



**Second Quarter 2023**

**Financial statements and management's  
discussion and analysis of financial condition  
and operating results**

**For the six months ended June 30, 2023**

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

millions of Canadian dollars	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
<b>Revenues and other income</b>				
Revenues (a)	11,764	17,285	23,821	29,942
Investment and other income (note 3)	55	22	119	51
<b>Total revenues and other income</b>	<b>11,819</b>	<b>17,307</b>	<b>23,940</b>	<b>29,993</b>
<b>Expenses</b>				
Exploration	1	1	2	3
Purchases of crude oil and products (b)	7,856	11,021	15,334	19,371
Production and manufacturing (c)	1,785	1,908	3,541	3,567
Selling and general (c)	206	191	392	416
Federal excise tax and fuel charge	598	553	1,127	1,032
Depreciation and depletion	453	451	943	877
Non-service pension and postretirement benefit	20	5	40	9
Financing (d) (note 5)	16	11	32	18
<b>Total expenses</b>	<b>10,935</b>	<b>14,141</b>	<b>21,411</b>	<b>25,293</b>
<b>Income (loss) before income taxes</b>	<b>884</b>	<b>3,166</b>	<b>2,529</b>	<b>4,700</b>
<b>Income taxes</b>	<b>209</b>	<b>757</b>	<b>606</b>	<b>1,118</b>
<b>Net income (loss)</b>	<b>675</b>	<b>2,409</b>	<b>1,923</b>	<b>3,582</b>
<b>Per share information (Canadian dollars)</b>				
Net income (loss) per common share - basic (note 9)	1.16	3.63	3.29	5.37
Net income (loss) per common share - diluted (note 9)	1.15	3.63	3.29	5.36
(a) Amounts from related parties included in revenues.	3,556	5,175	6,692	9,134
(b) Amounts to related parties included in purchases of crude oil and products.	964	1,129	2,042	1,779
(c) Amounts to related parties included in production and manufacturing, and selling and general expenses.	125	116	260	234
(d) Amounts to related parties included in financing.	41	13	80	17

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	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
<b>Net income (loss)</b>	<b>675</b>	2,409	<b>1,923</b>	3,582
Other comprehensive income (loss), net of income taxes				
Postretirement benefits liability adjustment (excluding amortization)	—	—	<b>21</b>	24
Amortization of postretirement benefits liability adjustment included in net benefit costs	<b>10</b>	21	<b>20</b>	42
<b>Total other comprehensive income (loss)</b>	<b>10</b>	21	<b>41</b>	66
<b>Comprehensive income (loss)</b>	<b>685</b>	2,430	<b>1,964</b>	3,648

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 June 30 <b>2023</b>	As at Dec 31 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,376	3,749
Accounts receivable - net (a)	4,585	4,719
Inventories of crude oil and products	1,460	1,514
Materials, supplies and prepaid expenses	869	754
<b>Total current assets</b>	<b>9,290</b>	10,736
Investments and long-term receivables (b)	998	893
Property, plant and equipment,	55,424	54,568
less accumulated depreciation and depletion	(24,945)	(24,062)
Property, plant and equipment, net	30,479	30,506
Goodwill	166	166
Other assets, including intangibles - net	1,193	1,223
<b>Total assets</b>	<b>42,126</b>	43,524
<b>Liabilities</b>		
Current liabilities		
Notes and loans payable	122	122
Accounts payable and accrued liabilities (a) (note 7)	5,923	6,194
Income taxes payable	184	2,582
<b>Total current liabilities</b>	<b>6,229</b>	8,898
Long-term debt (c) (note 6)	4,022	4,033
Other long-term obligations (note 7)	3,418	3,467
Deferred income tax liabilities	4,629	4,713
<b>Total liabilities</b>	<b>18,298</b>	21,111
<b>Shareholders' equity</b>		
Common shares at stated value (d) (note 9)	1,079	1,079
Earnings reinvested	23,220	21,846
Accumulated other comprehensive income (loss) (note 10)	(471)	(512)
<b>Total shareholders' equity</b>	<b>23,828</b>	22,413
<b>Total liabilities and shareholders' equity</b>	<b>42,126</b>	43,524

(a) Accounts receivable - net included net amounts receivable from related parties of \$1,029 million (2022 - \$1,108 million).

(b) Investments and long-term receivables included amounts from related parties of \$286 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.

