

**Imperial Oil Limited
Q3 2025 Earnings Call
Transcript**

Friday October 31st, 2025

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Conference Title: Imperial Oil 3Q25 Earnings Call

Date: Friday, 31st October 2025

Operator: Good day and welcome to the Imperial Oil Third Quarter 2020 earnings call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Peter Shaw, Vice president of Investor Relations.

Peter Shaw: Good morning, everyone, and welcome to our third-quarter earnings conference call. I am joined this morning by Imperial senior management team, including John Whelan, chairman, president and CEO, Dan Lyons, senior vice president, finance and administration, Cheryl Gomez-Smith, senior vice president of the upstream and Scott Maloney, vice president of the downstream.

Today's comments include reference to non-GAAP financial measures. The definitions and reconciliations of these measures can be found in attachment six of our most recent press release, and are available on our website with a link to this conference call. Today's comments may contain forward-looking information. Any forward-looking information is not a guarantee of future performance and actual future performance and operating results can vary materially depending on a number of factors and assumptions.

Forward-looking information and the risk factors and assumptions are described in further detail on our third-quarter earnings release that we issued this morning, as well as our most recent Form 10-K. All these documents are available on SEDAR+, Edgar and our website. I'd ask you to refer to those.

John is going to start this morning with some opening remarks, and then hand it over to Dan, who's going to provide the financial update. Then John will provide an operations update. Once we've done that, we'll allow time for Q&A. With that, I will turn it over to John for his opening remarks.

John Whelan: Thank you, Peter. Good morning, everybody, and welcome to our third-quarter earnings call. I hope everyone is doing well. As always, we appreciate you taking the time to join us this morning. I'm

really pleased to report another strong quarter. We generated cash flow from operations of nearly \$1.8 billion and ended the quarter with approximately \$1.9 billion of cash on hand.

To our shareholders, we delivered over \$1.8 billion through dividends and buybacks. Our strong financial performance and ability to return significant cash to shareholders was underpinned by higher volumes, including record crude production and high refinery utilization. With planned turnaround activity now complete, we're positioned for a strong finish to the year across all of our assets.

While crude has softened of late, our integrated business model is very resilient and we generate substantial free cash flow over a range of oil price environments. As such, we will continue executing on our strategy and the plans we provided at our Investor Day earlier this year.

During the quarter, we also announced a restructuring effort that is aligned with our well-established strategy and will further strengthen our leading position and our foundation for future growth. I'll come back to this in more detail shortly. Let me share some highlights from the quarter.

At Kearl, the bar has been raised again, with the team delivering 316,000 barrels per day gross, the highest quarterly production in the asset's history. The great step on our path towards reaching annual production of 300,000 barrels per day. At Cold Lake, Grand Rapids continued to perform well, and the new Leming SAGD development finished steaming, and we expect first production shortly.

These projects support transformation at Cold Lake, where we continue to expect more than 40% of production by 2030 to come from advantaged technologies. Downstream utilization of 98% was significantly higher quarter over quarter even with the planned turnaround activity at Sarnia beginning in September. That turnaround is now complete and was executed below cost and ahead of schedule.

Now, I'd like to share more on our restructuring plans. On September 29th, we announced restructuring plans to further advance our well-established strategy of increasing cash flow and delivering unmatched industry-leading shareholder returns. We plan to further improve our industry-leading performance by

centralizing additional corporate and technical activities in global business and technology centers, realizing substantial efficiency and effectiveness benefits from scale, integration and technology.

This restructuring is consistent with our long-standing strategy to maximize the value of our existing assets, using technology and leveraging our relationship with ExxonMobil. With data availability and processing capabilities growing at an accelerating pace, the changes are designed to fully leverage global available expertise to maximize the benefits of current technology and accelerate the cost effective deployment of new technologies to drive value and enhance financial resilience.

Our world is evolving quickly. Technology is advancing in leaps and bounds. We see it all around us and there has been huge growth in global capability centers and we have to move with it. As a company, our legacy is defined by change and adaptation to ever-evolving business environments, technology and customer needs. That ability to evolve is one of our greatest strengths. We have done it time and time again and it is key to our success and leading position.

These restructuring actions will further enhance our foundation for future growth and position us to continue delivering unmatched industry-leading returns and long-term value for our shareholders. At the same time, we remain fully committed to meet or beat the medium term growth and expense reduction plans communicated at our Investor Day in April.

Additionally, as a result of the restructuring, we have recorded a one-time restructuring charge and expect to achieve a reduction in annual expenses of \$150 million by 2028. Larger benefits are expected over the long term, as more fully leveraging the global scale and expertise of ExxonMobil will enable us to further enhance cash flow growth by driving productivity improvements across our operations, including higher production, reduced downtime, lower unit operating costs, as well as project planning and execution excellence.

