



**GIBSON ENERGY**

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023 & 2022

TSX:GEI



**Gibson Energy Inc.**
**Condensed Consolidated Balance Sheets (unaudited)**
*(Amounts in thousands of Canadian dollars, except per share amounts)*

	<i>Note</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		40,586	83,596
Trade and other receivables		611,731	464,305
Inventories	4	241,196	257,754
Income taxes receivable		-	273
Prepaid and other assets		8,738	9,682
Net investment in finance leases		1,083	5,914
		<b>903,334</b>	<b>821,524</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	1,560,088	1,556,427
Right-of-use assets	6	54,963	47,739
Long-term prepaid and other assets		1,549	1,607
Net investment in finance leases		186,665	192,318
Investment in equity accounted investees	7	163,098	165,111
Deferred income tax assets		18,034	19,141
Intangible assets		23,401	29,063
Goodwill		362,053	362,068
		<b>2,369,851</b>	<b>2,373,474</b>
<b>Total assets</b>		<b>3,273,185</b>	<b>3,194,998</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables and accrued charges		686,217	574,568
Income taxes payable		3,213	-
Dividends payable		55,581	52,896
Contract liabilities		35,357	21,029
Lease liabilities	9	28,249	37,196
		<b>808,617</b>	<b>685,689</b>
<b>Non-current liabilities</b>			
Long-term debt	8	1,577,069	1,646,772
Lease liabilities	9	39,661	34,504
Provisions	10	144,399	145,057
Other long-term liabilities		2,222	2,164
Deferred income tax liabilities		118,410	107,796
		<b>1,881,761</b>	<b>1,936,293</b>
<b>Total liabilities</b>		<b>2,690,378</b>	<b>2,621,982</b>
<b>Equity</b>			
Share capital	11	1,962,870	1,964,515
Contributed surplus		50,554	60,399
Accumulated other comprehensive income		48,068	48,233
Accumulated deficit		(1,478,685)	(1,500,131)
		<b>582,807</b>	<b>573,016</b>
<b>Total liabilities and equity</b>		<b>3,273,185</b>	<b>3,194,998</b>

*See accompanying notes to the condensed consolidated financial statements*

**Gibson Energy Inc.**

## Condensed Consolidated Statements of Operations (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)*

		Three months ended March 31,	
	Note	2023	2022*
Revenue	13	2,366,040	2,688,452
Cost of sales		2,220,250	2,596,558
<b>Gross profit</b>		145,790	91,894
Share of profit from equity accounted investees	7	(5,188)	(3,603)
General and administrative expenses		18,563	17,261
Other operating income, net		(1,302)	(4,657)
<b>Operating income</b>		133,717	82,893
Finance costs, net	8	18,419	14,921
<b>Income before income taxes</b>		115,298	67,972
Income tax expense	12	27,047	16,002
<b>Net income</b>		88,251	51,970
<b>Earnings per share</b>	11		
Basic earnings per share		0.62	0.35
Diluted earnings per share		0.61	0.35

*\*See Note 2 for reclassification of prior period results**See accompanying notes to the condensed consolidated financial statements*

**Gibson Energy Inc.**

## Condensed Consolidated Statements of Comprehensive Income (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)*

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Net Income</b>	88,251	51,970
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to statement of operations</i>		
Exchange differences from translating foreign operations	(165)	(4,023)
<b>Other comprehensive loss, net of tax</b>	(165)	(4,023)
<b>Comprehensive income</b>	88,086	47,947

*See accompanying notes to the condensed consolidated financial statements*

**Gibson Energy Inc.**
**Condensed Consolidated Statements of Changes in Equity (unaudited)**
*(Amounts in thousands of Canadian dollars, except per share amounts)*

