

# Management's discussion and analysis of financial condition and results of operations

## Recent business environment

During the second quarter of 2025, the price of crude oil decreased relative to first quarter of 2025, while the Canadian WTI/WCS spread narrowed due to low inventory levels. Industry refining margins improved in the second quarter of 2025, driven by strong seasonal demand.

During 2025, the United States announced a variety of trade-related actions, including the imposition of tariffs on imports from Canada and several other countries. In response, Canada announced its own retaliatory tariffs. Certain tariffs were paused for a period of time but have not been withdrawn, while others have been revised. The global trade environment continues to be volatile. The likelihood of the United States, Canada or their trading partners resuming tariffs, imposing new or revised reciprocal tariffs, export restrictions, or other forms of trade-related sanctions is highly uncertain. Additionally, significant uncertainty exists as to what effects these actions will ultimately have on Imperial, its suppliers and its customers. The company continually monitors the global trade environment and works to mitigate potential impacts.

## Operating results

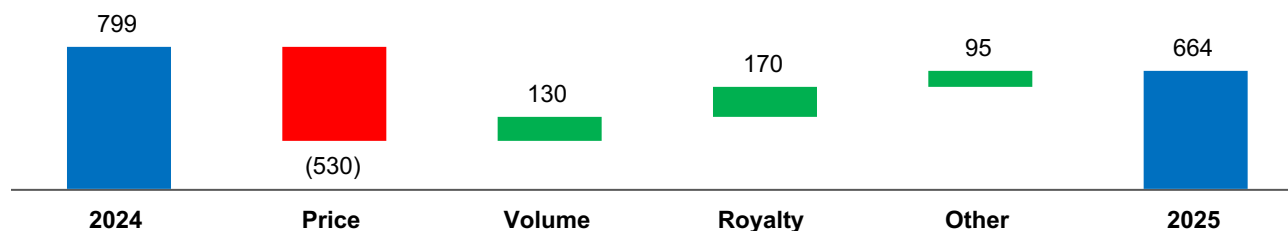
### Second quarter 2025 vs. second quarter 2024

	Second Quarter	
	2025	2024
millions of Canadian dollars, unless noted		
Net income (loss) (U.S. GAAP)	949	1,133
Net income (loss) per common share, assuming dilution (dollars)	1.86	2.11

### Upstream

#### Net income (loss) factor analysis

millions of Canadian dollars



Price – Average bitumen realizations decreased by \$17.20 per barrel, primarily driven by lower marker prices. Synthetic crude oil realizations decreased by \$23.71 per barrel, primarily driven by lower WTI and a weaker Synthetic/WTI spread.

Volumes – Higher volumes were primarily driven by the timing of the annual coker turnaround at Syncrude and mine productivity and improved reliability at Kearl.

Royalty – Lower royalties were primarily driven by lower commodity prices.

## IMPERIAL OIL LIMITED

### Marker prices and average realizations

Canadian dollars, unless noted	Second Quarter	
	2025	2024
West Texas Intermediate (US\$ per barrel)	63.69	80.63
Western Canada Select (US\$ per barrel)	53.66	67.03
WTI/WCS Spread (US\$ per barrel)	10.03	13.60
Bitumen (per barrel)	65.82	83.02
Synthetic crude oil (per barrel)	87.85	111.56
Average foreign exchange rate (US\$)	0.72	0.73

### Production

thousands of barrels per day	Second Quarter	
	2025	2024
Kearl (Imperial's share)	195	181
Cold Lake	145	147
Syncrude (a)	77	66
<b>Kearl total gross production (thousands of barrels per day)</b>	<b>275</b>	<b>255</b>

(a) In the second quarter of 2025, Syncrude gross production included about 4 thousand barrels per day of bitumen and other products (2024 - 2 thousand barrels per day) that were exported to the operator's facilities using an existing interconnect pipeline.

Higher production at Kearl was primarily driven by mine productivity and improved reliability.