Approved by the directors August 1, 2023

*/s/ Bradley W. Corson*  
Chairman, president and  
chief executive officer

*/s/ Daniel E. Lyons*  
Senior vice-president,  
finance and administration, and controller

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

millions of Canadian dollars	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
<b>Common shares at stated value</b> (note 9)				
At beginning of period	1,079	1,237	1,079	1,252
Share purchases at stated value	—	(60)	—	(75)
At end of period	1,079	1,177	1,079	1,177
<b>Earnings reinvested</b>				
At beginning of period	22,837	22,171	21,846	21,660
Net income (loss) for the period	675	2,409	1,923	3,582
Share purchases in excess of stated value	—	(2,440)	—	(2,874)
Dividends declared	(292)	(227)	(549)	(455)
At end of period	23,220	21,913	23,220	21,913
<b>Accumulated other comprehensive income (loss)</b> (note 10)				
At beginning of period	(481)	(1,132)	(512)	(1,177)
Other comprehensive income (loss)	10	21	41	66
At end of period	(471)	(1,111)	(471)	(1,111)
<b>Shareholders' equity at end of period</b>	<b>23,828</b>	<b>21,979</b>	<b>23,828</b>	<b>21,979</b>

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	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
<b>Operating activities</b>				
Net income (loss)	675	2,409	1,923	3,582
Adjustments for non-cash items:				
Depreciation and depletion	453	451	943	877
(Gain) loss on asset sales (note 3)	(13)	(4)	(22)	(24)
Deferred income taxes and other	(15)	(149)	(71)	(480)
Changes in operating assets and liabilities:				
Accounts receivable	(302)	(1,426)	134	(2,970)
Inventories, materials, supplies and prepaid expenses	420	(27)	(59)	(391)
Income taxes payable	(321)	853	(2,398)	1,312
Accounts payable and accrued liabilities	(48)	499	(303)	2,643
All other items - net (c)	36	76	(83)	47
<b>Cash flows from (used in) operating activities</b>	<b>885</b>	<b>2,682</b>	<b>64</b>	<b>4,596</b>
<b>Investing activities</b>				
Additions to property, plant and equipment	(499)	(333)	(928)	(637)
Proceeds from asset sales (note 3) (b)	9	102	23	126
Loans to equity companies - net	1	1	2	2
<b>Cash flows from (used in) investing activities</b>	<b>(489)</b>	<b>(230)</b>	<b>(903)</b>	<b>(509)</b>
<b>Financing activities</b>				
Finance lease obligations - reduction (note 6)	(6)	(6)	(11)	(11)
Dividends paid	(257)	(228)	(523)	(413)
Common shares purchased (note 9)	—	(2,500)	—	(2,949)
<b>Cash flows from (used in) financing activities</b>	<b>(263)</b>	<b>(2,734)</b>	<b>(534)</b>	<b>(3,373)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>133</b>	<b>(282)</b>	<b>(1,373)</b>	<b>714</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,243</b>	<b>3,149</b>	<b>3,749</b>	<b>2,153</b>
<b>Cash and cash equivalents at end of period (a)</b>	<b>2,376</b>	<b>2,867</b>	<b>2,376</b>	<b>2,867</b>
(a) Cash equivalents are all highly liquid securities with maturity of three months or less.				
(b) In the second quarter of 2022, a deposit of \$94 million was received for the pending sale of XTO Energy Canada.				
(c) Included contributions to registered pension plans.	(44)	(46)	(86)	(96)
Income taxes (paid) refunded.	(557)	(52)	(3,189)	(275)
Interest (paid), net of capitalization.	(16)	(10)	(37)	(22)

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 six months ended June 30, 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