Our relationship with ExxonMobil is an advantage that others don't have and can't replicate. Now, we will manage this transition through a rigorous process. We will be restructuring our corporate workforce, what we call above field, which will result in a reduction in the number of employee roles by the end of 2027.

Then in the second half of 2028, we will further consolidate activities at our operating sites, primarily the Strathcona refinery in Edmonton, to enhance collaboration, operational focus and execution excellence. Through this transition, our focus remains on supporting our employees, operating with integrity, putting safety first and executing our business strategy.

Additionally, in view of the restructuring and our reduced office space requirements, we have signed an agreement to sell our Calgary campus resulting in a non-cash impairment charge. On that note, I'll turn it over to Dan to discuss our financial results in more detail.

Dan Lyons: Thanks, John. We had two identified items in the third quarter in our corporate segment. First, restructuring plans that John mentioned resulted in a charge of \$330 million before tax in the quarter, with an unfavorable earnings impact of \$249 million after tax. This charge largely consists of employee severance costs, which will be paid out over the next two years as we migrate activities to business and technology centers and achieve efficiencies.

Second, following an extensive marketing effort and after careful consideration of the current status and the anticipated outlook for large properties in the Calgary real estate market, we signed a sales and purchase agreement to sell our Calgary campus, which is expected to close in the coming months. Consistent with this, we recorded a non-cash impairment charge of \$406 million before tax, with an unfavorable earnings impact of \$306 million after tax in the quarter. The sales and purchase agreement includes a leaseback arrangement to support Imperial's needs over the next several years.

Turning to our underlying third quarter results, we recorded net income of 539 million. However, excluding identified items, the ones I just described, net income for the quarter is \$1,000,000,094 million, down \$143 million from the third quarter of 2024, driven by lower upstream realizations, partially offset by higher

refining margins. When comparing sequentially, third quarter net income is down \$410 million from the second quarter of 2025, but again, excluding identified items, net income is up \$145 million, primarily due to strong operational performance.

Now, shifting our attention to each business line and looking sequentially, upstream earnings of \$728 million are up \$64 million from the second quarter, primarily due to higher volumes and realizations. Downstream earnings of \$444 million are up \$122 million from the second quarter, mainly reflecting higher margins and volumes. Our chemical business generated earnings of \$21 million consistent with the second quarter.

Moving on to cash flow in the third quarter, we generated \$1,000,000,798 million in cash flows from operating activities, excluding working capital effects. Cash flows from operating activities for the third quarter were \$1,000,000,600 million, which includes a \$149 million unfavorable impact from the previously mentioned restructuring charge. Taking this into account, normalized cash flow was about \$1,000,000,750 million in the quarter.

As John mentioned, we ended the quarter in a strong position with about \$1.9 billion of cash on hand. Now, shifting to CapEx, capital expenditures in the third quarter totaled \$505 million, \$19 million higher than the third quarter of 2024. In the upstream, third quarter spending of \$353 million focused on sustaining capital at Kearl, Cold Lake and Syncrude. In the downstream, third-quarter CapEx was primarily spent on sustaining capital projects across our refining network. Our full-year outlook remains consistent with our previously issued guidance.

Shifting to shareholder distributions. In the third quarter, we continued to demonstrate our long-standing commitment to return surplus cash to our shareholders, paying \$366 million in dividends and returning almost \$1.5 billion through our accelerated share repurchase program under our normal course issuer bid.

We anticipate completing our NCIB program before year-end. Finally, this morning, we announced the fourth quarter dividend of \$0.72 per share, in line with our third quarter dividend. Imperial remains committed to a reliable and growing dividend, as demonstrated by 31 consecutive years of annual dividend growth. Now, I'll turn it back to John to discuss our operational performance.

John Whelan: Thanks, Dan. I want to take the next few minutes to share the key highlights from our operating results. Upstream production for the quarter averaged 462,000 oil equivalent barrels per day, up 35,000 barrels per day versus the second quarter, and up 15,000 barrels per day versus the third quarter of 2024. This quarter marks a new crude production record for the company.

Now, I'll cover highlights for each of the assets, starting with Kearl. Kearl set a quarterly production record averaging 316,000 barrels per day, up 41,000 barrels per day versus the second quarter, and up 21,000 barrels per day versus the third quarter of 2024. This marks the highest quarterly production ever for Kearl, surpassing our previous best set in the fourth quarter of 2023.

The strong volumes were driven by a combination of high oil quality and our optimization efforts associated with selectivity, and we're also realizing reliability gains from upsizing and design improvements of the hydro transport lines. Kearl continued to progress on unit cash costs, and that is quickly becoming one of my favorite parts of our story.

Unit cash costs at Kearl were \$15.13 US per barrel this quarter, a decrease of nearly \$4 US per barrel compared to the second quarter helped by the absence of our planned turnaround, but also improved reliability, recovery and/or selectivity. When compared to the third quarter of last year, we achieved a decrease of over \$2 US per barrel.

