

July 2024

DOWNSTREAM DISCLOSURE UPDATES

cenovus
ENERGY

DOWNSTREAM DISCLOSURE UPDATES

- Following significant changes to our downstream portfolio in recent years, we have undertaken a review of our downstream disclosures to ensure they appropriately represent our business performance.
- As a result, beginning in Q2 2024, Cenovus is making several changes to the reported measures of business performance for the Canadian Refining and U.S. Refining segments.
- These changes in aggregate are intended to:
 1. Improve comparability with refining peers, and
 2. Provide additional information which may be useful for modelling business performance.

SUMMARY OF CHANGES

- 1 All business performance measures will be provided at the **segment level** (Canadian Refining and U.S. Refining). Specific refinery-level metrics will no longer be reported.
- 2 Refining capacity will be reported based on **operable capacity**, measured in barrels per calendar day, replacing nameplate capacity. Crude unit utilization will be based on blended crude processed divided by operable capacity.
- 3 **Total Processed Inputs** (TPI) will be introduced as a measure of throughput, including crude, intermediates and other feedstocks processed by the refinery. TPI will be used in calculating per-unit metrics (i.e. operating expense \$/bbl and refining margin \$/bbl).
- 4 In Canadian Refining, operating expense relating to the **commercial fuels business (retail) will be included in unit operating expense** (previously excluded).
- 5 **Turnaround expense** will be disclosed separately in addition to total operating expense.
- 6 A new **market capture** metric for U.S. Refining will be introduced, disclosing refining margin as a percentage of the capacity-weighted average benchmark Chicago 3-2-1 and Group 3 3-2-1 crack spreads, net of RINs.
- 7 A summary of **key price indicators** will be posted each month on Cenovus's website to provide increased visibility to some of the key prices which impact our business.

SEGMENT LEVEL DISCLOSURES

- All financial and operating results will be reported at the Canadian Refining and U.S. Refining segment level going forward. Specific refinery-level business performance measures will no longer be reported.
- Total Crude throughput and heavy crude oil throughput will continue to be reported in both segments.
- Total refined production volumes will also continue to be broken out by product type:
 - Synthetic Crude Oil
 - Gasoline
 - Distillates (includes diesel and jet fuel)
 - Asphalt
 - Other
 - Ethanol (for Canadian Refining segment)

Canadian Refining Segment includes:

Lloydminster Upgrader

Lloydminster Refinery

Bruderheim crude-by-rail terminal

Minnedosa and Lloydminster ethanol plants

Commercial fuels business (Retail)

U.S Refining Segment includes:

Lima Refinery

Toledo Refinery

Superior Refinery

Non-operated joint venture refineries:
Wood River & Borger

UPDATES TO REPORTED REFINING CAPACITY

- **Operable capacity**, calculated in barrels per calendar day, will replace nameplate capacity as the basis of our crude utilization disclosure.
- Operable capacity includes a reasonable allowance for operational downtime in day-to-day operations, consistent with the definition of operable capacity per calendar day used by the EIA. Planned turnarounds are not factored into the calculation of operable capacity.
- Operable capacity in barrels per calendar day is commonly used by U.S. independent refining companies as the most relevant measure of capacity.
- Operable capacity of each facility will be assessed annually.

Canadian Refining		
Facility	Nameplate Capacity (Mbbls/d)	Operable Capacity (Mbbls/d)
Lloydminster Upgrader	81.5	78.5
Lloydminster Refinery	29.0	29.5
Total Canadian Refining	110.5	108.0