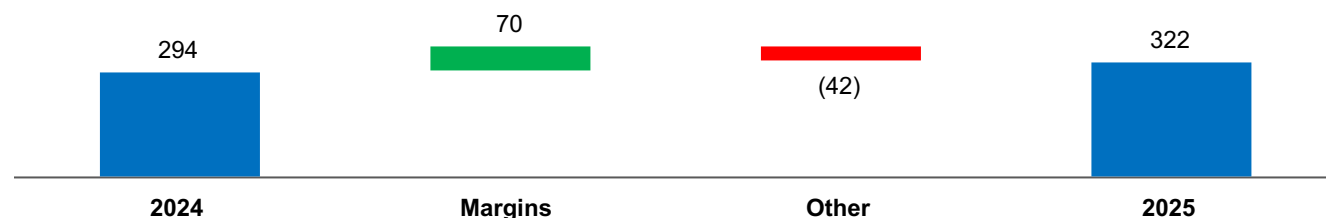
Lower production at Cold Lake was primarily driven by production and steam cycle timing, and turnaround impacts partially offset by Grand Rapids solvent-assisted SAGD.

Higher production at Syncrude was primarily driven by the timing of the annual coker turnaround.

### Downstream

#### Net income (loss) factor analysis

millions of Canadian dollars



Margins - Higher margins primarily reflect improved market conditions.

### Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	Second Quarter	
	2025	2024
Refinery throughput	376	387
Refinery capacity utilization (percent)	87	89
Petroleum product sales	480	470

Lower refinery throughput was primarily due to unplanned downtime partially offset by lower turnaround impacts.

Higher petroleum product sales were enabled by the Trans Mountain pipeline expansion.

**Chemicals**

**Net income (loss) factor analysis**

millions of Canadian dollars



**Corporate and other**

millions of Canadian dollars	Second Quarter	
	2025	2024
Net income (loss) (U.S. GAAP)	(58)	(25)

**Liquidity and capital resources**

millions of Canadian dollars	Second Quarter	
	2025	2024
Cash flows from (used in):		
Operating activities	1,465	1,629
Investing activities	(472)	(456)
Financing activities	(371)	(329)
Increase (decrease) in cash and cash equivalents	622	844
Cash and cash equivalents at period end	2,386	2,020

Cash flows from operating activities primarily reflect lower earnings and lower favourable working capital impacts.

Cash flows used in investing activities primarily reflect higher additions to property, plant and equipment.

Cash flows used in financing activities primarily reflect:

millions of Canadian dollars, unless noted	Second Quarter	
	2025	2024
Dividends paid	367	321
Per share dividend paid (dollars)	0.72	0.60
Share repurchases (a)	—	—
Number of shares purchased (millions) (a)	—	—

(a) The company did not purchase any shares during the second quarter of 2025 and 2024.

On June 23, 2025, the company announced by news release that it had received final approval from the Toronto Stock Exchange for a new normal course issuer bid and will continue its existing share purchase program. Shareholders may obtain a copy of the *Notice of Intention to Make a Normal Course Issuer Bid* approved by the TSX without charge by contacting the company. The program enables the company to purchase up to a maximum of 25,452,248 common shares during the period June 29, 2025 to June 28, 2026. This maximum includes shares purchased under the normal course issuer bid from Exxon Mobil Corporation. As in the past, Exxon Mobil Corporation has advised the company that it intends to participate to maintain its ownership percentage at approximately 69.6 percent. The program will end should the company purchase the maximum allowable number of shares or otherwise on June 28, 2026. Imperial plans to accelerate its share purchases under the normal course issuer bid program, and anticipates repurchasing all remaining allowable shares prior to year end. Purchase plans may be modified at any time without prior notice.

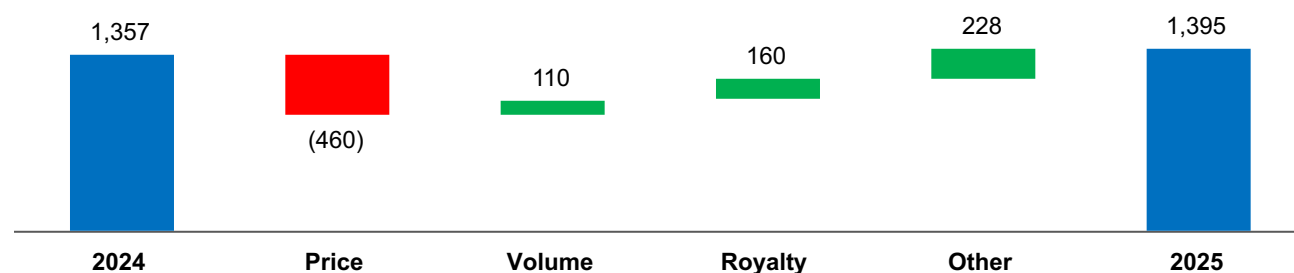
Six months 2025 vs. six months 2024

millions of Canadian dollars, unless noted	Six Months	
	2025	2024
Net income (loss) (U.S. GAAP)	2,237	2,328
Net income (loss) per common share, assuming dilution (dollars)	4.38	4.34

