



**GIBSON ENERGY**

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(unaudited)*

JUNE 30, 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	June 30, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		48,994	143,758
Trade and other receivables		859,638	660,820
Inventories	4	290,407	246,709
Prepaid and other assets		4,289	14,145
Net investment in finance leases		1,796	1,480
		1,205,124	1,066,912
<b>Non-current assets</b>			
Property, plant and equipment	5	2,988,018	2,937,138
Right-of-use assets	6	45,223	52,355
Other assets		155	153
Net investment in finance leases		184,534	185,543
Investment in equity accounted investees	7	136,576	161,127
Deferred income tax assets		15,132	17,396
Intangible assets		107,000	116,026
Goodwill		413,218	410,225
		3,889,856	3,879,963
<b>Total assets</b>		<b>5,094,980</b>	<b>4,946,875</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables and accrued charges		891,552	753,508
Dividends payable		66,652	63,048
Contract liabilities		43,119	112,003
Lease liabilities	9	23,328	28,014
		1,024,651	956,573
<b>Non-current liabilities</b>			
Long-term debt	8	2,742,549	2,711,543
Lease liabilities	9	32,034	33,991
Provisions	10	184,327	194,242
Other long-term liabilities		2,517	2,412
Deferred income tax liabilities		150,750	135,644
		3,112,177	3,077,832
<b>Total liabilities</b>		<b>4,136,828</b>	<b>4,034,405</b>
<b>Equity</b>			
Share capital	11	2,362,460	2,341,267
Contributed surplus		59,078	65,113
Accumulated other comprehensive income		108,500	48,525
Accumulated deficit		(1,571,886)	(1,542,435)
		958,152	912,470
<b>Total liabilities and equity</b>		<b>5,094,980</b>	<b>4,946,875</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)*

	<i>Note</i>	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue	12	3,233,072	2,613,334	6,521,680	4,979,374
Cost of sales		3,094,761	2,518,557	6,266,328	4,738,807
<b>Gross profit</b>		138,311	94,777	255,352	240,567
Share of profit from equity accounted investees	7	(5,865)	(3,292)	(12,279)	(8,480)
General and administrative expenses		24,583	19,758	55,143	38,321
Other losses (gains), net		747	(1,570)	5,295	(2,872)
<b>Operating income</b>		118,846	79,881	207,193	213,598
Finance costs, net	8	36,337	11,716	71,740	30,135
<b>Income before income taxes</b>		82,509	68,165	135,453	183,463
Current income tax		5,739	6,399	13,051	21,940
Deferred income tax		13,438	9,740	18,581	21,246
Income tax expense		19,177	16,139	31,632	43,186
<b>Net income</b>		63,332	52,026	103,821	140,277
<b>Earnings per share</b>	11				
Basic earnings per share		0.39	0.37	0.64	0.99
Diluted earnings per share		0.38	0.37	0.63	0.98

*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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Net income</b>	63,332	52,026	103,821	140,277
<b>Other comprehensive income (loss)</b>				
<i>Items that may be reclassified subsequently to statement of operations</i>				
Exchange differences from translating foreign operations	19,248	(7,625)	59,975	(7,790)
<i>Items that will not be reclassified subsequently to statement of operations</i>				
Remeasurement of post-employment benefit obligation, net of tax	—	246	—	246
<b>Other comprehensive income (loss), net of tax</b>	19,248	(7,379)	59,975	(7,544)
<b>Comprehensive income</b>	82,580	44,647	163,796	132,733

