2024
Second Quarter Report

2024 Second Quarter Report

For the period ended June 30, 2024

"Disciplined execution of our strategy is resulting in consistent growth of high-quality, fee-for-service cash flow. This allows us to continue to deliver on our long history of sustainable dividend growth," said Dean Setoguchi, President and CEO. "We continue to advance capital efficient growth opportunities, further strengthening our value chain to maximize value for customers and shareholders."

Second Quarter Highlights

- **Financial Results** – Net earnings were $142 million (Q2 2023 – $159 million), adjusted earnings before interest, taxes, depreciation, and amortization[1] ("adjusted EBITDA") were $326 million (Q2 2023 – $293 million), and distributable cash flow[1] ("DCF") was $202 million (Q2 2023 – $207 million). These results include higher year-over-year contribution from all three business segments.

- **Sustainable Dividend Growth** – Keyera has increased its dividend by 4%, which is supported by the continued growth of Keyera's fee-for-service business and a conservative payout ratio[1] of 55% of DCF (twelve-months trailing).

- **Strong Growth in High-Quality Cash Flow** – Second quarter fee-for-service realized margin[1] increased by 15% compared to the same period last year.

    - The Gathering & Processing ("G&P") segment delivered realized margin[1] of $102 million (Q2 2023 – $84 million). The year-over-year increase is in part due to the impact of wildfires in Q2 2023 and is also supported by record quarterly volumes in the North region gas plants.

    - The Liquids Infrastructure segment delivered realized margin[1] of $133 million (Q2 2023 – $119 million). The increase is attributable to higher contributions from KAPS as contracted volumes continue to ramp up, and strong demand for Keyera's fractionation, storage, and condensate services.

- **Solid Marketing Results** – The Marketing Segment delivered realized margin[1] of $136 million (Q2 2023 – $134 million), including the impact of a 6-week planned outage at AEF. This performance was driven by the continued strength of the iso-octane business and higher contributions from propane, butane and the condensate value chain.

- **Strong Financial Position** – The company ended the quarter with net debt to adjusted EBITDA[2] at 2.0 times, below the targeted range of 2.5 to 3.0 times. The company is well positioned to pursue and equity self-fund opportunities that will enhance shareholder value.

- **Progressing Toward Emissions Reduction Target** – The company has achieved a 21% emissions intensity reduction over the 2019 to 2023 timeframe and remains well positioned to meet its near-term target of a 25% reduction by 2025. Keyera's 2023 Sustainability & Climate Report is now available at [www.keyera.com.](http://www.keyera.com)

2024 Guidance Update

- The Marketing realized margin[1] for 2024 is now expected to range between $450 million and $480 million (previous guidance of $430 million to $470 million). The increase takes into account strong year-to-date realized margin[1] (1H 2024 – $250 million) and assumes the AEF facility operates at capacity for the remainder of the year, there are no significant logistics or transportation curtailments and current forward commodity pricing for unhedged volumes for the remainder of the year.
- Reaffirming growth capital expenditures are expected to range between $80 million and $100 million. This includes $20 million to $40 million of capital that is contingent on sanctioning of KAPS Zone 4 and fractionation capacity expansion opportunities at KFS.
- Maintenance capital expenditures are now expected to range between $120 million and $140 million (previously $90 million and $110 million). This is mostly attributable to increased costs for turnaround activities which are largely recoverable in future years.
- Cash tax expense is now expected to range between $90 million to $100 million (previously $85 million to $95 million). This new range reflects the increase in expected earnings contribution from the Marketing segment.

Maintenance Schedule

2024 Planned Turnarounds and Outages		
Alberta EnviroFuels outage (Complete)	6 weeks	Q2 2024
Keyera Fort Saskatchewan Fractionation Unit 1 outage (Complete)	5 days	Q2 2024
Keyera Fort Saskatchewan Fractionation Unit 2 outage (Complete)	5 days	Q2 2024
Keyera Fort Saskatchewan Fractionation Unit 1 outage	5 days	Q3 2024
Strachan Gas Plant turnaround	2 weeks	Q3 2024
Wapiti Gas Plant turnaround	3 weeks	Q3 2024

Summary of Key Measures

(Thousands of Canadian dollars, except where noted)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Net earnings	**142,177**	158,939	**213,091**	296,728
Per share ($/share) – basic	**0.62**	0.69	**0.93**	1.29
Cash flow from operating activities	**272,856**	235,836	**670,896**	547,325
Funds from operations[1]	**243,201**	251,840	**474,926**	499,146
Distributable cash flow[1]	**202,166**	207,357	**407,504**	434,724
Per share ($/share)[1]	**0.88**	0.90	**1.78**	1.90
Dividends declared	**114,576**	109,993	**229,153**	219,987
Per share ($/share)	**0.50**	0.48	**1.00**	0.96
Payout ratio %[1]	**57%**	53%	**56%**	51%
Adjusted EBITDA[1]	**325,995**	292,812	**640,299**	584,970
Operating margin	**369,749**	370,813	**652,780**	703,249
Realized margin[1]	**370,944**	337,727	**726,359**	673,181
Gathering and Processing				
Operating margin	**101,885**	87,207	**205,652**	186,629
Realized margin[1]	**101,934**	84,430	**206,263**	184,736
Gross processing throughput[3] (MMcf/d)	**1,487**	1,456	**1,511**	1,574
Net processing throughput[3] (MMcf/d)	**1,325**	1,244	**1,328**	1,345
Liquids Infrastructure				
Operating margin	**131,904**	117,305	**267,049**	234,711
Realized margin[1]	**133,077**	119,228	**269,640**	237,893
Gross processing throughput[4] (Mbbl/d)	**164**	173	**183**	183
Net processing throughput[4] (Mbbl/d)	**83**	94	**100**	96
AEF iso-octane production volumes (Mbbl/d)	**9**	14	**12**	14
Marketing				
Operating margin	**136,010**	166,371	**180,066**	282,013
Realized margin[1]	**135,983**	134,139	**250,443**	250,656
Inventory value	**282,121**	182,547	**282,121**	182,547
Sales volumes (Bbl/d)	**178,700**	161,300	**246,700**	183,600
Acquisitions	**—**	—	**—**	366,537
Growth capital expenditures	**18,079**	52,349	**37,185**	133,081
Maintenance capital expenditures	**27,347**	32,783	**40,238**	41,035
Total capital expenditures	**45,426**	85,132	**77,423**	540,653
Weighted average number of shares outstanding – basic and diluted	**229,153**	229,153	**229,153**	229,153

As at June 30,	**2024**	2023
Long-term debt[5]	**3,686,035**	3,427,515
Credit facility	**110,000**	440,000
Working capital surplus *(current assets less current liabilities)*	**(263,596)**	(116,283)
Net debt	**3,532,439**	3,751,232
Common shares outstanding – end of period	**229,153**	229,153

CEO's Message to Shareholders

Strategically positioned to enable basin growth. Over the past several years, our company has strategically invested to create a fully-integrated natural gas liquids value chain, offering customers a full range of services to add value to the products they produce. We've established a strong G&P footprint in the rapidly growing Montney and Duvernay and connected these assets to our core Liquids Infrastructure business with the KAPS pipeline. From 2018 to 2023, realized margin from our fee-for-service businesses grew by 50%, largely due to these investments. Production from the Western Canada Sedimentary Basin continues to grow and set new records for both natural gas and natural gas liquids. Continued growth will be driven by the Trans Mountain Pipeline Expansion, LNG Canada, increasing West Coast LPG exports and a growing petrochemical industry. Keyera remains well positioned to benefit from enabling this growth by leveraging our integrated platform, which will allow Keyera to continue to compound returns and create long-term value for shareholders.

Sustainable dividend growth. At its core, Keyera is a dividend growth company. Since our IPO in 2003, we have returned $4.7 billion to investors. Yesterday, we were pleased to announce another dividend increase of 4% to $2.08 per share annually. This dividend increase is supported by the continued growth of Keyera's fee-for-service business and a conservative payout ratio.

High-quality, fee-for-service cashflows are increasing. We remain on track to reach the upper end of our compound annual growth rate (CAGR) target for adjusted EBITDA (holding Marketing constant) of 6-7% from 2022 to 2025. Continued growth in the G&P segment will come largely from filling available capacity in our North region gas plants which serve the prolific Montney and Duvernay fairway. These formations have a higher condensate content, which strengthens customer economics and makes them less sensitive to natural gas pricing. Today, more than 70% of our G&P realized margins come from our North region gas plants. Our Liquids Infrastructure segment is positioned for further growth supported by the continued ramp-up of long-term contracted volumes on KAPS, growing demand for our storage and condensate businesses, and potential new capital-efficient growth projects including fractionation capacity expansions and KAPS Zone 4.

Marketing segment is a valuable differentiator. Today, we increased our 2024 Marketing realized margin guidance due to strong year-to-date performance and supportive market fundamentals. This physical business leverages our integrated assets and logistics expertise to deliver products throughout North America. The Marketing segment has enabled us to consistently produce higher than average corporate Returns on Invested Capital (ROIC) relative to our peers. The cash flow generated from this segment is reinvested in our fee-for-service business, accelerating growth in high-quality, long-term contracted cash flows.

Strong free cash flow outlook. 2024 will be a year of strong free cash flow generation as the company has entered a phase of lower capital spending. With a strong balance sheet and having just increased our dividend, we will continue to balance disciplined capital investments with further increasing shareholder returns to maximize shareholder value.

Continued long-term value creation. As an essential infrastructure service provider, Keyera will continue to play an integral role in enabling basin volume growth while staying financially disciplined to create long-term value for our stakeholders.

On behalf of Keyera, I want to thank our employees, customers, shareholders, Indigenous rights holders, and other stakeholders for their continued support.

Dean Setoguchi
President and CEO
Keyera Corp.

Notes:

1 Keyera uses certain non-Generally Accepted Accounting Principles ("GAAP") and other financial measures such as EBITDA, adjusted EBITDA, funds from operations, distributable cash flow, distributable cash flow per share, payout ratio, realized margin and compound annual growth rate ("CAGR") for adjusted EBITDA holding Marketing constant. Since these measures are not standard measures under GAAP, they may not be comparable to similar measures reported by other entities. For additional information, and where applicable, for a reconciliation of the historical non-GAAP financial measures to the most directly comparable GAAP measure, refer to the section of this news release titled "Non-GAAP and Other Financial Measures". For the assumptions associated with the 2024 realized margin guidance for the Marketing segment, refer to the section titled "Segmented Results of Operations: Marketing – Market Commentary" of Management's Discussion and Analysis for the period ended June 30, 2024.