Second Quarter millions of Canadian dollars	Upstream		Downstream		Chemical	
	2023	2022	2023	2022	2023	2022
<b>Revenues and other income</b>						
Revenues (a) (b)	61	119	11,355	16,752	348	414
Intersegment sales	3,519	5,827	1,365	2,024	89	149
Investment and other income (note 3)	10	3	15	9	—	—
	<b>3,590</b>	<b>5,949</b>	<b>12,735</b>	<b>18,785</b>	<b>437</b>	<b>563</b>
<b>Expenses</b>						
Exploration	1	1	—	—	—	—
Purchases of crude oil and products	1,432	2,357	11,133	16,261	263	401
Production and manufacturing	1,256	1,423	475	418	54	67
Selling and general	—	—	160	153	22	22
Federal excise tax and fuel charge	—	—	597	553	1	—
Depreciation and depletion	398	395	44	45	4	4
Non-service pension and postretirement benefit	—	—	—	—	—	—
Financing (note 5)	—	1	—	—	—	—
<b>Total expenses</b>	<b>3,087</b>	<b>4,177</b>	<b>12,409</b>	<b>17,430</b>	<b>344</b>	<b>494</b>
<b>Income (loss) before income taxes</b>	<b>503</b>	<b>1,772</b>	<b>326</b>	<b>1,355</b>	<b>93</b>	<b>69</b>
<b>Income tax expense (benefit)</b>	<b>119</b>	<b>426</b>	<b>76</b>	<b>322</b>	<b>22</b>	<b>16</b>
<b>Net income (loss)</b>	<b>384</b>	<b>1,346</b>	<b>250</b>	<b>1,033</b>	<b>71</b>	<b>53</b>
<b>Cash flows from (used in) operating activities</b>	<b>573</b>	<b>2,087</b>	<b>228</b>	<b>641</b>	<b>55</b>	<b>64</b>
<b>Capital and exploration expenditures (c)</b>	<b>303</b>	<b>233</b>	<b>152</b>	<b>69</b>	<b>5</b>	<b>2</b>

Second Quarter millions of Canadian dollars	Corporate and other		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022
<b>Revenues and other income</b>						
Revenues (a) (b)	—	—	—	—	11,764	17,285
Intersegment sales	—	—	(4,973)	(8,000)	—	—
Investment and other income (note 3)	30	10	—	—	55	22
	<b>30</b>	<b>10</b>	<b>(4,973)</b>	<b>(8,000)</b>	<b>11,819</b>	<b>17,307</b>
<b>Expenses</b>						
Exploration	—	—	—	—	1	1
Purchases of crude oil and products	—	—	(4,972)	(7,998)	7,856	11,021
Production and manufacturing	—	—	—	—	1,785	1,908
Selling and general	25	18	(1)	(2)	206	191
Federal excise tax and fuel charge	—	—	—	—	598	553
Depreciation and depletion	7	7	—	—	453	451
Non-service pension and postretirement benefit	20	5	—	—	20	5
Financing (note 5)	16	10	—	—	16	11
<b>Total expenses</b>	<b>68</b>	<b>40</b>	<b>(4,973)</b>	<b>(8,000)</b>	<b>10,935</b>	<b>14,141</b>
<b>Income (loss) before income taxes</b>	<b>(38)</b>	<b>(30)</b>	<b>—</b>	<b>—</b>	<b>884</b>	<b>3,166</b>
<b>Income tax expense (benefit)</b>	<b>(8)</b>	<b>(7)</b>	<b>—</b>	<b>—</b>	<b>209</b>	<b>757</b>
<b>Net income (loss)</b>	<b>(30)</b>	<b>(23)</b>	<b>—</b>	<b>—</b>	<b>675</b>	<b>2,409</b>
<b>Cash flows from (used in) operating activities</b>	<b>29</b>	<b>(110)</b>	<b>—</b>	<b>—</b>	<b>885</b>	<b>2,682</b>
<b>Capital and exploration expenditures (c)</b>	<b>33</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>493</b>	<b>314</b>



## IMPERIAL OIL LIMITED

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- (a) Includes export sales to the United States of \$2,034 million (2022 - \$3,871 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 millions of Canadian dollars	Second Quarter	
	2023	2022
Revenue from contracts with customers	10,922	15,871
Revenue outside the scope of ASC 606	842	1,414
<b>Total</b>	<b>11,764</b>	<b>17,285</b>

- (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.