	Share Capital (Note 11)	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
<b>Balance – January 1, 2022</b>	1,997,255	66,002	24,310	(1,443,441)	644,126
Net income	-	-	-	51,970	51,970
Other comprehensive loss, net of tax	-	-	(4,023)	-	(4,023)
Comprehensive (loss) income	-	-	(4,023)	51,970	47,947
Share-based compensation	-	5,518	-	-	5,518
Tax effect of equity settled awards	632	454	-	-	1,086
Proceeds from exercise of stock options	14,957	-	-	-	14,957
Reclassification of contributed surplus on issuance of awards under equity incentive plan	19,994	(19,994)	-	-	-
Dividends on common shares (\$0.37 per common share)	-	-	-	(54,575)	(54,575)
Repurchase of common shares under normal course issuer bid ("NCIB")	(10,571)	-	-	(8,784)	(19,355)
<b>Balance – March 31, 2022</b>	2,022,267	51,980	20,287	(1,454,830)	639,704
<b>Balance – January 1, 2023</b>	1,964,515	60,399	48,233	(1,500,131)	573,016
Net income	-	-	-	88,251	88,251
Other comprehensive loss, net of tax	-	-	(165)	-	(165)
Comprehensive (loss) income	-	-	(165)	88,251	88,086
Share-based compensation	-	3,543	-	-	3,543
Tax effect of equity settled awards	454	(206)	-	-	248
Proceeds from exercise of stock options	306	-	-	-	306
Reclassification of contributed surplus on issuance of awards under equity incentive plan	13,182	(13,182)	-	-	-
Dividends on common shares (\$0.39 per common share)	-	-	-	(55,581)	(55,581)
Repurchase of common shares under NCIB	(15,587)	-	-	(11,224)	(26,811)
<b>Balance – March 31, 2023</b>	1,962,870	50,554	48,068	(1,478,685)	582,807

*See accompanying notes to the condensed consolidated financial statements*

**Gibson Energy Inc.**

## Condensed Consolidated Statements of Cash Flows (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)*

		Three months ended March 31,	
	<i>Note</i>	2023	2022
<b>Cash flows from operating activities</b>			
Net income		88,251	51,970
Adjustments	16	66,397	63,113
Changes in items of working capital	16	16,480	196,543
Income tax payment, net	16	(11,601)	(5,890)
<b>Net cash inflow from operating activities</b>		159,527	305,736
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	5	(21,092)	(55,923)
Proceeds from sale of assets		-	8,072
<b>Net cash outflow from investing activities</b>		(21,092)	(47,851)
<b>Cash flows from financing activities</b>			
Payment of shareholder dividends		(52,896)	(51,319)
Interest paid, net		(22,149)	(18,863)
Proceeds from exercise of stock options		306	14,957
Lease payments	9	(9,572)	(10,596)
Repayment of credit facility, net	8	(70,000)	(180,864)
Repurchase of shares under NCIB	11	(26,811)	(19,355)
<b>Net cash outflow from financing activities</b>		(181,122)	(266,040)
<b>Net decrease in cash and cash equivalents</b>		(42,687)	(8,155)
Effect of exchange rate on cash and cash equivalents		(323)	(404)
Cash and cash equivalents – beginning of year		83,596	62,688
<b>Cash and cash equivalents – end of quarter</b>		40,586	54,129

*See accompanying notes to the condensed consolidated financial statements**See note 16 for supplemental disclosures*

## Gibson Energy Inc.

### Notes to Condensed Consolidated Financial Statements (unaudited)

(Amounts in thousands of Canadian dollars, except per share amounts)

#### Note 1 Description of Business and Segmented Disclosure

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Gibson Energy Inc. (the “Company”) was incorporated pursuant to the Business Corporations Act (Alberta) on April 11, 2011. The Company is incorporated in Alberta and domiciled in Canada. The address of the Company’s principal place of business is 1700, 440 Second Avenue S.W., Calgary, Alberta, Canada. The Company’s common shares are traded on the Toronto Stock Exchange under the symbol “GEI”.

The Company is a Canadian-based liquids infrastructure company with its principal businesses consisting of storage, optimization, processing, and gathering of liquids and refined products.

The Company’s reportable segments are:

**Infrastructure**, which includes a network of liquids infrastructure assets that include oil terminals, rail loading and unloading facilities, gathering pipelines, a crude oil processing facility, and other small terminals. The primary facilities within this segment include the Hardisty and Edmonton Terminals, which are the principal hubs for aggregating and exporting liquids and refined products out of the Western Canadian Sedimentary Basin; gathering pipelines, which are connected to the Hardisty Terminal; a crude oil processing facility in Moose Jaw, Saskatchewan (the “Moose Jaw Facility”); and an infrastructure position located in the United States (“U.S.”). The Infrastructure segment also includes the Company’s share of equity pickup from equity accounted investees. Select assets are impacted by maintenance turnarounds typically occurring within the spring every few years.