The third quarter strong performance contributed to our year to date unit cash cost of \$17.89 US per barrel. With year-to-date unit cash costs down over \$2 US per barrel, we are realizing the benefit of our strategy that is focused on growing volumes with lower unit cash costs.

Moving next to Cold Lake. Cold Lake's production averaged 150,000 50,000 barrels per day, up 5000 barrels per day versus the second quarter of 2025, and up 3000 barrels per day versus the third quarter of 2024. I would like to take a moment to draw your attention to unit cash costs at Cold Lake.

The current cost in the third quarter was \$13.38 US per barrel, and that is supporting year-to-date costs of \$14 US, which is down \$1 US per barrel versus the same period last year. While we have certainly benefited from low gas prices, we continue to make progress on structural cost reduction initiatives and our strategy to transform Cold Lake to a high proportion of technology-advantaged production.

Consistent with that, our Leming SAGD project remains on track. Having recently completed steam circulation, we expect to see first oil in the coming weeks with production ramping up over the next year. Looking to the future, we have an abundance of high quality, in-situ opportunities in our portfolio. At Aspen, we continue to progress the EBRT pilot, with start-up remaining on track for early 2027.

In addition, our Clark Creek and Corner assets provide us with further long-term growth opportunities. These three assets have the potential to support up to 150,000 barrels per day each of advantaged production during their estimated 25 to 50 year operating life. To round out the upstream I'll cover Syncrude.

Imperial share of Syncrude production for the quarter averaged 78,000 barrels per day, which was up 1000 barrels per day versus the second quarter, and down 3000 barrels per day versus the third quarter of 2024. In early September, Syncrude began its planned 50-day turnaround and was able to complete it ahead of schedule and under budget, with work wrapping up at the beginning of last week.

Syncrude also continued to utilize the interconnect pipeline to import bitumen and gasoil to ensure high upgrader utilization. This enabled an additional 6000 barrels per day, our share of Syncrude Sweet Premium production. Now moving to the downstream, we delivered strong operational results while progressing our planned turnaround at Sarnia.

Refinery throughput averaged 425,000 barrels per day, equating to a refinery utilization of 98%. This exceeded last year's third quarter throughput by 36,000 barrels per day, and exceeded the second quarter 2025 throughput by 49,000 barrels per day, primarily driven by lower turnaround impacts and strong reliability at all sites.

As we mentioned in the second quarter earnings call, we started up the Strathcona Renewable diesel facility and are already realizing benefits of backing out more expensive imported products and replacing them with our own low-cost of supply. We continue to optimize production based on hydrogen availability. Earlier this week, we successfully completed our turnaround at Sarnia ahead of schedule and below budget. With our turnaround activity complete for the year, we are expecting a strong fourth period.

Petroleum product sales in the quarter were 464,000 barrels per day, which is down 16,000 barrels per day versus the second quarter of 2025, driven by lower export volumes, partially offset by higher jet and asphalt sales. Overall, we continue to see robust demand in Canada, with gas and diesel comparable to the third quarter of 2024 levels and jet showing stronger demand.

Turning now to chemicals, earnings in the third quarter were 21 million, consistent with the second quarter. Compared to the third quarter of 2024, earnings were down 7 million, driven by weaker polyethylene margins. While challenging market conditions persist, our integration with the Sarnia refinery continues to add value and provides resilience in low-price environments.

To wrap up, I'm very pleased with the strong operational and financial performance in the quarter, highlighted by the record quarterly liquids production in our upstream best ever quarterly production at Kearl and strong refinery utilization of 98% in our downstream. With our planned turnaround activity complete, we're focused on a strong finish and remain confident in our guidance.

We continue to return surplus cash to our shareholders in a timely manner, and still expect to complete the accelerated normal course issuer bid by the end of the year. As mentioned earlier, our restructuring plan advances our long-standing strategy of maximizing the value of our existing assets. The plan

positions Imperial to continue delivering industry leading shareholder returns over a range of market conditions.

We are transforming from a position of strength, leveraging the rapidly advancing technology environment, the growth in global capability centers and our relationship with ExxonMobil. I've described what is changing as part of our restructuring. It is equally important to highlight what is not. Our governance and leadership structure is not changing.

What we are doing is fully aligned with our strategy. Our strategy is not changing and our growth plans are not changing. We remain a proud Canadian company and industry leading, technology-focused energy company, contributing significantly to the country and our shareholders. Throughout this transition, we remain committed to supporting our employees, the communities where we operate, and responsibly producing the energy and products Canadians rely on.

In closing, let me say the combination of our financial position, strong operating results and our strategic initiatives to further strengthen our efficiency and effectiveness give me confidence in the future of Imperial and our ability to further enhance our industry leading position. I am very pleased with the strong results our team has delivered and I want to thank them. As always, I'd like to thank you once again for your continued interest and support. Looking ahead, we are planning to issue our annual guidance for 2026 and mid-December. With that, I will now move to our Q&A session and pass the floor back to Peter.