**IMPERIAL OIL LIMITED**

Six Months to June 30 millions of Canadian dollars	Upstream		Downstream		Chemical	
	2023	2022	2023	2022	2023	2022
<b>Revenues and other income</b>						
Revenues (a) (b)	137	218	22,994	28,943	690	781
Intersegment sales	7,141	10,258	3,188	3,857	180	253
Investment and other income (note 3)	12	7	35	30	—	—
	<b>7,290</b>	<b>10,483</b>	<b>26,217</b>	<b>32,830</b>	<b>870</b>	<b>1,034</b>
<b>Expenses</b>						
Exploration	2	3	—	—	—	—
Purchases of crude oil and products	2,975	4,247	22,329	28,773	537	716
Production and manufacturing	2,543	2,672	886	774	112	121
Selling and general	—	—	317	300	48	45
Federal excise tax and fuel charge	—	—	1,125	1,032	2	—
Depreciation and depletion	832	768	89	86	8	9
Non-service pension and postretirement benefit	—	—	—	—	—	—
Financing (note 5)	—	1	—	—	—	—
<b>Total expenses</b>	<b>6,352</b>	<b>7,691</b>	<b>24,746</b>	<b>30,965</b>	<b>707</b>	<b>891</b>
<b>Income (loss) before income taxes</b>	<b>938</b>	<b>2,792</b>	<b>1,471</b>	<b>1,865</b>	<b>163</b>	<b>143</b>
<b>Income tax expense (benefit)</b>	<b>224</b>	<b>664</b>	<b>351</b>	<b>443</b>	<b>39</b>	<b>34</b>
<b>Net income (loss)</b>	<b>714</b>	<b>2,128</b>	<b>1,120</b>	<b>1,422</b>	<b>124</b>	<b>109</b>
<b>Cash flows from (used in) operating activities</b>	<b>175</b>	<b>3,534</b>	<b>(191)</b>	<b>1,016</b>	<b>23</b>	<b>131</b>
<b>Capital and exploration expenditures (c)</b>	<b>624</b>	<b>455</b>	<b>226</b>	<b>137</b>	<b>9</b>	<b>3</b>
<b>Total assets as at June 30</b>	<b>28,603</b>	<b>28,961</b>	<b>9,629</b>	<b>11,649</b>	<b>482</b>	<b>505</b>

Six Months to June 30 millions of Canadian dollars	Corporate and other		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022
<b>Revenues and other income</b>						
Revenues (a) (b)	—	—	—	—	23,821	29,942
Intersegment sales	—	—	(10,509)	(14,368)	—	—
Investment and other income (note 3)	72	14	—	—	119	51
	<b>72</b>	<b>14</b>	<b>(10,509)</b>	<b>(14,368)</b>	<b>23,940</b>	<b>29,993</b>
<b>Expenses</b>						
Exploration	—	—	—	—	2	3
Purchases of crude oil and products	—	—	(10,507)	(14,365)	15,334	19,371
Production and manufacturing	—	—	—	—	3,541	3,567
Selling and general	29	74	(2)	(3)	392	416
Federal excise tax and fuel charge	—	—	—	—	1,127	1,032
Depreciation and depletion	14	14	—	—	943	877
Non-service pension and postretirement benefit	40	9	—	—	40	9
Financing (note 5)	32	17	—	—	32	18
<b>Total expenses</b>	<b>115</b>	<b>114</b>	<b>(10,509)</b>	<b>(14,368)</b>	<b>21,411</b>	<b>25,293</b>
<b>Income (loss) before income taxes</b>	<b>(43)</b>	<b>(100)</b>	<b>—</b>	<b>—</b>	<b>2,529</b>	<b>4,700</b>
<b>Income tax expense (benefit)</b>	<b>(8)</b>	<b>(23)</b>	<b>—</b>	<b>—</b>	<b>606</b>	<b>1,118</b>
<b>Net income (loss)</b>	<b>(35)</b>	<b>(77)</b>	<b>—</b>	<b>—</b>	<b>1,923</b>	<b>3,582</b>
<b>Cash flows from (used in) operating activities</b>	<b>57</b>	<b>(85)</b>	<b>—</b>	<b>—</b>	<b>64</b>	<b>4,596</b>
<b>Capital and exploration expenditures (c)</b>	<b>63</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>922</b>	<b>610</b>
<b>Total assets as at June 30</b>	<b>3,915</b>	<b>4,016</b>	<b>(503)</b>	<b>(239)</b>	<b>42,126</b>	<b>44,892</b>

## IMPERIAL OIL LIMITED

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- (a) Includes export sales to the United States of \$4,409 million (2022 - \$6,375 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	Six Months to June 30	
millions of Canadian dollars	2023	2022
Revenue from contracts with customers	21,442	26,735
Revenue outside the scope of ASC 606	2,379	3,207
Total	23,821	29,942

