

# Arc Resources Ltd. Reports Third Quarter 2025 Results, Announces 2026 Budget And 11 Per Cent Dividend Increase

06.11.2025 | [CNW](#)

(TSX: ARX) [ARC Resources Ltd.](#) ("ARC" or the "Company") today reported its third quarter 2025 financial and operational results and announced its 2026 budget.

## CORPORATE HIGHLIGHTS

### Third Quarter Results

- ARC delivered third quarter 2025 average production of 359,236 boe<sup>(1)</sup> per day (54 per cent natural gas and 46 per cent oil and liquids<sup>(2)</sup>), and record crude oil and condensate production of 113,959 barrels per day. Production increased 11 per cent year-over-year, and 13 per cent on a per share basis<sup>(3)</sup>.
- ARC generated funds from operations of \$779 million<sup>(4)</sup> (\$1.34 per share<sup>(4)</sup>) and cash flow from operating activities of \$779 million (\$1.23 per share<sup>(4)</sup>).
  - ARC realized a natural gas price of \$2.75 per Mcf<sup>(4)</sup>, which is \$1.75 greater than the average AECO 7A Month Natural Gas price. ARC limited its exposure to low natural gas prices in Canada by utilizing its transportation portfolio to move gas to higher priced markets and by curtailing volumes at its Sunrise asset. This allowed ARC to conserve capital and increase margins on its natural gas portfolio.
- Free funds flow was recorded at \$283 million<sup>(4)</sup> (\$0.49 per share<sup>(4)</sup>), and capital expenditures totalled \$496 million, including recognized net income of \$214 million or \$0.37 per share.
- ARC's Board of Directors (the "Board") has approved an 11 per cent increase to the quarterly dividend, from \$0.10 per share (\$0.76 per share to \$0.84 per share, per annum). This reflects ARC's commitment to grow the dividend with the profitability of the business, and on a per share basis as the share count is reduced.
- ARC distributed \$279 million (\$0.48 per share) or approximately 100 per cent of free funds flow to shareholders during the quarter. Year-to-date, ARC has distributed \$709 million, or 82 per cent of free funds flow to shareholders. ARC plans to distribute essentially all free funds flow to shareholders in 2025.
  - During the third quarter, ARC declared dividends of \$110 million (\$0.19 per share<sup>(4)</sup>) and repurchased 6.8 million shares for \$169 million under its normal course issuer bid ("NCIB").
  - ARC has increased its base dividend five consecutive years, and since introducing its NCIB in 2021, has reduced its share count by 21 per cent through consistent share repurchases.

### 2026 Capital Budget

- ARC's Board has approved a 2026 capital budget of \$1.8 to \$1.9 billion<sup>(5)</sup>. This is expected to deliver record annual production of between 405,000 and 420,000 boe per day (61 per cent natural gas and 39 per cent crude oil and liquids), including record crude oil and condensate production of 105,000 to 115,000 barrels per day.
- Based on forward pricing<sup>(6)</sup> assumptions, ARC projects the 2026 capital budget to generate approximately \$1.5 billion in free funds flow. For the fourth consecutive year, ARC plans to return essentially all free funds flow to shareholders through a combination of a growing base dividend and share repurchases below intrinsic value.

ARC's unaudited condensed interim consolidated financial statements and notes thereto (the "financial statements") are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). The disclosure under the section entitled "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three and nine months ended September 30, 2025 (the "Q3 2025 MD&A") is incorporated by reference into this news release.

- (1) ARC has adopted the standard six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil ratio when converting natural gas to barrels of oil equivalent ("boe"). Boe may be misleading, particularly if used in isolation. A boe 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 than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.
- (2) Throughout this news release, crude oil ("crude oil") refers to light, medium, and heavy crude oil product types as defined by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this news release, natural gas liquids ("NGLs") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this news release, crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.
- (3) Represents average daily production divided by the diluted weighted average common shares outstanding for the three months ended September 30.
- (4) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q3 2025 MD&A for additional disclosure, which is incorporated by reference.
- (5) Refer to the section entitled "About ARC Resources Ltd." contained within the Q3 2025 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

(6) **FINANCIAL AND OPERATIONAL RESULTS, 2025** (US\$WTI \$59.80 per barrel; C\$3.20/Mcf AECO; US\$4.00/MMBtu Henry Hub).

