

Advantage Announces 2026 Budget, Featuring Strong Per-Share Growth with Accelerating Free Cash Flow Outlook

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(TSX: AAV)

[Advantage Energy Ltd.](#) ("Advantage" or the "Corporation") is pleased to announce its 2026 budget and an operations u

Advantage's 2026 capital program continues our focus on growing adjusted funds flow ("AFF")^a per share via high rate. Our exceptionally efficient, Glacier-focused program is expected to deliver production growth of approximately 6% (or 1 major turnaround at our Glacier Gas Plant). Following the commissioning of the Progress Gas Plant and the Glacier Gas second-half production is expected to average 90,000 boe/d (86% gas).

Advantage's reinvestment ratio^a is estimated to be 65% of AFF^a for 2026, among the strongest in the industry despite a significant investment in the Progress Gas Plant. Our free cash flow ("FCF") yield^a is anticipated to be between 8% and our target range, all FCF^a will be allocated to share repurchases, driving an expected 14% increase in production per s

2026 Budget Highlights

- AFF per share^a is expected to grow by approximately 26% year-over-year, based on strip pricing^c.
- Production is expected to average between 81,000 and 85,000 boe/d (approximately 76,000 boe/d during the first half and the second half). The Glacier Gas Plant will undergo a 21-day turnaround during the second quarter, with an annual production of approximately 3,800 boe/d.
- Total capital spending is planned to be between \$300 million and \$330 million.
 - Drill, complete, equipping and tie-in ("DCET") spending is planned to be between \$215 million and \$245 million. Despite oil price strengthening and oil prices stagnant, activity is biased towards gas drilling with 15 Glacier Montney wells, 3 net Charlie Lake wells. DCET capital efficiencies are less than \$8,000/boe/d.
 - \$35 million is planned for the completion of our 75 mmcf/d Progress Gas Plant and related infrastructure. C second quarter of 2026.
 - \$20 million is planned for the Glacier Gas Plant turnaround, also scheduled for the second quarter of 2026.
- Our corporate decline rate^a is expected to remain at approximately 26%.
- Our net debt^a target remains between \$400 million and \$500 million (less than 1.0x debt to 2026 AFF). We expect a range during the first half of 2026, despite our capital spending being heavily weighted to the first quarter.

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

b The 14% increase in production per share is expected to occur following important milestones including the commissioning of the Progress Gas Plant and the Glacier Gas Plant turnaround, and as such has been calculated by comparing Q4 2026 to Q4 2025.

c Strip pricing as of November 17, 2025. See Advisory. 2026 Guidance Summary ⁽¹⁾⁽²⁾

Cash Used in Investing Activities (\$ millions) ⁽³⁾ \$300 to \$330

DCET	\$215 to \$245
Progress Gas Plant	\$35
Glacier Gas Plant Turnaround	\$20
Corporate and Other	\$30

Production

Total Production (boe/d)	81,000 to 85,000
Natural Gas (%)	84% to 86%
Crude Oil and Condensate (%)	10% to 12%
NGLs (%)	~4%

Expenses

Royalty Rate (%)	6% to 8%
Operating Expense (\$/boe) ^a	\$5.25 to \$5.85
Transportation Expense (\$/boe) ^a	\$3.95 to \$4.45
G&A Expense (\$/boe) ^a	\$0.70 to \$0.90
Finance Expense (\$/boe) ^a	\$1.15 to \$1.35

Notes:

- (1) Forward-looking statements and information representing Management estimates. Refer to Advisory for cautionary statements regarding Advantage's budget including material assumptions and risk factors.
- (2) Budget and guidance numbers are for Advantage Energy Ltd. only and exclude Entropy Inc. ("Entropy")
- (3) Cash Used in Investing Activities is the same as Net Capital Expenditures as no change in non-cash working capital is assumed between years and other differences are immaterial. See Advisory.