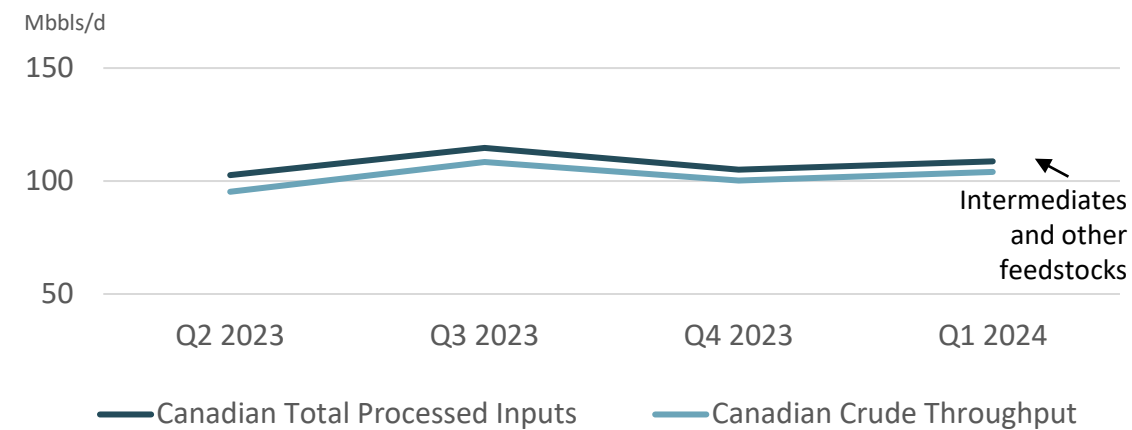
U.S. Refining		
Facility	Nameplate Capacity (Mbbls/d)	Operable Capacity (Mbbls/d)
Lima Refinery	178.7	170.0
Toledo Refinery	160.0	150.8
Superior Refinery	49.0	44.0
Wood River & Borger (WRB)	247.5	247.5
Total U.S. Refining	635.2	612.3

Total Cenovus	745.7	720.3
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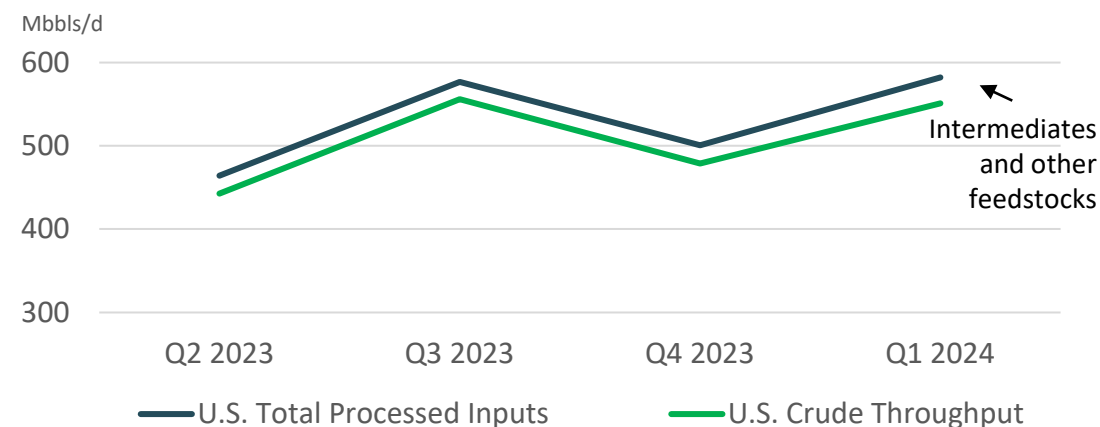
NEW MEASURE OF THROUGHPUT: TOTAL PROCESSED INPUTS

- **Total Processed Inputs (TPI)** is a measure of refinery throughput which includes crude, intermediates and other feedstocks processed by each facility.
- TPI will be used as the denominator for all per-unit metrics (i.e. operating expense \$/bbl and refining margin \$/bbl). This change will improve comparability with metrics disclosed by many peer U.S. refining companies.
- Crude throughput will continue to be disclosed alongside TPI and be the basis of calculating refinery utilization.
- Over the past 4 quarters, total TPI volumes have been approximately 5% higher than crude throughput.