(Cdn\$ millions, except per share amounts<sup>(1)</sup>, boe amounts, Three Months Ended  
and common shares outstanding)

	June 30, 2025	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<b>FINANCIAL RESULTS</b>					
Net income	396.1	214.4	328.9	1,015.2	753.8
Per share	0.68	0.37	0.55	1.73	1.26
Cash flow from operating activities	699.1	713.3	518.4	2,425.4	1,699.1
Per share	1.19	1.23	0.87	4.14	2.84
Funds from operations	682.1	779.0	592.4	2,318.1	1,702.1
Per share	1.17	1.34	0.99	3.96	2.85
Free funds flow	185.8	282.6	133.8	868.3	206.6
Per share	0.32	0.49	0.22	1.48	0.35
Dividends declared	110.9	109.6	100.8	331.8	304.0
Per share	0.19	0.19	0.17	0.57	0.51
Cash flow used in investing activities	471.2	2,160.0	339.7	3,060.5	1,482.1
Capital expenditures <sup>(2)</sup>	496.3	496.4	458.6	1,449.8	1,495.1
Long-term debt	1,990.8	2,784.8	1,440.1	2,784.8	1,440.1
Net debt <sup>(3)</sup>	1,289.2	3,056.6	1,560.6	3,056.6	1,560.6
Common shares outstanding, weighted average diluted (millions)					

585.0 581.5 596.4 585.4 597.8

Common shares outstanding, end of period (millions)	582.5	575.7	591.7	575.7	591.7
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## OPERATIONAL RESULTS

### Production

Crude oil and condensate (bbl/day)	100,399	113,959	88,517	102,969	81,959
Natural gas (MMcf/day)	1,307	1,172	1,203	1,296	1,270
NGLs (bbl/day)	38,999	50,014	37,797	43,971	42,700
Total (boe/day)	357,228	359,236	326,768	362,862	336,359

### Average realized price

Crude oil (\$/bbl) <sup>(3)</sup>	82.56	82.75	92.22	84.29	91.40
Condensate (\$/bbl) <sup>(3)</sup>	85.35	84.66	95.38	89.28	97.60
Natural gas (\$/Mcf) <sup>(3)</sup>	3.19	2.75	1.78	3.42	2.29
NGLs (\$/bbl) <sup>(3)</sup>	20.39	17.47	23.77	22.99	23.80
Average realized price (\$/boe) <sup>(3)</sup>	37.81	38.23	35.07	40.21	35.30

### Netback per boe

Commodity sales from production (\$/boe) <sup>(3)</sup>	37.81	38.23	35.07	40.21	35.30
Royalties (\$/boe) <sup>(3)</sup>	(3.71)	(4.18)	(4.09)	(4.25)	(4.14)
Operating expense (\$/boe) <sup>(3)</sup>	(5.17)	(6.36)	(4.90)	(5.46)	(4.88)
Transportation expense (\$/boe) <sup>(3)</sup>	(5.36)	(4.46)	(5.25)	(5.12)	(5.27)
Netback per boe (\$/boe) <sup>(3)</sup>	23.57	23.23	20.83	25.38	21.00

## TRADING STATISTICS <sup>(4)</sup>

High price	31.56	29.27	26.45	31.56	26.45
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(1) Per share amounts, with the exception of dividends, are based on weighted average diluted common shares.

Low price	22.63	23.67	21.44	22.63	19.40
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(2) Refer to the section entitled "About ARC Resources Ltd." contained within the 2024 Annual MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

Close price	28.71	26.38	22.88	25.38	22.80
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(3) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q3 2025 MD&A for additional disclosure, which information is incorporated by reference.

Average daily volume (thousands of shares)	3,559	5,046	3,696	4,695	3,560
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(4) Trading prices are stated in Canadian dollars on a per share basis and are based on intra-day trading on the Toronto Stock Exchange.

## 2026 CAPITAL BUDGET

The 2026 capital budget delivers on ARC's long-term strategy to grow free funds flow per share and provide shareholders with a durable and attractive total return. To accomplish this, ARC will execute a disciplined capital program, and return a meaningful portion of capital to shareholders in the form of a growing base dividend and share repurchases. Consistent with previous years, safety, capital discipline, and preserving a strong balance sheet underpin ARC's strategy.