**Marketing**, which is involved in the purchasing, selling, storing and optimizing of hydrocarbon products as part of supplying the Moose Jaw Facility and marketing its refined products as well as helping to drive volumes through the Company’s key infrastructure assets. The Marketing segment also engages in optimization opportunities which are typically location, quality and time-based. The hydrocarbon products include crude oil, natural gas liquids, and road asphalt, roofing flux, frac oils, light and heavy straight run distillates, combined vacuum gas oil and an oil-based mud product. The Marketing segment sources the majority of its hydrocarbon products from Western Canada as well as the Permian basin and markets those products throughout Canada and the U.S. The Moose Jaw Facility business is impacted by certain seasonality of operations specific to the oil and gas industry and asphalt product demand.

This reporting structure provides a direct connection between the Company’s operations, the services it provides to customers and the ongoing strategic direction of the Company. These reportable segments of the Company have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Company has aggregated certain operating segments into the above noted reportable segments through examination of the Company’s performance which is based on the similarity of the goods and services provided and economic characteristics exhibited by these operating segments.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company’s consolidated financial statements. Inter-segmental transactions are eliminated upon consolidation and the Company does not recognize margins on inter-segmental transactions.

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***a) Statement of operations**

<b>Three months ended March 31, 2023</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	78,342	2,287,698	2,366,040
Inter-segmental	53,745	25,529	79,274
External and inter-segmental	132,087	2,313,227	2,445,314
Segment profit	106,571	71,831	178,402
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			19,547
Depreciation and impairment of right-of-use assets			6,332
Amortization and impairment of intangible assets			2,276
General and administrative			11,917
Stock based compensation			4,146
Corporate foreign exchange loss			467
Interest expense, net			18,419
Net income before income tax			115,298
Income tax expense			27,047
Net income			88,251

**Statement of operations**

<b>Three months ended March 31, 2022</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	78,625	2,609,827	2,688,452
Inter-segmental	50,458	41,092	91,550
External and inter-segmental	129,083	2,650,919	2,780,002
Segment profit	106,977	30,648	137,625
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			30,108
Depreciation and impairment of right-of-use assets			6,410
Amortization and impairment of intangible assets			1,921
General and administrative			8,936
Stock based compensation			6,155
Corporate foreign exchange loss			1,202
Interest expense, net			14,921
Net income before income tax			67,972
Income tax expense			16,002
Net income			51,970



## Gibson Energy Inc.

### Notes to Condensed Consolidated Financial Statements (unaudited)

(Amounts in thousands of Canadian dollars, except per share amounts)

The breakdown of additions to property, plant and equipment, investment in equity accounted investees and intangible assets by reportable segment is as follows:

Additions	Three months ended March 31,	
	2023	2022
Infrastructure	19,668	29,980
Marketing	-	5,361
Corporate	2,145	2,655
	21,813	37,996

#### b) Geographic Data

Based on the location of the end user, approximately \$324.1 million and \$446.2 million of revenue was from customers in the U.S. for the three months ended March 31, 2023, and 2022, respectively.

The Company's non-current assets, excluding investment in finance leases, investment in equity accounted investees and deferred tax assets are primarily concentrated in Canada with \$230.8 million and \$207.8 million in the U.S. as at March 31, 2023, and 2022, respectively.

#### Note 2 Basis of Preparation

These condensed consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, as set out in IAS 34, "Interim Financial Reporting".

These condensed consolidated financial statements are presented in Canadian dollars, the Company's functional currency, and all values are rounded to the nearest thousands of dollars, except where indicated otherwise. All references to \$ are to Canadian dollars and references to US\$ are to U.S. dollars. These statements do not include all disclosures required for the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

Effective December 31, 2022, the Company's share of profit from equity accounted investees was presented separately in the consolidated statement of operations, which was previously presented within cost of sales. Comparative information for the three months ended March 31, 2022, has been updated to reflect the current presentation.

