



GIBSON ENERGY

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

MARCH 31, 2024 & 2023

TSX:GEI

Gibson Energy Inc.

Condensed Consolidated Balance Sheet (unaudited)

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

As at	Note	March 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		108,858	143,758
Trade and other receivables		851,502	660,820
Inventories	4	360,049	246,709
Prepaid and other assets		8,936	14,145
Net investment in finance leases		1,638	1,480
		1,330,983	1,066,912
Non-current assets			
Property, plant and equipment	5	2,959,684	2,937,138
Right-of-use assets	6	48,151	52,355
Other assets		155	153
Net investment in finance leases		185,026	185,543
Investment in equity accounted investees	7	160,734	161,127
Deferred income tax assets		16,761	17,396
Intangible assets		111,982	116,026
Goodwill		412,262	410,225
		3,894,755	3,879,963
Total assets		5,225,738	4,946,875
Liabilities and equity			
Current liabilities			
Trade payables and accrued charges		1,074,505	753,508
Dividends payable		66,620	63,048
Contract liabilities		119,741	112,003
Lease liabilities	9	26,150	28,014
		1,287,016	956,573
Non-current liabilities			
Long-term debt	8	2,643,464	2,711,543
Lease liabilities	9	32,330	33,991
Provisions	10	183,938	194,242
Other long-term liabilities		2,464	2,412
Deferred income tax liabilities		139,213	135,644
		3,001,409	3,077,832
Total liabilities		4,288,425	4,034,405
Equity			
Share capital	11	2,360,791	2,341,267
Contributed surplus		55,836	65,113
Accumulated other comprehensive income		89,252	48,525
Accumulated deficit		(1,568,566)	(1,542,435)
		937,313	912,470
Total liabilities and equity		5,225,738	4,946,875

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	2024	2023
Revenue	12	3,288,608	2,366,040
Cost of sales		3,171,567	2,220,250
Gross profit		117,041	145,790
Share of profit from equity accounted investees	7	(6,414)	(5,188)
General and administrative expenses		30,560	18,563
Other losses (gains), net		4,548	(1,302)
Operating income		88,347	133,717
Finance costs, net	8	35,403	18,419
Income before income taxes		52,944	115,298
Current income tax		7,312	15,541
Deferred income tax		5,143	11,506
Income tax expense		12,455	27,047
Net income		40,489	88,251
Earnings per share	11		
Basic earnings per share		0.25	0.62
Diluted earnings per share		0.25	0.61

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)

	Three months ended March 31,	
	2024	2023
Net income	40,489	88,251
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to statement of operations</i>		
Exchange differences from translating foreign operations	40,727	(165)
Other comprehensive income (loss), net of tax	40,727	(165)
Comprehensive income	81,216	88,086

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	Accumulated Deficit	Total Equity
Balance – January 1, 2023	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 normal course issuer bid ("NCIB")	(15,587)	—	—	(11,224)	(26,811)
Balance – March 31, 2023	1,962,870	50,554	48,068	(1,478,685)	582,807
Balance – January 1, 2024	2,341,267	65,113	48,525	(1,542,435)	912,470
Net income	—	—	—	40,489	40,489
Other comprehensive income, net of tax	—	—	40,727	—	40,727
Comprehensive income	—	—	40,727	40,489	81,216
Share-based compensation	—	4,423	—	—	4,423
Tax effect of equity settled awards	97	560	—	—	657
Proceeds from exercise of stock options	5,167	—	—	—	5,167
Reclassification of contributed surplus on issuance of awards under equity incentive plan	14,260	(14,260)	—	—	—
Dividends on common shares (\$0.41 per common share)	—	—	—	(66,620)	(66,620)
Balance – March 31, 2024	2,360,791	55,836	89,252	(1,568,566)	937,313

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)