The capital budget centres on delivering modest production growth while expanding margins, with less

capital investment than 2025 to drive free funds flow growth.

## Highlights

- The 2026 capital budget of \$1.8 to \$1.9 billion is expected to deliver record condensate and natural gas production while investing approximately \$100 million less than the previous year.
- ARC expects to produce between 405,000 and 420,000 boe per day (61 per cent natural gas and 39 per cent crude oil and liquids).
- Based on forward pricing<sup>(1)</sup> assumptions, ARC projects the 2026 capital budget to generate approximately \$1.5 billion in free funds flow. This will provide the flexibility to continue to return meaningful capital to shareholders in the current commodity price environment.
- Well-related capital investment accounts for approximately 80 per cent of total planned capital expenditures. The remainder to be invested primarily towards facility infrastructure and maintenance, water infrastructure to reduce operating costs, and includes corporate capital.

## Alberta

### Kakwa

The focus for 2026 at Kakwa will be to maintain stable production and increase margins by identifying and executing on cost reduction opportunities.

- ARC plans to invest approximately \$1.1 billion at Kakwa in 2026, to sustain production at between 200,000 and 220,000 boe per day, including approximately 80,000 barrels per day of condensate.
- ARC plans to invest approximately \$40 million in water infrastructure and disposal. This is expected to lower operating costs by reducing the reliance on water trucking and third party disposal. ARC estimates that the capital investment will be completed in less than 12 months.

### Ante Creek

- ARC plans to invest approximately \$70 million to maintain production in the range of 18,000 to 20,000 boe per day (55 per cent crude oil and liquids and 45 per cent natural gas).

(1) Based on forward curve as at October 23, 2025 (US\$WTI \$59.80 per barrel; C\$3.20/Mcf AECO; US\$4.00/MMBtu Henry Hub).

### Northeast BC

### Attachie

- The objective at Attachie in 2026 is to execute a disciplined capital program that focuses on implementing key learnings identified in 2025. This is expected to result in higher returns at Phase I through improved capital efficiencies, while determining the optimal development plan for Phase II.
- In 2026, ARC plans to invest between \$250 million and \$300 million at Attachie Phase I. ARC plans to complete 100% of Phase I at Attachie in 2026, with additional investment including seismic activity and long-lead items related to Phase II.
- ARC anticipates average production in the range of 30,000 to 35,000 boe per day in 2026. This includes between 17,000 barrels per day of condensate, which is in line with ARC's original Phase I expectations. This represents a 10 per cent growth in condensate production year-over-year.
- Several learnings from the 2025 program will inform the 2026 development plan:
  - ARC began executing a series of trials in 2025 that will be incorporated into the 2026 program, including optimal completion design and well spacing.
  - In addition, ARC has planned additional development in the Lower Montney in 2026 following the success from the Lower Montney well at Attachie. Positive results are expected to increase Phase I returns and inform the development plan for Phase II.
- Operational results along with the prevailing commodity price environment will determine the timing of Phase II development.

### Greater Dawson

- Similar to 2025, ARC plans to invest capital to maintain stable production, preserve high sales margins, and optimize free funds flow.

- ARC plans to invest approximately \$190 million to maintain average production of between 90,000 to 95,000 boe per cent natural gas and 20 per cent crude oil and liquids).

#### Sunrise

- ARC plans to invest approximately \$105 million in 2026, and deliver average production between 360 and 380 MMcf/day (approximately 60,000 boe per day).
- Sunrise is ARC's sole dry natural gas producing property and is direct-connected to supply LNG Canada with 150,000 boe per day of natural gas. ARC will realize a fixed, nominal premium to the AECO benchmark price.

#### 2026 Guidance

ARC's 2026 corporate guidance is based on various commodity price scenarios and economic conditions. Production guidance does not include any assumption for possible natural gas production curtailments due to low natural gas prices. Certain guidance estimates may fluctuate with commodity price changes and regulatory changes. ARC's guidance provides readers with the information relevant to Management's expectations for financial and operational results for 2026.