Canadian Refining TPI vs. crude throughput



U.S. Refining TPI vs. crude throughput



OTHER CHANGES TO CANADIAN REFINING PER-UNIT METRICS

- Unit operating expense will include costs related to the commercial fuels business, aligning with the basis used to calculate refining margin.
- The commercial fuels business would add approximately \$1.5 per barrel to unit operating expense on average over the past 4 quarters (Q2 2023 – Q1 2024).
- Per-unit metrics will continue to exclude the ethanol plants and Bruderheim crude-by-rail operations.

Canadian Refining per-unit metrics

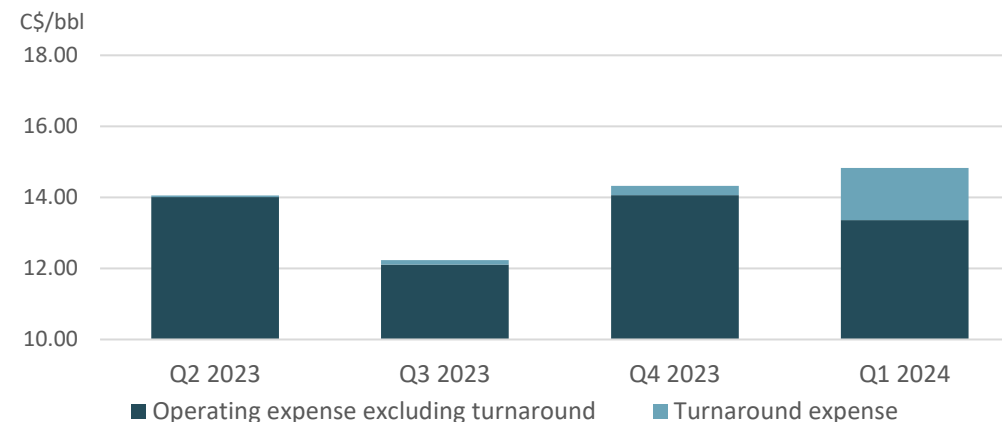
Refining margin components	Previous disclosure	Go-forward disclosure
Lloydminster Upgrader	Included	<i>No changes</i>
Lloydminster Refinery	Included	
Commercial fuels business (Retail)	Included	
Ethanol and crude-by-rail operations	Not Included	

Unit operating expense components	Previous disclosure	Go-forward disclosure
Lloydminster Upgrader	Included	Included
Lloydminster Refinery	Included	Included
Commercial fuels business (retail)	Not included	Included
Ethanol and crude-by-rail operations	Not included	Not included

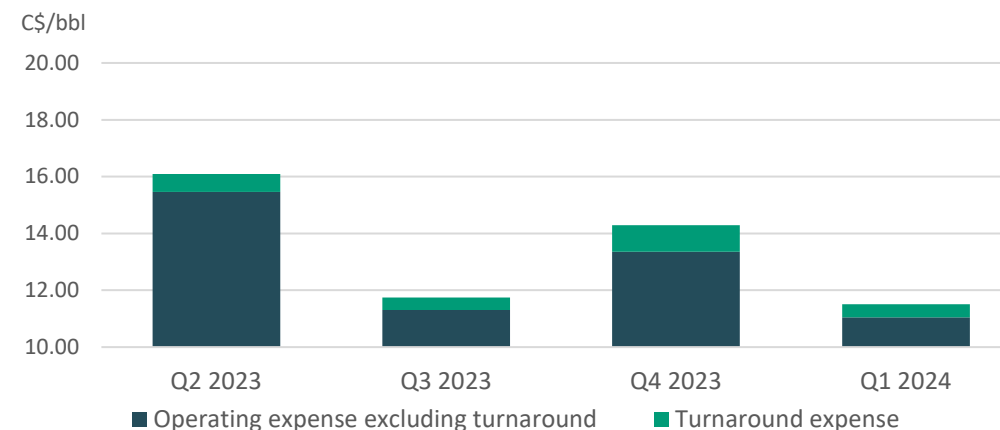
SEPARATE DISCLOSURE OF TURNAROUND EXPENSE

- Cenovus expenses certain costs associated with turnaround activity in the period in which they occur.
- To improve transparency of underlying operating expenses, turnaround expense will be disclosed separately in addition to total operating expense.
- This change will also enable improved comparability of unit operating expense with other refining companies, some of whom capitalize or defer some or all of their turnaround costs or disclose them separately from total operating expense.