	<i>Note</i>	Three months ended March 31,	
		2024	2023
Cash flows from operating activities			
Net income		40,489	88,251
Adjustments	<i>15</i>	126,266	66,397
Changes in items of working capital	<i>15</i>	33,878	16,480
Income tax payment, net	<i>15</i>	(7,800)	(11,601)
Net cash inflow from operating activities		192,833	159,527
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	<i>5</i>	(44,320)	(21,092)
Proceeds from sale of assets		7,304	—
Net cash outflow from investing activities		(37,016)	(21,092)
Cash flows from financing activities			
Payment of shareholder dividends		(63,047)	(52,896)
Finance costs paid, net		(56,808)	(22,149)
Proceeds from exercise of stock options		5,167	306
Lease payments	<i>9</i>	(8,034)	(9,572)
Repayment of credit facility, net	<i>8</i>	(68,708)	(70,000)
Repurchase of shares under NCIB	<i>11</i>	—	(26,811)
Net cash outflow from financing activities		(191,430)	(181,122)
Net decrease in cash and cash equivalents		(35,613)	(42,687)
Effect of exchange rate on cash and cash equivalents		713	(323)
Cash and cash equivalents – beginning of year		143,758	83,596
Cash and cash equivalents – end of quarter		108,858	40,586

*See accompanying notes to the condensed consolidated financial statements**See note 15 for supplemental disclosures.*

Note 1 Description of Business and Segmented Disclosure

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 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; the Gateway Terminal, a liquids export terminal located in Ingleside, Texas, in the United States ("U.S."), which connects the Permian and Eagle Ford basins to global exports; the DRU which is located adjacent to the Hardisty Terminal; a crude oil processing facility in Moose Jaw, Saskatchewan (the "Moose Jaw Facility"); and gathering pipelines in Canada and 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**

Three months ended March 31, 2024	Infrastructure	Marketing	Total
Revenue			
External	132,472	3,156,136	3,288,608
Inter-segmental	53,512	30,691	84,203
External and inter-segmental	185,984	3,186,827	3,372,811
Segment profit	145,663	19,381	165,044
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			29,228
Depreciation and impairment of right-of-use assets			7,126
Amortization and impairment of intangible assets			7,077
General and administrative			21,920
Acquisition and integration costs			1,305
Share-based compensation			5,064
Financial instrument loss (<i>note 13</i>)			9,476
Corporate foreign exchange gain			(4,499)
Finance costs, net			35,403
Net income before income tax			52,944
Income tax expense			12,455
Net income			40,489

Three months ended March 31, 2023	Infrastructure	Marketing	Total
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
Share-based compensation			4,146
Corporate foreign exchange loss			467
Finance costs, net			18,419
Net income before income tax			115,298
Income tax expense			27,047
Net income			88,251

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, goodwill and intangible assets by reportable segment is as follows:

Additions	Three months ended March 31,	
	2024	2023
Infrastructure	31,451	19,668
Marketing	3,806	—
Corporate	537	2,145
	35,794	21,813

b) Geographic Data

Revenue	Three months ended March 31,	
	2024	2023
Canada	2,944,325	2,041,928
United States	344,283	324,112
Total revenue	3,288,608	2,366,040

Non-current assets	As at March 31,	
	2024	2023
Canada	1,831,726	1,771,265
United States	1,700,508	230,789
Total non-current assets ⁽¹⁾	3,532,234	2,002,054

(1) Excludes investment in finance leases, investments in equity accounted investees and deferred tax assets.

Note 2 Basis of Preparation

These condensed consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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, 2023.

These condensed consolidated financial statements were approved for issuance by the Company's board of directors ("Board") on April 29, 2024.

Note 3 Changes in Accounting Policies and Disclosures

New and amended standards adopted by the Company:

The Company adopted the following amendment during the period in accordance with applicable transitional provisions:

- o 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, which contains covenant(s), for at least twelve months after the reporting period. The amendment to IAS 1 was effective for the year beginning on January 1, 2024. There was no impact on the Company's consolidated financial statements at the adoption date.

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

- o IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18"), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statement. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application. The Company is currently assessing the impact of this standard.

Note 4 Inventories

	As at March 31, 2024	As at December 31, 2023
Crude oil, natural gas liquids and diluent	298,806	195,535
Asphalt	43,326	36,555
Wellsite fluids and distillate	17,917	14,619
	360,049	246,709

The cost of the inventory sold included in cost of sales was \$3,027.9 million and \$2,190.0 million for the three months ended March 31, 2024, and 2023, respectively.