Three-Year Plan Update

- The 2026 budget represents the second year of our current three-year plan, which remains substantially unchanged and we continue delivering annual production growth of 5% to 10%, while generating between \$350 million and \$400 million in free cash flow over the next three years.
- Budgeted 2026 capital spending is approximately \$10 million lower than the original three-year plan, in part because we will be required to achieve production targets following extraordinary results from our recent three-mile well pad in northern Alberta.
- The Progress Gas Plant is a strategic investment that will divert existing Valhalla and Progress production away from our existing infrastructure to new Glacier gas wells. Once the Progress Gas Plant is complete (Q2 2026), there is minimal further infrastructure required for the Progress Gas Plant.
- Advantage expects it will not be subject to cash income taxes until 2028.

Operations Update

Advantage is pleased to provide an update on our industry-leading Montney well pad in the northwest corner of Glacier. The first well delivered an IP30 rate of 4,567 boe/d (26.5 mmcf/d natural gas, 150 bbls/d NGLs),

confirming its status as the most productive well ever drilled in the Alberta Montney^d. The second well delivered a restricted IP30 of 3,067 boe/d (18.4 mmcf/d natural gas, 0 bbls/d NGLs). The third well, brought onstream November 19, 2025, has averaged 17.8 mmcf/d raw natural gas since that time.

At Glacier, preparations are underway for a major turnaround in May 2026, which will include the integration of Entropy's full-scale CCS project and the installation of a 15 MW gas-fired turbine powerplant. Once complete, emissions from the Glacier Gas Plant will have been reduced by over 85%, making it the world's first gas processing plant with integrated post-combustion CCS.

Marketing Update

Advantage has hedged approximately 43% of its forecasted natural gas production in the fourth quarter of 2025, as well as 31% for calendar 2026 and 10% for calendar 2027. Advantage has also hedged approximately 43% of its oil and condensate production in the fourth quarter of 2025, as well as 17% in the first half of 2026.

Looking Forward

Advantage's priority remains AFF per share^a growth to maximize shareholder returns. To achieve this, we focus on a combination of optimized production growth, a relentless focus on efficiency, and exceptional operational performance.

Our 2026 budget reflects the high quality of our Montney assets and our team's strong operational focus. Beyond 2026, Advantage has over 2,500 locations in inventory to support fully funded production growth of 5% to 10% for several decades. However, further infrastructure spending to support production growth beyond 2027 will only be contemplated when our strict returns thresholds are met and market conditions are supportive.

Advantage is encouraged by improving natural gas fundamentals due to increasing North American LNG export capacity and increasing structural power generation demand. Western Canadian natural gas balances are likely to become undersupplied over the next few months as LNG Canada ramps toward full capacity, further supporting our gas-focused budget. Reliability of the NGTL system will remain in focus, as the Western Canadian basin is frequently impacted by performance of the system.

With modern, low emissions-intensity assets and ownership of 55%^e of Entropy, the Corporation continues to proudly deliver clean, reliable, sustainable energy, contributing to a reduction in global emissions by displacing high-carbon fuels. Advantage wishes to thank our employees, board of directors and our shareholders for their ongoing support.

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

^e Advantage currently owns 92% of Entropy's common shares. Assuming Brookfield's and Canada Growth Fund's currently-held unsecured debentures are exchanged for common shares according to the terms of the investment agreements, Advantage would own approximately 55% of Entropy's common shares.

