-	**(15,529)**
Expenditures on decommissioning liability	2,784	-	-	**2,784**
Investment in other assets	-	4,701	-	**4,701**
Asset dispositions	(337,312)	-	-	**(337,312)**
Free cash flow - surplus (deficit)	**21,643**	**(107,894)**	**(330)**	**(86,581)**

	Nine months ended September 30 2025			
($000)	**Advantage**	**Entropy**	**Inter-segment eliminations**	**Total**
Cash provided by (used in) operating activities	289,293	(6,160)	-	283,133
Cash used in investing activities	(220,272)	(85,215)	-	(305,487)
Changes in non-cash working capital	(5,298)	(4,707)	-	(10,005)
Expenditures on decommissioning liability	4,111	-	-	4,111
Asset acquisitions	-	25,169	-	25,169
Asset dispositions	(4,000)	-	-	(4,000)
Free cash flow - surplus (deficit)	63,834	(70,913)	-	(7,079)

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 September 30		Nine months ended September 30	
($000)	**2026**	**2025**	**2026**	**2025**
Natural gas and liquids sales	**190,728**	130,805	**593,614**	517,188
Realized gains on derivatives	**13,044**	34,160	**27,769**	60,366
Net sales of purchased natural gas	**-**	1,677	**2,575**	1,677
Royalty expense	**(23,850)**	(12,309)	**(62,454)**	(46,644)
Operating expense	**(38,878)**	(37,336)	**(116,495)**	(106,407)
Transportation expense	**(29,705)**	(27,702)	**(84,979)**	(86,928)
Operating income	**111,339**	89,295	**360,030**	339,252

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 September 30	Nine months ended September 30

($000, except as otherwise indicated)	2026	2025	2026	2025
Weighted average shares outstanding (000)	**166,846**	166,968	**167,144**	166,990
Diluted weighted average shares outstanding (000)	**179,458**	166,968	**179,794**	170,405
Common shares impact - Convertible debentures (000)	**(9,859)**	-	**(9,859)**	-
Common shares impact - Performance Share Units (000)	**-**	3,760	**-**	-
Adjusted diluted weighted average shares outstanding (000)	**169,599**	170,728	**169,935**	170,405

Advantage adjusted funds flow	**96,813**	72,422	**306,799**	282,439
Entropy adjusted funds flow	**(1,784)**	(3,244)	**(11,057)**	(9,372)
Advantage				
Adjusted funds flow per basic share ($/share)	**0.58**	0.43	**1.84**	1.69
Adjusted funds flow per diluted share ($/share)	**0.57**	0.42	**1.81**	1.66
Entropy				
Adjusted funds flow per basic share ($/share)	**(0.01)**	(0.02)	**(0.07)**	(0.06)
Adjusted funds flow per diluted share ($/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 corporations with different rates of production.

	Three months ended September 30		Nine months ended September 30	
($000, except as otherwise indicated)	2026	2025	2026	2025
Adjusted funds flow	**96,813**	72,422	**306,799**	282,439
Total production (boe/d)	**86,964**	71,482	**79,671**	77,743
Days in period	**92**	92	**273**	273
Total production (boe)	**8,000,688**	6,576,344	**21,750,183**	21,223,839
Adjusted funds flow per BOE ($/boe)	**12.10**	11.01	**14.11**	13.31

Operating netback

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

	Three months ended September 30		Nine months ended September 30	
($000, except as otherwise indicated)	2026	2025	2026	2025
Operating income	**111,339**	89,295	**360,030**	339,252
Total production (boe/d)	**86,964**	71,482	**79,671**	77,743
Days in period	**92**	92	**273**	273
Total production (boe)	**8,000,688**	6,576,344	**21,750,183**	21,223,839
Operating netback ($/boe)	**13.92**	13.58	**16.55**	15.98

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 current 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 September 30, 2026, December 31, 2025 and September 30, 2025 is as follows:

	September 30 2026	December 31 2025	September 30 2025
Cash and cash equivalents	**45,369**	17,735	18,468
Trade and other receivables	**82,797**	84,973	59,365
Prepaid expenses and deposits	**14,254**	11,016	13,196
Trade and other accrued liabilities	**(121,894)**	(109,248)	(105,367)
Working capital surplus (deficit)	**20,526**	4,476	(14,338)

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 September 30, 2026, December 31, 2025 and September 30, 2025 is as follows:

	September 30 2026	December 31 2025	September 30 2025
Bank indebtedness	**112,985**	412,993	411,895
Convertible debentures	**143,750**	143,750	143,750
Working capital (surplus) deficit	**(23,714)**	(7,651)	16,665
Net debt attributable to Advantage	**233,021**	549,092	572,310
Unsecured debentures	**391,517**	254,421	205,740
Working capital (surplus) deficit	**3,188**	3,175	(2,327)
Net debt attributable to Entropy	**394,705**	257,596	203,413
Net debt	**627,726**	806,688	775,723

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 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.

"General and administrative plus interest expense per boe" is comprised of general and administrative expense plus interest 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 and IP90	*average initial peak production rate over 30 or 90 consecutive days, as applicable, after a well is brought on production and cleaned up*

SOURCE Advantage Energy Ltd.

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