*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
<b>Balance – January 1, 2023</b>	1,964,515	60,399	48,233	(1,500,131)	573,016
Net income	—	—	—	140,277	140,277
Other comprehensive loss, net of tax	—	—	(7,544)	—	(7,544)
Comprehensive (loss) income	—	—	(7,544)	140,277	132,733
Share-based compensation	—	7,687	—	—	7,687
Tax effect of equity settled awards	455	(271)	—	—	184
Proceeds from exercise of stock options	1,505	—	—	—	1,505
Reclassification of contributed surplus on issuance of awards under equity incentive plan	13,490	(13,490)	—	—	—
Dividends on common shares (\$0.39 per common share)	—	—	—	(110,815)	(110,815)
Repurchase of common shares under normal course issuer bid ("NCIB")	(28,743)	—	—	(19,608)	(48,351)
<b>Balance – June 30, 2023</b>	1,951,222	54,325	40,689	(1,490,277)	555,959
<b>Balance – January 1, 2024</b>	2,341,267	65,113	48,525	(1,542,435)	912,470
Net income	—	—	—	103,821	103,821
Other comprehensive income, net of tax	—	—	59,975	—	59,975
Comprehensive income	—	—	59,975	103,821	163,796
Share-based compensation	—	9,163	—	—	9,163
Tax effect of equity settled awards	109	630	—	—	739
Proceeds from exercise of stock options	5,256	—	—	—	5,256
Reclassification of contributed surplus on issuance of awards under equity incentive plan	15,828	(15,828)	—	—	—
Dividends on common shares (\$0.41 per common share)	—	—	—	(133,272)	(133,272)
<b>Balance – June 30, 2024</b>	2,362,460	59,078	108,500	(1,571,886)	958,152

*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 June 30,		Six months ended June 30,	
	Note	2024	2023	2024	2023
<b>Cash flows from operating activities</b>					
Net income		63,332	52,026	103,821	140,277
Adjustments	15	89,941	69,064	216,207	135,461
Changes in items of working capital	15	(210,043)	(40,635)	(176,165)	(24,155)
Income tax payment, net	15	(9,679)	(10,743)	(17,479)	(22,344)
<b>Net cash (outflow) inflow from operating activities</b>		(66,449)	69,712	126,384	229,239
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets	5	(31,344)	(24,964)	(75,664)	(46,056)
Investment in equity accounted investees	7	—	(765)	—	(765)
Proceeds from sale of assets		—	26	7,304	26
Proceeds from sale of equity investment	7	23,258	—	23,258	—
<b>Net cash outflow from investing activities</b>		(8,086)	(25,703)	(45,102)	(46,795)
<b>Cash flows from financing activities</b>					
Payment of shareholder dividends		(66,620)	(55,580)	(129,667)	(108,476)
Finance costs paid, net		(10,432)	(9,762)	(67,240)	(31,911)
Proceeds from exercise of stock options		89	1,199	5,256	1,505
Lease payments	9	(8,000)	(8,121)	(16,034)	(17,693)
Draws on (repayment of) credit facility, net	8	98,448	65,000	29,740	(5,000)
Repurchase of shares under NCIB	11	—	(21,540)	—	(48,351)
<b>Net cash inflow (outflow) from financing activities</b>		13,485	(28,804)	(177,945)	(209,926)
<b>Net (decrease) increase in cash and cash equivalents</b>		(61,050)	15,205	(96,663)	(27,482)
Effect of exchange rate on cash and cash equivalents		1,186	(576)	1,899	(899)
Cash and cash equivalents – beginning of year		108,858	40,586	143,758	83,596
<b>Cash and cash equivalents – end of quarter</b>		48,994	55,215	48,994	55,215

See accompanying notes to the condensed consolidated financial statements

See note 15 for supplemental disclosures.