Peter Shaw: Thank you, John. As always, we'd appreciate if you could limit yourself to one question plus a follow up so that we can get to all the questions. With that, Operator, could you please open up the line for questions?

Operator: Thank you. If you would like to signal with questions, please press star one on your touchtone telephone. If you're joining us today using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that is star one if you would like to signal with questions. The first question will come from Manav Gupta with UBS.

Manav Gupta: Good morning, guys. Goal keeps setting new milestone. Production volume was significantly better than our expectations. I don't think I've seen a \$15 op cost out there. Help us understand what's driving these improvements and how is this asset positioning Imperial extremely well for times to come ahead.

John Whelan: Thank you, Manav. I'll make a few comments and Cheryl can chime in as well. Thank you for that comment. As I said, Kearl, the unit cost performance there, the reliability, the performance of the asset has certainly become one of my favorite parts of the story. It is very key to our success and our future for sure.

As we look at where we are right now, we're really well positioned to meet the midpoint of our annual guidance. The team continues to set new records. We had a best ever second quarter. Now, we've had the best ever quarter in the third quarter. It is important to note there's variability quarter to quarter. We need to keep that in mind as we go forward as well.

This quarter we had very strong volumes with our high quality, our optimization efforts and as well as reliability gains. Honestly, I couldn't be prouder of this team and be more optimistic about this asset and the importance of it to our business. We're on track to deliver on our commitments and around a future of 300,000 barrels a day for this asset and a unit cost target of \$18 a barrel in 2027. Cheryl can comment a bit more, but thank you for the comments. This is a very important part of our business for sure, and we're very pleased with the performance of this asset.

Cheryl Gomez-Smith: Thanks, John. A little bit more in terms of what's made the difference, and I'm going to go back to some of the messages that I shared when we had Investor Day. Kearl continues to have a relentless focus on optimizing scope and collaborating lessons learned. This is including implementing creative ideas.

We continue to integrate lessons learned and technology, drive better decisions via data and analytics, as well as leverage our global learnings and benchmarking. In short, we're maintaining this continuous improvement mindset. The work and the success that we've had to date gives me confidence to continue to outperform while maintaining our facility integrity, as well as our strong risk management.

Manav Gupta: Thank you. My quick follow-up is on the refining macro. Looks like the diesel markets are very tight, and whatever channel checks we are doing is indicating that the Russian refineries have taken a significant hit. It will take a long time for those markets to normalize. I wanted to understand in the next three to six months, how do you see the refining market out there? Do you think the strengthened diesel cracks can continue? Because if that's the case, your fourth quarter numbers in the refining side have definite upside from where we are. If you could comment on that.

Scott Maloney: Sure. I'll jump in and take that. Yeah. We have certainly seen the same things right out the door right now with the global supply-demand balances and then the sanctions out there propping up diesel margins. As long as those sanctions continue and the disruptions occur in the global market, we think that that's a possible outcome for us.

The way we manage our business is making the products that we see margins out the door on, and with all of our maintenance work behind us this year, we see high utilization numbers for the balance of the fourth quarter. Combined with the margins that we're seeing, especially in the diesel channel, we're looking forward to a positive fourth quarter.

Manav Gupta: Thank you.

Operator: We'll take a question from Greg Pardy with RBC Capital Markets.

Greg Pardy: Yeah. Thanks. Good morning. Thanks for the rundown, John and Dan. I wanted to come back to the restructuring just to better understand how the transition is going to work. You've done a sale-

leaseback on the building, which means that the staff that will be retained presumably is going to be at Quarry Park. Sounds like you'll be at Quarry Park.

Then I'm just trying to understand that if the transition is going to occur over essentially, 2026 and 2027, have the folks that no longer have a role, are they still in the building or has that transition moved? I'm just trying to better understand how the dynamics are going to shake out.

John Whelan: Well thanks, Greg. Let me cover that. If you step back from this, what we're doing, I would say – and I'll get to the specifics of your question. We've been assessing this opportunity over a couple of years, and it really builds on the transformation journey that we've been on for more than a decade, frankly, of gradually outsourcing work, global capability centers and leveraging technology to improve efficiency.

In the past, you've seen that over the last decade in terms of our organization size, we're doing just as much or more in terms of what we're operating, what we're executing, but with less people doing it in a more efficient manner. In the past, we did this on an opportunity-by-opportunity basis or organization by organization.

Now, we've looked at this from a company-wide perspective. As we've crawled and walked, we see the opportunity to run as we move forward. I share that just to highlight, there's been a tremendous amount of planning put into this. We have a detailed plan for how we will execute this over the next two years.

You're right, this transition will occur over a two-year period in terms of the workforce transformation piece of it. Then the consolidation of operating sites will happen after that in 2028, so an overall a three-year period.