Canadian Refining operating expense



U.S Refining operating expense



NEW MARKET CAPTURE METRIC

- A new **market capture** metric is being introduced for U.S. Refining which will show our refining margin as a percentage of Chicago 3-2-1 and Group 3 3-2-1 crack spreads, net of RINs, weighted by operable capacity.
- Market capture will provide an indication of margin captured relative to what was available in the market based on widely-reported benchmarks.
- Market capture will be based on reported refining margin, calculated on a first-in, first-out accounting basis. As a result, market capture will be impacted by inventory timing differences relative to in-period market crack spreads.

U.S. Refining market capture example: Q1 2024

Refinery	Regional Crack	Operable Capacity	% of Total Capacity
Lima	Chicago	170.0	28%
Toledo	Chicago	150.8	25%
Superior	Group 3	44.0	6%
Wood River	Chicago	173.0	29%
Borger	Group 3	74.5	12%
Chicago 3-2-1 Crack Spread Weighting			81%
Group 3 3-2-1 Crack Spread Weighting			19%
Q1 2024 Chicago 3-2-1 Crack Spread (US\$/bbl)			17.45
Q1 2024 Group 3 3-2-1 Crack Spread (US\$/bbl)			17.50
Renewable Identification Numbers ("RINs") (US\$/bbl)			3.68
Weighted Average Crack Spread net of RINs (US\$/bbl)			13.78
US\$ per C\$1 - Average			0.741
Weighted Average Crack Spread net of RINs (C\$/bbl)			18.60
Q1 2024 Refining Gross Margin (C\$ millions)			1,103
Q1 2024 Total Processed Inputs (Mbbbls/d)			581
Refining Margin (C\$/bbl)			20.86
Q1 2024 Market Capture (percent)			112%

MONTHLY PRICE INDICATORS

- Going forward, Cenovus will be publishing a summary of key benchmark prices monthly in the Investors section of our website (www.cenovus.com).
- Prices published will include key crude and natural gas benchmarks, as well as the Chicago 3-2-1 crack spread, the Group 3 3-2-1 crack spread, RVO prices and our new capacity-weighted market crack spread used to calculate market capture.
- This new disclosure is intended to provide increased visibility within the quarter to some of the key prices which underpin our business results.

Market indicators

The below are benchmark prices and margins for select products and do not reflect actual realized prices or margins for Cenovus, which may vary significantly depending on available feedstock and particular refinery configuration.

Selected Average Benchmark Prices⁽¹⁾

Crude Oil Prices (US\$/bbl)	Q2	June	May	April	Q1
Dated Brent	84.94	82.61	82.05	90.15	83.24
West Texas Intermediate ("WTI") @ Cushing	80.57	78.70	78.62	84.39	76.96
Differential Dated Brent - WTI	4.37	3.91	3.43	5.76	6.28
Western Canadian Select ("WCS") @ Hardisty	66.96	66.71	65.55	68.63	57.65
Differential - WTI-WCS	13.61	11.99	13.07	15.76	19.31
Condensate (CS @ Edmonton)	77.14	75.04	74.40	81.96	72.78
Differential - Condensate-WTI premium/(discount)	(3.40)	(3.66)	(4.19)	(2.43)	(4.18)