## **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 leading North American 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 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 crude oil 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 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/or time-based. The hydrocarbon products include crude oil, natural gas liquids, road asphalt, roofing flux, light and heavy straight run distillates. 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 June 30, 2024</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	134,941	3,098,131	3,233,072
Inter-segmental	51,487	9,700	61,187
External and inter-segmental	186,428	3,107,831	3,294,259
Segment profit	150,632	35,827	186,459
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			29,834
Depreciation and impairment of right-of-use assets			6,726
Amortization and impairment of intangible assets			7,172
General and administrative			16,996
Acquisition and integration costs			66
Stock based compensation			5,347
Financial instrument gain <i>(note 13)</i>			(835)
Corporate foreign exchange loss			2,307
Finance cost, net			36,337
Net income before income tax			82,509
Income tax expense			19,177
Net income			63,332
<b>Three months ended June 30, 2023</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	79,117	2,534,217	2,613,334
Inter-segmental	54,721	8,675	63,396
External and inter-segmental	133,838	2,542,892	2,676,730
Segment profit	92,185	34,231	126,416
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			19,084
Depreciation and impairment of right-of-use assets			6,814
Amortization and impairment of intangible assets			2,193
General and administrative			12,502
Stock based compensation			4,743
Corporate foreign exchange loss			1,199
Finance cost, net			11,716
Net income before income tax			68,165
Income tax expense			16,139
Net income			52,026



**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

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

<b>Six months ended June 30, 2024</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	267,413	6,254,267	6,521,680
Inter-segmental	104,999	40,391	145,390
External and inter-segmental	372,412	6,294,658	6,667,070
Segment profit	296,295	55,208	351,503
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			59,062
Depreciation and impairment of right-of-use assets			13,852
Amortization and impairment of intangible assets			14,249
General and administrative			38,916
Acquisition and integration costs			1,371
Share-based compensation			10,411
Financial instrument loss ( <i>note 13</i> )			8,641
Corporate foreign exchange gain			(2,192)
Finance costs, net			71,740
Net income before income tax			135,453
Income tax expense			31,632
Net income			103,821

<b>Six months ended June 30, 2023</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
Revenue			
External	157,459	4,821,915	4,979,374
Inter-segmental	108,466	34,204	142,670
External and inter-segmental	265,925	4,856,119	5,122,044
Segment profit	198,756	106,062	304,818
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			38,631
Depreciation and impairment of right-of-use assets			13,146
Amortization and impairment of intangible assets			4,469
General and administrative			24,419
Share-based compensation			8,889
Corporate foreign exchange loss			1,666
Finance costs, net			30,135
Net income before income tax			183,463
Income tax expense			43,186
Net income			140,277

## 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:

<b>Additions</b>	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Infrastructure	70,818	48,759
Marketing	4,075	—
Corporate	2,939	3,998
	77,832	52,757

#### b) Geographic Data

<b>Revenue</b>	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Canada	5,772,061	4,299,086
United States	749,619	680,288
<b>Total revenue</b>	<b>6,521,680</b>	<b>4,979,374</b>

<b>Non-current assets</b>	<b>As at June 30,</b>	
	<b>2024</b>	<b>2023</b>
Canada	1,846,294	1,779,507
United States	1,707,320	220,670
<b>Total non-current assets <sup>(1)</sup></b>	<b>3,553,614</b>	<b>2,000,177</b>

(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 years ended December 31, 2023 and 2022.

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

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

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*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 amendments to IAS 1 were 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 continues to assess the impact of this standard on its consolidated financial statements.

**Note 4 Inventories**

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	<b>As at June 30, 2024</b>	<b>As at December 31, 2023</b>
Crude oil, natural gas liquids and diluent	239,030	195,535
Asphalt	41,681	36,555
Wellsite fluids and distillate	9,696	14,619
	<b>290,407</b>	<b>246,709</b>