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

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

Note 5 Property, Plant and Equipment

	Land and Buildings	Pipelines and Connections	Storage	Facilities and Equipment	Assets under Construction	Total
Cost:						
As at January 1, 2024	318,544	538,065	1,273,579	1,717,436	155,817	4,003,441
Additions and adjustments	123	2,241	28,841	23,241	(19,682)	34,764
Disposals	(4,940)	(13,591)	(3,738)	(12,454)	—	(34,723)
Change in decommissioning provision	(42)	(716)	(3,635)	(4,915)	—	(9,308)
Effect of movements in exchange rates	4,271	2,704	10,420	20,852	282	38,529
As at March 31, 2024	317,956	528,703	1,305,467	1,744,160	136,417	4,032,703
Accumulated depreciation and impairment:						
As at January 1, 2024	62,374	193,262	271,894	538,773	—	1,066,303
Depreciation and adjustments	1,877	3,742	8,707	14,902	—	29,228
Disposals	(4,051)	(7,890)	(2,504)	(9,550)	—	(23,995)
Effect of movements in exchange rates	53	449	226	755	—	1,483
As at March 31, 2024	60,253	189,563	278,323	544,880	—	1,073,019
Carrying amounts:						
As at January 1, 2024	256,170	344,803	1,001,685	1,178,663	155,817	2,937,138
As at March 31, 2024	257,703	339,140	1,027,144	1,199,280	136,417	2,959,684

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
Cost:				
As at January 1, 2024	44,748	90,441	12,051	147,240
Additions and adjustments	28	2,221	596	2,845
Effect of movements in exchange rates	29	—	216	245
As at March 31, 2024	44,805	92,662	12,863	150,330
Accumulated depreciation and impairment:				
As at January 1, 2024	29,572	57,336	7,977	94,885
Depreciation and adjustments	1,217	4,673	1,236	7,126
Effect of movements in exchange rates	25	—	143	168
As at March 31, 2024	30,814	62,009	9,356	102,179
Carrying amounts:				
As at January 1, 2024	15,176	33,105	4,074	52,355
As at March 31, 2024	13,991	30,653	3,507	48,151

Note 7 Investment in Equity Accounted Investees

	Ownership %	Share of Profit for the period ended		Investment in Equity Accounted Investees as at	
		March 31, 2024	March 31, 2023	March 31, 2024	December 31, 2023
Hardisty Energy Terminal Limited Partnership ("HET")	50%	6,196	5,092	137,595	138,762
Zenith Energy Terminals Joliet Holdings LLC ("Zenith")	36%	218	96	23,139	22,365
		6,414	5,188	160,734	161,127

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 percent 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, 2024, of \$7.4 million (three months ended March 31, 2023 – \$7.2 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

	Coupon Rate	Year of Maturity	March 31, 2024	December 31, 2023
Unsecured revolving credit facility	floating	2028	161,292	230,000
Senior unsecured notes	2.45%	2025	325,000	325,000
Senior unsecured notes	5.80%	2026	350,000	350,000
Senior unsecured notes	2.85%	2027	325,000	325,000
Senior unsecured notes	3.60%	2029	500,000	500,000
Senior unsecured notes	5.75%	2033	350,000	350,000
Senior unsecured notes	6.20%	2053	200,000	200,000
Unsecured hybrid notes	5.25%	2080	250,000	250,000
Unsecured hybrid notes	8.70%	2083	200,000	200,000
Unamortized issue discount and debt issue costs			(17,828)	(18,457)
			2,643,464	2,711,543

The Company had \$161.3 million drawn on its \$1,000.0 million unsecured revolving credit facility as of March 31, 2024 (December 31, 2023 – \$230.0 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 \$36.7 million as at March 31, 2024 (December 31, 2023 – \$38.0 million).

The Company is required to meet certain specific and customary affirmative and negative financial covenants under various debt agreements. As at March 31, 2024, the Company was in compliance with all of its covenants.