	2026 Guidance
Crude oil and condensate (bbl/day)	105,000 - 115,000
Natural gas (MMcf/day)	1,500 - 1,520
NGLs (bbl/day)	48,000 - 52,000
Total (boe/day)	405,000 - 420,000
Expenses (\$/boe) <sup>(1)(2)</sup>	
Operating	5.40 - 5.90
Transportation	5.25 - 5.75
General and administrative ("G&A") expense before share-based compensation expense	1.00 - 1.10
G&A - share-based compensation expense	0.25 - 0.35
Interest and financing <sup>(3)</sup>	1.10 - 1.20
Current income tax expense as a per cent of funds from operations <sup>(1)</sup>	5 - 10
Capital expenditures (\$ billions) <sup>(4)</sup>	1.8 - 1.9

(1) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q3 2025 MD&A for additional disclosure, which information is incorporated by reference.

(2) 2026 annual guidance excludes potential impact from tariffs.

(3) Excludes accretion expense.

(4) Guidance for capital expenditures does not include any potential impact from tariffs.

#### 2025 Guidance

Full-year 2025 guidance was updated to reflect natural gas production curtailments at ARC's Sunrise asset throughout the third quarter, which extended into the fourth quarter.

ARC's revised guidance and a review of 2025 year-to-date results are outlined below:

	2025 Guidance	2025 Revised Guidance	2025 YTD Actual	% Variance from YTD Actual to 2025 Revised Guidance
Production				
Crude oil and condensate (bbl/day)	107,000 - 112,000	107,000 - 112,000	102,969	(4)
Natural gas (MMcf/day)	1,390 - 1,420	1,290 - 1,310	1,296	-
NGLs (bbl/day)	43,000 - 48,000	43,000 - 45,000	43,971	-
Total (boe/day)	385,000 - 395,000	365,000 - 375,000	362,862	(1)
Expenses (\$/boe) <sup>(1)(2)</sup>				
Operating	5.00 - 5.50	5.00 - 5.50	5.46	-
Transportation	5.00 - 5.50	5.00 - 5.50	5.12	-
General and administrative ("G&A") expense before share-based compensation expense	1.00 - 1.10	1.00 - 1.10	1.10	-
G&A - share-based compensation expense	0.30 - 0.40	0.30 - 0.40	0.19	(37)
Interest and financing <sup>(3)</sup>	0.90 - 1.00	0.90 - 1.00	0.92	-
Current income tax expense as a per cent of funds from operations <sup>(1)</sup>	5 - 10	5 - 10	8	-
Capital expenditures (\$ billions) <sup>(4)</sup>	1.85 - 1.95	1.85 - 1.95	1.45	n/a

(1) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q3 2025 MD&A for additional disclosure, which information is incorporated by reference.

(2) 2025 annual guidance excludes potential impact from tariffs.

(3) Excludes accretion expense.

(4) Guidance for capital expenditures does not include any potential impact from tariffs.

Refer to the section entitled "Annual Guidance" in ARC's Q3 2025 MD&A available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## FINANCIAL AND OPERATIONAL RESULTS

### Production

- ARC's production averaged 359,236 boe per day during the third quarter of 2025 (54 per cent natural gas and 46 per cent crude oil and liquids). Production increased 10 per cent year-over-year and 13 per cent on a per share basis.
- ARC delivered record average crude oil and condensate production of 113,959 barrels per day in the third quarter of 2025. This increase was driven primarily by Attachie and the previously announced Kakwa acquisition ("the Kakwa Acquisition") which closed on July 2, 2025.
- Production at Kakwa during the third quarter averaged 206,140 boe per day (43 per cent natural gas and 57 per cent crude oil and liquids), which included 116,697 barrels per day of condensate and natural gas liquids. This represents a 14 per cent increase year-over-year driven primarily by assets acquired in the Kakwa Acquisition.

- Attachie production averaged 27,318 boe per day during the third quarter (41 per cent natural gas and 59 per cent liquids), and included 12,752 barrels per day of condensate. This was below ARC's expectations due to lower productivity from certain wells.
  - October production at Attachie was approximately 29,000 boe per day, including approximately 13,000 barrels of condensate. ARC successfully drilled and completed its latest pad applying learnings from earlier in the year and expects to be placed on production late in the fourth quarter of 2025.
- In response to weak Western Canadian natural gas prices, ARC elected to curtail approximately 360 MMcf per day of natural gas production at Sunrise for the majority of the third quarter. This eliminated ARC's cash exposure to AECO and volatile pricing, and preserved capital and resource for periods when natural gas prices are higher.
  - Production at Sunrise remained curtailed during most of October, and was brought back in late October in response to higher natural gas prices.