- (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	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
Proceeds from asset sales	9	8	23	32
Book value of asset sales	(4)	4	1	8
Gain (loss) on asset sales, before tax	13	4	22	24
Gain (loss) on asset sales, after tax	10	3	18	19

### 4. Employee retirement benefits

The components of net benefit cost were as follows:

millions of Canadian dollars	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
Pension benefits:				
Service cost	40	70	81	140
Interest cost	93	74	186	147
Expected return on plan assets	(93)	(103)	(186)	(206)
Amortization of prior service cost	4	4	8	8
Amortization of actuarial loss (gain)	11	21	22	43
Net benefit cost	55	66	111	132
Other postretirement benefits:				
Service cost	3	5	6	11
Interest cost	7	6	14	12
Amortization of actuarial loss (gain)	(2)	3	(4)	5
Net benefit cost	8	14	16	28

### 5. Financing costs

millions of Canadian dollars	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
Debt-related interest	49	20	95	32
Capitalized interest	(33)	(10)	(63)	(15)
Net interest expense	16	10	32	17
Other interest	—	1	—	1
Total financing	16	11	32	18

## 6. Long-term debt

	As at June 30	As at Dec 31
millions of Canadian dollars	<b>2023</b>	2022
Long-term debt	<b>3,447</b>	3,447
Finance leases	<b>575</b>	586
<b>Total long-term debt</b>	<b>4,022</b>	4,033

## 7. Other long-term obligations

	As at June 30	As at Dec 31
millions of Canadian dollars	<b>2023</b>	2022
Employee retirement benefits (a)	<b>875</b>	902
Asset retirement obligations and other environmental liabilities (b)	<b>2,165</b>	2,150
Share-based incentive compensation liabilities	<b>107</b>	101
Operating lease liability (c)	<b>127</b>	151
Other obligations	<b>144</b>	163
<b>Total other long-term obligations</b>	<b>3,418</b>	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 \$106 million in current liabilities (2022 - \$100 million). In addition to the total operating lease liability, additional undiscounted commitments for leases not yet commenced totalled \$60 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 June 30, 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 June 30	As at Dec 31
thousands of barrels	<b>2023</b>	2022
Crude	<b>8,040</b>	1,800
Products	<b>(670)</b>	(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:

	Second Quarter		Six Months to June 30	
millions of Canadian dollars	<b>2023</b>	2022	<b>2023</b>	2022
Revenues	<b>10</b>	(51)	<b>(13)</b>	(14)

## IMPERIAL OIL LIMITED

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

At June 30, 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			
<b>Assets</b>							
Derivative assets (a)	11	31	—	42	(11)	—	31
<b>Liabilities</b>							
Derivative liabilities (b)	13	26	—	39	(11)	(2)	26

- (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			
<b>Assets</b>							
Derivative assets (a)	17	32	—	49	(27)	—	22
<b>Liabilities</b>							
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 June 30, 2023 and December 31, 2022, the company had \$8 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 at June 30 2023	As at Dec 31 2022
Authorized	1,100,000	1,100,000
Outstanding	584,153	584,153

The current 12-month normal course issuer bid program came into effect June 29, 2023 under which Imperial will continue its existing share purchase program. The program enables the company to purchase up to a maximum of 29,207,635 common shares (5 percent of the total shares on June 15, 2023) which includes 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 has advised the company that it intends to participate to maintain its ownership percentage at approximately 69.6 percent. Imperial plans to accelerate its share purchases under the normal course issuer bid program, and anticipates repurchasing all remaining allowable shares prior to year end. Purchase plans may be modified at any time without prior notice.

The excess of the purchase cost over the stated value of shares purchased has been recorded as a distribution of earnings reinvested.

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	—	—
<b>Balance as at June 30, 2023</b>	<b>584,153</b>	<b>1,079</b>

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:

	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
<b>Net income (loss) per common share – basic</b>				
Net income (loss) (millions of Canadian dollars)	675	2,409	1,923	3,582
Weighted average number of common shares outstanding (millions of shares)	584.2	663.0	584.2	666.7
Net income (loss) per common share (dollars)	1.16	3.63	3.29	5.37
<b>Net income (loss) per common share – diluted</b>				
Net income (loss) (millions of Canadian dollars)	675	2,409	1,923	3,582
Weighted average number of common shares outstanding (millions of shares)	584.2	663.0	584.2	666.7
Effect of employee share-based awards (millions of shares)	1.1	1.4	1.1	1.4
Weighted-average number of common shares outstanding, assuming dilution (millions of shares)	585.3	664.4	585.3	668.1
Net income (loss) per common share (dollars)	1.15	3.63	3.29	5.36
<b>Dividends per common share – declared (dollars)</b>	<b>0.50</b>	0.34	<b>0.94</b>	0.68