We have detailed plans in place for the outsourcing of work to global capability centers. Another important part to consider is part of this efficiency gain is outsourcing work. About 40% of the reduction is pure efficiency gain. There will be less people required to do the work as we capture the scale that we can get

in these global capability centers. We have a two-year transition for how we'll capture those efficiencies and outsource the work to these global capability centers.

Our organization, you are right. The office while we have entered into a sale and purchase agreement on the office that includes a leaseback for us where we will stay in Quarry Park through 2026 and 2027 and the first part of 2028 until we move most of the staff to consolidate them at operating sites at that time. Nobody will have to move.

You will see a transitioning reduction in our workforce over that two-year period, 2026 and 2027. The end of 2027, we will get to the desired outcome that we have communicated. Then in 2028, we will move people after we've achieved that reduction. I hope that answers your question, but...

Greg Pardy: Oh my goodness. Yeah. No, John you're always well prepared. No. That's incredibly thorough.

Maybe just to come back to what Cheryl was talking about with respect to Kearn. In C dollars a little over 20 bucks is looking very, very good. I'm wondering if you could just maybe break it down between volume versus input costs versus just perhaps the elimination of absolute costs or structural costs that have now been taken out of Kearn as a consequence of fewer people, digitalization and so forth. Because obviously we had very weak natural gas prices in the third quarter, but not sure that that's really a factor at all in terms of the performance you put up.

John Whelan: I'll start and then I will hand over to Cheryl, Greg. Thanks for the question. It is a really good point to make. It is a combination of both. We are working both the denominator and the numerator in that. We have been reducing our absolute costs or what we call capturing structural efficiencies. Not just reducing in the short term, not pushing things out but actually structurally reducing our costs that we can reduce and will remain reduced. We do that with a very laser-like focus on maintaining integrity, safety and all of those things that are most important to us.

You've heard me talk about in the past being the most responsible operator, and that involves safety performance, your integrity, your reliability, but also your cost structure. We do those things in concert,

ensuring that we maintain integrity, reliability and safety, but also reducing our structural costs. There has been millions and millions of dollars in structural savings identified. Obviously, you have seen the barrels go up as well.

It is the combination of both. The team continues to work on both parts of that equation, which is really important given the magnitude of the improvements we've seen and what we want to continue to do as we go forward. I'll pass it over to Sheryl to elaborate a little more.

Cheryl Gomez-Smith: Sure. Thanks, John. Greg, what I would say is this is a very good example of the end equation, as John mentioned. In this space where we're looking at unit cash costs, we're leveraging scale looking at structural cost savings as well as incremental production. When I think about incremental production, it leverages the relatively high fixed cost structure at Kearl. This is a powerful lever in terms of lowering our unit cash costs.

As John mentioned we continue to focus on reliability maintenance optimization, deployment of digital solutions to improve our productivity and lower absolute costs. Several of the things we highlighted at our Investor Day, in terms of automation, robotics, remote activities. It's a yes end in terms of how we get there.

Greg Pardy: Understood. Thanks very much.

John Whelan: Thank you, Greg.

Operator: We'll take a question from Dennis Fong with CIBC.

Dennis Fong: Hi. Good morning and thanks for taking my question. My first one is just related to your in situ pipeline, Aspen, Clark Creek and Corner. Thank you for the rundown. Obviously, EBRT is a focal point in terms of the go-forward strategy is just solidifying and understanding the development potential and the results of the pilot. The primary driver for moving on to the next steps and maybe what else would

you like to see beyond further prove out of out the technology for you to feel comfortable moving forward with, I guess first or any of these three in situ projects.

John Whelan: Thank you, Dennis, for the question. I'll start again and I may ask Cheryl to chime in as well. If we look at this future in situ portfolio, we remain very bullish about it. The resource base is significant and of high quality. We believe we have the technology in EBRT to unlock that resource base at lower unit costs, lower emissions than even the technology we're using today.

We have decided to do the pilot. We feel quite confident in the technology. We've done a lot of lab testing on it, but given the scale at which we want to deploy it, we felt it was valuable to do the pilot. The main things we're going to be looking for in the pilot is the solvent recovery and the production uplift that come from those. That's the main thing. That will start up the pilot in 2027..

That's from a technology perspective. We're going in pretty positive about it, but it's important to prove that up through a real life pilot in the field. We feel very good about the resource. We will continue to do some delineation work around that, but we've done a lot already, and we feel very comfortable in that space.

The other part is just the overall investment environment. You've heard us in industry talk about that, the importance. We've been on record with that at the government, and we're working closely with the government around that, simplifying regulations, shortening project approval timelines and those type of things. That's important as we consider future investment and growth in production.

Then the other aspect is egress. We feel very good about that, particularly for Aspen as we look out the next decade and we listen to what the pipeline companies are talking about in terms of debottlenecking projects with Trans Mountain, Enbridge's announced projects that they've been talking about.

