

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 0-12014

IMPERIAL OIL LIMITED

(Exact name of registrant as specified in its charter)

Canada

(State or other jurisdiction
of incorporation or organization)

98-0017682

(I.R.S. Employer
Identification No.)

505 Quarry Park Boulevard S.E. Calgary, Alberta, Canada

(Address of principal executive offices)

T2C 5N1

(Postal Code)

1-800-567-3776

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
None		None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act of 1934.

Large accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act of 1934).

Yes No

The number of common shares outstanding, as of March 31, 2023 was 584,152,718.

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In this report all dollar amounts are expressed in Canadian dollars unless otherwise stated. This report should be read in conjunction with the company's annual report on Form 10-K for the year ended December 31, 2022. Note that numbers may not add due to rounding.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

In this report, unless the context otherwise indicates, reference to "the company" or "Imperial" includes Imperial Oil Limited and its subsidiaries.

PART I. FINANCIAL INFORMATION

Item 1. Financial statements

Consolidated statement of income (U.S. GAAP, unaudited)

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Revenues and other income		
Revenues (a)	12,057	12,657
Investment and other income (note 3)	64	29
Total revenues and other income	12,121	12,686
Expenses		
Exploration	1	2
Purchases of crude oil and products (b)	7,478	8,350
Production and manufacturing (c)	1,756	1,659
Selling and general (c)	186	225
Federal excise tax and fuel charge	529	479
Depreciation and depletion	490	426
Non-service pension and postretirement benefit	20	4
Financing (d) (note 5)	16	7
Total expenses	10,476	11,152
Income (loss) before income taxes	1,645	1,534
Income taxes	397	361
Net income (loss)	1,248	1,173
Per share information (Canadian dollars)		
Net income (loss) per common share - basic (note 9)	2.14	1.75
Net income (loss) per common share - diluted (note 9)	2.13	1.75
(a) Amounts from related parties included in revenues.	3,136	3,959
(b) Amounts to related parties included in purchases of crude oil and products.	1,078	650
(c) Amounts to related parties included in production and manufacturing, and selling and general expenses.	135	118
(d) Amounts to related parties included in financing, (note 5).	39	4

The information in the notes to consolidated financial statements is an integral part of these statements.

Consolidated statement of comprehensive income (U.S. GAAP, unaudited)

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Net income (loss)	1,248	1,173
Other comprehensive income (loss), net of income taxes		
Postretirement benefits liability adjustment (excluding amortization)	21	24
Amortization of postretirement benefits liability adjustment included in net benefit costs	10	21
Total other comprehensive income (loss)	31	45
Comprehensive income (loss)	1,279	1,218

The information in the notes to consolidated financial statements is an integral part of these statements.

Consolidated balance sheet (U.S. GAAP, unaudited)

millions of Canadian dollars	As at Mar 31 2023	As at Dec 31 2022
Assets		
Current assets		
Cash and cash equivalents	2,243	3,749
Accounts receivable - net (a)	4,283	4,719
Inventories of crude oil and products	1,757	1,514
Materials, supplies and prepaid expenses	989	754
Total current assets	9,272	10,736
Investments and long-term receivables (b)	995	893
Property, plant and equipment,	54,991	54,568
less accumulated depreciation and depletion	(24,549)	(24,062)
Property, plant and equipment, net	30,442	30,506
Goodwill	166	166
Other assets, including intangibles - net	1,240	1,223
Total assets	42,115	43,524
Liabilities		
Current liabilities		
Notes and loans payable	122	122
Accounts payable and accrued liabilities (a) (note 7)	5,930	6,194
Income taxes payable	505	2,582
Total current liabilities	6,557	8,898
Long-term debt (c) (note 6)	4,027	4,033
Other long-term obligations (note 7)	3,409	3,467
Deferred income tax liabilities	4,687	4,713
Total liabilities	18,680	21,111
Shareholders' equity		
Common shares at stated value (d) (note 9)	1,079	1,079
Earnings reinvested	22,837	21,846
Accumulated other comprehensive income (loss) (note 10)	(481)	(512)
Total shareholders' equity	23,435	22,413
Total liabilities and shareholders' equity	42,115	43,524

(a) Accounts receivable - net included net amounts receivable from related parties of \$908 million (2022 - \$1,108 million).

(b) Investments and long-term receivables included amounts from related parties of \$287 million (2022 - \$288 million).