2 Ratio is calculated in accordance with the covenant test calculations related to the company's credit facility and senior note agreements and excludes hybrid notes.

3 Includes gas volumes and the conversion of liquids volumes handled through the processing facilities to a gas volume equivalent. Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

4 Fractionation throughput in the Liquids Infrastructure segment is the aggregation of volumes processed through the fractionators and the de-ethanizers at the Keyera and Dow Fort Saskatchewan facilities.

5 Long-term debt includes the total value of Keyera's hybrid notes which receive 50% equity treatment by Keyera's rating agencies. The hybrid notes are also excluded from Keyera's covenant test calculations related to the company's credit facility and senior note agreements.

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of August 8, 2024 and is a review of the results of operations and the liquidity and capital resources of Keyera Corp. and its subsidiaries (collectively "Keyera"). The MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements ("accompanying financial statements") of Keyera Corp. for the three and six months ended June 30, 2024 and the notes thereto as well as the audited consolidated financial statements of Keyera for the year ended December 31, 2023, and the related MD&A. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") also referred to as GAAP, and are stated in Canadian dollars. Additional information related to Keyera, including its Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on Keyera's website at www.keyera.com.

This MD&A contains non-GAAP and other financial measures and forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Keyera's disclosure under "NON-GAAP AND OTHER FINANCIAL MEASURES" and "FORWARD-LOOKING STATEMENTS" included at the end of this MD&A.

Keyera's Business

Keyera operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and depth of expertise in delivering energy infrastructure solutions. Keyera operates assets in the oil and gas industry between the upstream sector, which includes oil and gas exploration and production, and the downstream sector, which includes the refining and marketing of finished products. Keyera is organized into three highly integrated operating segments:

1. **Gathering and Processing** – Keyera owns and operates raw gas gathering pipelines and processing plants, which collect and process raw natural gas, remove waste products and separate the economic components, primarily natural gas liquids ("NGLs"), before the sales gas is delivered into long-distance pipeline systems for transportation to end-use markets. Keyera also provides condensate handling services through its condensate gathering pipelines and stabilization facilities.

2. **Liquids Infrastructure** – Keyera owns and operates a network of facilities for the gathering, processing, storage and transportation of the by-products of natural gas processing, including NGLs in mix form and specification NGLs such as ethane, propane, butane and condensate. In addition, this segment includes Keyera's iso-octane facilities at Alberta EnviroFuels ("AEF"), its liquids blending facilities, its 50% interest in the crude oil storage facility at the Base Line Terminal, its 50% interest in the South Cheecham Rail and Truck Terminal (which includes sulphur handling, forming and storage) and its 90% interest in the Wildhorse Terminal in Cushing, Oklahoma.

3. **Marketing** – Keyera markets a range of products associated with its two infrastructure business lines, primarily propane, butane, condensate and iso-octane, and also engages in liquids blending.

The Gathering and Processing and Liquids Infrastructure segments provide energy infrastructure solutions to customers on a fee-for-service basis. Keyera also has a Corporate business segment that is not considered a material part of the business.

Overview

Keyera delivered another outstanding quarter, highlighted by the following achievements:

- **Strong financial results and operating segment performance:**
  - Net earnings of $142 million (Q2 2023 – $159 million), realized margin of $371 million (Q2 2023 – $338 million), adjusted earnings before interest, taxes, depreciation and amortization of $326 million (Q2 2023 – $293 million) and distributable cash flow of $202 million (Q2 2023 – $207 million).
  - The Liquids Infrastructure segment generated strong quarterly realized margin of $133 million, 12% higher than the same period in the prior year. These higher results were primarily due to incremental margin from the segment's core assets, including storage and fractionation infrastructure at Keyera's Fort Saskatchewan ("KFS") complex, the KAPS pipeline system and Keyera's condensate system.
  - The Marketing segment delivered outstanding financial results with realized margin of $136 million (Q2 2023 – $134 million) as the business captured margin from all products through the effective utilization of Keyera's infrastructure in a strong commodity price environment. The cash flow generated from the Marketing business enhances Keyera's overall corporate return on invested capital as it can utilize its infrastructure assets to deliver product to the highest value markets.
  - The Gathering and Processing segment achieved record gross processing throughput levels in the North region, largely due to record volumes at the Pipestone gas plant. New production from the condensate-rich Montney area and incremental processing capacity that came online in December 2023 contributed to the strong throughput at the facility. The North region facilities continue to account for over 70% of the segment's overall margin.
- **Dividend increase**
  - On August 7, 2024, Keyera's board of directors approved a 4% increase in the quarterly dividend, revising the dividend to $0.52 per share or $2.08 per share on an annualized basis (previously $0.50 per share and $2.00 per share, respectively). The third quarter dividend will be payable on September 27, 2024. This increase is supported by the growth in stable cash flows from Keyera's fee-for-service business and a conservative payout ratio.

Keyera expects the following for 2024:

- Realized margin for the Marketing segment is now expected to range between **$450 million and $480 million** (previous guidance of $430 million to $470 million). This increase takes into account strong year-to-date realized margin and assumes; i) the AEF facility operates at capacity for the remainder of the year; ii) there are no significant logistics or transportation curtailments; and iii) current forward commodity pricing for unhedged volumes for the remainder of the year.
- Growth capital expenditures are expected to range between **$80 million and $100 million**. This includes $20 million to $40 million that is contingent on the sanctioning of KAPS Zone 4 and the continued advancement of fractionation capacity expansion opportunities at KFS.
- Maintenance capital expenditures are expected to range between **$120 million and $140 million** (previously between $90 million and $110 million). The increase is primarily due to higher maintenance turnaround costs, which are mostly recoverable in future years.

- Cash tax expense is expected to increase to a range between **$90 million to $100 million** (previously $85 million to $95 million). This new range reflects the increase in expected earnings from the Marketing segment.

Readers are referred to the section of the MD&A titled, "Forward-Looking Statements" for a further discussion of the assumptions and risks that could affect future performance and plans.

CONSOLIDATED FINANCIAL RESULTS

The following table highlights some of the key consolidated financial results for the three and six months ended June 30, 2024 and 2023:

(Thousands of Canadian dollars, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Net earnings	**142,177**	158,939	**213,091**	296,728
Net earnings per share (basic)	**0.62**	0.69	**0.93**	1.29
Operating margin	**369,749**	370,813	**652,780**	703,249
Realized margin[1]	**370,944**	337,727	**726,359**	673,181
Adjusted EBITDA[2]	**325,995**	292,812	**640,299**	584,970
Cash flow from operating activities	**272,856**	235,836	**670,896**	547,325
Funds from operations[3]	**243,201**	251,840	**474,926**	499,146
Distributable cash flow[3]	**202,166**	207,357	**407,504**	434,724
Distributable cash flow per share[3] (basic)	**0.88**	0.90	**1.78**	1.90
Dividends declared	**114,576**	109,993	**229,153**	219,987
Dividends declared per share	**0.50**	0.48	**1.00**	0.96
Payout ratio[4]	**57%**	53%	**56%**	51%

Notes:

Keyera utilizes the following measures which are not standard measures under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled “Non-GAAP and Other Financial Measures”.

1 Realized margin is defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts. See the section titled “Segmented Results of Operations” for a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin.

2 EBITDA is defined as earnings before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before costs associated with non-cash items, including unrealized gains and losses on commodity-related contracts, net foreign currency gains and losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains and losses on the disposal of property, plant and equipment. See the section titled “EBITDA and Adjusted EBITDA” for a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable GAAP measure, net earnings.

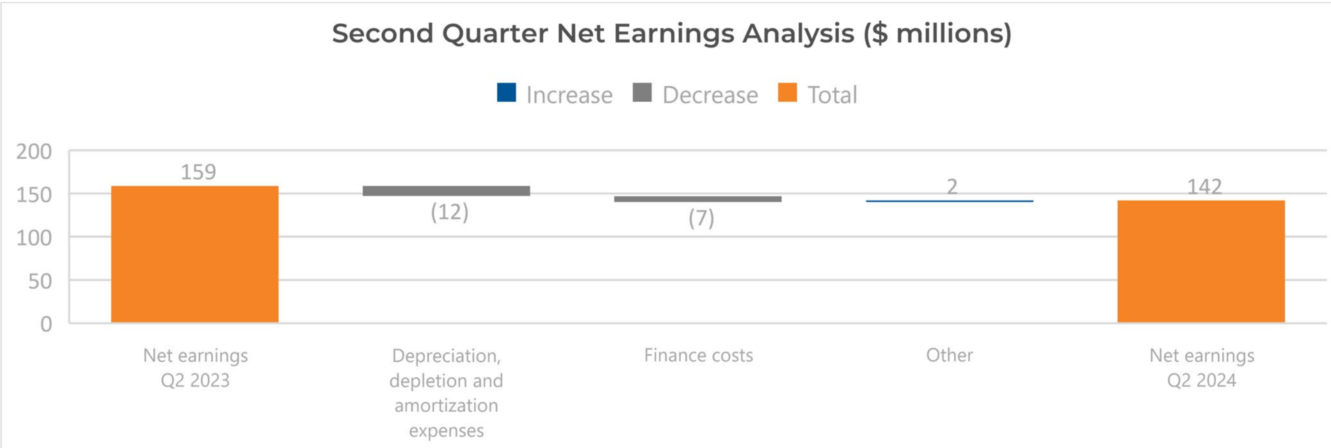
3 Funds from operations is defined as cash flow from operating activities adjusted for changes in non-cash working capital. Distributable cash flow is defined as cash flow from operating activities adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments, including the periodic costs related to prepaid leases. Distributable cash flow per share is defined as distributable cash flow divided by weighted average number of shares – basic. See the section titled “Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio” for a reconciliation of funds from operations and distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities.

4 Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow. See the section titled “Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio”.