These condensed consolidated financial statements were approved for issuance by the Company's board of directors ("Board") on May 1, 2023.

#### Note 3 Changes in Accounting Policies and Disclosures

##### New interpretations and amended standards adopted by the Company:

The Company adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with applicable transitional provisions and did not have a material impact on the on the condensed consolidated financial statements.

- IAS 12 –Income Taxes ("IAS 12"), has been amended to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company has assessed this amendment and has applied it with no material impact on its condensed consolidated financial statements. These amendments are effective for periods beginning on or after January 1, 2023.

##### New and amended standards and interpretations issued but not yet adopted:

The Company has assessed the impact of the following amendment to the standards and interpretations applicable for future periods and do not expect these to have a material impact on the Company's consolidated financial statements at the adoption date:

- IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current and how to determine that an entity has the right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2024.

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 4 Inventories**

	March 31, 2023	December 31, 2022
Crude oil, natural gas liquids and diluent	182,053	201,293
Asphalt	47,489	42,153
Wellsite fluids and distillate	11,654	14,308
	241,196	257,754

The cost of the inventory sold included in cost of sales was \$2,190.0 million and \$2,522.0 million for the three months ended March 31, 2023, and 2022, respectively.

**Note 5 Property, Plant and Equipment**

	Land and Buildings	Pipelines and Connections	Tanks	Plant, Equipment and Other	Work in Progress	Total
<b>Cost:</b>						
At January 1, 2023	150,999	536,692	832,677	900,162	109,634	2,530,164
Additions and adjustments	279	1,026	1,063	14,583	7,741	24,692
Disposals	-	-	-	-	-	-
Change in decommissioning provision	32	149	(960)	(584)	-	(1,363)
Effect of movements in exchange rates	(4)	(53)	(9)	(69)	42	(93)
<b>At March 31, 2023</b>	<b>151,306</b>	<b>537,814</b>	<b>832,771</b>	<b>914,092</b>	<b>117,417</b>	<b>2,553,400</b>
<b>Accumulated depreciation and impairment:</b>						
At January 1, 2023	55,499	176,614	244,625	496,999	-	973,737
Depreciation and adjustments	1,403	3,821	5,874	8,494	-	19,592
Disposals	-	-	-	-	-	-
Effect of movements in exchange rates	(1)	(6)	(3)	(7)	-	(17)
<b>At March 31, 2023</b>	<b>56,901</b>	<b>180,429</b>	<b>250,496</b>	<b>505,486</b>	<b>-</b>	<b>993,312</b>
<b>Carrying amounts:</b>						
At January 1, 2023	95,500	360,078	588,052	403,163	109,634	1,556,427
At March 31, 2023	94,405	357,385	582,275	408,606	117,417	1,560,088

Amounts in relation to infrastructure assets are under operating lease arrangements.

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 6 Right-of-use Assets**

	Buildings	Rail Cars	Other	Total
<b>Cost:</b>				
At January 1, 2023	44,435	110,772	10,172	165,379
Additions and adjustments	496	1,334	4,209	6,039
Transfer from finance sub-lease	-	8,825	-	8,825
Disposals	(176)	-	(1,888)	(2,064)
Effect of movements in exchange rates	(1)	(1)	(2)	(4)
<b>At March 31, 2023</b>	<b>44,754</b>	<b>120,930</b>	<b>12,491</b>	<b>178,175</b>
<b>Accumulated depreciation and impairment:</b>				
At January 1, 2023	24,830	84,736	8,074	117,640
Depreciation and adjustments	1,192	4,309	1,027	6,528
Disposals	(176)	-	(778)	(954)
Effect of movements in exchange rates	(1)	-	(1)	(2)
<b>At March 31, 2023</b>	<b>25,845</b>	<b>89,045</b>	<b>8,322</b>	<b>123,212</b>
<b>Carrying amounts:</b>				
At January 1, 2023	19,605	26,036	2,098	47,739
At March 31, 2023	18,909	31,885	4,169	54,963

**Note 7 Investment in Equity Accounted Investees**

	Ownership %	Share of Profit (Loss),		Investment in Equity	
		for the period ended		Accounted Investees at	
		March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022
Hardisty Energy Terminal Limited Partnership ("HET")	50%	5,092	3,848	140,525	142,134
Zenith Energy Terminals Joliet Holdings LLC ("Zenith")	36%	96	(245)	22,573	22,977
		5,188	3,603	163,098	165,111