#### Funds from Operations, Cash Flow from Operating Activities, and Free Funds Flow

- ARC generated \$779 million (\$1.34 per share) of funds from operations in the third quarter of 2025. This represented a 10 per cent increase (\$187 million or \$0.35 per share) compared to the same quarter of the prior year, driven primarily by higher condensate-weighted production mix and stronger production year-over-year at Kakwa and Attachie.
- Cash flow from operating activities was \$713 million (\$1.23 per share) and free funds flow was \$283 million (\$0.48 per share) for the quarter.

The following table details the change in funds from operations for the third quarter of 2025 relative to the second quarter of 2025.



Funds from Operations Reconciliation	\$ millions \$/share <sup>(1)</sup>	
Funds from operations for the three months ended June 30, 2025	682.1	1.17
Production volumes		
Crude oil and liquids	137.0	0.22
Natural gas	(35.6)	(0.06)
Commodity prices		
Crude oil and liquids	(20.0)	(0.03)
Natural gas	(47.1)	(0.08)
Sales of third-party purchases	(51.1)	(0.09)
Interest and other income	0.6	-
Realized gain on risk management contracts	22.7	0.04
Royalties	(17.3)	(0.03)
Expenses		
Third-party purchases	59.3	0.10
Operating	(42.3)	(0.07)
Transportation	26.7	0.05
G&A	22.1	0.04
Interest and financing	(17.4)	(0.03)
Current income tax	46.0	0.08
Realized gain on foreign exchange	12.8	0.02
Other	0.5	-
Weighted average shares, diluted	-	0.01
Funds from operations for the three months ended September 30, 2025	779.0	1.34

(1) Per share amounts are based on weighted average diluted common shares.

The following table details the change in funds from operations for the third quarter of 2025 relative to the third quarter of 2024.

Funds from Operations Reconciliation	\$ millions \$/share <sup>(1)</sup>	
Funds from operations for the three months ended September 30, 2024	592.4	0.99
Production volumes		
Crude oil and liquids	249.8	0.43
Natural gas	(5.0)	(0.01)
Commodity prices		
Crude oil and liquids	(140.4)	(0.24)
Natural gas	104.7	0.18
Sales of third-party purchases	(27.2)	(0.05)
Interest and other income	(6.4)	(0.01)
Realized gain on risk management contracts	22.7	0.04
Royalties	(15.0)	(0.03)
Expenses		
Third-party purchases	30.2	0.05
Operating	(63.1)	(0.11)
Transportation	10.3	0.02
G&A	20.7	0.04
Interest and financing	(11.4)	(0.02)
Current income tax	11.4	0.02
Realized gain on foreign exchange	3.0	0.01
Other	2.3	-
Weighted average shares, diluted	-	0.03
Funds from operations for the three months ended September 30, 2025	779.0	1.34

(1) Per share amounts are based on weighted average diluted common shares.

#### Shareholder Returns

- During the third quarter, ARC distributed approximately 100 per cent of free funds flow or \$279 million (\$0.48 per share) to shareholders through a combination of dividends and share repurchases under its NCIB.
  - During the third quarter 2025, ARC declared dividends of \$110 million (\$0.19 per share) and repurchased 6 million common shares under its NCIB at a weighted average price of \$24.96 per share.
- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 21 per cent of total issued shares or 155 million common shares, at a weighted average price of \$17.53 per share.
- Through the first nine months of 2025, ARC distributed \$709 million to shareholders, or 82 per cent of free funds flow. ARC intends to distribute essentially all of its free funds flow in 2025 to shareholders, implying an increase in share repurchases during the fourth quarter based on forward pricing<sup>(1)</sup> and ARC's 2025 guidance.

(1) Based on forward curve as at October 23, 2025 (US\$WTI \$59.80 per barrel; C\$3.20/Mcf AECO; US\$4.00/MMBtu Henry Hub).