Net Earnings

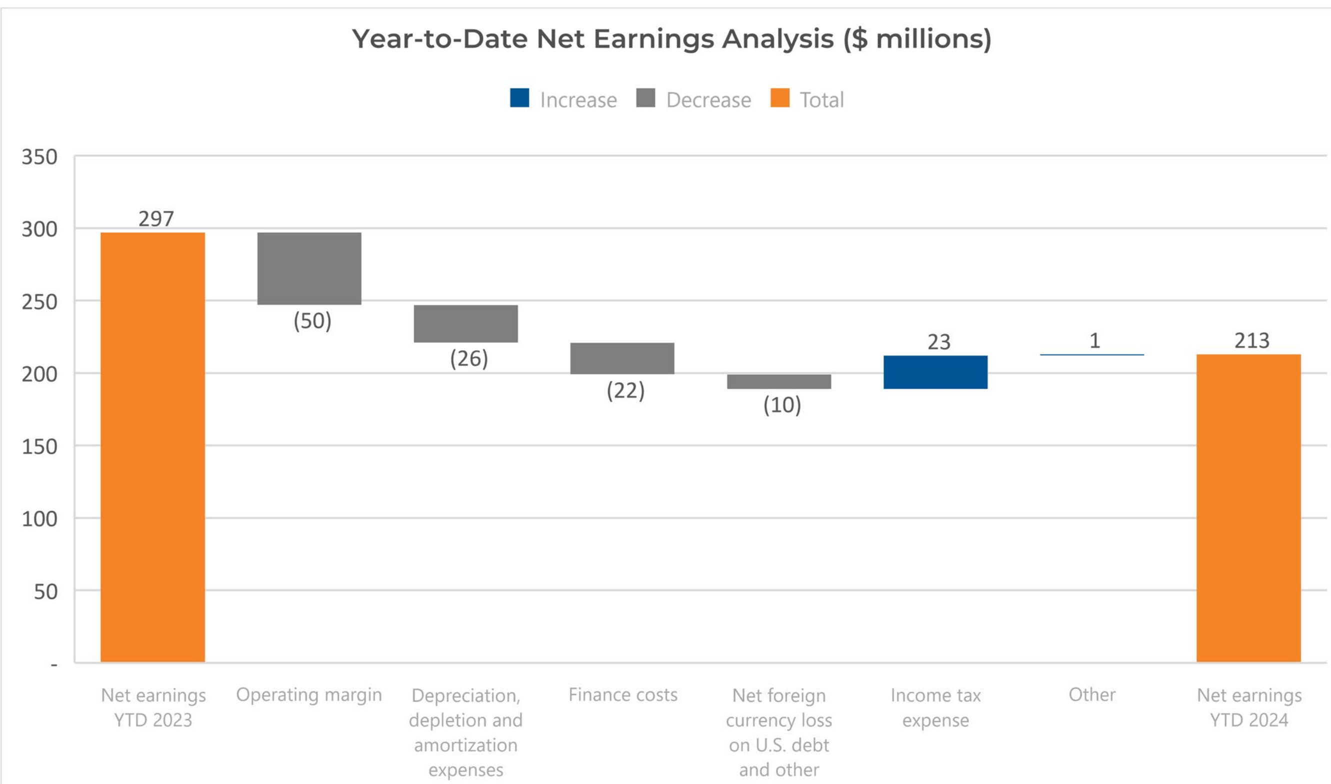
Second Quarter Results

For the three months ended June 30, 2024, net earnings were $142 million, $17 million lower than the same period in the prior year due to the factors shown in the table below:



Year-To-Date Results

On a year-to-date basis, net earnings were $213 million, $84 million lower than the same period in the prior year due to the factors shown in the table below:



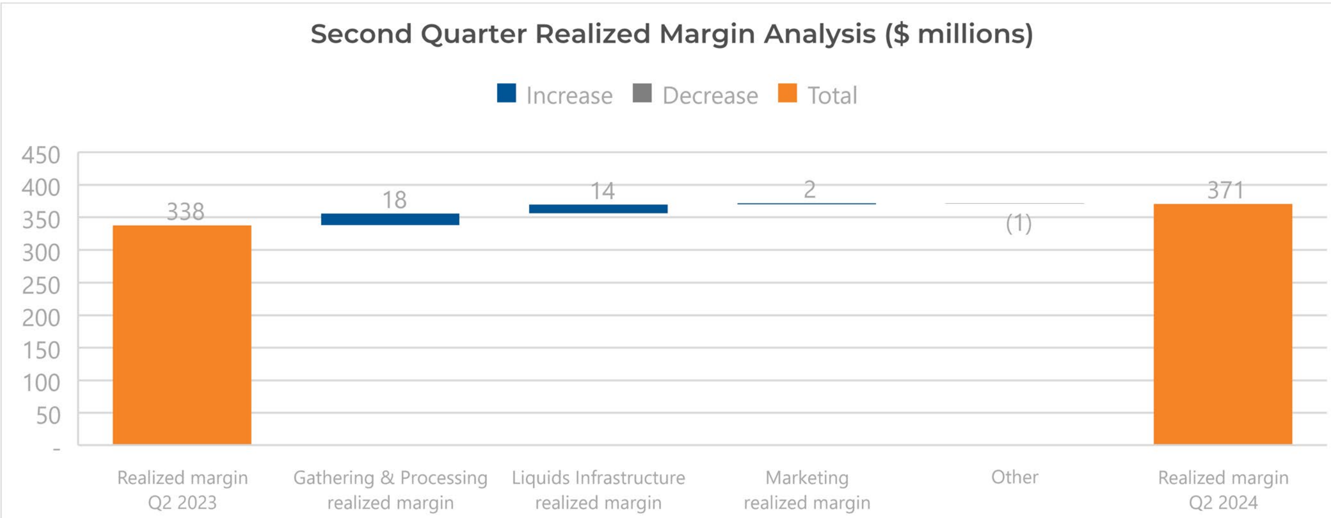
See the section below for more information related to operating margin. For all other charges mentioned above, please see the section of the MD&A titled, “Corporate and Other”.

Operating Margin and Realized Margin

Second Quarter Results

For the three months ended June 30, 2024, operating margin was $370 million, virtually unchanged from the same period in the prior year.

In the second quarter of 2024, realized margin[1] (excludes the effect of unrealized gains and losses from commodity-related risk management contracts) was $371 million, $33 million higher than the same period in the prior year and includes the following changes in contribution by segment:

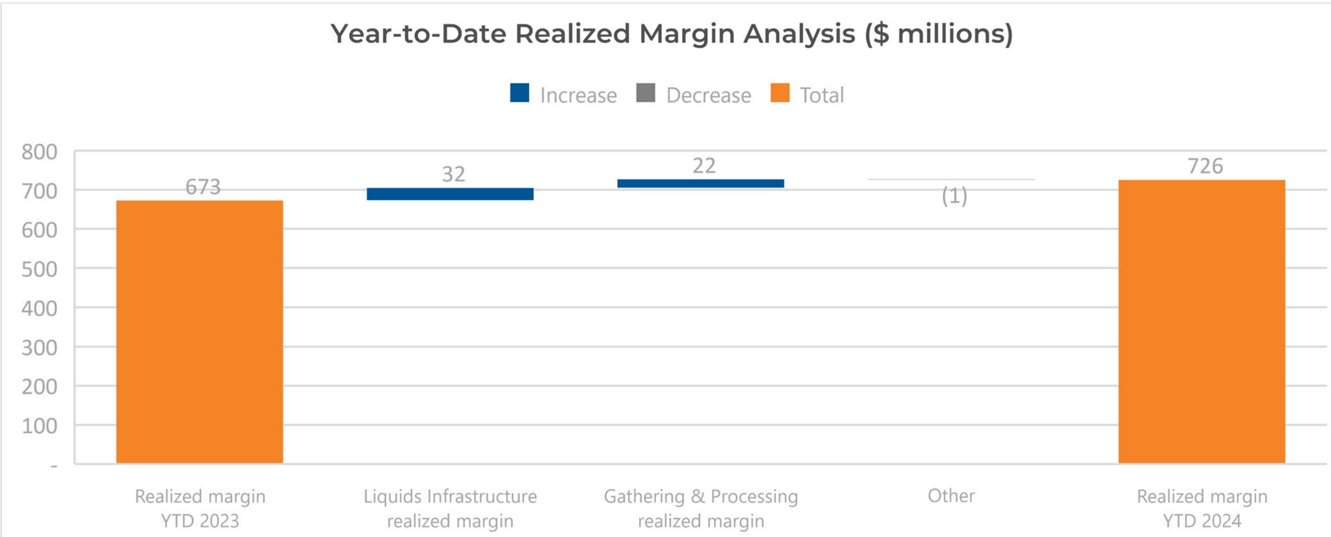


1 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled “Non-GAAP and Other Financial Measures”. For a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, see the section titled “Segmented Results of Operations”.

Year-To-Date Results

For the first six months of 2024, operating margin was $653 million, $50 million lower than the same period of the prior year primarily due to the inclusion of an unrealized non-cash loss of $70 million associated with risk management contracts from the Marketing segment compared to an unrealized non-cash gain of $31 million for the same period in 2023. This was partially offset by $53 million in higher realized margin as described below in more detail.

Realized margin[1] for the first six months of 2024 was $726 million, $53 million higher than the same period in the prior year and includes the following changes in contribution by segment:



See the section titled "Segmented Results of Operations" for additional information on operating results by segment.