Refining Benchmarks (US\$/bbl)⁽²⁾

	Q2	June	May	April	Q1
Chicago 3-2-1 Crack Spread	18.76	16.30	17.81	22.16	17.45
Group 3 3-2-1 Crack Spread	18.13	16.87	17.91	19.62	17.50
Renewable Identification Numbers ("RINs")	3.39	3.57	3.31	3.28	3.68
Weighted Average Crack Spread, Net of RINs	15.25	12.84	14.52	18.39	13.78

Refined product prices (US\$/bbl)

	Q2	June	May	April	Q1
Chicago Regular Unleaded Gasoline ("RUL")	99.09	95.29	97.59	104.39	89.48
Chicago Ultra-low Sulphur Diesel ("ULSD")	95.69	97.29	88.93	110.85	104.27

Natural Gas Prices

	Q2	June	May	April	Q1
AECO ⁽³⁾ (C\$/Mcf)	1.18	0.84	1.31	1.38	2.50
NYMEX (US\$/Mcf)	1.89	2.49	1.61	1.58	2.24

Foreign Exchange Rate

	Q2	June	May	April	Q1
US\$ per C\$ Average	0.731	0.730	0.732	0.731	0.741

⁽¹⁾ This table shows selected market benchmark prices and an average exchange rate to assist in understanding our financial results. This information will be updated monthly and may be subject to error.

⁽²⁾ The 3-2-1 crack spread is an indicator of the refining margin generated by converting three barrels of crude oil into two barrels of regular unleaded gasoline and one barrel of ultra-low sulphur diesel using current month WTI based crude oil feedstock prices and on a last in, first out accounting basis ("LIFO").

⁽³⁾ AECO refers to the AECO 5A natural gas daily index.

About us

We're a Canadian-based integrated energy company headquartered in Calgary. We energize the world to make people's lives better.

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DISCLOSURE COMPARISON TO U.S. REFINING PEERS

	Cenovus (historical)	Cenovus (new)	Peer 1	Peer 2	Peer 3	Peer 4
Capacity	Operated assets: Nameplate capacity WRB: Operable capacity	Operable capacity	Operable capacity	Maximum demonstrated rate (bbls / stream day)	Operable capacity	Operable capacity
Throughput metrics	Crude throughput only	Crude throughput and total processed inputs	Crude throughput and total processed inputs	Crude throughput and total processed inputs	Crude throughput and total processed inputs	Crude throughput and total processed inputs
Per-unit Denominator	Crude throughput	Total processed inputs	Total processed inputs	Total processed inputs	Total processed inputs	Total processed inputs + Blendstocks
Turnaround expenses	Not disclosed	Disclosed by segment	Disclosed by region	Deferred and amortized as DD&A costs	Disclosed by region	Deferred and amortized quarterly to operating costs
LIFO/FIFO	FIFO	FIFO	LIFO	LIFO	LIFO	LIFO
Crack Capture	Not disclosed	Disclosed (% of weighted market cracks)	Disclosed (% of weighted market cracks)	Not disclosed	Disclosed (absolute \$ difference vs. indicator margin)	Not disclosed

Note: Peers include MPC, PBF, PSX and VLO

SAMPLE DISCLOSURES – SUPPLEMENTAL INFORMATION

Revised Supplemental, Canadian Refining

	Mar. 31, 2024
Canadian Refining	
Operable Capacity (Mbbbls/d)	108.0
Total Processed Inputs (Mbbbls/d)	108.8
Crude Oil Unit Throughput (Mbbbls/d)	104.1
Crude Unit Utilization (percent)	96
Refining Margin (\$/bbl)	22.68
Operating Expenses	147
Operating Expenses - Turnaround Costs	14
Per-Unit Operating Expense (\$/bbl)	14.83
Per-Unit Operating Expense - Turnaround Costs	1.47