(c) Long-term debt included amounts to related parties of \$3,447 million (2022 - \$3,447 million).

(d) Number of common shares authorized and outstanding were 1,100 million and 584 million, respectively (2022 - 1,100 million and 584 million, respectively).

The information in the notes to consolidated financial statements is an integral part of these statements.

Consolidated statement of shareholders' equity (U.S. GAAP, unaudited)

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Common shares at stated value (note 9)		
At beginning of period	1,079	1,252
Share purchases at stated value	—	(15)
At end of period	1,079	1,237
Earnings reinvested		
At beginning of period	21,846	21,660
Net income (loss) for the period	1,248	1,173
Share purchases in excess of stated value	—	(434)
Dividends declared	(257)	(228)
At end of period	22,837	22,171
Accumulated other comprehensive income (loss) (note 10)		
At beginning of period	(512)	(1,177)
Other comprehensive income (loss)	31	45
At end of period	(481)	(1,132)
Shareholders' equity at end of period	23,435	22,276

The information in the notes to consolidated financial statements is an integral part of these statements.

Consolidated statement of cash flows (U.S. GAAP, unaudited)

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Operating activities		
Net income (loss)	1,248	1,173
Adjustments for non-cash items:		
Depreciation and depletion	490	426
(Gain) loss on asset sales (note 3)	(9)	(20)
Deferred income taxes and other	(56)	(331)
Changes in operating assets and liabilities:		
Accounts receivable	436	(1,544)
Inventories, materials, supplies and prepaid expenses	(479)	(364)
Income taxes payable	(2,077)	459
Accounts payable and accrued liabilities	(255)	2,144
All other items - net (b)	(119)	(29)
Cash flows from (used in) operating activities	(821)	1,914
Investing activities		
Additions to property, plant and equipment	(429)	(304)
Proceeds from asset sales (note 3)	14	24
Loans to equity companies - net	1	1
Cash flows from (used in) investing activities	(414)	(279)
Financing activities		
Finance lease obligations - reduction (note 6)	(5)	(5)
Dividends paid	(266)	(185)
Common shares purchased (note 9)	—	(449)
Cash flows from (used in) financing activities	(271)	(639)
Increase (decrease) in cash and cash equivalents	(1,506)	996
Cash and cash equivalents at beginning of period	3,749	2,153
Cash and cash equivalents at end of period (a)	2,243	3,149
(a) Cash is composed of cash in bank and cash equivalents at cost. Cash equivalents are all highly liquid securities with maturity of three months or less.		
(b) Included contributions to registered pension plans.	(42)	(50)
Income taxes (paid) refunded.	(2,632)	(223)
Interest (paid), net of capitalization.	(21)	(12)

The information in the notes to consolidated financial statements is an integral part of these statements.

Notes to consolidated financial statements (unaudited)

1. Basis of financial statement preparation

These unaudited consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) and follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual consolidated financial statements filed with the U.S. Securities and Exchange Commission (SEC) in the company's 2022 annual report on Form 10-K. In the opinion of the company, the information furnished herein reflects all known accruals and adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature.

The company's exploration and production activities are accounted for under the "successful efforts" method.

The results for the three months ended March 31, 2023, are not necessarily indicative of the operations to be expected for the full year.

All amounts are in Canadian dollars unless otherwise indicated.

2. Business segments

Three Months to March 31 millions of Canadian dollars	Upstream		Downstream		Chemical	
	2023	2022	2023	2022	2023	2022
Revenues and other income						
Revenues (a) (b)	76	99	11,639	12,191	342	367
Intersegment sales	3,622	4,431	1,823	1,833	91	104
Investment and other income (note 3)	2	4	20	21	—	—
	3,700	4,534	13,482	14,045	433	471
Expenses						
Exploration	1	2	—	—	—	—
Purchases of crude oil and products	1,543	1,890	11,196	12,512	274	315
Production and manufacturing	1,287	1,249	411	356	58	54
Selling and general	—	—	157	147	26	23
Federal excise tax and fuel charge	—	—	528	479	1	—
Depreciation and depletion	434	373	45	41	4	5
Non-service pension and postretirement benefit	—	—	—	—	—	—
Financing (note 5)	—	—	—	—	—	—
Total expenses	3,265	3,514	12,337	13,535	363	397
Income (loss) before income taxes	435	1,020	1,145	510	70	74
Income tax expense (benefit)	105	238	275	121	17	18
Net income (loss)	330	782	870	389	53	56
Cash flows from (used in) operating activities	(398)	1,447	(419)	375	(32)	67
Capital and exploration expenditures (c)	321	222	74	68	4	1
Total assets as at March 31	29,059	29,182	9,535	10,179	477	501