Upstream

Net income (loss) factor analysis

millions of Canadian dollars



Price – Average bitumen realizations decreased by \$4.20 per barrel, primarily driven by lower marker prices partially offset by narrowing WTI/WCS spread and lower diluent costs. Synthetic crude oil realizations decreased by \$8.96 per barrel, primarily driven by lower WTI partially offset by an improved Synthetic/WTI spread.

Volume – Higher volumes were primarily driven by Grand Rapids solvent-assisted SAGD and the timing of the annual coker turnaround at Syncrude.

Royalty – Lower royalties were primarily driven by lower commodity prices.

Other – Primarily due to favourable foreign exchange impacts of about \$170 million.

Marker prices and average realizations

Canadian dollars, unless noted	Six Months	
	2025	2024
West Texas Intermediate (US\$ per barrel)	67.52	78.77
Western Canada Select (US\$ per barrel)	56.25	62.34
WTI/WCS Spread (US\$ per barrel)	11.27	16.43
Bitumen (per barrel)	70.50	74.70
Synthetic crude oil (per barrel)	93.14	102.10
Average foreign exchange rate (US\$)	0.71	0.74

## IMPERIAL OIL LIMITED

### Production

thousands of barrels per day	Six Months	
	2025	2024
Kearl (Imperial's share)	189	189
Cold Lake	150	144
Syncrude (a)	75	70
<b>Kearl total gross production (thousands of barrels per day)</b>	<b>266</b>	<b>266</b>

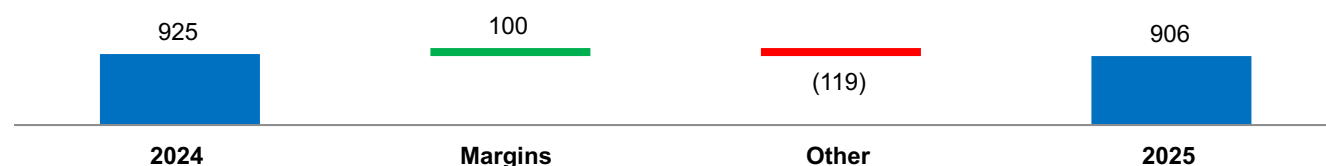
(a) In 2025, Syncrude gross production included about 3 thousand barrels per day of bitumen and other products (2024 - 1 thousand barrels per day) that were exported to the operator's facilities using an existing interconnect pipeline.

Higher production at Cold Lake was primarily driven by Grand Rapids solvent-assisted SAGD, partially offset by production and steam cycle timing.

### Downstream

#### Net income (loss) factor analysis

millions of Canadian dollars



Margins – Higher margins primarily reflect improved market conditions.

Other – Primarily due to unfavourable wholesale volume impacts of about \$70 million.

#### Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	Six Months	
	2025	2024
Refinery throughput	387	397
Refinery capacity utilization (percent)	89	92
<b>Petroleum product sales</b>	<b>468</b>	<b>460</b>

Lower refinery throughput was primarily due to unplanned downtime partially offset by lower turnaround impacts.

### Chemicals

#### Net income (loss) factor analysis

millions of Canadian dollars



Margins - Lower margins primarily reflect weaker industry polyethylene margins.

## IMPERIAL OIL LIMITED

### Corporate and other

	Six Months	
millions of Canadian dollars	2025	2024
Net income (loss) (U.S. GAAP)	<b>(116)</b>	(76)

### Liquidity and capital resources

	Six Months	
millions of Canadian dollars	2025	2024
Cash flows from (used in):		
Operating activities	2,992	2,705
Investing activities	(849)	(937)
Financing activities	(736)	(612)
Increase (decrease) in cash and cash equivalents	<b>1,407</b>	1,156

Cash flows from operating activities primarily reflect lower unfavourable deferred tax and working capital impacts.