The Company, as the operator, holds a 50 percent interest in HET, operating a Diluent Recovery Unit adjacent to the Company's Hardisty Terminal. The Company also holds a 36% interest in Zenith which owns and operates a crude-by-rail and storage terminal and a pipeline connection to a common carrier crude oil pipeline in Joliet, Illinois. The Company's share of profit or loss from these investments is included within the Infrastructure segment's profit. The Company received distributions for the three months ended March 31, 2023, of \$7.2 million (three months ended March 31, 2022 – \$8.1 million).

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 8 Long-Term Debt**

	<b>Coupon Rate</b>	<b>Year of Maturity</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Unsecured revolving credit facility	floating	2028	185,000	255,000
Senior unsecured notes	2.45%	2025	325,000	325,000
Senior unsecured notes	2.85%	2027	325,000	325,000
Senior unsecured notes	3.60%	2029	500,000	500,000
Unsecured hybrid notes	5.25%	2080	250,000	250,000
Unamortized issue discount and debt issue costs			(7,931)	(8,228)
			<b>1,577,069</b>	<b>1,646,772</b>

The Company had \$185.0 million drawn on its \$750.0 million unsecured revolving credit facility as of March 31, 2023 (December 31, 2022 – \$255.0 million). In addition, the Company has two bilateral demand facilities, which are available for use for general corporate purposes or letters of credit, totaling \$150.0 million under which it had issued letters of credit totaling \$37.7 million as at March 31, 2023 (December 31, 2022 – \$37.5 million).

During the first quarter of 2023, the Company extended the maturity date of the unsecured revolving credit facility from April 2027 to February 2028, amongst other amendments.

The Company is required to meet certain specific and customary affirmative and negative financial covenants under various debt agreements. As at March 31, 2023, the Company was in compliance with all of its covenants.

The components of finance costs are as follows:

	<b>Note</b>	<b>Three months ended March 31,</b>	
		<b>2023</b>	<b>2022</b>
Interest expense		18,349	14,677
Capitalized interest		(343)	(500)
Interest expense, finance lease	9	682	755
Interest income		(269)	(11)
		<b>18,419</b>	<b>14,921</b>

**Note 9 Lease Liabilities**

	<b>March 31, 2023</b>
<b>Opening balance</b>	71,700
Additions	6,039
Disposals	(909)
Interest expense	682
Lease payments	(9,572)
Effect of movements in exchange rates	(30)
<b>Closing balance</b>	<b>67,910</b>
Less: current portion	28,249
<b>Closing balance – non-current portion</b>	<b>39,661</b>

The Company incurs lease payments primarily related to rail cars, head office facilities and vehicles. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

## Gibson Energy Inc.

### Notes to Condensed Consolidated Financial Statements (unaudited)

(Amounts in thousands of Canadian dollars, except per share amounts)

#### Note 10 Provisions

The aggregate carrying amounts of the obligation associated with decommissioning and site restoration on the retirement of assets and environmental costs are as follows:

	<i>Note</i>	March 31, 2023	December 31, 2022
<b>Opening balance</b>		145,057	180,270
Settlements		(600)	(7,204)
Additions	5	317	5,523
Change in estimated future cash flows	5	(9,414)	7,772
Change in discount rate	5	7,995	(45,437)
Unwind of discount		1,048	3,632
Effect of movements in exchange rates		(4)	501
<b>Closing balance</b>		144,399	145,057

The Company currently estimates the total undiscounted future value amount, including an inflation factor of 6.0% for 2023, 4.0% for 2024 and 2.0% thereafter, of estimated cash flows to settle the future liability for asset retirement and remediation obligations. In order to determine the current provision related to these future values, the estimated future values were discounted using an average risk-free rate of 3.0% at March 31, 2023 (3.3% at December 31, 2022). The change in the risk-free rate results in an adjustment in cost to the corresponding asset. During the first quarter of 2023, the Company updated the anticipated decommissioning dates of select assets, which resulted in a change in the estimated future cash flows of \$9.4 million.