## 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	20	42
Balance at June 30	(471)	(1,111)

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

millions of Canadian dollars	Second Quarter		Six Months to June 30	
	2023	2022	2023	2022
Amortization of postretirement benefits liability adjustment included in net benefit cost (a)	(13)	(27)	(26)	(55)

(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	Second Quarter		Six Months to June 30	
	2023	2022	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	6	6	13
Total	3	6	13	21

## 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 second quarter or year-to-date 2023 and 2022.

## Recent business environment

During the first half of 2023, the price of crude oil decreased as the global oil market saw higher inventory levels. In addition, the Canadian WTI/WCS spread continued to recover in the second quarter, but remains weaker than the first half of 2022. Refining margins declined on steady supply of diesel.

## Operating results

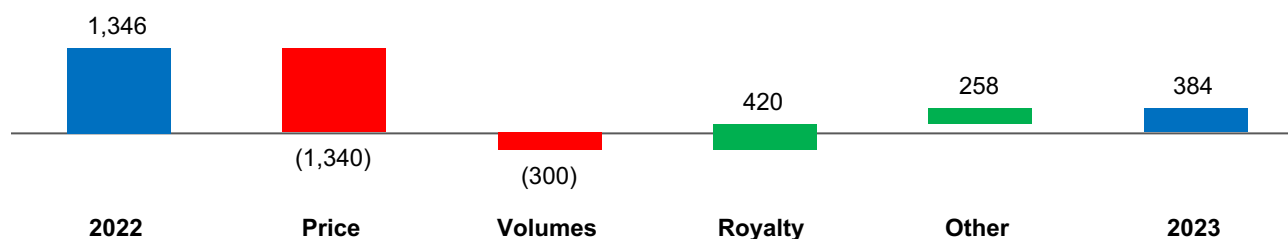
### Second quarter 2023 vs. second quarter 2022

millions of Canadian dollars, unless noted	Second Quarter	
	2023	2022
Net income (loss) (U.S. GAAP)	675	2,409
Net income (loss) per common share, assuming dilution (dollars)	1.15	3.63

### 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 \$43.63 per barrel, generally in line with WCS, and synthetic crude oil realizations decreased by \$43.75 per barrel, generally in line with WTI.

**Volumes** – Lower volumes were primarily driven by the timing of planned turnaround activities at Syncrude, and production and steam cycle timing at Cold Lake.

**Royalty** – Lower royalties were primarily driven by weakened commodity prices.

**Other** – Includes favourable foreign exchange impacts of about \$180 million, and lower operating expenses of about \$130 million, resulting primarily from lower energy prices.

### Marker prices and average realizations

Canadian dollars, unless noted	Second Quarter	
	2023	2022
West Texas Intermediate (US\$ per barrel)	73.56	108.52
Western Canada Select (US\$ per barrel)	58.49	95.80
WTI/WCS Spread (US\$ per barrel)	15.07	12.72
Bitumen (per barrel)	68.64	112.27
Synthetic crude oil (per barrel)	100.92	144.67
Average foreign exchange rate (US\$)	0.74	0.78

## IMPERIAL OIL LIMITED

### Production

thousands of barrels per day	Second Quarter	
	2023	2022
Kearl (Imperial's share)	154	159
Cold Lake	132	144
Syncrude (a)	66	81
<b>Kearl total gross production (thousands of barrels per day)</b>	<b>217</b>	<b>224</b>

(a) In the second quarter of 2023, Syncrude gross production included about 0 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.