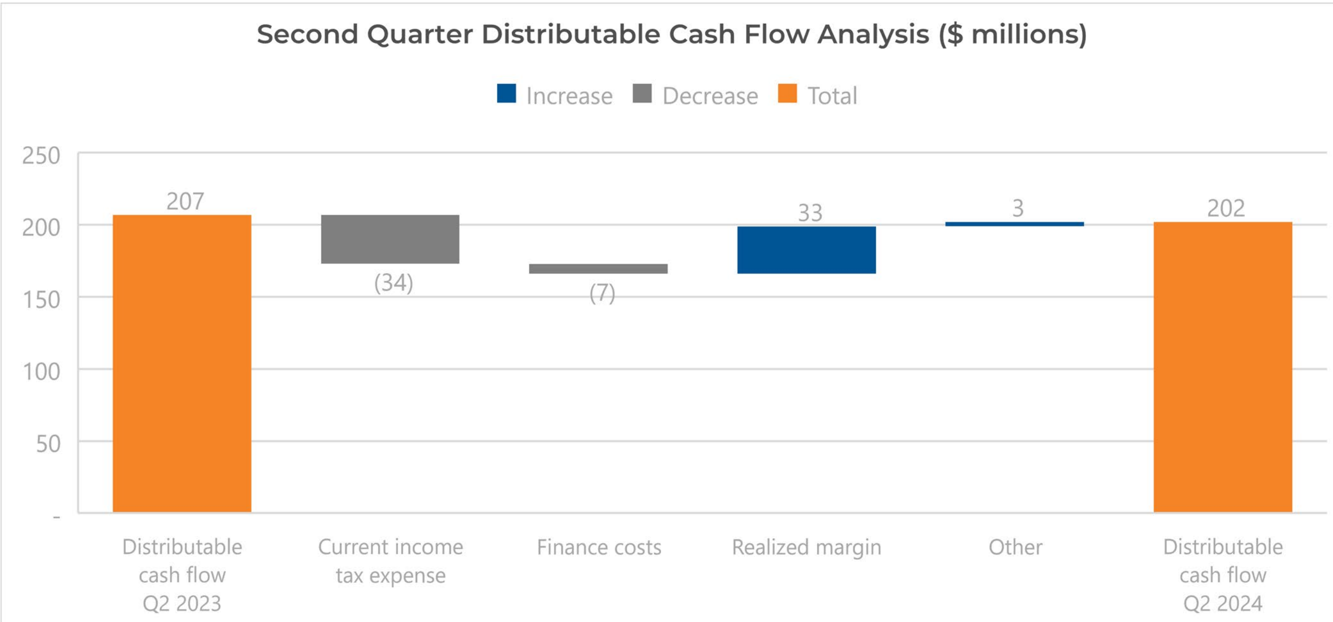
1 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled "Non-GAAP and Other Financial Measures". For a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, see the section titled "Segmented Results of Operations".

Cash Flow Metrics

Second Quarter Results

Cash flow from operating activities for the second quarter of 2024 was $273 million, $37 million higher than the same period in the prior year primarily due to a lower net cash requirement to fund operating working capital associated with accounts receivable and accounts payable, which are merely timing differences associated with the collection and settlement of these balances, and higher realized margin. These increases were partially offset by a higher cash requirement to fund inventory.

Distributable cash flow[1] for the three months ended June 30, 2024 was $202 million, $5 million lower than the same period in 2023 due to the factors shown in the table below:

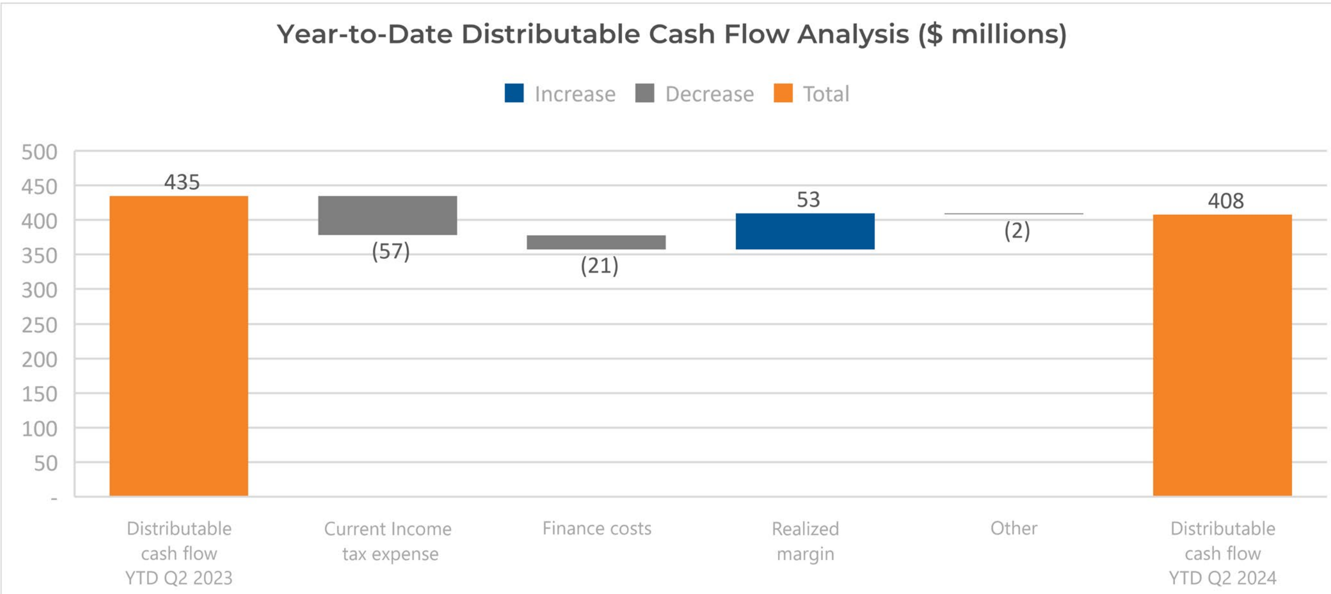


1 Distributable cash flow is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled "Non-GAAP and Other Financial Measures". For a reconciliation of distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities, see the section titled "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio".

Year-To-Date Results

On a year-to-date basis, cash flow from operating activities was $671 million, $124 million higher than the same period in the prior year primarily due to the same factors as the second quarter. These increases were partially offset by a higher cash requirement to fund inventory and higher finance costs.

Distributable cash flow[1] for the six months ended June 30, 2024, was $408 million, $27 million lower than the same period in 2023 due to factors shown in the table below:



For more information related to the charges above, please see the section of this MD&A titled, "Corporate and Other".

1 Distributable cash flow is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled "Non-GAAP and Other Financial Measures". For a reconciliation of distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities, see the section titled "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio".

SEGMENTED RESULTS OF OPERATIONS

The discussion of the results of operations for each of the operating segments focuses on operating margin and realized margin. Operating margin refers to operating revenues less operating expenses and does not include the elimination of inter-segment transactions. Management believes operating margin provides an accurate portrayal of operating profitability by segment. Keyera's Gathering and Processing and Liquids Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. These segment measures of profitability for the three and six months ended June 30, 2024 and 2023 are reported in note 14, Segment Information, of the accompanying financial statements. A complete description of Keyera's businesses by segment can be found in Keyera's Annual Information Form, which is available on SEDAR+ at *www.sedarplus.ca.*

Realized margin is defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts. Management believes that this supplemental measure facilitates the understanding of the financial results for the operating segments in the period without the effect of mark-to-market changes from risk management contracts related to future periods. Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section of this MD&A titled "Non-GAAP and Other Financial Measures".

The following is a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin. For operating margin and realized margin by segment, refer to the Gathering and Processing, Liquids Infrastructure and Marketing sections below.

Operating Margin and Realized Margin *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Revenue	**1,717,831**	1,499,228	**3,238,517**	3,288,731
Operating expenses	**(1,348,082)**	(1,128,415)	**(2,585,737)**	(2,585,482)
Operating margin	**369,749**	370,813	**652,780**	703,249
Unrealized loss (gain) on risk management contracts	**1,195**	(33,086)	**73,579**	(30,068)
Realized margin	**370,944**	337,727	**726,359**	673,181

Gathering and Processing

Keyera currently has interests in 10 active gas plants[1,2], all of which are located in Alberta. Keyera operates 8 of the 10 active gas plants. The Gathering and Processing segment includes raw gas gathering systems and processing plants strategically located in the natural gas production areas on the western side of the Western Canada Sedimentary Basin ("WCSB"). Several of the gas plants are interconnected by raw gas gathering pipelines, allowing raw gas to be directed to the gas plant best suited to process the gas. Most of Keyera's facilities are also equipped with condensate handling capabilities. Keyera's facilities and gathering systems collectively constitute a network that is well positioned to serve drilling and production activity in the WCSB.

Keyera's Simonette, Wapiti and Pipestone gas plants are generally referred to as its "Northern" or "North" gas plants due to their geographic location and proximity to one another. Gas plants in the North are generally dedicated to processing gas and handling condensate from the Montney and Duvernay formations. All of Keyera's other Gathering and Processing plants are located in the Alberta Deep Basin and are generally referred to as Keyera's "Southern" or "South" gas plants.

Operating margin and realized margin for the Gathering and Processing segment were:

Operating Margin, Realized Margin and Throughput Information *(Thousands of Canadian dollars, except for processing throughput information)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Revenue[3]	**178,702**	169,024	**358,344**	355,641
Operating expenses[3]	**(76,817)**	(81,817)	**(152,692)**	(169,012)
Operating margin	**101,885**	87,207	**205,652**	186,629
Unrealized loss (gain) on risk management contracts	**49**	(2,777)	**611**	(1,893)
Realized margin[4]	**101,934**	84,430	**206,263**	184,736
Gross processing throughput[5] – (MMcf/d)	**1,487**	1,456	**1,511**	1,574
Net processing throughput[5,6] – (MMcf/d)	**1,325**	1,244	**1,328**	1,345

1 Excludes gas plants where Keyera has suspended operations.
2 Keyera disposed of its minority working interest in the non-operated Edson gas plant and its 100% working interest in the Pembina North gas plant on March 28, 2024 and May 8, 2024, respectively. Processing throughput amounts include volumes processed at the Edson gas plant to March 28, 2024 and the Pembina North gas plant to May 8, 2024.
3 Includes inter-segment transactions.
4 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section titled "Non-GAAP and Other Financial Measures".
5 Includes gas volumes and the conversion of liquids volumes handled through the processing facilities to a gas volume equivalent.
6 Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

Second Quarter Operating Margin and Revenue

Operating Margin	↑ $15 million vs Q2 2023	Increase was primarily due to: • $13 million in higher operating margin as contribution in Q2 2023 was impacted by the effects of the Alberta wildfires which resulted in six gas plant shut-ins and lower revenues; and • higher operating margin from the Pipestone gas plant due to higher volumes associated with incremental processing capacity that came online at the end of 2023.
Revenue	↑ $10 million vs Q2 2023	• Increase in revenue was primarily due to the same factors that contributed to higher operating margin as described above.