#### Note 11 Share Capital and Share-based Compensation

##### Common Shares – Issued and Outstanding

	Number of Common Shares	Amount
<b>At January 1, 2023</b>	142,961,379	1,964,515
Issuance in connection with the exercise of stock options	18,068	306
Tax effect of equity settled awards	-	454
Reclassification of contributed surplus on issuance of awards under equity incentive plans	679,025	13,182
Repurchased common shares under NCIB	(1,144,300)	(15,587)
<b>At March 31, 2023</b>	142,514,172	1,962,870

A dividend of \$0.39 per share, declared on February 21, 2023, was paid on April 17, 2023.

Under the NCIB, the Company is permitted to repurchase for cancellation up to 7.5% of the public float of common shares or 8,760,553 common shares, in accordance with the applicable rules and policies of the TSX and applicable securities laws. For the three months ended March 31, 2023, the Company repurchased 1,144,300 common shares at a weighted average price of \$23.43 per common share for a total cost of \$26.8 million. Retained earnings was reduced by \$11.2 million, representing the excess of the purchase price of common shares over their average carrying value.

Under the currently allowable NCIB limit, the Company has repurchased 4,673,900 common shares as at March 31, 2023, leaving 4,086,653 common shares available for repurchase prior to August 30, 2023.

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Share Based Compensation**

A summary activity under the equity incentive plan is as follows:

	Number of Shares	Weighted Average Exercise Price (in dollars)	Restricted Share Units	Performance Share Units	Deferred Share Units
	Stock Options		Number of Shares		
<b>At January 1, 2023</b>	452,677	20.88	631,132	839,873	771,990
Granted	-	-	432,355	339,949	36,762
Exercised and released for common shares	(18,068)	16.93	(325,202)	(353,822)	-
Forfeited	-	-	(5,378)	(2,572)	-
<b>At March 31, 2023</b>	434,609	21.04	732,907	823,428	808,752
Vested and exercisable at March 31, 2023	434,609	21.04	-	-	808,752

**Per Share Amounts**

The following table shows the number of shares used in the calculation of earnings per share:

	Three months ended March 31,	
	2023	2022
Weighted average common shares outstanding – Basic	142,482,978	146,881,194
Dilutive effect of stock options and other awards	2,356,717	2,959,269
Weighted average common shares – Diluted	144,839,695	149,840,463

**Note 12 Income Taxes**

	Three months ended March 31,	
	2023	2022
Current	15,541	9,581
Deferred	11,506	6,421
	27,047	16,002
Effective income tax rate	23.5%	23.5%

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 13 Revenue**

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers recognized at a point in time	2,287,699	2,609,827
Revenue from contracts with customers recognized over time	38,768	31,106
Total revenue from contracts with customers	2,326,467	2,640,933
Total revenue from lease arrangements	39,573	47,519
	2,366,040	2,688,452

<b>Three months ended March 31, 2023</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
<b>Canada</b>			
External Service Revenue			
Terminals storage and throughput / pipeline transportation	31,933	-	31,933
Rail and other	6,835	-	6,835
External Product Revenue			
Crude, diluent and other products	-	1,920,582	1,920,582
Refined products	-	43,005	43,005
	38,768	1,963,587	2,002,355
<b>U.S.</b>			
External Product Revenue			
Crude, diluent and other products	-	237,916	237,916
Refined products and other	-	86,196	86,196
		324,112	324,112
Total revenue from contracts with customers	38,768	2,287,699	2,326,467

<b>Three months ended March 31, 2022</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
<b>Canada</b>			
External Service Revenue			
Terminals storage and throughput / pipeline transportation	19,872	-	19,872
Rail and other	11,234	-	11,234
External Product Revenue			
Crude, diluent and other products	-	2,130,435	2,130,435
Refined products	-	33,203	33,203
	31,106	2,163,638	2,194,744
<b>U.S.</b>			
External Product Revenue			
Crude, diluent and other products	-	366,156	366,156
Refined products and other	-	80,033	80,033
		446,189	446,189
Total revenue from contracts with customers	31,106	2,609,827	2,640,933

**Gibson Energy Inc.**

Notes to Condensed Consolidated Financial Statements (unaudited)