Operating, Transportation, and General and Administrative Expense

### Operating Expense

- ARC's third quarter 2025 operating expense of \$6.36 per boe was 30 per cent or \$1.46 per boe higher than the third quarter 2024. The increase in operating costs per boe is primarily due to the curtailment of low operating cost volumes at Sunrise (thereby increasing corporate unit costs), the Kakwa Acquisition, and overall higher water-handling costs at Kakwa.
- ARC's operating expense per boe is expected to decrease in the fourth quarter of 2025 with Sunrise volumes resuming and planned maintenance activity largely complete. Full-year 2025 operating expense is expected to be at the top end of the guidance range above the guidance range reflecting the extension of the natural gas curtailments at Sunrise into the fourth quarter.

### Transportation Expense

- ARC's third quarter 2025 transportation expense per boe of \$4.46 was lower than ARC's guidance range of \$5.00 to \$5.50 per boe, primarily due to recognizing a reimbursement of natural gas transportation costs as the result of a regulatory change.
- ARC's full-year transportation expense per boe is expected to be within the Company's guidance range.

### General and Administrative Expense

- ARC's third quarter 2025 general and administrative expense per boe of \$0.74 decreased 51 per cent from the same quarter of the prior year, primarily due to the revaluation of the liability associated with ARC's share-based compensation plan.

### Cash Flow Used in Investing Activities and Capital Expenditures

- Cash flow used in investing activities was \$2.2 billion during the third quarter of 2025. ARC invested \$496 million in capital expenditures to drill 50 wells and complete 36 wells. Drilling activity was focused primarily at Kakwa, Greater Dawn, and Attachie.
  - ARC completed the Kakwa Acquisition during the third quarter, as previously announced on July 2, 2025.
- During the first nine months of 2025, cash flow from investing activities was \$3.1 billion and capital expenditures were \$2.2 billion. ARC drilled 105 wells and completed 125 wells across its asset base.

### Physical Natural Gas Marketing

- ARC's infrastructure ownership and committed takeaway capacity to U.S. markets played a critical role in capturing higher realized natural gas prices in the third quarter relative to local benchmarks.
- In the third quarter, ARC realized an average natural gas price of \$2.75 per Mcf, which was \$1.75 per Mcf, or 175 per cent greater than the average AECO 7A Monthly Index price of \$1.00 per Mcf for the period.

### Net Debt

- As at September 30, 2025, ARC's long-term debt balance was \$2.8 billion, and its net debt balance was \$3.1 billion, which is 1.5 times funds from operations<sup>(1)</sup>.
  - ARC targets its net debt to be less than 1.5 times funds from operations and manages its capital structure to achieve this target over the long-term.
- In conjunction with the Kakwa Acquisition, ARC obtained a new \$500 million two-year term loan and increased the capacity under its existing credit facility to \$2.0 billion.
- ARC holds an investment-grade credit rating, which allows the Company to access capital and manage a low-cost capital structure. ARC is committed to maintaining its strong financial position.

### Net Income

- ARC recognized net income of \$214 million (\$0.37 per share) during the third quarter of 2025, a 35 per cent, or \$0.37 per share decrease compared to the same quarter in the prior year. The decrease in net income compared to the prior year was primarily due to unrealized losses on risk management contracts in the third quarter of 2025, and a gain on disposal of assets recognized in the third quarter of 2024.

### CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's third quarter 2025 results on Friday, November 7, 2025, at 8:00 a.m. Mountain Time ("MT").

Date Friday, November 7, 2025

Time 8:00 a.m. MT

Dial-in Numbers

Calgary 403-910-0389

Toronto 437-900-0527

Toll-free 1-888-510-2154

Conference ID 50939

Webcast URL <https://app.webinar.net/RogQ0eKj8n9>

Callers are encouraged to dial in 15 minutes before the start time to register for the event. A replay will be available on ARC's website at [www.arcresources.com](http://www.arcresources.com) following the conference call.

(1) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q3 2025 MD&A for additional disclosure, which is incorporated by reference.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS Accounting Standards and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than generally accepted accounting principles ("GAAP") measures which are determined in accordance with IFRS Accounting Standards, such as net income, cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

