

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

## Recent business environment

During the first quarter of 2025, the price of crude oil and the Canadian WTI/WCS spread remained relatively flat with the fourth quarter of 2024. Industry refining margins improved versus the fourth quarter of 2024, reflecting changes in supply and demand balances.

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 Certain tariffs were paused for a period of time but have not been withdrawn. The global trade environment continues to be volatile. The likelihood of the United States, Canada or their trading partners resuming tariffs, imposing new or 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

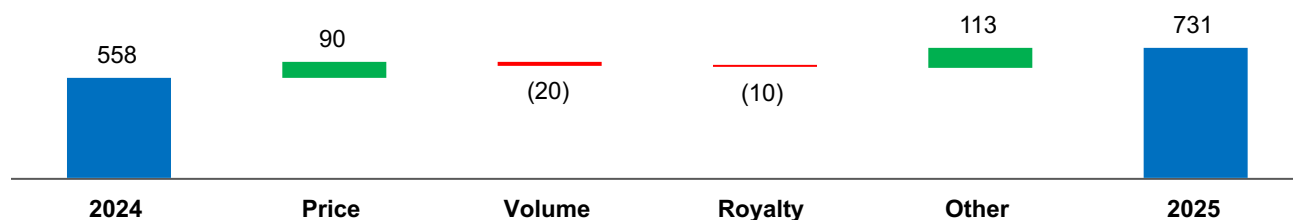
### First quarter 2025 vs. first quarter 2024

millions of Canadian dollars, unless noted	First Quarter	
	2025	2024
Net income (loss) (U.S. GAAP)	1,288	1,195
Net income (loss) per common share, assuming dilution (dollars)	2.52	2.23

### Upstream

#### Net income (loss) factor analysis

millions of Canadian dollars



Price – Average bitumen realizations increased by \$8.75 per barrel, primarily driven by the narrowing WTI/WCS spread. Synthetic crude oil realizations increased by \$5.28 per barrel, primarily driven by an improved Synthetic/WTI spread.

Other – Primarily due to favourable foreign exchange impacts of about \$130 million.

## IMPERIAL OIL LIMITED

### Marker prices and average realizations

Canadian dollars, unless noted	First Quarter	
	2025	2024
West Texas Intermediate (US\$ per barrel)	71.42	76.86
Western Canada Select (US\$ per barrel)	58.83	57.50
WTI/WCS Spread (US\$ per barrel)	12.59	19.36
Bitumen (per barrel)	75.31	66.56
Synthetic crude oil (per barrel)	98.79	93.51
Average foreign exchange rate (US\$)	0.70	0.74

### Production

thousands of barrels per day	First Quarter	
	2025	2024
Kearl (Imperial's share)	181	196
Cold Lake	154	142
Syncrude (a)	73	73
<b>Kearl total gross production (thousands of barrels per day)</b>	<b>256</b>	<b>277</b>

(a) In the first quarter of 2025, Syncrude gross production included about 2 thousand barrels per day of bitumen and other products (2024 - 0 thousand barrels per day) that were exported to the operator's facilities using an existing interconnect pipeline.

Lower production at Kearl was primarily driven by extreme cold weather and unplanned downtime, mitigated by enhanced winter operating procedures.

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



### Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	First Quarter	
	2025	2024
Refinery throughput	397	407
Refinery capacity utilization (percent)	91	94
Petroleum product sales	455	450

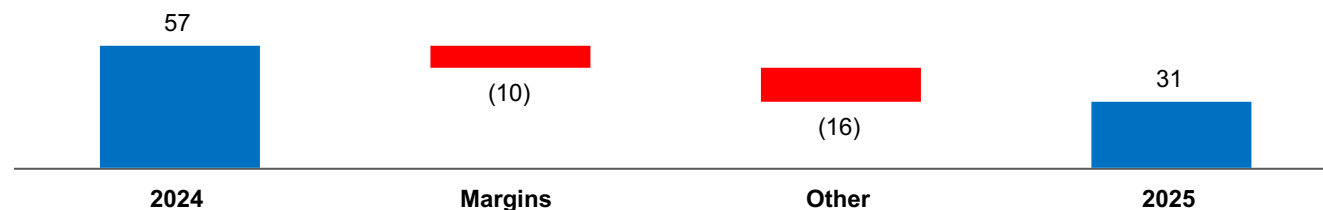
Lower refinery throughput was primarily due to additional maintenance in the company's eastern manufacturing hub.

## IMPERIAL OIL LIMITED

### Chemicals

#### Net income (loss) factor analysis

millions of Canadian dollars



### Corporate and other

millions of Canadian dollars

	First Quarter	
	2025	2024
Net income (loss) (U.S. GAAP)	<b>(58)</b>	(51)

### Liquidity and capital resources

millions of Canadian dollars

	First Quarter	
	2025	2024
Cash flows from (used in):		
Operating activities	<b>1,527</b>	1,076
Investing activities	<b>(377)</b>	(481)
Financing activities	<b>(365)</b>	(283)
Increase (decrease) in cash and cash equivalents	<b>785</b>	312
Cash and cash equivalents at period end	<b>1,764</b>	1,176

Cash flows from operating activities primarily reflect higher Upstream realizations and lower unfavourable 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:

	First Quarter	
	2025	2024
Dividends paid	<b>307</b>	278
Per share dividend paid (dollars)	<b>0.60</b>	0.50
Share repurchases (a)	—	—
Number of shares purchased (millions) (a)	—	—

(a) The company did not purchase any shares in the first quarter of 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 use of derivative instruments and effectiveness of risk mitigation.

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 three months ended March 31, 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.