Three Months to March 31 millions of Canadian dollars	Corporate and other		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022
Revenues and other income						
Revenues (a) (b)	—	—	—	—	12,057	12,657
Intersegment sales	—	—	(5,536)	(6,368)	—	—
Investment and other income (note 3)	42	4	—	—	64	29
	42	4	(5,536)	(6,368)	12,121	12,686
Expenses						
Exploration	—	—	—	—	1	2
Purchases of crude oil and products	—	—	(5,535)	(6,367)	7,478	8,350
Production and manufacturing	—	—	—	—	1,756	1,659
Selling and general	4	56	(1)	(1)	186	225
Federal excise tax and fuel charge	—	—	—	—	529	479
Depreciation and depletion	7	7	—	—	490	426
Non-service pension and postretirement benefit	20	4	—	—	20	4
Financing (note 5)	16	7	—	—	16	7
Total expenses	47	74	(5,536)	(6,368)	10,476	11,152
Income (loss) before income taxes	(5)	(70)	—	—	1,645	1,534
Income tax expense (benefit)	—	(16)	—	—	397	361
Net income (loss)	(5)	(54)	—	—	1,248	1,173
Cash flows from (used in) operating activities	28	25	—	—	(821)	1,914
Capital and exploration expenditures (c)	30	5	—	—	429	296
Total assets as at March 31	3,815	4,136	(771)	(188)	42,115	43,810

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- (a) Includes export sales to the United States of \$2,375 million (2022 - \$2,504 million).
- (b) Revenues include both revenue within the scope of ASC 606 and outside the scope of ASC 606. Trade receivables in "Accounts receivable – net" reported on the Consolidated balance sheet include both receivables within the scope of ASC 606 and those outside the scope of ASC 606. Revenue and receivables outside the scope of ASC 606 primarily relate to physically settled commodity contracts accounted for as derivatives. Contractual terms, credit quality, and type of customer are generally similar between those revenues and receivables within the scope of ASC 606 and those outside it.

Revenues	Three Months to March 31	
millions of Canadian dollars	2023	2022
Revenue from contracts with customers	10,520	10,864
Revenue outside the scope of ASC 606	1,537	1,793
Total	12,057	12,657

- (c) Capital and exploration expenditures (CAPEX) include exploration expenses, additions to property, plant and equipment, additions to finance leases, additional investments and acquisitions and the company's share of similar costs for equity companies. CAPEX excludes the purchase of carbon emission credits.

3. Investment and other income

Investment and other income included gains and losses on asset sales as follows:

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Proceeds from asset sales	14	24
Book value of asset sales	5	4
Gain (loss) on asset sales, before tax	9	20
Gain (loss) on asset sales, after tax	8	16

4. Employee retirement benefits

The components of net benefit cost were as follows:

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Pension benefits:		
Service cost	41	70
Interest cost	93	73
Expected return on plan assets	(93)	(103)
Amortization of prior service cost	4	4
Amortization of actuarial loss (gain)	11	22
Net benefit cost	56	66
Other postretirement benefits:		
Service cost	3	6
Interest cost	7	6
Amortization of actuarial loss (gain)	(2)	2
Net benefit cost	8	14

5. Financing costs

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Debt-related interest	46	12
Capitalized interest	(30)	(5)
Net interest expense	16	7
Other interest	—	—
Total financing	16	7

6. Long-term debt

	As at Mar 31	As at Dec 31
millions of Canadian dollars	2023	2022
Long-term debt	3,447	3,447
Finance leases	580	586
Total long-term debt	4,027	4,033

7. Other long-term obligations

	As at Mar 31	As at Dec 31
millions of Canadian dollars	2023	2022
Employee retirement benefits (a)	875	902
Asset retirement obligations and other environmental liabilities (b)	2,158	2,150
Share-based incentive compensation liabilities	99	101
Operating lease liability (c)	137	151
Other obligations	140	163
Total other long-term obligations	3,409	3,467

(a) Total recorded employee retirement benefits obligations also included \$63 million in current liabilities (2022 - \$63 million).