We feel very good that there's egress going to be available for the next decade or so. We're doing some work on the technology. There's an investment climate piece that we continue to involve work with the government on. We think there's egress. Overall, we're very bullish about the opportunities.

Cheryl Gomez-Smith: I'll just add a couple other comments, Dennis. We've drilled three wells. As John mentioned, we're on target for an early 2027 start up. We're going to run the pilot to validate production uplift here. John mentioned solvent recovery as well as overall operability. The other thing I'd highlight is the pilot is intended to de-risk this technology, and it's a very similar approach to what we took for SA-SAGD. We're well on track there. I echo the comments that John made, which is we're looking forward to EBRT technology. This is what we're looking for in terms of being a game changer for our institute developments going forward.

Dennis Fong: Great. Really appreciate that that context from both of you. I want to shift focus back maybe towards Cold Lake. Obviously, you have the Leming SAGD project with the targeted startups here. I just wanted to think a little bit more, how should we be thinking about the Mahihkan, SA-SAGD project, as well as, if you wouldn't mind highlighting any of the future SA-SAGD project opportunities that exist within that field and maybe what that potentially looks like, both from a cost perspective as well as a production perspective and level. If there's any further updates from what you guys highlighted at the Investor Day. Thanks.

John Whelan: I'll make a few broader comments, Dennis, and then Cheryl can come in again as well. Our plan that we laid out for 165,000 barrels per day at Cold Lake in the next few years, we still feel very good about that plan. We're committed to that plan. There's a number of things that contribute to that.

There's low cost based off base optimization projects, such as our laser technology. There's infill drilling using the unique compact rig that we have there to do infill drilling. That's a part of it. We're applying warm flow in a number of areas. We've got the Lemming SAGD project that I just spoke about. Grand Rapids is going extremely well as well. It's all of these building blocks and components that contribute to our confidence of getting to 165,000 barrels per day.

Now, the Mahihkan SA-SAGD. I'll let Cheryl come back and talk more about that. That's obviously very important, but that's a 2029 start up with a peak production of about 30,000 barrels a day. It's all of these building blocks that contribute to it. Also, the transition, the transformation really that we're making at Cold Lake, moving to these advantaged technologies and seeing ourselves continue to see in 2030, with about 40% of our production coming from that advantaged technology. I'll let Cheryl say a bit more specifically on Mahihkan and so on.

Cheryl Gomez-Smith: Sure. Maybe I'll cycle back with Grand Rapids. We're very pleased, Dennis, with our results from Grand Rapids thus far. Specific to that effort, the next three pads are currently in development, and this will fully leverage our plant capacity and offer inventory to sustain production at low capital.

Now, switching to Mahihkan, this will be our first commercial Clearwater SA-SAGD development. John mentioned a 2029 start up, and one of the things that's an enabler and projects take time, and the development is we have to convert the Mahihkan plant, which is currently a cyclic steam facility, to a solvent-enabled SA-SAGD plant.

All that in mind, we're on track to deliver, I'd say, more than about 50,000 barrels per day from SA-SAGD advantage production by the 2030 time frame. The other thing maybe I'll leave with is we do have a pipeline of future SA-SAGD projects. As I look at 2040, 2050 and we'll take those in due course.

Dennis Fong: Great. Thank you very much, Cheryl and John. Really appreciate that color on both of those items.

John Whelan: Thank you, Dennis.

Operator: We have a question from Doug Leggate with Wolfe Research.

Doug Leggate: Thanks. Good morning, everyone. Thanks for having me on. John, I wonder if I could ask a really simple follow up on Kearl. Given the sustained efficiency improvements, you've seen the consistent production in performance. What would you say today is the production capacity trajectory for Kearl in terms of where it is now and where you think you can get to? That's my first one.

My follow-up is a quick one. It's probably for Dan. It's always for Dan. Same question every quarter. You leaned on your balance sheet a little bit this quarter, and you've accelerated the timeline for your buyback. Is there any intention in the current environment for an SIB before the middle of next year?

John Whelan: Thanks, Doug. Yeah. Let me take the Kearl one. Again, I couldn't be more proud of this team and the improvements that have been made at Kearl over a number of years. I remain confident that we'll continue to make improvements at Kearl in terms of unit cost, reductions and volumes uplift.

Our story is very consistent, though, with right now, the way we think about it, it's very consistent with our Investor Day. We believe we have a strong foundation that supports potential for 300 plus thousand barrels per day. We talked about at that time, the number of days that we're seeing of greater than 300,000 barrel a day days. You see the quarter that we just had in the quarter that also builds that confidence.

Right now, our focus is really, how do we move it to 300,000 barrels a day? I would just say the confidence in that is growing all the time. We talked about that in the Investor Day. We have a pretty clear path to get the asset to 300,000 barrels a day with bitumen recovery projects, continued focus on individual equipment performance, extending our turnaround intervals and the reduction duration. Feel very good about that. We're not done at 300. We're very much focused on what's the potential beyond that. We believe there is potential beyond that. We're continuing to work and develop those plans. We'll share them as those get matured.