The components of finance costs are as follows:

	Note	Three months ended March 31, 2024	2023
Interest expense		35,884	18,349
Capitalized interest	5	(585)	(343)
Interest expense, finance lease	9	716	682
Interest income		(612)	(269)
		35,403	18,419

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

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

Note 9 Lease Liabilities

	March 31, 2024
Opening balance	62,005
Additions	2,845
Interest expense	716
Lease payments	(8,034)
Effect of movements in exchange rates	948
Closing balance	58,480
Less: current portion	26,150
Closing balance – non-current portion	32,330

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.

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, 2024
Opening balance		194,242
Settlements		(668)
Additions	5	1,613
Disposals		(2,609)
Change in discount rate	5	(11,245)
Unwind of discount		1,279
Effect of movements in exchange rates		1,326
Closing balance		183,938

The Company currently estimates the total undiscounted future value amount, including an inflation factor of 4.0% for 2024 and 2.0% annually 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 3.3% at March 31, 2024 (3.0% - December 31, 2023).

The change in the risk-free rate results in an adjustment in cost to the corresponding asset.

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

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

Note 11 Share Capital and Share-based Compensation

Common Shares – Issued and Outstanding

	Number of Common Shares	Amount
At January 1, 2024	161,659,913	2,341,267
Issuance in connection with the exercise of stock options	233,106	5,167
Tax effect of equity settled awards	—	97
Reclassification of contributed surplus on issuance of awards under equity incentive plans	595,065	14,260
At March 31, 2024	162,488,084	2,360,791

A dividend of \$0.41 per share, declared on February 20, 2024, was paid on April 17, 2024.

Under the NCIB, the Company is permitted to repurchase of 7.5% of the public float of common shares or 9,812,193 common shares, in accordance with the applicable rules and policies of the TSX and applicable securities laws. The NCIB has an expiry date of the earlier of September 14, 2024, and the date on which the maximum number of common shares acquired pursuant to the NCIB has been purchased. The company did not repurchase any shares under its NCIB for the three months ended March 31, 2024.

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		
At January 1, 2024	351,103	21.98	740,141	802,952	941,645
Granted	—	—	431,850	270,311	49,429
Exercised and released for common shares	(288,929)	22.27	(347,984)	(235,706)	(11,376)
Forfeited	(13,407)	22.70	(16,174)	(60,828)	—
At March 31, 2024	48,767	20.01	807,833	776,729	979,698
Vested and exercisable at March 31, 2024	48,767	20.01	—	—	979,698

Per Share Amounts

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

	Three months ended March 31,	
	2024	2023
Weighted average common shares outstanding – Basic	162,314,928	142,482,978
Dilutive effect of stock options and other awards	1,623,745	2,356,717
Weighted average common shares – Diluted	163,938,673	144,839,695

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 12 Revenue**

	Three months ended March 31,	
	2024	2023
Revenue from contracts with customers recognized at a point in time	3,156,135	2,287,699
Revenue from contracts with customers recognized over time	80,821	38,768
Total revenue from contracts with customers	3,236,956	2,326,467
Total revenue from lease arrangements	51,652	39,573
	3,288,608	2,366,040

Three months ended March 31, 2024	Infrastructure	Marketing	Total
External Service Revenue			
Terminals storage and throughput / pipeline transportation	76,351	—	76,351
Rail and other	4,470	—	4,470
External Product Revenue			
Crude, diluent and other products	—	3,011,013	3,011,013
Refined products	—	145,122	145,122
Total revenue from contracts with customers	80,821	3,156,135	3,236,956

Three months ended March 31, 2023	Infrastructure	Marketing	Total
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	—	2,158,498	2,158,498
Refined products	—	129,201	129,201
Total revenue from contracts with customers	38,768	2,287,699	2,326,467

Note 13 Financial Instruments

Financial assets and financial liabilities consist of cash and cash equivalents, trade and other receivables, net investment in finance leases, risk management assets and liabilities, investments in equity investments, trade payables and accrued charges, lease liabilities, dividends payable, derivative financial instruments, long-term debt and other liabilities.

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.

For the financial instrument categorized in Level 3, the Company based its internal valuation model on broker pricing for the Alberta market some observable market prices, extrapolated market prices, and estimated production discount rates. Some of these assumptions are not directly or indirectly observable and the valuation is considered a Level 3 measurement. The fair value of the renewable power contract is determined internally by the Company's risk management team, experienced in fair value measurements.