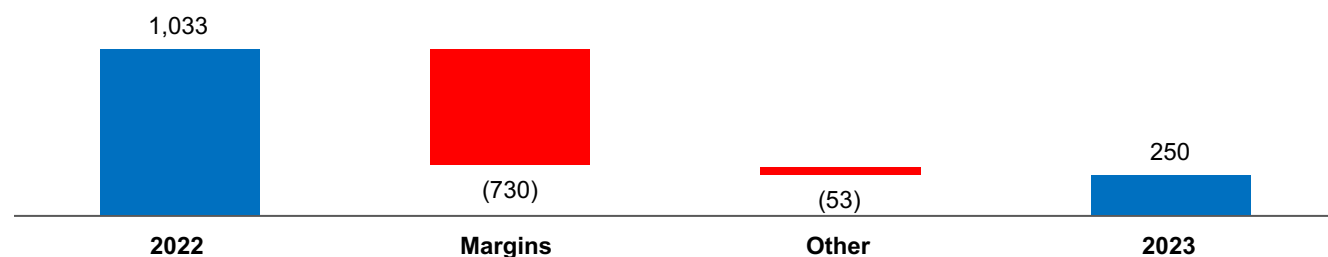
Lower production at Cold Lake was primarily driven by timing of production and steam cycles.

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

### Downstream

#### Net income (loss) factor analysis

millions of Canadian dollars



Margins – Lower margins primarily reflect weaker market conditions.

Other – Includes higher turnaround impacts of about \$230 million, reflecting the planned turnaround activities at Strathcona refinery, partially offset by favourable foreign exchange impacts of about \$110 million.

#### Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	Second Quarter	
	2023	2022
Refinery throughput	388	412
Refinery capacity utilization (percent)	90	96
<b>Petroleum product sales</b>	<b>475</b>	<b>480</b>

Lower refinery throughput in the second quarter of 2023 reflects the impact of planned turnaround activities at the Strathcona refinery.

### Chemicals

#### Net income (loss) factor analysis

millions of Canadian dollars



## IMPERIAL OIL LIMITED

### Corporate and other

millions of Canadian dollars	Second Quarter	
	2023	2022
Net income (loss) (U.S. GAAP)	(30)	(23)

### Liquidity and capital resources

millions of Canadian dollars	Second Quarter	
	2023	2022
Cash flow generated from (used in):		
Operating activities	885	2,682
Investing activities	(489)	(230)
Financing activities	(263)	(2,734)
Increase (decrease) in cash and cash equivalents	133	(282)
Cash and cash equivalents at period end	2,376	2,867

Cash flow generated from operating activities primarily reflects lower Upstream realizations and Downstream margins.

Cash flow used in investing activities primarily reflects higher additions to property, plant and equipment, and lower proceeds from asset sales.

Cash flow used in financing activities primarily reflects:

millions of Canadian dollars, unless noted	Second Quarter	
	2023	2022
Dividends paid	257	228
Per share dividend paid (dollars)	0.44	0.34
Share repurchases (a)	—	2,500
Number of shares purchased (millions) (a)	—	32.5

(a) The company did not purchase shares during the second quarter of 2023. In the second quarter of 2022, share repurchases were made under the company's substantial issuer bid that commenced on May 6, 2022 and expired on June 10, 2022, and included shares purchased from Exxon Mobil Corporation by way of a proportionate tender to maintain its ownership percentage at approximately 69.6 percent.

On June 27, 2023, the company announced by news release that it had received final approval from the Toronto Stock Exchange for a new normal course issuer bid and will continue its existing share purchase program. The program enables the company to purchase up to a maximum of 29,207,635 common shares during the period June 29, 2023 to June 28, 2024. This maximum includes 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 has advised the company that it intends to participate to maintain its ownership percentage at approximately 69.6 percent. The program will end should the company purchase the maximum allowable number of shares or on June 28, 2024. Imperial plans to accelerate its share purchases under the normal course issuer bid program, and anticipates repurchasing all remaining allowable shares prior to year end. Purchase plans may be modified at any time without prior notice.

### 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.

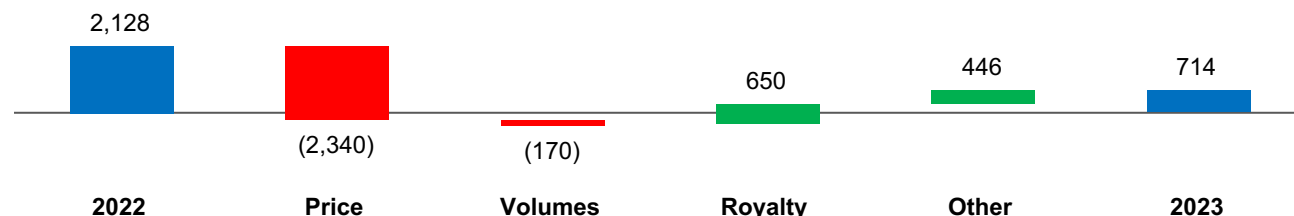
Six months 2023 vs. six months 2022

millions of Canadian dollars, unless noted	Six Months	
	2023	2022
Net income (loss) (U.S. GAAP)	1,923	3,582
Net income (loss) per common share, assuming dilution (dollars)	3.29	5.36

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 \$42.59 per barrel, generally in line with WCS, and synthetic crude oil realizations decreased by \$29.68 per barrel, generally in line with WTI.