(b) Total asset retirement obligations and other environmental liabilities also included \$116 million in current liabilities (2022 - \$116 million).

(c) Total operating lease liability also included \$100 million in current liabilities (2022 - \$100 million). In addition to the total operating lease liability, additional undiscounted commitments for leases not yet commenced totalled \$13 million (2022 - \$14 million).

8. Financial and derivative instruments

Financial instruments

The fair value of the company's financial instruments is determined by reference to various market data and other appropriate valuation techniques. There are no material differences between the fair value of the company's financial instruments and the recorded carrying value. At March 31, 2023 and December 31, 2022, the fair value of long-term debt (\$3,447 million, excluding finance lease obligations) was primarily a level 2 measurement.

Derivative instruments

The company's size, strong capital structure and the complementary nature of its business segments reduce the company's enterprise-wide risk from changes in commodity prices and currency exchange rates. In addition, the company uses commodity-based contracts, including derivatives, to manage commodity price risk and to generate returns from trading. Commodity contracts held for trading purposes are presented in the Consolidated statement of income on a net basis in the line "Revenues". The company does not designate derivative instruments as a hedge for hedge accounting purposes.

Credit risk associated with the company's derivative position is mitigated by several factors, including the use of derivative clearing exchanges and the quality of and financial limits placed on derivative counterparties. The company maintains a system of controls that includes the authorization, reporting and monitoring of derivative activity.

The net notional long/(short) position of derivative instruments was:

	As at Mar 31 2023	As at Dec 31 2022
thousands of barrels		
Crude	3,490	1,800
Products	(400)	(350)

Realized and unrealized gain/(loss) on derivative instruments recognized in the Consolidated statement of income is included in the following lines on a before-tax basis:

	Three Months to March 31	
millions of Canadian dollars	2023	2022
Revenues	(23)	37

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The estimated fair value of derivative instruments, and the related hierarchy level for the fair value measurement was as follows:

At March 31, 2023

millions of Canadian dollars

	Fair value				Effect of counterparty netting	Effect of collateral netting	Net carrying value
	Level 1	Level 2	Level 3	Total			
Assets							
Derivative assets (a)	13	26	—	39	(25)	—	14
Liabilities							
Derivative liabilities (b)	17	47	—	64	(25)	(3)	36

(a) Included in the Consolidated balance sheet line: "Materials, supplies and prepaid expenses", "Accounts receivable - net" and "Other assets, including intangibles - net".

(b) Included in the Consolidated balance sheet line: "Accounts payable and accrued liabilities" and "Other long-term obligations".

At December 31, 2022

millions of Canadian dollars

	Fair value				Effect of counterparty netting	Effect of collateral netting	Net carrying value
	Level 1	Level 2	Level 3	Total			
Assets							
Derivative assets (a)	17	32	—	49	(27)	—	22
Liabilities							
Derivative liabilities (b)	21	20	—	41	(27)	(4)	10

(a) Included in the Consolidated balance sheet line: "Materials, supplies and prepaid expenses", "Accounts receivable - net" and "Other assets, including intangibles - net".

(b) Included in the Consolidated balance sheet line: "Accounts payable and accrued liabilities" and "Other long-term obligations".

At March 31, 2023 and December 31, 2022, the company had \$9 million and \$14 million, respectively, of collateral under a master netting arrangement not offset against the derivatives on the Consolidated balance sheet in "Accounts receivable - net", primarily related to initial margin requirements.

9. Common shares

thousands of shares	As of Mar 31 2023	As of Dec 31 2022
Authorized	1,100,000	1,100,000
Common shares outstanding	584,153	584,153

The company's common share activities are summarized below:

	Thousands of shares	Millions of dollars
Balance as at December 31, 2021	678,080	1,252
Issued under employee share-based awards	—	—
Purchases at stated value	(93,927)	(173)
Balance as at December 31, 2022	584,153	1,079
Issued under employee share-based awards	—	—
Purchases at stated value	—	—
Balance as at March 31, 2023	584,153	1,079

The following table provides the calculation of basic and diluted earnings per common share and the dividends declared by the company on its outstanding common shares:

	Three Months to March 31	
	2023	2022
Net income (loss) per common share – basic		
Net income (loss) (millions of Canadian dollars)	1,248	1,173
Weighted average number of common shares outstanding (millions of shares)	584.2	670.5
Net income (loss) per common share (dollars)	2.14	1.75
Net income (loss) per common share – diluted		
Net income (loss) (millions of Canadian dollars)	1,248	1,173
Weighted average number of common shares outstanding (millions of shares)	584.2	670.5
Effect of employee share-based awards (millions of shares)	1.2	1.4
Weighted-average number of common shares outstanding, assuming dilution (millions of shares)	585.4	671.9
Net income (loss) per common share (dollars)	2.13	1.75
Dividends per common share – declared (dollars)	0.44	0.34

10. Other comprehensive income (loss) information

Changes in accumulated other comprehensive income (loss):

millions of Canadian dollars	2023	2022
Balance at January 1	(512)	(1,177)
Postretirement benefits liability adjustment:		
Current period change excluding amounts reclassified from accumulated other comprehensive income	21	24
Amounts reclassified from accumulated other comprehensive income	10	21
Balance at March 31	(481)	(1,132)

Amounts reclassified out of accumulated other comprehensive income (loss) - before-tax income (expense):

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Amortization of postretirement benefits liability adjustment included in net benefit cost (a)	(13)	(28)

(a) This accumulated other comprehensive income component is included in the computation of net benefit cost (note 4).

Income tax expense (credit) for components of other comprehensive income (loss):

millions of Canadian dollars	Three Months to March 31	
	2023	2022
Postretirement benefits liability adjustments:		
Postretirement benefits liability adjustment (excluding amortization)	7	8
Amortization of postretirement benefits liability adjustment included in net benefit cost	3	7
Total	10	15

Item 2. Management's discussion and analysis of financial condition and results of operations

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.

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. The net income (loss) impact of an identified item for an individual segment in a given quarter 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

There were no identified items in the first quarter of 2023 and 2022.

Recent business environment

During the first quarter of 2023, the price of crude oil decreased as the global oil market saw higher inventory levels. The increase in inventory levels was followed by announcements early in the second quarter of decreased production in certain key oil-producing countries. In addition, the Canadian WTI/WCS spread continued to widen in January and February before beginning to recover in March. Refining margins remained high due to low inventory levels of petroleum products.

Operating results

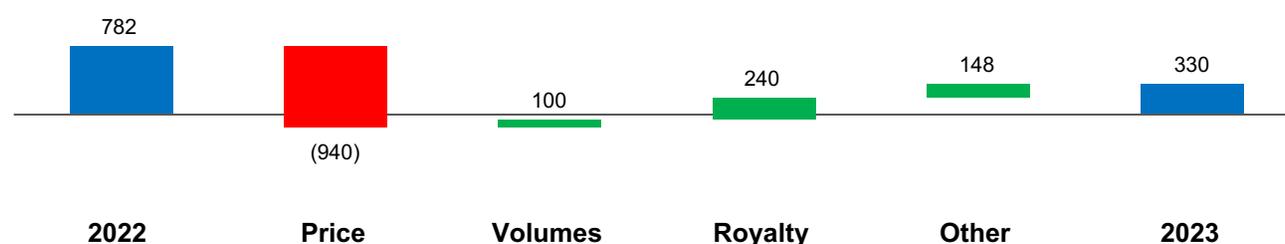
First quarter 2023 vs. first quarter 2022

millions of Canadian dollars, unless noted	First Quarter	
	2023	2022
Net income (loss) (U.S. GAAP)	1,248	1,173
Net income (loss) per common share, assuming dilution (dollars)	2.13	1.75

Upstream

Net income (loss) factor analysis

millions of Canadian dollars



Price – Lower bitumen realizations were primarily driven by lower marker prices and the widening WTI/WCS spread. Average bitumen realizations decreased by \$39.03 per barrel, generally in line with WCS, and synthetic crude oil realizations decreased by \$14.79 per barrel, generally in line with WTI.

Volumes – Higher volumes were primarily driven by the absence of extreme cold weather, and reduced unplanned downtime at Kearn as a result of the successful rollout of the winterization strategy.

Royalty – Lower royalties primarily driven by weakened commodity prices.

Other – Includes favourable foreign exchange impacts of about \$150 million, partly offset by higher operating expenses of about \$80 million.