Doug Leggate: Thanks, John.

Dan Lyons: Do you want me to take the second one? Yeah. Hey, Doug. Just to address your question. As we've said here, we fully plan to complete our accelerated NCIB by year-end, consistent with what we said a few times. Then, of course, looking into next year, the soonest we can renew that is late June of 2026. Of course, we plan to renew our NCIB. Then your question is really around the first half of 2026.

As I've said before, our ability to return cash in that period really just depends on commodity prices. It depends on the crude prices and cracks. What we've said for a long time is, as we generate surplus cash, we'll return it in a timely way. That still remains our principle. It's really just going to be dependent on what the commodity markets give us in the first half of next year.

Doug Leggate: Okay. From your mouth to God's ears. Thanks, guys.

John Whelan: Thank you, Doug.

Operator: That does conclude the question and answer session. I'll now turn the conference back over to Peter Shaw for closing remarks.

Peter Shaw: Thank you. On behalf of the management team, I'd like to thank everyone for joining us this morning. If you have any further questions, please don't hesitate to reach out to the IR team and we'll be happy to answer those. With that, I'll say thank you very much and have a great day.

Operator: Thank you. That does conclude today's conference. We do thank you for your participation. Have an excellent day.

Non-GAAP financial measures and other specified financial measures

Certain measures included in this document are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G and Item 10(e) of Regulation S-K, and "specified financial measures" under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators.

Reconciliation of these non-GAAP financial measures to the most comparable GAAP measure, and other information required by these regulations, have been provided. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have a standardized definition. As such, these measures may not be directly comparable to measures presented by other companies, and should not be considered a substitute for GAAP financial measures.

Cash flows from (used in) operating activities excluding working capital

Cash flows from (used in) operating activities excluding working capital is a non-GAAP financial measure that is the total cash flows from operating activities less the changes in operating assets and liabilities in the period. The most directly comparable financial measure that is disclosed in the financial statements is "Cash flows from (used in) operating activities" within the company's Consolidated statement of cash flows. Management believes it is useful for investors to consider these numbers in comparing the underlying performance of the company's business across periods when there are significant period-to-period differences in the amount of changes in working capital. Changes in working capital is equal to "Changes in operating assets and liabilities" as disclosed in the company's Consolidated statement of cash flows and in Attachment II of this document. This measure assesses the cash flows at an operating level, and as such, does not include proceeds from asset sales as defined in Cash flows from operating activities and asset sales in the Frequently Used Terms section of the company's annual Form 10-K.

Reconciliation of cash flows from (used in) operating activities excluding working capital

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of cash flows				
Cash flows from (used in) operating activities	1,798	1,487	4,790	4,192
Less changes in working capital				
Changes in operating assets and liabilities	198	(310)	17	(634)
Cash flows from (used in) operating activities excl. working capital (a)	1,600	1,797	4,773	4,826

(a) Includes a \$149 million unfavourable impact associated with the short-term component of the restructuring charge included in the identified items¹.

Free cash flow

Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is "Cash flows from (used in) operating activities" within the company's Consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

Reconciliation of free cash flow

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of cash flows				
Cash flows from (used in) operating activities	1,798	1,487	4,790	4,192
Cash flows from (used in) investing activities				
Additions to property, plant and equipment	(504)	(486)	(1,373)	(1,444)
Proceeds from asset sales	21	—	34	7
Additional investments	—	—	(4)	—
Loans to equity companies - net	1	2	12	16
Free cash flow	1,316	1,003	3,459	2,771

Net income (loss) excluding identified items

Net income (loss) excluding identified items is a non-GAAP financial measure that is total net income (loss) excluding individually significant non-operational events with an absolute corporate total earnings impact of at least \$100 million in a given quarter. Net income (loss) excluding identified items per common share is a non-GAAP ratio which is calculated by dividing Net income (loss) excluding identified items by the weighted-average number of common shares outstanding, assuming dilution. The net income (loss) impact of an identified item for an individual segment may be less than \$100 million when the item impacts several segments or several periods. The most directly comparable financial measure that is disclosed in the financial statements is "Net income (loss)" within the company's Consolidated statement of income. Management uses these figures to improve comparability of the underlying business across multiple periods by isolating and removing significant non-operational events from business results. The company believes this view provides investors increased transparency into business results and trends, and provides investors with a view of the business as seen through the eyes of management. Net income (loss) excluding identified items is not meant to be viewed in isolation or as a substitute for net income (loss) as prepared in accordance with U.S. GAAP. All identified items are presented on an after-tax basis.