The cost of the inventory sold included in cost of sales was \$6,041.9 million and \$4,651.6 million for the six months ended June 30, 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
<b>Cost:</b>						
As at January 1, 2024	318,544	538,065	1,273,579	1,717,436	155,817	4,003,441
Additions and adjustments	560	3,064	34,282	35,220	3,482	76,608
Disposals	(4,940)	(13,591)	(3,738)	(12,454)	—	(34,723)
Change in decommissioning provision	(45)	(789)	(4,087)	(5,292)	—	(10,213)
Effect of movements in exchange rates	6,279	3,981	15,287	30,605	413	56,565
<b>As at June 30, 2024</b>	<b>320,398</b>	<b>530,730</b>	<b>1,315,323</b>	<b>1,765,515</b>	<b>159,712</b>	<b>4,091,678</b>
<b>Accumulated depreciation and impairment:</b>						
As at January 1, 2024	62,374	193,262	271,894	538,773	—	1,066,303
Depreciation and adjustments	3,717	7,288	17,756	30,312	—	59,073
Disposals	(4,051)	(7,890)	(2,504)	(9,550)	—	(23,995)
Effect of movements in exchange rates	82	673	356	1,168	—	2,279
<b>As at June 30, 2024</b>	<b>62,122</b>	<b>193,333</b>	<b>287,502</b>	<b>560,703</b>	<b>—</b>	<b>1,103,660</b>
<b>Carrying amounts:</b>						
As at January 1, 2024	256,170	344,803	1,001,685	1,178,663	155,817	2,937,138
As at June 30, 2024	258,276	337,397	1,027,821	1,204,812	159,712	2,988,018

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>				
As at January 1, 2024	44,748	90,441	12,051	147,240
Additions and adjustments	6	1,481	5,133	6,620
Effect of movements in exchange rates	43	—	317	360
<b>As at June 30, 2024</b>	<b>44,797</b>	<b>91,922</b>	<b>17,501</b>	<b>154,220</b>
<b>Accumulated depreciation and impairment:</b>				
As at January 1, 2024	29,572	57,336	7,977	94,885
Depreciation and adjustments	2,404	9,198	2,250	13,852
Effect of movements in exchange rates	37	—	223	260
<b>As at June 30, 2024</b>	<b>32,013</b>	<b>66,534</b>	<b>10,450</b>	<b>108,997</b>
<b>Carrying amounts:</b>				
As at January 1, 2024	15,176	33,105	4,074	52,355
As at June 30, 2024	12,784	25,388	7,051	45,223

#### Note 7 Investment in Equity Accounted Investees

	Ownership %	Share of Profit (Loss) for the period ended		Investment in Equity Accounted Investees as at	
		June 30, 2024	June 30, 2023	June 30, 2024	December 31, 2023
Hardisty Energy Terminal Limited Partnership ("HET")	50%	12,074	9,466	136,576	138,762
Zenith Energy Terminals Joliet Holdings LLC ("Zenith")	36%	205	(986)	—	22,365
		12,279	8,480	136,576	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.

On June 17, 2024, the Company sold its 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 for proceeds of \$23.4 million.

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 six months ended June 30, 2024, of \$14.6 million (six months ended June 30, 2023 – \$12.8 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>June 30, 2024</b>	<b>December 31, 2023</b>
Unsecured revolving credit facility	floating	2029	259,739	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			(17,190)	(18,457)
			<b>2,742,549</b>	<b>2,711,543</b>

On April 22, 2024, the Company amended its unsecured revolving credit facility and extended the maturity date from February 2028 to April 2029.

The Company had \$259.7 million drawn on its \$1,000.0 million unsecured revolving credit facility as of June 30, 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 \$36.8 million as at June 30, 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 June 30, 2024, 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</b>		<b>Six months ended</b>	
		<b>2024</b>	<b>June 30, 2023</b>	<b>2024</b>	<b>June 30, 2023</b>
Interest expense		36,564	17,959	72,448	36,308
Capitalized interest	5	(260)	(373)	(845)	(716)
Interest expense, finance lease	9	694	667	1,410	1,349
Interest income		(661)	(666)	(1,273)	(935)
Unrealized gain on foreign currency derivative instrument		—	(5,871)	—	(5,871)
		<b>36,337</b>	<b>11,716</b>	<b>71,740</b>	<b>30,135</b>

## Gibson Energy Inc.

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

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

#### Note 9 Lease Liabilities

	<b>June 30, 2024</b>
<b>Opening balance</b>	62,005
Additions	6,620
Interest expense	1,410
Lease payments	(16,034)
Effect of movements in exchange rates	1,361
<b>Closing balance</b>	<b>55,362</b>
Less: current portion	23,328
<b>Closing balance – non-current portion</b>	<b>32,034</b>