### Non-GAAP Financial Measures

#### Capital Expenditures

ARC uses capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC's capital budget excludes acquisition or disposition activities as well as the accounting impact of any accrual changes and payments under certain lease arrangements. The most directly comparable GAAP measure to capital expenditures is cash flow used in investing activities. The following table details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Capital Expenditures	Three Months Ended			Nine Months Ended	
(\$ millions)	June 30, 2025	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cash flow used in investing activities	471.2	2,160.0	339.7	3,060.5	1,482.9
Business combination	-	(1,672.1)	-	(1,672.1)	-
Acquisition of assets	(0.8)	(10.6)	-	(15.4)	(5.1)
Disposal of assets	4.0	-	80.0	4.0	80.0
Long-term investments	(0.9)	(0.8)	(0.6)	(2.0)	(4.7)
Change in non-cash investing working capital	14.7	9.6	31.0	47.9	(75.6)
Non-cash capitalized right-of-use asset depreciation	8.1	10.3	8.5	26.9	18.0
Capital expenditures	496.3	496.4	458.6	1,449.8	1,495.5

## Free Funds Flow

ARC uses free funds flow as an indicator of the efficiency and liquidity of ARC's business, measuring its funds after capital investment available to manage debt levels, and return capital to shareholders through dividends and share repurchases. ARC computes free funds flow as funds from operations generated during the period less capital expenditures. Capital expenditures is a non-GAAP financial measure. By removing the impact of current period capital expenditures from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash flow from operating activities. The following table details the calculation of free funds flow and its reconciliation to cash flow from operating activities.

Free Funds Flow	Three Months Ended			Nine Months Ended	
(\$ millions)	June 30, 2025	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cash flow from operating activities	699.1	713.3	518.4	2,425.4	1,697.7
Net change in other liabilities	7.7	32.5	17.9	87.6	23.1
Change in non-cash operating working capital	(24.7)	33.2	56.1	(194.9)	(18.7)
Funds from operations	682.1	779.0	592.4	2,318.1	1,702.1
Capital expenditures <sup>(1)</sup>	(496.3)	(496.4)	(458.6)	(1,449.8)	(1,495.5)
Free funds flow	185.8	282.6	133.8	868.3	206.6

(1) Certain additional disclosures for these specified financial measures have been incorporated by reference. See "Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions and Dispositions" in the Q3 2025 MD&A.

## Non-GAAP Ratios

## Free Funds Flow per Share

ARC presents free funds flow per share by dividing free funds flow by the Company's diluted or basic weighted average common shares outstanding. Free funds flow is a non-GAAP financial measure. Management believes that free funds flow per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

## Capital Management Measures

Funds from operations, net debt, and net debt to funds from operations are capital management measures. See Note 10 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the Q3 2025 MD&A for information additional disclosures, which information is incorporated by reference into this news release.

## FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations regarding the future based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this news release is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions, and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this news release contains forward-looking information with respect to: ARC's plans to return essentially all free funds flow to shareholders through a combination of a growing base dividend and share repurchases and the anticipated amounts thereof; ARC's 2026 capital budget and guidance including, among others, planned capital expenditures, anticipated average annual production and the components thereof, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses - share-based compensation expenses, interest and financing expenses and current income tax as a per cent of funds from operations; expectations that the capital budget will deliver on ARC's long-term strategy to grow free funds flow per share and provide shareholders with a durable attractive total return; expectations that ARC will execute a disciplined capital program; that safety, capital discipline and preserving a strong balance sheet underpin ARC's strategy; expectations that the 2026 capital budget will deliver modest production growth while expanding margins with less capital investment than 2025 to drive free funds flow growth; that ARC will focus on improving capital efficiencies at Attachie and its related strategies and result thereof; projected free funds flow and its ability to provide flexibility to continue to return meaningful capital to shareholders; that preserving ARC's strong balance sheet through the commodity cycle remains a priority; that well-related capital investment will account for approximately 80 per cent of total planned capital expenditures with the remainder invested towards facility infrastructure and maintenance, water infrastructure and the anticipated results thereof; planned well activity by area in 2026; ARC's goals at Attachie to execute a capital efficient program by drawing on key learnings in 2025 and expected results; investment plans at Attachie Phase I, Sunrise, Greater Dawson, Kakwa and Ante Creek and anticipated benefits therefrom; anticipated average production at Attachie, Sunrise and Greater Dawson; planned development at Attachie; that operational results in late 2025 and throughout 2026 along with the prevailing commodity price environment will determine the timing of the Attachie Phase II development which will ensure optimal capital efficiencies and profitability; expectations that ARC will curtail natural gas production at Sunrise in response to low natural gas prices to preserve capital and resources; that the focus at Kakwa is to maintain stable production and increase margins by identifying and executing on cost reduction opportunities; expected production at Kakwa and Ante Creek in 2026 and the composition thereof; the expected focus of development activity at Kakwa and anticipated results; ARC's plans to invest approximately \$40 million in water infrastructure and disposal and the anticipated results thereof; ARC's revised 2025 guidance including, among others, planned capital expenditures, anticipated average annual production and the components thereof, anticipated operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A - share-based compensation expenses, interest and financing expenses and current income tax as a per cent of funds from operations; expectations for Attachie's fourth quarter production and the composition thereof; expectations that there will be an increase in share repurchases during the fourth quarter; ARC's expectations regarding full-year 2025 operating expenses and transportations expenses; net debt targets; ARC's commitment to maintaining a strong financial position; and other similar statements.