The following tables present a summary of derivative financial instrument positions:

As at March 31, 2024	Carrying Amount	Level 1	Fair Value	
			Level 2	Level 3
Commodity futures	5	5	—	—
Commodity swaps	8,839	8,839	—	—
WTI differential futures	3,390	3,390	—	—
Foreign currency forwards	797	—	797	—
Foreign currency options	728	—	728	—
Financial assets (carried at fair value)	13,759	12,234	1,525	—
Commodity futures	12,037	12,037	—	—
Commodity swaps	5,576	5,576	—	—
WTI differential futures	10,782	10,782	—	—
Foreign currency forwards	773	—	773	—
Foreign currency options	13	—	13	—
Renewable power contracts	10,772	—	—	10,772
Financial liabilities (carried at fair value)	39,953	28,395	786	10,772
Long-term debt (carried at amortized cost)	2,643,464		2,614,740	

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

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

As at December 31, 2023	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Commodity futures	1,985	1,985	—	—
Commodity swaps	6,071	6,071	—	—
WTI differential futures	8,010	8,010	—	—
Foreign currency forwards	4,725	—	4,725	—
Foreign currency options	2,021	—	2,021	—
Financial assets (carried at fair value)	22,812	16,066	6,746	—
Commodity futures	5,892	5,892	—	—
Commodity swaps	6,817	6,817	—	—
WTI differential futures	5,507	5,507	—	—
Foreign currency forwards	1,517	—	1,517	—
Renewable power contracts	1,296	—	—	1,296
Financial liabilities (carried at fair value)	21,029	18,216	1,517	1,296
Long-term debt (carried at amortized cost)	2,711,543		2,686,445	

Renewable power contract

The fair value of the derivative instrument classified in level 3 has been primarily based on the comparative contracted prices relative to both current and expected future pricing of electricity in the province of Alberta. For the three months ended March 31, 2024, the Company has recognized an unrealized loss of \$9.5 million (March 31, 2023 - nil) within other losses and (gains), net in the condensed consolidated statement of operations. The following table summarizes the impact to net income due to a change in the fair value of the power purchase agreement due to changes in forward power prices, leaving all other variables constant.

	As at March 31, 2024	As at December 31, 2023
Forward power prices		
Favorable 15% change	10,182	11,648
Unfavorable 15% change	(10,182)	(11,648)

Note 14 Subsequent Events

On April 22, 2024, the Company amended its unsecured revolving credit facility (note 8) and extended the maturity date from February 2028 to April 2029, amongst other amendments.

On April 29, 2024, the Board declared a quarterly dividend on its outstanding common shares of \$0.41 per common share, for the second quarter of 2024. The common share dividend is payable on July 17, 2024, to shareholders of record at the close of business on June 28, 2024.

Gibson Energy Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

*(Amounts in thousands of Canadian dollars, except per share amounts)***Note 15 Supplemental Cash Flow Information**

	<i>Note</i>	Three months ended March 31,	
		2024	2023
Cash flows from operating activities			
Net income		40,489	88,251
Adjustments:			
Finance costs, net		35,403	18,419
Income tax expense		12,455	27,047
Depreciation and impairment of property, plant and equipment	5	29,228	19,547
Depreciation and impairment of right-of-use asset	6	7,126	6,332
Amortization and impairment of intangible assets		7,077	2,276
Share-based compensation	11	5,064	4,146
Share of profit from investments in equity accounted investees	7	(6,414)	(5,188)
Distributions from equity accounted investees	7	7,362	7,190
Loss on sale of property, plant and equipment	5	1,166	—
Provisions	10	(303)	228
Net loss (gain) on fair value movement of financial instruments		27,842	(13,081)
Other		260	(519)
		126,266	66,397
Changes in items of working capital:			
Trade and other receivables		(173,538)	(164,297)
Inventories	4	(112,805)	16,619
Other current assets		4,940	2,463
Trade payables and accrued charges		307,944	147,370
Contract liabilities		7,337	14,325
		33,878	16,480
Income tax payment, net		(7,800)	(11,601)
Net cash inflow from operating activities		192,833	159,527

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