Second Quarter Year-to-Date Operating Margin and Revenue

Operating Margin	↑ $19 million vs Q2 YTD 2023	• Increase was primarily due to the same factors that contributed to higher operating margin in Q2 2024 as described above, and a $6 million one-time revenue adjustment at the Pipestone gas plant in the first quarter of 2024.
Revenue	↑ $3 million vs Q2 YTD 2023	• Increase in revenue was primarily due to the same factors that contributed to higher operating margin as described above. The higher revenues were partly offset by lower ethane sales revenues from the Rimbey gas plant. Ethane sales from the Rimbey gas plant are generally based on index pricing and can significantly influence revenues; however, the effect on operating margin is minimal as ethane purchases from producers are also based on index pricing and are included in operating expenses.

Gathering and Processing Activity

The Gathering and Processing segment continued to deliver strong financial results through the second quarter of 2024. These results were driven by significant contribution from the North region gas plants which account for over 70% of the segment's margin.

In the North region, a new quarterly gross processing throughput record was achieved, largely due to record volumes at the Pipestone gas plant. New production from the condensate-rich Montney area and incremental processing capacity that came online in December 2023 contributed to record throughput at the facility. In addition, processing throughput at the Simonette and Wapiti gas plants remained strong through this period. As a result of these factors, overall gross processing throughput for the North region increased by 4% compared to the first quarter of 2024 and were 16% higher than the same period in the prior year which was affected by Alberta's wildfires. Producer activity levels in the North region remain high due to producer economics being largely tied to NGL pricing, condensate in particular. The connection of the Wapiti, Pipestone and Simonette gas plants to the KAPS pipeline system and Keyera's core infrastructure in Fort Saskatchewan, provides these North region gas plants with a competitive advantage in providing customers integrated gas processing, NGL and condensate services.

In the South region, overall gross processing throughput levels in the second quarter were relatively consistent compared to the same period in the prior year. Processing throughput levels in 2024 have been impacted by shut-in production from a customer at the Brazeau River gas plant due to low natural gas prices and natural declines experienced across multiple facilities. Comparatively, processing throughput levels in the prior year were affected by a three-week maintenance turnaround at the Rimbey gas plant and Alberta wildfire-related outages that included a 33-day shut-down of the Brazeau River gas plant. With the decline in natural gas prices, producer drilling activity levels in the South region are expected to be lower as several producers have deferred their drilling plans until stronger economics return.

Maintenance turnarounds are scheduled to be completed at the Wapiti and Strachan gas plants during the third quarter of 2024. The cost estimate for both turnarounds is approximately $65 million. The costs associated with maintenance turnarounds are capitalized for accounting purposes and do not have an effect on operating expenses in the Gathering and Processing segment. Maintenance turnaround costs are generally flowed through to customers over a period of four to six years. Distributable cash flow is reduced by Keyera's share of the cost of the turnarounds, as these costs are included in its financial results as maintenance capital expenditures.

Liquids Infrastructure

The Liquids Infrastructure segment provides fractionation, storage, transportation, liquids blending and terminalling services for NGLs and crude oil, and produces iso-octane. These services are provided to customers through an extensive network of facilities, including the following assets:

- NGL and condensate pipelines
- Underground NGL storage caverns
- Above ground storage tanks
- NGL fractionation and de-ethanization facilities
- Pipeline, rail and truck terminals
- Liquids blending facilities
- the AEF facility

The AEF facility has an effective production capacity of approximately 14,000 barrels per day of iso-octane. Iso-octane is a low vapour pressure, high-octane gasoline blending component that contains virtually no sulphur, aromatics or benzene, making this product a clean burning gasoline additive. AEF uses butane as the primary feedstock to produce iso-octane. As a result, AEF's business creates positive synergies with Keyera's Marketing business, which purchases, handles, stores and sells large volumes of butane.

Most of Keyera's Liquids Infrastructure assets are located in, or connected to, the Edmonton/Fort Saskatchewan area of Alberta, one of four key NGL hubs in North America. A significant portion of the NGL production from Alberta raw gas processing plants is delivered into the Edmonton/Fort Saskatchewan area via multiple NGL gathering systems and the KAPS pipeline system for fractionation into specification products and delivery to market. Keyera's underground storage caverns at Fort Saskatchewan are used to store NGL mix and specification products. For example, propane can be stored in the summer months to meet winter demand; condensate can be stored to meet the diluent supply needs of the oil sands sector; and butane can be stored to meet blending and iso-octane feedstock requirements.

Keyera operates an industry-leading condensate hub in Western Canada that includes connections to: i) all major condensate receipt points, including the KAPS pipeline system, the Southern Lights pipeline and CRW pool, Fort Saskatchewan area fractionators, the Cochin pipeline and Canadian Diluent Hub; and ii) all major condensate delivery points, including the Polaris and Cold Lake pipelines, the Norlite pipeline, CRW pool, and the Access pipeline system.

Keyera's Liquids Infrastructure assets are closely integrated with its Marketing segment, providing the ability to source, transport, process, store and deliver products across North America. A portion of the revenues earned by this segment relate to services provided to Keyera's Marketing segment. All of the revenues in this segment that are associated with the AEF facility, the Oklahoma Liquids Terminal and Galena Park infrastructure relate to services provided to the Marketing segment.

Operating margin and realized margin for the Liquids Infrastructure segment were:

Operating Margin and Realized Margin *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Revenue[1]	**222,175**	180,222	**434,325**	358,431
Operating expenses[1]	**(90,271)**	(62,917)	**(167,276)**	(123,720)
Operating margin	**131,904**	117,305	**267,049**	234,711
Unrealized loss on risk management contracts	**1,173**	1,923	**2,591**	3,182
Realized margin[2]	**133,077**	119,228	**269,640**	237,893

Notes:
1 Includes inter-segment transactions.
2 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section titled "Non-GAAP and Other Financial Measures".

Second Quarter Operating Margin and Revenue

Operating Margin	↑ $15 million vs Q2 2023	Increase was primarily due to: • incremental margin associated with the KAPS pipeline system which commenced operations during the second quarter of 2023; • higher contribution from the KFS complex due to higher contracted storage volumes, increased fractionation revenues and lower electrical costs at the complex compared to the prior year; and • higher contracted volumes through Keyera's condensate system. The factors above were partly offset by lower contribution from the Alberta Diluent Terminal primarily due to tank cleaning activities that continued through Q2 2024.
Revenue	↑ $42 million vs Q2 2023	• Increase was mainly due to the same factors that contributed to higher operating margin as described above and higher operating revenues from the AEF facility resulting from the recovery of increased operating expenses related to the facility's maintenance outage. The operating expenses at AEF are recovered from the Marketing segment and do not have an impact on operating margin for the Liquids Infrastructure segment.

Second Quarter Year-to-Date Operating Margin and Revenue

Operating Margin	↑ $32 million vs Q2 YTD 2023	Increase was primarily due to $35 million in incremental contribution from: • the KFS complex due to higher contracted storage volumes and increased fractionation revenues that were partly attributable to the acquisition of an additional 21% working interest in Q1 2023, as well as lower electrical costs in 2024; • the KAPS pipeline system which commenced operations during the second quarter of 2023; and • higher contracted volumes through Keyera's condensate system. The factors above were partly offset by lower contribution from the Alberta Diluent Terminal primarily due to tank cleaning activities in the first half of 2024.
Revenue	↑ $76 million vs Q2 YTD 2023	• Increase was mainly due to the same factors that contributed to higher operating margin as described above and higher operating revenues from the AEF facility resulting from the recovery of increased operating expenses related to the facility's maintenance outage. The operating expenses at AEF are recovered from the Marketing segment and do not have an impact on operating margin for the Liquids Infrastructure segment.

Liquids Infrastructure Activity

The Liquids Infrastructure segment produced excellent results in the second quarter of 2024, highlighted by the following accomplishments:

- robust quarterly financial results with realized margin of $133 million, a 12% increase over the same period in the prior year;
- high utilization levels across Keyera's fractionation facilities and condensate system; and
- the safe and successful completion of AEF maintenance activities.

Fractionation capacity in Alberta continues to be in high demand. As a result, Keyera's two fractionation units at the KFS complex were fully utilized in the first half of the year and are anticipated to operate at full capacity for the remainder of the year. Demand for services from Keyera's Fort Saskatchewan storage assets continued to increase in the second quarter and are expected to remain in high demand through 2024. These assets provide significant operational flexibility and value to customers in a dynamic commodity price environment.

Condensate demand was robust through the second quarter of 2024, largely due to continued strong demand from oil sands producers who require condensate for blending into bitumen. As a result, volumes delivered through Keyera's condensate system were 8% higher than the same period in the prior year, and marginally lower than the record levels achieved in the fourth quarter of 2023. Volumes exceeded take-or-pay commitment levels for multiple customers and contributed to incremental margin through the system. The growth in oil sands production and demand for condensate drives the economics for producers actively drilling in the Montney and ultimately benefits Keyera's core infrastructure, including the KAPS pipeline system. Cash flows generated from Keyera's condensate system are protected by long-term, take-or-pay arrangements with several major oil sands producers. Under these agreements, Keyera provides a variety of services including diluent transportation, storage and rail offload services in the Edmonton/Fort Saskatchewan area.

The AEF facility is operated by the Liquids Infrastructure segment and provides iso-octane processing services to the Marketing segment on a fee-for-service basis. Beginning in April, the AEF facility was taken offline for six weeks to complete proactive maintenance activities. These maintenance activities were intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in 2026. The activities were safely and successfully completed in May at a total cost of approximately $15 million, all of which were recovered from the Marketing segment in the period. The total realized margin impact was approximately $40 million, the majority of which was realized in the Marketing segment.

At the Alberta Diluent Terminal, tank repair and cleaning activities continued through the second quarter. These maintenance and repair activities are expected to be complete by the end of the year with a total estimated cost of between $10 million and $15 million. These costs are included in the segment's operating expenses.