Marker prices and average realizations

Canadian dollars, unless noted	First Quarter	
	2023	2022
West Texas Intermediate (US\$ per barrel)	75.98	95.01
Western Canada Select (US\$ per barrel)	51.42	80.46
WTI/WCS Spread (US\$ per barrel)	24.56	14.55
Bitumen (per barrel)	50.33	89.36
Synthetic crude oil (per barrel)	102.45	117.24
Average foreign exchange rate (US\$)	0.74	0.79

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Production

thousands of barrels per day	First Quarter	
	2023	2022
Kearl (Imperial's share)	184	132
Cold Lake	141	140
Syncrude (a)	76	77
Kearl total gross production (thousands of barrels per day)	259	186

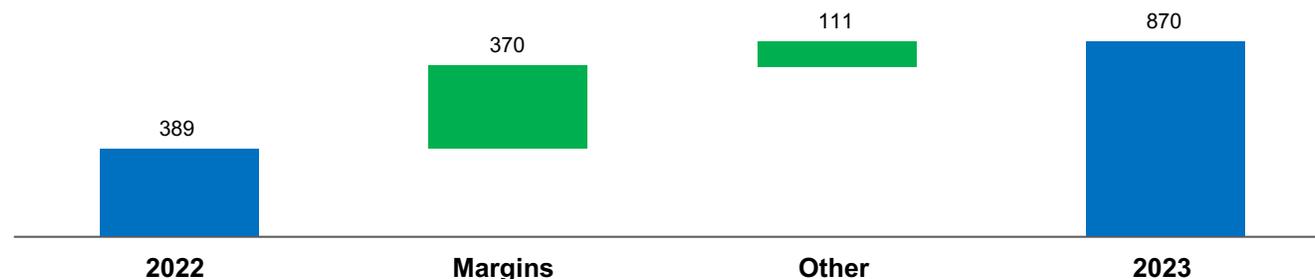
(a) In the first quarter of 2023, Syncrude gross production included about 2 thousand barrels per day of bitumen and other products (2022 - 2 thousand barrels per day) that were exported to the operator's facilities using an existing interconnect pipeline.

Higher production at Kearl was primarily driven by the absence of extreme cold weather, and reduced unplanned downtime as a result of the successful rollout of the winterization strategy.

Downstream

Net income (loss) factor analysis

millions of Canadian dollars



Margins – Higher margins primarily reflect improved market conditions.

Other – Improved volumes of about \$90 million and favourable foreign exchange impacts of about \$80 million.

Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	First Quarter	
	2023	2022
Refinery throughput	417	399
Refinery capacity utilization (percent)	96	93
Petroleum product sales	455	447

Improved refinery throughput in the first quarter of 2023 was primarily driven by lower planned maintenance.

Chemicals

Net income (loss) factor analysis

millions of Canadian dollars



Corporate and other

	First Quarter	
millions of Canadian dollars	2023	2022
Net income (loss) (U.S. GAAP)	(5)	(54)

Liquidity and capital resources

	First Quarter	
millions of Canadian dollars	2023	2022
Cash flow generated from (used in):		
Operating activities	(821)	1,914
Investing activities	(414)	(279)
Financing activities	(271)	(639)
Increase (decrease) in cash and cash equivalents	(1,506)	996
Cash and cash equivalents at period end	2,243	3,149

Cash flow used in operating activities primarily reflects unfavourable working capital impacts including, an income tax catch-up payment of \$2.1 billion and lower Upstream realizations, partly offset by improved Downstream margins.

Cash flow used in investing activities primarily reflects higher additions to property, plant and equipment.

Cash flow used in financing activities primarily reflects:

	First Quarter	
millions of Canadian dollars, unless noted	2023	2022
Dividends paid	266	185
Per share dividend paid (dollars)	0.44	0.27
Share repurchases (a)	—	449
Number of shares purchased (millions) (a)	—	8.9

(a) The company did not purchase shares during the first quarter of 2023. In the first quarter of 2022, share repurchases were made under the company's normal course issuer bid program, and included shares purchased from Exxon Mobil Corporation concurrent with, but outside of, the normal course issuer bid.

Contractual obligations

In the second quarter of 2023, the company entered into a long-term purchase agreement with a third party for about \$3 billion. It has no impact on the 2023 and 2024 obligations disclosed in Imperial's 2022 annual report on Form 10-K. The company does not believe that the increased obligation will have a material effect on Imperial's operations, financial condition or financial statements.

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; the company's belief that the commitment related to long-term purchase agreement will not have a material adverse effect on the company.