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 "guidance", "anticipate", "plan", "target", "objectives", "estimates", "continue", "demonstrate", "expect", "may", "can", "will", "believe", "would" and similar expressions and include statements relating to, among other things, Advantage's focus, strategy, priorities and development plans; the focus of Advantage's 2026 capital program including growing AFF per share and high rate-of-return development drilling; Advantage's anticipated production growth; Advantage's anticipated reinvestment ratio; Advantage's expected FCF yield; Advantage's expectations that it will allocate all FCF to share buybacks once net debt is within its target

range; Advantage's 2026 budget, including its anticipated AFF per share growth, average annual production, total capital spending, corporate decline rate, net debt and debt to adjusted funds flow ratio, royalty rate, operating expense per boe, transportation expense per boe, G&A expense per boe and finance expense per boe; Advantage's anticipated turnaround at our Glacier Gas Plant including the anticipated timing and cost thereof and anticipated benefits in connection therewith; that Advantage expects to continue delivering annual production growth, including the amounts thereof; the anticipated completion of the Progress Gas Plant and the anticipated benefits thereof; Advantage's anticipated drilling plans in 2026 and 2027 and the focus thereof; Advantage's expectations as to when it will be subject to cash income taxes; Advantage's hedging program; that Advantage's inventory of development opportunities can support fully funded production growth; Advantage's plans for further infrastructure spending; natural gas fundamentals and the anticipated effects of LNG Canada; and Advantage's delivery of reliable and sustainable energy and its effect on global emissions. 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.

With respect to forward-looking statements contained in this press release, Advantage has made assumptions regarding, but not limited to: future oil and gas prices; anticipated AECO, NYMEX and WTI prices; anticipated strip pricing; foreign exchange rates; conditions in general economic and financial markets; 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 number of new wells required to achieve the budget objectives; that the Corporation will have sufficient adjusted funds flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects. Management has included the above summary of assumptions and risks related to forward-looking information 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 therefrom. 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 forward-looking statements which are estimates of Advantage's three-year plan (2025 to 2027 as originally press released December 10, 2024), including its anticipated annual production growth and FCF, annual cash used in investing activities, annual drilling activities, annual processing capacity, capital spending related to infrastructure and the anticipated effects of the completion of the Progress Gas Plant. The foregoing estimates are based on various assumptions and are provided for illustration only and are based on budgets and estimates that have not been finalized and are subject to change and a variety of contingencies including prior years' results. In addition, the foregoing estimates and assumptions underlying the 2027 forward-looking statements are Management prepared only and have not been approved by the Board of Directors of Advantage. These estimates are made as of the date of this press release and except as required by applicable securities laws, Advantage undertakes no obligation to update such estimates.

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 and business conditions; industry conditions; 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; Advantage's 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; ability to access sufficient capital from internal and external sources; the risk that Advantage's production growth year-over-year may be less than anticipated; the risk that Advantage may not allocate all FCF to share buybacks and debt reduction; the risk that the Corporation may not have sufficient financial resources to repurchase its shares in the future; the risk that Advantage may not grow its AFF per share when anticipated, or at all; the risk that Advantage may drill less wells than anticipated; the risk that the construction of Advantage's new Progress Gas Plant may occur later than anticipated and may be more costly than anticipated; the risk that the turnaround of Advantage's Glacier Gas Plant may not be completed on the timeline anticipated or result in the anticipated benefits thereof; the risk that Advantage's net debt may be greater than anticipated or that Advantage may not reach its target net debt range when anticipated; the risk that Advantage may be subject to cash taxes prior to 2028; the risk that Advantage's gas processing capacity may be less than anticipated; the risk that Advantage's adjusted funds flow per share, corporate production, cash used in investing activities and AFF may be less than anticipated; the risk that Advantage's annual production, cash used in investing activities, drilling activities, and growth in gas processing capacity over the next three years may be less than anticipated; and the risk that Advantage's operating expense per boe, transportation expense per boe, G&A expense per boe, and finance expense per boe may be greater than anticipated. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form which is available at www.sedarplus.ca ("SEDAR+") and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