Marketing

The Marketing segment is focused on the purchase and sale of products associated with Keyera and other third-party facilities, including NGLs, crude oil and iso-octane. Keyera markets products acquired through processing arrangements, term supply agreements and other purchase transactions. Most NGL volumes are purchased under one-year supply contracts typically with terms beginning in April of each year. In addition, Keyera has long-term supply arrangements with several producers for a portion of its NGL supply. Keyera may also source additional condensate or butane, including from the U.S., when market conditions and associated sales contracts are favourable.

Keyera negotiates sales contracts with customers in Canada and the U.S. based on the volumes it has contracted to purchase. In the case of condensate sales, the majority of the product is sold to customers in Alberta shortly after it is purchased. Butane is used as the primary feedstock in the production of iso-octane at Keyera's AEF facility and therefore a significant portion of the contracted butane supply is retained for Keyera's own use.

Propane markets are seasonal and geographically diverse. Keyera sells propane in various North American markets, often where the only option for delivery is via railcar or truck. Keyera is well positioned to serve these markets due to its extensive infrastructure and rail logistics expertise. Further, because North American demand for propane is typically higher in the winter, Keyera can utilize its NGL storage facilities to build an inventory of propane during the summer months when prices are typically lower to fulfill winter term-sales commitments.

Keyera manages its NGL supply and sales portfolio by monitoring its inventory position and purchase and sale commitments. Nevertheless, the Marketing business is exposed to commodity price fluctuations arising between the time contracted volumes are purchased and the time they are sold, as well as pricing differentials between different geographic markets. These risks are managed by purchasing and selling product at prices based on the same or similar indices or benchmarks, and through physical and financial contracts that include energy-related forward contracts, price swaps, forward currency contracts and other hedging instruments. A more detailed description of the risks associated with the Marketing segment is available in Keyera's Annual Information Form, which is available on SEDAR+ at *www.sedarplus.ca*.

Keyera's primary markets for iso-octane are in the Gulf Coast, Midwestern United States, and Western Canada. Demand for octanes is seasonal, with higher demand in the spring and summer, typically resulting in higher sales prices during these months. There can be significant variability in iso-octane margins. As with Keyera's other marketing activities, various strategies are utilized to mitigate the risks associated with the commodity price exposure, including the use of financial contracts. The section of this MD&A titled "Risk Management" provides more information on the risks associated with the sale of iso-octane and Keyera's related hedging strategy.

Keyera also engages in liquids blending, where it operates facilities at various locations, allowing it to transport, process and blend various product streams. Margins are earned by blending products of lower value into higher value products. As a result, these transactions are exposed to variability in price and quality differentials between various product streams. Keyera manages this risk by balancing its purchases and sales and employing risk management strategies.

Overall, the integration of Keyera's business lines means that its Marketing segment can draw on the resources available to it through its two fee-for-service, facilities-based operating segments (Liquids Infrastructure and Gathering and Processing), including access to NGL supply and key fractionation, storage and transportation infrastructure and logistics expertise.

In a typical year, Keyera expects the Marketing business to contribute on average, a base realized margin of between $310 million and $350 million. This guidance assumes: i) a crude oil price of between US$65 and US$75 per barrel; ii) butane feedstock costs comparable to the 10-year average; and iii) AEF utilization at nameplate capacity. Realized margin guidance for 2024 can be found in the Market Commentary section below.

There are numerous variables that can affect the results from Keyera's Marketing segment. For a detailed discussion of risk factors that affect Keyera, see Keyera's Annual Information Form which is available on SEDAR+ at www.sedarplus.ca.

Operating margin and realized margin for the Marketing segment were:

Operating Margin and Realized Margin *(Thousands of Canadian dollars, except for sales volume information)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Revenue[1]	**1,444,656**	1,269,463	**2,697,087**	2,832,435
Operating expenses[1]	**(1,308,646)**	(1,103,092)	**(2,517,021)**	(2,550,422)
Operating margin	**136,010**	166,371	**180,066**	282,013
Unrealized (gain) loss on risk management contracts	**(27)**	(32,232)	**70,377**	(31,357)
Realized margin[2]	**135,983**	134,139	**250,443**	250,656
Sales volumes (Bbl/d)	**178,700**	161,300	**246,700**	183,600

Notes:
1 Includes inter-segment transactions.
2 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section titled "Non-GAAP and Other Financial Measures".

Composition of Marketing Revenue *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Physical sales	**1,443,573**	1,231,381	**2,777,296**	2,787,187
Realized gain (loss) on financial contracts[1]	**1,056**	5,850	**(9,832)**	13,891
Unrealized gain (loss) due to reversal of financial contracts existing at end of prior period	**8,724**	14,834	**(61,130)**	13,784
Unrealized (loss) gain due to fair value of financial contracts existing at end of current period	**(8,502)**	17,149	**(8,502)**	17,149
Unrealized (loss) gain from fixed price physical contracts[2]	**(195)**	249	**(745)**	424
Total unrealized gain (loss) on risk management contracts	**27**	32,232	**(70,377)**	31,357
Total gain (loss) on risk management contracts	**1,083**	38,082	**(80,209)**	45,248
Total Marketing revenue	**1,444,656**	1,269,463	**2,697,087**	2,832,435

Notes:
1 Realized gains and losses represent actual cash settlements or receipts under the respective contracts.
2 Unrealized gains and losses represent the change in fair value of fixed price physical contracts that meet the GAAP definition of a derivative instrument.

Second Quarter Operating Margin, Realized Margin and Revenue

Operating Margin	↓ $30 million vs Q2 2023	• Decrease was primarily due to $32 million in lower unrealized non-cash gains from risk management contracts in Q2 2024 compared to Q2 2023 and $2 million in higher realized margin as described in more detail below.
Realized Margin[1]	↑ $2 million vs Q2 2023	Increase was primarily due to $44 million in higher margin from: • liquids blending and condensate contribution due to increased sales volumes, supported by strong condensate demand; and • higher propane contribution due to increased sales volumes to higher value markets. The above factors were partly offset by $40 million in lower iso-octane contribution that was primarily due to a six-week maintenance outage at the AEF facility.
Revenue	↑ $175 million vs Q2 2023	• Increase was due to higher average sales prices and sales volumes for most products, with the exception of iso-octane, compared to the prior year.

1 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section titled "Non-GAAP and Other Financial Measures".

Second Quarter Year-to-Date Operating Margin, Realized Margin and Revenue

Operating Margin	↓ $102 million vs Q2 YTD 2023	• Decrease was primarily due to $70 million in unrealized non-cash losses from risk management contracts in 2024 compared to $31 million in unrealized non-cash gains in 2023.
Realized Margin[1]	– $nil vs Q2 YTD 2023	• Realized margin was virtually unchanged compared to the same period in 2023. Lower iso-octane margin resulting from a six-week maintenance outage at the AEF facility was virtually offset by higher contribution from propane, liquids blending and condensate as described in the factors above that impacted realized margin in Q2 2024.
Revenue	↓ $135 million vs Q2 YTD 2023	• Decrease was primarily due to: i) $70 million in unrealized non-cash losses from risk management contracts in 2024 compared to $31 million in unrealized non-cash gains in 2023; and ii) $10 million in realized losses from risk management contracts in 2024 compared to $14 million in realized gains in 2023.

Market Commentary

The Marketing segment delivered outstanding financial results in the second quarter of 2024 as the business captured margin from all products through the effective utilization of Keyera's infrastructure in a strong commodity price environment.

Iso-octane margins are largely derived from three key components: i) butane, the primary feedstock used to produce the product, ii) the price of motor gasoline, referred to as Reformulated Blendstock for Oxygenate Blending ("RBOB"), and iii) a negotiated premium above the price of RBOB, referred to as the iso-octane premium. In the second quarter, motor gasoline fundamentals and the premium for iso-octane remained strong, however prices softened compared to the elevated levels experienced in the prior year due to: i) increased U.S. refinery throughput levels; ii) slightly lower North American driving demand; and iii) increased imports of octane blending components into North America. Despite slightly weaker pricing fundamentals and a six-week maintenance outage at the AEF facility, iso-octane contribution was strong as the Marketing business continued to access high value markets for its product.

As butane is the primary feedstock to produce iso-octane, butane costs directly affect iso-octane margins. The majority of Keyera's butane supply is purchased on a one-year term basis. For the annual term supply contracts that began on April 1, 2024, the price for butane as a percentage of crude oil was slightly below the historical average of the previous 10 years.

1 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section titled "Non-GAAP and Other Financial Measures".

Crude oil prices remained strong through the second quarter, resulting in continued strong condensate demand and contribution. Keyera's liquids blending business was also a significant contributor to the Marketing results in the first half of the year.

North American propane export levels continued to be high through the second quarter, resulting in strong propane pricing and contribution for the period. Propane demand is anticipated to be strong for the remainder of the year due to continued high export levels and demand from Europe and Asia. Access to Keyera's cavern storage and rail terminals provides the Marketing segment with a competitive advantage as it can store and transport product to the highest value domestic or export markets throughout the year.

With strong contribution from the first half of the year, Keyera now expects its Marketing segment will generate realized margin of between $450 million and $480 million in 2024. This range assumes: i) the AEF facility, operates at capacity for the remainder of the year; ii) there are no significant logistics or transportation curtailments; and iii) current forward commodity pricing for unhedged volumes for the remainder of the year.

Risk Management

When possible, Keyera uses hedging strategies to mitigate risk in its Marketing business, including foreign currency exchange risk associated with the purchase and sale of NGLs and iso-octane. Keyera's hedging objective for iso-octane is to secure attractive margins and mitigate the effect of iso-octane price fluctuations on its future operating margins. Iso-octane is generally priced at a premium to the price of RBOB. RBOB is the highest volume refined product sold in the U.S. and has the most liquid forward financial contracts. Accordingly, Keyera expects to continue to utilize RBOB-based financial contracts to hedge a portion of its iso-octane sales.

To protect the value of its NGL inventory from fluctuations in commodity prices, Keyera typically uses physical and financial forward contracts. For propane inventory, contracts are generally put in place as inventory builds and may either: i) settle when products are expected to be withdrawn from inventory and sold; or ii) settle and reset on a month-to-month basis. Within these strategies, there may be differences in timing between when the contracts are settled and when the product is sold. In general, the increase or decrease in the fair value of the contracts is intended to mitigate fluctuations in the value of the inventories and protect operating margin. Keyera typically uses propane physical and financial forward contracts to hedge its propane inventory.