Reconciliation of net income (loss) excluding identified items

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of income				
Net income (loss) (U.S. GAAP)	539	1,237	2,776	3,565
Less identified items included in Net income (loss)				
Impairments	(306)	—	(306)	—
Restructuring charges	(249)	—	(249)	—
Subtotal of identified items	(555)	—	(555)	—
Net income (loss) excluding identified items	1,094	1,237	3,331	3,565

Reconciliation of net income (loss) excluding identified items per common share, assuming dilution

Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of income				
Net income (loss) per common share, assuming dilution	1.07	2.33	5.46	6.66
Less identified items included in Net income (loss) per common share, assuming dilution				
Impairments	(0.61)	—	(0.60)	—
Restructuring charges	(0.49)	—	(0.49)	—
Subtotal of identified items per common share, assuming dilution	(1.10)	—	(1.09)	—
Net income (loss) excluding identified items per common share, assuming dilution	2.17	2.33	6.55	6.66

Cash operating costs (cash costs)

Cash operating costs is a non-GAAP financial measure that consists of total expenses, less purchases of crude oil and products, federal excise taxes and fuel charge, financing, and costs that are non-cash in nature, including depreciation and depletion, and non-service pension and postretirement benefit. The components of cash operating costs include "Production and manufacturing", "Selling and general" and "Exploration" from the company's Consolidated statement of income, and as disclosed in Attachment III of this document. The sum of these income statement lines serves as an indication of cash operating costs and does not reflect the total cash expenditures of the company. The most directly comparable financial measure that is disclosed in the financial statements is "Total expenses" within the company's Consolidated statement of income. This measure is useful for investors to understand the company's efforts to optimize cash through disciplined expense management.

Reconciliation of cash operating costs

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of income				
Total expenses	11,348	11,656	32,165	34,261
Less:				
Purchases of crude oil and products	7,776	8,734	22,747	25,296
Federal excise taxes and fuel charge	380	661	1,344	1,908
Depreciation and depletion (includes impairments)	911	508	1,920	1,454
Non-service pension and postretirement benefit	25	1	36	3
Financing	8	11	8	37
Cash operating costs	2,248	1,741	6,110	5,563

Components of cash operating costs

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
From Imperial's Consolidated statement of income				
Production and manufacturing	1,625	1,517	4,975	4,870
Selling and general	622	223	1,132	690
Exploration	1	1	3	3
Cash operating costs	2,248	1,741	6,110	5,563

Segment contributions to total cash operating costs

millions of Canadian dollars	Third Quarter		Nine Months	
	2025	2024	2025	2024
Upstream	1,099	1,051	3,404	3,444
Downstream	631	593	1,903	1,782
Chemicals	80	58	235	208
Eliminations / Corporate and other	438	39	568	129
Cash operating costs	2,248	1,741	6,110	5,563

Unit cash operating costs (unit cash costs)

Unit cash operating costs is a non-GAAP ratio. Unit cash operating costs (unit cash costs) is calculated by dividing cash operating costs by total gross oil-equivalent production, and is calculated for the Upstream segment, as well as the major Upstream assets. Cash operating costs is a non-GAAP financial measure and is disclosed and reconciled above. This measure is useful for investors to understand the expense management efforts of the company's major assets as a component of the overall Upstream segment. Unit cash operating cost, as used by management, does not directly align with the definition of "Average unit production costs" as set out by the U.S. Securities and Exchange Commission (SEC), and disclosed in the company's SEC Form 10-K.

Components of unit cash operating costs

	Third Quarter							
	2025				2024			
	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
millions of Canadian dollars								
Production and manufacturing	1,098	427	253	369	1,050	461	238	313
Selling and general	—	—	—	—	—	—	—	—
Exploration	1	—	—	—	1	—	—	—
Cash operating costs	1,099	427	253	369	1,051	461	238	313
Gross oil-equivalent production (thousands of barrels per day)	462	224	150	78	447	209	147	81
Unit cash operating cost	25.86	20.72	18.33	51.42	25.56	23.98	17.60	42.00
USD converted at the quarterly average forex 2025 US\$0.73; 2024 US\$0.73	18.88	15.13	13.38	37.54	18.66	17.51	12.85	30.66

Components of unit cash operating costs

	Nine Months							
	2025				2024			
	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
millions of Canadian dollars								
Production and manufacturing	3,401	1,376	810	1,051	3,441	1,459	809	1,055
Selling and general	—	—	—	—	—	—	—	—
Exploration	3	—	—	—	3	—	—	—
Cash operating costs	3,404	1,376	810	1,051	3,444	1,459	809	1,055
Gross oil-equivalent production (thousands of barrels per day)	436	200	150	76	424	195	145	73
Unit cash operating cost (\$/oeb)	28.60	25.20	19.78	50.66	29.64	27.31	20.36	52.74
USD converted at the YTD average forex 2025 US\$0.71; 2024 US\$0.74	20.31	17.89	14.04	35.97	21.93	20.21	15.07	39.03

(a) Upstream includes Imperial's share of Kearl, Cold Lake, Syncrude and other.