Cash flows used in investing activities primarily reflect lower additions to property, plant and equipment.

Cash flows used in financing activities primarily reflect:

	Six Months	
millions of Canadian dollars, unless noted	2025	2024
Dividends paid	<b>674</b>	599
Per share dividend paid (dollars)	1.32	1.10
Share repurchases (a)	—	—
Number of shares purchased (millions) (a)	—	—

(a) The company did not purchase any shares during the six months ended June 30, 2025 and 2024.

## Forward-looking statements

Statements of future events or conditions in this report, including projections, targets, expectations, estimates, and business plans are forward-looking statements. Forward-looking statements can be identified by words such as believe, anticipate, intend, propose, plan, goal, seek, project, predict, target, estimate, expect, strategy, outlook, schedule, future, continue, likely, may, should, will and similar references to future periods. Forward-looking statements in this release include, but are not limited to, references to the company's purchases under the normal course issuer bid and plans to accelerate completion prior to year end; the use of derivative instruments and effectiveness of risk mitigation; and the continued evaluation of the company's share purchase program in the context of overall capital activities.

Forward-looking statements are based on the company's current expectations, estimates, projections and assumptions at the time the statements are made. Actual future financial and operating results, including expectations and assumptions concerning future energy demand, supply and mix; production rates, growth and mix across various assets; for shareholder returns, assumptions such as cash flow forecasts, financing sources and capital structure, participation of the company's majority shareholder and the results of periodic and ongoing evaluation of alternate uses of capital; project plans, timing, costs, technical evaluations and capacities and the company's ability to effectively execute on these plans and operate its assets, including the Strathcona renewable diesel project, the Leming, Grand Rapids and LASER projects at Cold Lake, and autonomous operations at Kearn; performance of third-party service providers including service providers located outside of Canada; capital and environmental expenditures; the ability to offset any ongoing or renewed inflationary pressures; applicable laws and government policies, including with respect to climate change, greenhouse gas emissions reductions and low carbon fuels; cash generation, financing sources and capital structure, such as dividends and shareholder returns, including the timing and amounts of share repurchases; and commodity prices, foreign exchange rates and general market conditions, could differ materially depending on a number of factors.

These factors include global, regional or local changes in supply and demand for oil, natural gas, petroleum and petrochemical products, feedstocks and other market factors, economic conditions and seasonal fluctuations and resulting demand, price, differential and margin impacts, including Canadian and foreign government action with respect to supply levels, prices, trade tariffs, trade sanctions or trade controls, the occurrence of disruptions in trade or military alliances, or a broader breakdown in global trade; political or regulatory events, including changes in law or government policy, applicable royalty rates, and tax laws including taxes on share repurchases; third-party opposition to company and service provider operations, projects and infrastructure; failure, delay, reduction, revocation or uncertainty regarding supportive policy and market development for the adoption of emerging lower emission energy technologies and other technologies that support emissions reductions; the receipt, in a timely manner, of regulatory and third-party approvals, including for new technologies relating to the company's lower emissions business activities; competition from alternative energy sources and established competitors in such markets; availability and allocation of capital; project management and schedules and timely completion of projects; unanticipated technical or operational difficulties; availability and performance of third-party service providers including those located outside of Canada; environmental risks inherent in oil and gas exploration and production activities; environmental regulation, including climate change and greenhouse gas regulation and changes to such regulation; management effectiveness and disaster response preparedness; operational hazards and risks; cybersecurity incidents including incidents caused by actors employing emerging technologies such as artificial intelligence; currency exchange rates; general economic conditions, including inflation and the occurrence and duration of economic recessions or downturns; and other factors discussed in "Item 1A risk factors" and "Item 7 management's discussion and analysis of financial condition and results of operations" of Imperial's most recent annual report on Form 10-K.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Imperial. Imperial's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them. Imperial undertakes no obligation to update any forward-looking statements contained herein, except as required by applicable law.

## **Quantitative and qualitative disclosures about market risk**

Information about market risks for the six months ended June 30, 2025, does not differ materially from that discussed on page 35 of the company's annual report on Form 10-K for the year ended December 31, 2024.