Keyera may hold butane inventory to meet the feedstock requirements of the AEF facility. For condensate, most of the product purchased is sold within one month. The supply and sales prices for both butane and condensate are typically priced as a percentage of West Texas Intermediate ("WTI") crude oil and in certain cases the supply cost may be based on a hub posted or index price. To align the pricing terms of physical supply with the terms of contracted sales and to protect the value of butane and condensate inventory, the following hedging strategies may be utilized:

- Keyera may enter into financial contracts to lock in the supply price at a specified percentage of WTI, as the sales contracts for butane and condensate are also generally priced in relation to WTI. When butane or condensate is physically purchased, the financial contract is settled and a realized gain or loss is recorded in income.
- Once the product is in inventory, WTI financial forward contracts are generally used to protect the value of the inventory.

Within these hedging strategies, there may be differences in timing between when the financial contracts are settled and when the products are purchased and sold. There may also be basis risk between the prices of crude oil and the NGL products, and therefore the financial contracts may not fully offset future butane and condensate price movements.

For the quarter ended June 30, 2024, the total unrealized gain on risk management contracts was $nil. Further details are provided in the "Composition of Marketing Revenue" table above.

The fair value of outstanding financial and physical risk management contracts as at June 30, 2024 resulted in a liability of $9 million. These fair values will vary as these contracts are marked-to-market at the end of each period. A summary of the financial contracts existing at June 30, 2024, and the sensitivity to earnings resulting from changes in commodity prices, can be found in note 10, Financial Instruments and Risk Management, of the accompanying financial statements.

CORPORATE AND OTHER

Non-Operating Expenses and Other *(Thousands of Canadian dollars)*	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
General and administrative[1]	**(27,012)**	(27,142)	**(54,174)**	(55,267)
Finance costs	**(54,118)**	(47,146)	**(110,602)**	(88,867)
Depreciation, depletion and amortization expenses	**(88,250)**	(76,212)	**(174,799)**	(148,398)
Net foreign currency (loss) gain on U.S. debt and other	**(1,236)**	3,452	**(3,636)**	6,564
Long-term incentive plan expense	**(17,937)**	(17,773)	**(31,886)**	(32,944)
Net gain on disposal of property, plant and equipment	**4,264**	—	**171**	—
Income tax expense	**(43,283)**	(47,053)	**(64,763)**	(87,609)

Note:
1 Net of overhead recoveries on operated facilities.

General and Administrative Expenses

General and administrative ("G&A") expenses for the three and six months ended June 30, 2024 were $27 million and $54 million, virtually unchanged from the same periods of the prior year.

Finance Costs

Finance costs for the three and six months ended June 30, 2024 were $54 million and $111 million, $7 million and $22 million higher when compared to the same periods of the prior year. This was primarily due to no amounts recorded for capitalized interest, which is a reduction to finance costs, in the current year.

Depreciation, Depletion and Amortization Expenses

Depreciation, depletion and amortization ("DD&A") expenses for the three and six months ended June 30, 2024 were $88 million and $175 million, $12 million and $26 million higher than the same periods of the prior year. This increase was primarily attributable to the completion and start-up of the KAPS pipeline and South Cheecham sulphur facilities during the second and third quarters of 2023, respectively.

Net Foreign Currency Gain (Loss) on U.S. Debt and Other

Net Foreign Currency Gain (Loss) on U.S. Debt and Other *(Thousands of Canadian dollars)*	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Translation of long-term debt and interest payable	**(5,711)**	9,769	**(16,689)**	9,956
Change in fair value of cross-currency swaps – principal and interest	**(45,097)**	(10,389)	**(33,191)**	(7,523)
Gain on cross-currency swaps – principal and interest[1]	**51,035**	1,330	**51,035**	1,330
Foreign exchange re-measurement of lease liabilities and other	**(1,463)**	2,742	**(4,791)**	2,801
Net foreign currency (loss) gain on U.S. debt and other	**(1,236)**	3,452	**(3,636)**	6,564

Note:
1 Foreign currency gains resulted from the exchange and settlement of principal and interest payments on the long-term cross-currency swaps.

To manage the foreign currency exposure on U.S. dollar denominated debt, Keyera has entered into cross-currency agreements with a syndicate of banks to swap the U.S. dollar principal and future interest payments into Canadian dollars. The cross-currency agreements are accounted for as derivative instruments and are marked-to-market at the end of each period. The fair value of the cross-currency swap agreements will fluctuate between periods due to changes in the forward curve for foreign exchange rates, as well as an adjustment to reflect credit risk. Additional information on the swap agreements can be found in note 10, Financial Instruments and Risk Management, of the accompanying financial statements.

Long-Term Incentive Plan Expense

For the three and six months ended June 30, 2024, the Long-Term Incentive Plan ("LTIP") expense was $18 million and $32 million, virtually unchanged from the same periods of the prior year.

Net Impairment Expense

Keyera reviews its assets for indicators of impairment on a quarterly basis. As well, if an asset has been impaired and subsequently recovers in value, GAAP requires the previous impairment to be reversed, resulting in an increase in the carrying amount of the asset. Impairment expenses are non-cash charges and do not affect operating margin, funds from operations, distributable cash flow, or adjusted EBITDA.

During the three and six months ended June 30, 2024 and 2023, Keyera did not record any impairment expenses or reversals of previously recorded impairment expenses.

Disposal of Property, Plant and Equipment

On March 28, 2024, Keyera completed the sale of its 22% ownership interest in the non-operated Edson gas plant. After closing adjustments, the net proceeds were less than $1 million, resulting in a loss of $4 million during the first quarter of 2024. The transaction included an assumed decommissioning liability of $3 million.

On May 8, 2024, Keyera completed the sale of its 100% ownership interest in the Pembina North gas plant. After closing adjustments, the net proceeds were $1 million, resulting in a gain of $4 million for the three months ended June 30, 2024. The transaction included an assumed decommissioning liability of $3 million.

Taxes

In general, as earnings before taxes increase, total tax expense (current and deferred taxes) will also be higher. If sufficient tax pools exist, current income taxes will be reduced and deferred income taxes will increase as these tax pools are utilized. Other factors that affect the calculation of deferred income taxes include future income tax rate changes and permanent differences, which include accounting income or expenses that will never be taxed or deductible for income tax purposes.

Current Income Taxes

A current income tax expense of $34 million and $64 million was recorded for the three and six months ended June 30, 2024, compared to a recovery of less than $1 million and expense of $8 million for the same periods in 2023. Current taxes in 2024 are higher due to higher tax pool deductions for the same period of the prior year.

For 2024, it is estimated that current income tax expense will range between $90 million and $100 million. This current income tax estimate assumes that Keyera's business performs as planned.

Deferred Income Taxes

A deferred income tax expense of $9 million and less than $1 million was recorded for the three and six months ended June 30, 2024, compared to a deferred income tax expense of $47 million and $80 million in the same periods of the prior year.

Keyera estimates its total tax pools at June 30, 2024 were approximately $3.2 billion.

CRITICAL ACCOUNTING ESTIMATES

In preparing Keyera's accompanying financial statements in accordance with GAAP, management is required to make estimates and assumptions that are not readily apparent from other sources, and are subject to change based on revised circumstances and the availability of new information. Actual results may differ from the estimates, which could materially affect the company's consolidated financial statements. Management has made appropriate decisions with respect to the formulation of estimates and assumptions that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Keyera has hired qualified individuals who have the skills required to make such estimates. These estimates and assumptions are reviewed and compared to actual results as well as to budgets in order to make more informed decisions on future estimates. The methodologies and assumptions used in developing these estimates have not significantly changed since December 31, 2023. A description of the accounting estimates and the methodologies and assumptions underlying the estimates are described in the 2023 annual MD&A and note 4 of the audited consolidated financial statements for the year ended December 31, 2023, which are available on SEDAR+ at *www.sedarplus.ca*.

LIQUIDITY AND CAPITAL RESOURCES

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the three months ended June 30, 2024 and 2023:

Cash inflows (outflows) *(Thousands of Canadian dollars)*	Three months ended June 30, 2024	 2023	Increase (decrease)	Explanation
Operating	**272,856**	235,836	37,020	Cash generated from operating activities was higher during the second quarter of 2024 primarily due to: i) a lower net cash requirement to fund operating working capital associated with accounts receivable and accounts payable, which are merely timing differences associated with the collection and settlement of these balances, and ii) higher realized margin. These increases were partially offset by an increase in the cash required to fund inventory.
Investing	**(45,995)**	(136,023)	90,028	Capital investment during the second quarter of 2024 was lower than the prior year primarily due to lower capital expenditures associated with the KAPS pipeline project and the South Cheecham sulphur facilities, which became operational during the second and third quarters of 2023, respectively.
Financing	**(210,317)**	(111,099)	(99,218)	Cash used in financing activities was higher during the three months ended June 30, 2024 primarily as a result of the repayment of US$128 million ($176 million) and $17 million of senior unsecured notes that matured during the second quarter. Comparatively, Keyera repaid $30 million of long-term debt during the same period of 2023.

Refer to the condensed interim consolidated statements of cash flows of the accompanying financial statements for more detailed information.

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the six months ended June 30, 2024 and 2023:

Cash inflows (outflows) *(Thousands of Canadian dollars)*	**Six months ended June 30,**		**Increase (decrease)**	**Explanation**
	2024	2023		
Operating	**670,896**	547,325	123,571	On a year-to-date basis, cash generated from operating activities was higher when compared to the same period of 2023, primarily as a result of the same factors that contributed to higher cash generated from operating activities during the second quarter as described above. This increase was partially offset by an increase in the cash required to fund inventory and higher finance costs.
Investing	**(86,253)**	(631,640)	545,387	Capital investment in the first six months of 2024 was lower when compared to the same period of the prior year primarily due to the same factors that contributed to lower capital investment in the second quarter as described above.
Financing	**(559,797)**	90,890	(650,687)	Cash used in financing activities was higher on a year-to-date basis when compared to the same period of the prior year primarily due to: i) $163 million of increased debt repayments as discussed for the second quarter, and ii) net repayments under the Credit Facility of $360 million, compared to net borrowings of $400 million during 2023. This was partially offset by the issuance of $250 million of medium-term notes during the first quarter of 2024.