(Amounts in thousands of Canadian dollars, except per share amounts)

**Note 14 Financial Instruments**

As at March 31, 2023	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Commodity futures	1,978	1,978	-	-
Commodity swaps	333	333	-	-
WTI differential futures	17,489	17,489	-	-
Foreign currency forwards	3,090	-	3,090	-
<b>Financial assets (carried at fair value)</b>	<b>22,890</b>	<b>19,800</b>	<b>3,090</b>	<b>-</b>
Commodity futures	9,939	9,939	-	-
Commodity swaps	1,091	1,091	-	-
WTI differential futures	1,368	1,368	-	-
Foreign currency forwards	1,404	-	1,404	-
<b>Financial liabilities (carried at fair value)</b>	<b>13,802</b>	<b>12,398</b>	<b>1,404</b>	<b>-</b>
Long-term debt (carried at amortized cost)	1,577,069		1,465,632	

  

As at December 31, 2022	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Commodity futures	414	414	-	-
Commodity swaps	45	45	-	-
WTI differential futures	2,236	2,236	-	-
Foreign currency forwards	1,475	-	1,475	-
<b>Financial assets (carried at fair value)</b>	<b>4,170</b>	<b>2,695</b>	<b>1,475</b>	<b>-</b>
Commodity futures	4,558	4,558	-	-
Commodity swaps	1,758	1,758	-	-
WTI differential futures	976	976	-	-
Foreign currency forwards	935	-	935	-
<b>Financial liabilities (carried at fair value)</b>	<b>8,227</b>	<b>7,292</b>	<b>935</b>	<b>-</b>
Long-term debt (carried at amortized cost)	1,646,772	-	1,513,243	-

The value of the Company's derivative financial instruments is determined using inputs that are either readily available in public markets or are quoted by counterparties to these contracts. In situations where the Company obtains inputs via quotes from its counterparties, these quotes are verified for reasonableness via similar quotes from another source for each date for which financial statements are presented. The Company has consistently applied these valuation techniques in all periods presented and the Company believes it has obtained the most accurate information available for the types of financial instrument contracts held. The Company has categorized the inputs for these contracts as Level 1, defined as observable inputs such as quoted prices in active markets; Level 2 defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; or Level 3 defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions.

For the financial instruments categorized in Level 2, the Company used the forward exchange rates at the measurement date, with the resulting value discounted back to present values to determine the fair value of the foreign currency forward contracts.



**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 15 Subsequent Events**

On May 1, 2023, the Board declared a quarterly dividend of \$0.39 per common share for the second quarter on its outstanding common shares. The dividend is payable on July 17, 2023, to shareholders of record at the close of business on June 30, 2023.

Subsequent to the end of the quarter, the Company repurchased for cancellation an additional 0.7 million common shares for total consideration of \$15.0 million.

**Note 16 Supplemental Cash Flow Information**

	<i>Note</i>	<b>Three months ended March 31,</b>	
		<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Net income		88,251	51,970
<b>Adjustments:</b>			
Finance costs, net		18,419	14,921
Income tax expense		27,047	16,002
Depreciation and impairment of property, plant and equipment	5	19,547	30,108
Depreciation and impairment of right-of-use asset	6	6,332	6,410
Amortization and impairment of intangible assets		2,276	1,921
Share-based compensation	11	4,146	6,155
Share of profit from investments in equity accounted investees	7	(5,188)	(3,603)
Distributions from equity accounted investees	7	7,190	8,115
Gain on sale of property, plant and equipment	5	-	(5,137)
Provisions	10	228	(713)
Net gain on fair value movement of financial instruments		(13,081)	(10,040)
Other		(519)	(1,026)
		66,397	63,113
<b>Changes in items of working capital:</b>			
Trade and other receivables		(164,297)	(156,403)
Inventories	4	16,619	(38,319)
Other current assets		2,463	3,080
Trade payables and accrued charges		147,370	393,671
Contract liabilities		14,325	(5,486)
		16,480	196,543
<b>Income tax payment, net</b>		<b>(11,601)</b>	<b>(5,890)</b>
<b>Net cash inflow from operating activities</b>		<b>159,527</b>	<b>305,736</b>



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