Prior Supplemental, Canadian Refining

	Mar. 31, 2024
Canadian Refining	
Total Canadian Refining	
Heavy Crude Oil Unit Throughput Capacity (Mbbbls/d)	110.5
Heavy Crude Oil Unit Throughput (Mbbbls/d)	104.1
Crude Utilization (percent)	94
Refining Margin (\$/bbl)	23.69
Per-Unit Operating Expense (\$/bbl)	14.08
Lloydminster Upgrader	
Heavy Crude Oil Unit Throughput Capacity (Mbbbls/d)	81.5
Heavy Crude Oil Unit Throughput (Mbbbls/d)	75.5
Crude Utilization (percent)	93
Production (Mbbbls/d)	82.0
Refining Margin (\$/bbl)	26.47
Per-Unit Operating Expense (\$/bbl)	14.48
Upgrading Differential (\$/bbl)	19.31
Lloydminster Refinery	
Heavy Crude Oil Unit Throughput Capacity (Mbbbls/d)	29.0
Heavy Crude Oil Unit Throughput (Mbbbls/d)	28.6
Crude Utilization (percent)	99
Production (Mbbbls/d)	28.8
Refining Margin (\$/bbl)	16.35
Per-Unit Operating Expense (\$/bbl)	13.03

SAMPLE DISCLOSURES – SUPPLEMENTAL INFORMATION

Revised Supplemental, U.S. Refining

	Mar. 31, 2024
U.S. Refining	
Operable Capacity (Mbbbls/d)	612.3
Total Processed Inputs (Mbbbls/d)	582.2
Crude Oil Unit Throughput (Mbbbls/d)	551.1
Heavy Crude Oil	224.7
Light/Medium Crude Oil	326.4
Crude Unit Utilization (percent)	90
Refining Margin (\$/bbl)	20.82
Weighted Average Crack Spread, Net of RINs (US\$/bbl)	13.78
Weighted Average Crack Spread, Net of RINs (C\$/bbl)	18.59
Market Capture (percent)	112
Operating Expenses	610
Operating Expenses - Turnaround Costs	34
Per-Unit Operating Expense (\$/bbl)	11.51
Per-Unit Operating Expense - Turnaround Costs	0.64

Prior Supplemental, U.S. Refining

	Mar. 31, 2024
U.S. Refining	
Total U.S. Refining	
Crude Oil Unit Throughput Capacity (Mbbbls/d)	635.2
Crude Oil Unit Throughput (Mbbbls/d)	551.1
Heavy Crude Oil	224.7
Light/Medium Crude Oil	326.4
Crude Utilization (percent)	87
Refining Margin (\$/bbl)	22
Per-Unit Operating Expense (\$/bbl)	12.16
Lima Refinery	
Crude Oil Unit Throughput Capacity (Mbbbls/d)	178.7
Crude Oil Unit Throughput (Mbbbls/d)	152.4
Crude Utilization (percent)	85
Toledo Refinery	
Crude Oil Unit Throughput Capacity (Mbbbls/d)	160.0
Crude Oil Unit Throughput (Mbbbls/d)	133.0
Crude Utilization (percent)	83
Superior Refinery	
Crude Oil Unit Throughput Capacity (Mbbbls/d)	49.0
Crude Oil Unit Throughput (Mbbbls/d)	32.2
Crude Utilization (percent)	66
Wood River and Borger Refineries	
Crude Oil Unit Throughput Capacity (Mbbbls/d)	247.5
Crude Oil Unit Throughput (Mbbbls/d)	233.4
Crude Utilization (percent)	94

UPDATES TO CORPORATE GUIDANCE

- As a result of the changes to our Canadian Refining and U.S. Refining disclosures, we will be making some updates to the basis of our Corporate Guidance for 2024, including:
 - Operating costs (\$/bbl) will be updated to reflect Total Processed Inputs as the denominator
 - New guidance will be provided for turnaround expenses for these two segments
 - Canadian Refining operating costs will be updated to include costs relating to the commercial fuels business
- There will be no change to the presentation of throughput or capital investment guidance for the impacted segments.