Readers are cautioned not to place undue reliance on forward-looking information as ARC's actual results may differ materially from those expressed or implied. ARC undertakes no obligation to update or revise any forward-looking information except as required by law. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to ARC and others that apply to the industry generally. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: assumptions with respect to natural gas curtailments at Sunrise; forward pricing assumptions; volatility of commodity prices; adverse economic conditions; political uncertainty; lack of capacity in, and/or regulatory constraints and uncertainty regarding, gathering and

processing facilities, pipeline systems, and railway lines; indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing; liquidity; inflation, cost management and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions, unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; ARC's ability to successfully integrate and realize the anticipated benefits of completed or future acquisitions and divestitures; access to sufficient capital to pursue any development plans; the risk that (i) the 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 Company, 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; forecast commodity prices and other pricing assumptions with respect to ARC's 2025 capital expenditure budget; assumptions with respect to ARC's revised 2025 guidance; ARC's ability to repurchase its securities under the NCIB; that the previously announced LNG agreements will commence on the timelines anticipated; that counterparties to ARC's various agreements will comply with their contractual obligations; expectations and projections made in light of ARC's historical experience; data contained in key modeling statistics; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2025; suspension of or changes to guidance, and the associated impact to production; forecast production volumes based on business and market conditions; the accuracy of outlooks and projections contained herein; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability, and cost of labour and interest, exchange, and effective tax rates; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; the ability of ARC to complete capital programs and the flexibility of ARC's capital structure; opportunity for ARC to pay dividends and the approval and declaration of such dividends by the Board; the existence of alternative uses for ARC's cash resources which may be superior to payment of dividends or effecting repurchases of outstanding common shares; cash flows, cash balances on hand, and access to ARC's credit facility and other long-term debt being sufficient to fund capital investments; the ability of ARC's existing pipeline commitments and financial risk management transactions to partially mitigate a portion of ARC's risks against wider price differentials; business interruption, property and casualty losses, or unexpected technical difficulties; estimates of quantities of crude oil, natural gas, and liquids from properties and other sources not currently classified as proved; future use and development of technology and associated expected future results; the successful and timely implementation of capital projects or stages thereof; the ability to generate sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; estimates with respect to commodity pricing; and other assumptions, risks, and uncertainties described from time to time in the filings made by ARC with securities regulatory authorities, including those risks contained under the heading "Risk Factors" in ARC's management's discussion and analysis for the year ended December 31, 2024.

ARC's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on ARC's shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of the Board and may depend on a variety of factors, including, without limitation, ARC'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 and satisfaction of the solvency tests imposed on ARC under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that ARC will pay dividends in the future.

The forward-looking information in this news release also includes financial outlooks and other related

forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: production, capital expenditures, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses - share based compensation expense, interest and financing expenses, current income tax as a per cent of funds from operations and free funds flow. The internal projections, expectations, or beliefs are based on the 2025 and 2026 capital budget, as applicable, which are subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. These financial outlook and other related forward-looking statements are also subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Any financial outlook and forward-looking information implied by such forward-looking statements are described in the Q3 2025 MD&A, and ARC's most recent annual information form, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and are incorporated by reference herein.

The forward-looking information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this news release are made as of the date of this news release and, except as required by applicable securities laws, ARC undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise.

#### About ARC

ARC Resources Ltd. is a pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations. ARC's investment-grade credit profile is supported by commodity and geographic diversity and robust risk management practices around all aspects of the business. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

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