The Company incurs lease payments primarily related to rail cars and buildings. 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:

	<b>Note</b>	<b>June 30, 2024</b>
<b>Opening balance</b>		194,242
Settlements		(1,203)
Additions	5	1,613
Disposals		(2,609)
Change in discount rate	5	(12,169)
Unwind of discount		2,569
Effect of movements in exchange rates		1,884
<b>Closing balance</b>		<b>184,327</b>

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 3.4% at June 30, 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
<b>At January 1, 2024</b>	161,659,913	2,341,267
Issuance in connection with the exercise of stock options	237,106	5,256
Tax effect of equity settled awards	—	109
Reclassification of contributed surplus on issuance of awards under equity incentive plans	667,357	15,828
<b>At June 30, 2024</b>	162,564,376	2,362,460

A dividend of \$0.41 per share, declared on April 29, 2024, was paid on July 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 six months ended June 30, 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		
<b>At January 1, 2024</b>	351,103	21.98	740,141	802,952	941,645
Granted	—	—	460,311	270,311	96,578
Exercised and released for common shares	(292,929)	22.18	(360,282)	(264,050)	(43,025)
Forfeited	(13,407)	19.82	(53,376)	(107,331)	—
<b>At June 30, 2024</b>	44,767	19.82	786,794	701,882	995,198
Vested and exercisable at June 30, 2024	44,767	19.82	—	—	995,198

#### Per Share Amounts

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Weighted average common shares outstanding – Basic	162,522,638	141,886,918	162,361,873	142,183,302
Dilutive effect of stock options and other awards	1,477,248	1,246,280	1,496,056	1,012,642
Weighted average common shares – Diluted	163,999,886	143,133,198	163,857,929	143,195,944



## 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		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
Revenue from contracts with customers recognized at a point in time	3,098,130	2,534,216	6,254,265	4,821,915
Revenue from contracts with customers recognized over time	83,231	39,522	164,052	78,290
Total revenue from contracts with customers	3,181,361	2,573,738	6,418,317	4,900,205
Total revenue from lease arrangements	51,711	39,596	103,363	79,169
	3,233,072	2,613,334	6,521,680	4,979,374

  

Three months ended June 30, 2024	Infrastructure	Marketing	Total
External Service Revenue			
Terminals storage and throughput / pipeline transportation	79,186	—	79,186
Rail and other	4,045	—	4,045
External Product Revenue			
Crude, diluent and other products	—	2,957,134	2,957,134
Refined products	—	140,996	140,996
Total revenue from contracts with customers	83,231	3,098,130	3,181,361

  

Three months ended June 30, 2023	Infrastructure	Marketing	Total
External Service Revenue			
Terminals storage and throughput / pipeline transportation	32,999	—	32,999
Rail and other	6,523	—	6,523
External Product Revenue			
Crude, diluent and other products	—	2,414,622	2,414,622
Refined products	—	119,594	119,594
Total revenue from contracts with customers	39,522	2,534,216	2,573,738

  

Six months ended June 30, 2024	Infrastructure	Marketing	Total
External Service Revenue			
Terminals storage and throughput / pipeline transportation	155,537	—	155,537
Rail and other	8,515	—	8,515
External Product Revenue			
Crude, diluent and other products	—	5,968,147	5,968,147
Refined products	—	286,118	286,118
Total revenue from contracts with customers	164,052	6,254,265	6,418,317

**Gibson Energy Inc.**

## Notes to Condensed Consolidated Financial Statements (unaudited)

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

<b>Six months ended June 30, 2023</b>	<b>Infrastructure</b>	<b>Marketing</b>	<b>Total</b>
External Service Revenue			
Terminals storage and throughput / pipeline transportation	64,932	—	64,932
Rail and other	13,358	—	13,358
External Product Revenue			
Crude, diluent and other products	—	4,573,120	4,573,120
Refined products	—	248,795	248,795
<b>Total revenue from contracts with customers</b>	<b>78,290</b>	<b>4,821,915</b>	<b>4,900,205</b>