The future acquisition by the Corporation of the Corporation's common shares pursuant to its share buyback program, if any, and the level thereof is uncertain. Any decision to acquire common shares of the Corporation pursuant to the share buyback program 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 and satisfaction of the solvency tests imposed on the Corporation under applicable corporate law. There can be no assurance of the number of common shares of the Corporation that the Corporation will acquire pursuant to its share buyback program, if any, in the future.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to, Advantage's anticipated reinvestment ratio; Advantage's expectations that it will allocate all FCF to share buybacks once net debt is within its target range; Advantage's three-year plan, including its anticipated annual cash used in investing activities, and capital spending related to infrastructure (including the anticipated effect the completion of the Progress Gas Plant will have on infrastructure spending); Advantage's 2026 budget, including its anticipated AFF per share growth, cash used in investing activities, net debt and debt to adjusted funds flow ratio, royalty rate, operating expense per boe, transportation expense per boe, G&A expense per boe and finance expense per boe; and Advantage's expectations that it will not be subject to cash income taxes until 2028; 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.

In addition to the assumptions listed above, Advantage has made the following assumptions with respect to 2026 and 2027 contained in this press release and its three-year plan, unless otherwise specified:

- Production growth of approximately 6% in 2026 and a long-term average production growth rate of approximately
- Liquids production representing approximately 14% to 16% of total production for 2026 and 2027;

- Capital spending of approximately \$300 million to \$330 million for each of 2026 and 2027;
- Commodity prices utilizing forward pricing assumptions as at November 17, 2025: WTI US\$/bbl (2026-\$60, 2027-\$60), FX \$CDN/\$US (2026-1.39, 2027-1.38);
- Current hedges (see Advantage's website);
- No cash income taxes for 2026 and 2027 due to over \$1.6 billion in high-quality tax pools (see note 18 "Income tax" in the Consolidated Financial Statements for the year ended December 31, 2024 for estimated tax pools available). Tax pools are used to reduce capital expenditures and reduced for tax pools used to reduce taxable income in a specific year; and
- FCF is assumed to reduce net debt to the target range of \$400 million to \$500 million, with all FCF thereafter allocated to common shares.

Specified Financial Measures

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

Non-GAAP Financial Measures

Adjusted Funds Flow

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

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

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

Net Capital Expenditures

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

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

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

Free Cash Flow

The Corporation computes free cash flow as adjusted funds flow less net capital expenditures excluding the impact of asset acquisitions and dispositions. The Corporation uses free cash flow as an indicator of the efficiency and liquidity of the Corporation's business by measuring its cash available after net capital expenditures, excluding acquisitions and dispositions, to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. The Corporation excludes the impact of acquisitions and dispositions as they are not representative of the free cash flow used in the Corporation's natural gas and liquids and carbon capture operations and are financed by means other than adjusted funds flow. A reconciliation of the most directly comparable financial measure has been provided below:

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

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

Non-GAAP Ratios

Adjusted Funds Flow per Share

Adjusted funds flow per share is calculated by dividing adjusted funds flow, by segment, by the basic weighted average shares outstanding. Management believes that adjusted funds flow per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

	Three months ended		Nine months ended	
	September 30		September 30	
(\$000, except as otherwise indicated)	2025	2024	2025	2024
Weighted average shares outstanding (000)	166,968	166,972	166,990	162,941
Advantage adjusted funds flow	72,422	54,662	282,439	165,722
Entropy adjusted funds flow	(3,244)	(2,402)	(9,372)	(5,715)
Advantage				
Adjusted funds flow per share (\$/share)	0.43	0.33	1.69	1.02
Entropy				
Adjusted funds flow per share (\$/share)	(0.02)	(0.02)	(0.06)	(0.04)
Debt to Adjusted Funds Flow Ratio				

Debt to adjusted funds flow ratio is a coverage ratio that provides Management and users the ability to determine how long it would take the Corporation to repay its bank indebtedness, including working capital, and its outstanding aggregate Convertible Debentures if Advantage devoted all its adjusted funds flow to debt repayment. Debt to adjusted funds flow is calculated by taking the total of bank indebtedness, working capital, and Convertible Debentures, and dividing it by adjusted fund flow (for the trailing four quarters) that can be used to satisfy such borrowings. The Unsecured Debentures, and adjusted funds flow attributed to Entropy are excluded from the calculation as they are a liability of Entropy and are non-recourse to Advantage.