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 demand growth and energy source, supply and mix; production rates, growth and mix; for shareholder returns, assumptions such as cash flow forecasts, financing sources and capital structure; project plans, timing, costs, technical evaluations and capacities and the company's ability to effectively execute on these plans and operate its assets; capital and environmental expenditures; 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, and petroleum and petrochemical products and resulting price, differential and margin impacts, including foreign government action with respect to supply levels and prices, the impact of COVID-19 on demand and the occurrence of wars; 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; environmental risks inherent in oil and gas exploration and production activities; political or regulatory events, including changes in law or government policy; management effectiveness and disaster response preparedness; operational hazards and risks; cybersecurity incidents, including increased reliance on remote working arrangements; currency exchange rates; general economic conditions; 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 Oil Limited's most recent annual report on Form 10-K and subsequent interim reports.

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.

The term "project" as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Item 3. Quantitative and qualitative disclosures about market risk

Information about market risks for the three months ended March 31, 2023, does not differ materially from that discussed on page 32 of the company's annual report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and procedures

As indicated in the certifications in Exhibit 31 of this report, the company's principal executive officer and principal financial officer have evaluated the company's disclosure controls and procedures as of March 31, 2023. Based on that evaluation, these officers have concluded that the company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There has not been any change in the company's internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal proceedings

Imperial has elected to use a US \$1 million threshold for disclosing environmental proceedings.

Item 2. Unregistered sales of equity securities and use of proceeds

Issuer purchases of equity securities

	Total number of shares purchased	Average price paid per share (Canadian dollars)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs (a)
January 2023				
(January 1 - January 31)	—	—	—	—
February 2023				
(February 1 - February 28)	—	—	—	—
March 2023				
(March 1 - March 31)	—	—	—	—

- (a) On June 27, 2022, 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 to continue its existing share purchase program. The program enabled the company to purchase up to a maximum of 31,833,809 common shares during the period June 29, 2022 to June 28, 2023. This maximum included shares purchased under the normal course issuer bid and from Exxon Mobil Corporation concurrent with, but outside of the normal course issuer bid. As in the past, Exxon Mobil Corporation advised the company that it intended to participate to maintain its ownership percentage at approximately 69.6 percent. The program ended on October 21, 2022 as a result of the company purchasing the maximum allowable number of shares under the program.

Item 6. Exhibits

(31.1) Certification by the principal executive officer of the company pursuant to Rule 13a-14(a).

(31.2) Certification by the principal financial officer of the company pursuant to Rule 13a-14(a).

(32.1) Certification by the chief executive officer of the company pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.

(32.2) Certification by the chief financial officer of the company pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.

(101) Interactive Data Files (formatted as Inline XBRL).

(104) Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the *Securities Exchange Act* of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Imperial Oil Limited
(Registrant)

Date: May 2, 2023

/s/ Daniel E. Lyons

(Signature)

Daniel E. Lyons

Senior vice-president, finance and
administration, and controller

(Principal accounting officer)

Date: May 2, 2023

/s/ Cathryn Walker

(Signature)

Cathryn Walker

Assistant corporate secretary

Certification

Pursuant to Securities Exchange Act Rule 13a-14(a)

I, Bradley W. Corson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Imperial Oil Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ Bradley W. Corson

Bradley W. Corson
Chairman, president and
chief executive officer
(Principal executive officer)

Certification

Pursuant to Securities Exchange Act Rule 13a-14(a)

I, Daniel E. Lyons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Imperial Oil Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ Daniel E. Lyons

Daniel E. Lyons
Senior vice-president, finance and
administration, and controller
(Principal financial officer)

Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act* of 2002, the undersigned, Bradley W. Corson, the chief executive officer of Imperial Oil Limited (the “company”), hereby certifies that, to his knowledge:

- (i) The quarterly report on Form 10-Q of the company for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the *Securities Exchange Act* of 1934; and
- (ii) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: May 2, 2023

/s/ Bradley W. Corson

Bradley W. Corson
Chairman, president and
chief executive officer
(Principal executive officer)

Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act* of 2002, the undersigned, Daniel E. Lyons, the chief financial officer of Imperial Oil Limited (the “company”), hereby certifies that, to his knowledge:

- (i) The quarterly report on Form 10-Q of the company for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the *Securities Exchange Act* of 1934; and
- (ii) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: May 2, 2023

/s/ Daniel E. Lyons

Daniel E. Lyons
Senior vice-president, finance and
administration, and controller
(Chief financial officer)