**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:

<b>As at June 30, 2024</b>	<b>Carrying Amount</b>	<b>Level 1</b>	<b>Fair Value</b>	
			<b>Level 2</b>	<b>Level 3</b>
Commodity futures	111	111	—	—
Commodity swaps	202	202	—	—
WTI differential futures	1,435	1,435	—	—
Foreign currency forwards	650	—	650	—
Foreign currency options	296	—	296	—
<b>Financial assets (carried at fair value)</b>	<b>2,694</b>	<b>1,748</b>	<b>946</b>	<b>—</b>
Commodity futures	860	860	—	—
Commodity swaps	369	369	—	—
WTI differential futures	1,316	1,316	—	—
Foreign currency forwards	1,071	—	1,071	—
Foreign currency options	96	—	96	—
Renewable power contracts	9,936	—	—	9,936
<b>Financial liabilities (carried at fair value)</b>	<b>13,648</b>	<b>2,545</b>	<b>1,167</b>	<b>9,936</b>
Long-term debt (carried at amortized cost)	2,742,549		2,731,326	

## 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	—
<b>Financial assets (carried at fair value)</b>	<b>22,812</b>	<b>16,066</b>	<b>6,746</b>	<b>—</b>
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
<b>Financial liabilities (carried at fair value)</b>	<b>21,029</b>	<b>18,216</b>	<b>1,517</b>	<b>1,296</b>
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 and six months ended June 30, 2024, the Company has recognized an unrealized loss of \$8.6 million (June 30, 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 June 30, 2024	As at December 31, 2023
<b>Forward power prices</b>		
Favorable 15% change	10,298	11,648
Unfavorable 15% change	(10,298)	(11,648)

#### **Note 14 Subsequent Events**

On July 29, 2024, the Board declared a quarterly dividend on its outstanding common shares of \$0.41 per common share, for the third quarter of 2024. The common share dividend is payable on October 17, 2024, to shareholders of record at the close of business on September 30, 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

	Note	Three months ended		Six months ended	
		2024	June 30, 2023	2024	June 30, 2023
<b>Cash flows from operating activities</b>					
Net income		63,332	52,026	103,821	140,277
<b>Adjustments:</b>					
Finance costs, net		36,337	11,716	71,740	30,135
Income tax expense		19,177	16,139	31,632	43,186
Depreciation and impairment of property, plant and equipment	5	29,834	19,084	59,062	38,631
Depreciation and impairment of right-of-use asset	6	6,726	6,814	13,852	13,146
Amortization and impairment of intangible assets		7,172	2,193	14,249	4,469
Share-based compensation	11	5,347	4,743	10,411	8,889
Share of profit from investments in equity accounted investees	7	(5,865)	(3,292)	(12,279)	(8,480)
Distributions from equity accounted investees	7	7,270	5,656	14,632	12,846
(Gain) loss on sale of property, plant and equipment	5	—	188	1,166	188
Gain on sale of equity investment		(131)	—	(131)	—
Provisions	10	(19)	7,433	(322)	7,661
Net (gain) loss on fair value movement of financial instruments		(15,812)	150	12,030	(12,931)
Other		(95)	(1,760)	165	(2,279)
		89,941	69,064	216,207	135,461
<b>Changes in items of working capital:</b>					
Trade and other receivables		10,672	(47,404)	(162,866)	(211,701)
Inventories	4	70,055	30,154	(42,750)	46,773
Other current assets		4,452	(1,003)	9,392	1,460
Trade payables and accrued charges		(218,365)	(29,462)	89,579	117,908
Contract liabilities		(76,857)	7,080	(69,520)	21,405
		(210,043)	(40,635)	(176,165)	(24,155)
<b>Income tax payment, net</b>		(9,679)	(10,743)	(17,479)	(22,344)
<b>Net cash (outflow) inflow from operating activities</b>		(66,449)	69,712	126,384	229,239

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