(\$000, except as otherwise indicated)	September 30	December 31
	2025	2024
Bank indebtedness	411,895	470,424
Convertible debentures	143,750	143,750
Working capital deficit	16,665	11,377
Debt	572,310	625,551
Adjusted funds flow (prior four quarters)	366,750	250,031
Debt to adjusted funds flow	1.6	2.5

Reinvestment Ratio

Reinvestment ratio is calculated by dividing net capital expenditures by adjusted funds flow. Advantage uses reinvestment ratio as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares.

Free Cash Flow Yield

Free cash flow yield is calculated as annual free cash flow divided by the Corporation's market capitalization

(being the aggregate value of the Corporation's outstanding common shares, calculated using the trading price of the common shares), expressed as a percentage. Management may use free cash flow yield as an indicator of the cash that is available, relative to the Corporation's equity valuation, to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares.

Capital Management Measures

Working capital

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

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

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

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, 2025, December 31, 2024 and September 30, 2024 is as follows:

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

Capital Efficiency

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

Supplementary Financial Measures

"Decline rate" is calculated by identifying the actual or forecasted production of all the wells onstream at the start of the year, then tracking their cumulative decline by the end of the year, expressed as a percentage.

Dollars per BOE figures

Throughout this press release, the Corporation presents certain financial figures, in accordance with IFRS, stated in dollars per boe. These figures are determined by dividing the applicable financial figure as prescribed under IFRS by the Corporation's total production for the respective period. Below is a list of figures which have been presented in this press release in \$ per boe:

- Operating expense per boe
- Transportation expense per boe
- G&A expense per boe
- Finance expense per boe

Oil and Gas Information

Barrels of oil equivalent (boe) and thousand cubic feet of natural gas equivalent (mcf) may be misleading, particularly if used in isolation. Boe and mcf 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 mcf 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.

Production estimates contained herein are expressed as anticipated average production over the periods

indicated. In determining anticipated production for the three-year plan, Advantage considered historical drilling, completion and production results for prior years and took into account the estimated impact on production of the Corporation's three-year expected drilling and completion activities.

References in this press release to short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Advantage.

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, 2024 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 over 2,500 total drilling locations identified, 335 are proved locations, 89 are probable locations and over 2,076 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.

Certain market, independent third party, peer and industry data contained in this press release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Advantage has not conducted its own independent verification of such information and does not assume any responsibility for the accuracy, completeness or reliability of such information.

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

AECO	A notational market point on TransCanada Pipeline Limited's NGTL system where the purchase of natural gas is transacted
Bbl	one barrel
boe	barrels of oil equivalent of natural gas, on the basis of one barrel of oil or NGLs for six thousand barrels of natural gas
boe/d	barrels of oil equivalent per day
CCS	Carbon capture and storage
Crude oil and condensate	Light crude oil and medium crude oil as defined in National Instrument 51-101
DCET	Net capital expenditures required to drill, complete, equip and tie-in a well
IP30	Average initial peak production rate over 30 consecutive days after a well is brought on production and cleaned up
Liquids	Includes crude oil and condensate and NGLs
LNG	Liquefied natural gas
mcfe	thousand cubic feet equivalent on the basis of six thousand cubic feet of natural gas for one thousand cubic feet of NGLs
mmcf/d	million cubic feet per day
Natural gas	Conventional Natural Gas as defined in National Instrument 51-101
NGLs	Natural Gas Liquids as defined in National Instrument 51-101
NGTL	NOVA Gas Transmission Ltd.
NYMEX	New York Mercantile Exchange
WTI	West Texas Intermediate

SOURCE Advantage Energy Ltd.

Contact

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