Volumes – Lower volumes were primarily driven by the timing of planned turnaround activities at Syncrude, and production and steam cycle timing at Cold Lake, partially offset by the absence of extreme cold weather and reduced unplanned downtime at Kearn.

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

Other – Includes favourable foreign exchange impacts of about \$330 million, and lower operating expenses of about \$50 million.

Marker prices and average realizations

Canadian dollars, unless noted	Six Months	
	2023	2022
West Texas Intermediate (US\$ per barrel)	74.77	101.77
Western Canada Select (US\$ per barrel)	54.92	88.13
WTI/WCS Spread (US\$ per barrel)	19.85	13.64
Bitumen (per barrel)	58.94	101.53
Synthetic crude oil (per barrel)	101.73	131.41
Average foreign exchange rate (US\$)	0.74	0.79

## IMPERIAL OIL LIMITED

### Production

thousands of barrels per day	Six Months	
	2023	2022
Kearl (Imperial's share)	169	146
Cold Lake	137	142
Syncrude (a)	71	79

Kearl total gross production (thousands of barrels per day) **238**    205

(a) In 2023, Syncrude gross production included about 1 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 – Lower margins primarily reflect weaker market conditions.

Other – Favourable foreign exchange impacts of about \$190 million and improved volumes of about \$110 million, partially offset by higher turnaround impacts of about \$250 million, reflecting the planned turnaround activities at Strathcona refinery.

#### Refinery utilization and petroleum product sales

thousands of barrels per day, unless noted	Six Months	
	2023	2022
Refinery throughput	403	406
Refinery capacity utilization (percent)	93	95
Petroleum product sales	465	464

Lower refinery throughput in 2023 reflects the impact of planned turnaround activities at the Strathcona refinery.

### Chemicals

#### Net income (loss) factor analysis

millions of Canadian dollars



## IMPERIAL OIL LIMITED

### Corporate and other

	Six Months	
millions of Canadian dollars	2023	2022
Net income (loss) (U.S. GAAP)	<b>(35)</b>	(77)

### Liquidity and capital resources

	Six Months	
millions of Canadian dollars	2023	2022
Cash flow generated from (used in):		
Operating activities	64	4,596
Investing activities	<b>(903)</b>	(509)
Financing activities	<b>(534)</b>	(3,373)
Increase (decrease) in cash and cash equivalents	<b>(1,373)</b>	714

Cash flow generated from operating activities primarily reflects unfavourable working capital impacts, including an income tax catch-up payment of \$2.1 billion, as well as lower Upstream realizations and Downstream margins.

Cash flow used in investing activities primarily reflects higher additions to property, plant and equipment, and lower proceeds from asset sales.

Cash flow used in financing activities primarily reflects:

	Six Months	
millions of Canadian dollars, unless noted	2023	2022
Dividends paid	<b>523</b>	413
Per share dividend paid (dollars)	<b>0.88</b>	0.61
Share repurchases (a)	—	2,949
Number of shares purchased (millions) (a)	—	41.4

(a) The company did not purchase shares during the six months ended June 30, 2023. In the six months ended June 30, 2022, share repurchases were made under the company's normal course issuer bid program and substantial issuer bid that commenced on May 6, 2022 and expired on June 10, 2022. Includes shares purchased from Exxon Mobil Corporation concurrent with, but outside of, the normal course issuer bid, and by way of a proportionate tender under the company's substantial issuer bid.



## 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 purchases under the normal course issuer bid and plans to accelerate completion prior to year end; and 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, participation of the company's majority shareholder and the results of periodic and ongoing evaluation of alternate uses of capital; project plans, timing, costs, technical evaluations and capacities and the company's ability to effectively execute on these plans and operate its assets; 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.

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

Information about market risks for the six months ended June 30, 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.