Refer to the condensed interim consolidated statements of cash flows of the accompanying financial statements for more detailed information.

Working capital requirements are strongly influenced by the amounts of inventory held in storage and their related commodity prices. Product inventories are required to meet seasonal demand patterns and will vary depending on the time of year. Typically, Keyera's inventory levels for propane are at their lowest after the winter season and reach their peak in the third quarter to meet the demand for propane in the winter season.

Butane inventory is maintained for the production of iso-octane. When market conditions enable Keyera to source additional butane at favourable prices, butane may be held in storage for use in future periods. Inventory levels for iso-octane may fluctuate depending on market conditions. Demand for iso-octane is typically stronger in the second and third quarters, associated with the higher gasoline demand in the summer months.

A working capital surplus (current assets less current liabilities) of $264 million existed at June 30, 2024. This is compared to a surplus of $273 million at December 31, 2023. To meet its current obligations and growth capital program, Keyera has access to a credit facility in the amount of $1.5 billion, of which $110 million was drawn as at June 30, 2024. Refer to the section of this MD&A titled "Long-term Debt", for more information related to Keyera's unsecured revolving credit facility ("Credit Facility").

Corporate Credit Ratings

Keyera has been assigned the following ratings by S&P Global ("S&P") and DBRS Limited ("DBRS"). Both credit agencies currently treat the subordinated hybrid notes as 50% equity.

	S&P	DBRS
Corporate credit rating	"BBB/stable"	"BBB" with a "stable" trend
Issuer rating on senior unsecured debt	"BBB"	"BBB" with a "stable" trend
Issuer rating on subordinated notes	"BB+"	"BB (high)"

As a result of Keyera's continued strong performance, S&P upgraded Keyera's corporate credit rating to a "BBB" from a "BBB-" with a stable trend during the third quarter of 2023. In addition, S&P raised its issue-level rating on Keyera's senior unsecured debt to "BBB" from "BBB-" and its rating on Keyera's subordinated notes to "BB+" from "BB".

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

Rating agencies will regularly evaluate Keyera, including its financial strength. In addition, factors not entirely within Keyera's control may also be considered, including conditions affecting the industry in which it operates. A credit rating downgrade could impair Keyera's ability to enter into arrangements with suppliers or counterparties and could limit its access to private and public credit markets in the future and increase the costs of borrowing.

Long-term Debt (including Credit Facilities)

Below is a summary of Keyera's long-term debt obligations as at June 30, 2024:

As at June 30, 2024 *(Thousands of Canadian dollars)*	Total	2024	2025	2026	2027	2028	After 2028
Credit facilities	110,000	—	—	—	—	110,000	—
Total credit facilities	**110,000**	**—**	**—**	**—**	**—**	**110,000**	**—**
Canadian dollar denominated debt:							
Senior unsecured notes	1,025,000	—	120,000	230,000	400,000	200,000	75,000
Senior unsecured medium-term notes	1,450,000	—	—	—	—	400,000	1,050,000
Subordinated hybrid notes	950,000	—	—	—	—	—	950,000
	3,425,000	**—**	**120,000**	**230,000**	**400,000**	**600,000**	**2,075,000**
U.S. dollar denominated debt:							
Senior unsecured U.S. dollar denominated notes	280,573	—	191,611	—	—	88,962	—
Total debt	**3,705,573**	**—**	**311,611**	**230,000**	**400,000**	**688,962**	**2,075,000**
Less: current portion of long-term debt	—	—	—	—	—	—	—
Total long-term debt	**3,705,573**	**—**	**311,611**	**230,000**	**400,000**	**688,962**	**2,075,000**

Credit Facilities

Keyera's Credit Facility is with a syndicate of six lenders under which it can borrow up to $1.5 billion, with the potential to increase that limit to $2.0 billion subject to certain conditions. As at June 30, 2024, $110 million was drawn under this facility (December 31, 2023 – $470 million).

In December 2023, the Credit Facility was amended to extend the term from December 6, 2027 to December 6, 2028. Management expects to extend the Credit Facility prior to maturity, and in the event of reaching maturity, expects an adequate replacement will be established.

Keyera also has two unsecured revolving demand facilities, one with the Toronto Dominion Bank in the amount of $25 million and the other with the Royal Bank of Canada in the amount of $50 million. These facilities bear interest based on the lenders' rates for Canadian prime commercial loans, U.S. base rate loans, LIBOR loans or bankers' acceptances.

Long-term Debt

Keyera's long-term debt structure consists of a number of senior unsecured notes, medium-term notes and subordinated hybrid notes.

On January 4, 2024, Keyera closed a public note offering of $250 million, 30-year senior unsecured medium-term notes to investors in Canada. The notes bear interest at 5.663%, which is payable semi-annually, and mature on January 4, 2054.

As at June 30, 2024, Keyera had $3.4 billion and US$205 million of long-term debt. To manage the foreign currency exposure on the U.S. dollar denominated debt, Keyera has entered into cross-currency agreements with a syndicate of banks to swap the U.S. dollar principal and future interest payments into Canadian dollars at foreign exchange rates of $1.03 per U.S. dollar for the principal payments and $1.14 per U.S. dollar for the future interest payments. The cross-currency agreements are accounted for as derivative instruments and are measured at fair value at the end of each quarter. The section of this MD&A titled, "Net Foreign Currency Gain (Loss) on U.S. Debt and Other", provides more information.

Compliance with Covenants

The Credit Facility is subject to two major financial covenants: "Net Debt to Adjusted EBITDA" and "Adjusted EBITDA to Interest Charges" ratios. The senior unsecured notes are subject to three major financial covenants: "Net Debt to Adjusted EBITDA", "Adjusted EBITDA to Interest Charges" and "Priority Debt to Total Assets". The medium-term notes are subject to one major financial covenant: "Funded Debt to Total Capitalization". The calculations for each of these ratios i) are based on specific definitions in the agreements governing the Credit Facility and relevant notes, as applicable, ii) are not in accordance with GAAP, and iii) cannot be easily calculated by referring to the company's financial statements. Failure to adhere to these covenants may impair Keyera's ability to pay dividends and such a circumstance could affect the company's ability to execute future growth plans. Management expects that upon maturity of the company's credit facilities and other debt arrangements, adequate replacements will be established.

The primary covenant for Keyera's private senior unsecured notes and its Credit Facility is a Net Debt to Adjusted EBITDA ratio. In the calculation of debt for the purpose of calculating this covenant, Keyera is required to: i) include senior debt; ii) deduct working capital surpluses or add working capital deficits; and iii) utilize the cross-currency swap rates in the calculation of debt rather than the spot rate as at each statement of financial position date. The covenant test calculation also excludes 100% of Keyera's $950 million subordinated hybrid notes. Keyera is required to maintain a Net Debt to Adjusted EBITDA ratio of less than 4.0; however, the company has the flexibility to increase this ratio from 4.0 to 4.5 for periods of up to four consecutive fiscal quarters.

As at June 30, 2024, Keyera was in compliance with all covenants under its Credit Facility and outstanding notes. Keyera's Net Debt to Adjusted EBITDA ratio at June 30, 2024 was 2.0x for covenant test purposes (December 31, 2023 – 2.2x). As a long-term target, Keyera's objective is to maintain a Net Debt to Adjusted EBITDA ratio of between 2.5x to 3.0x. This range results in a leverage profile that supports Keyera's investment grade credit ratings.

For additional information regarding these financial covenants, refer to the Credit Facility and the Note Agreements which are available on SEDAR+ at *www.sedarplus.ca*.

Capital Expenditures and Acquisitions

The following table is a breakdown of capital expenditures and acquisitions for the three and six months ended June 30, 2024 and 2023:

Capital Expenditures and Acquisitions *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Acquisitions	—	—	—	366,537
Growth capital expenditures	**18,079**	52,349	**37,185**	133,081
Maintenance capital expenditures	**27,347**	32,783	**40,238**	41,035
Total capital expenditures	**45,426**	85,132	**77,423**	540,653

During the first quarter of 2023, Keyera completed the acquisition of an additional 21% working interest in the KFS complex for total cash consideration of $367 million, including closing adjustments. The acquisition of this additional working interest increased Keyera's total ownership interest in KFS to 98%. Keyera acquired general plant and processing equipment of $363 million and land of $2 million. A nominal decommissioning liability was also assumed in relation to the acquisition.

Keyera has comprehensive inspection, monitoring and maintenance programs in place. The objectives of these programs are to keep Keyera's facilities in good working order and to maintain their ability to operate reliably for many years.

Dividends

Funds from Operations, Distributable Cash Flow and Payout Ratio

Funds from operations, distributable cash flow and payout ratio are not standard measures under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the section of this MD&A titled "Non-GAAP and Other Financial Measures".

Funds from operations is defined as cash flow from operating activities adjusted for changes in non-cash working capital. This measure is used to assess the level of cash flow generated from operating activities excluding the effect of changes in non-cash working capital, as they are primarily the result of seasonal fluctuations in product inventories or other temporary changes. Funds from operations is also a valuable measure that allows investors to compare Keyera with other infrastructure companies within the oil and gas industry.

Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Cash flow from operating activities is adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments, including the periodic costs related to prepaid leases.

Payout ratio is calculated as dividends declared to shareholders divided by distributable cash flow. This ratio is used to assess the sustainability of the company's dividend payment program.

The following is a reconciliation of funds from operations and distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities:

Funds from Operations and Distributable Cash Flow *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Cash flow from operating activities	**272,856**	235,836	**670,896**	547,325
Add (deduct):				
Changes in non-cash working capital	**(29,655)**	16,004	**(195,970)**	(48,179)
Funds from operations	**243,201**	251,840	**474,926**	499,146
Maintenance capital	**(27,347)**	(32,783)	**(40,238)**	(41,035)
Leases	**(13,093)**	(11,105)	**(25,994)**	(22,197)
Prepaid lease asset	**(595)**	(595)	**(1,190)**	(1,190)
Distributable cash flow	**202,166**	207,357	**407,504**	434,724
Dividends declared to shareholders	**114,576**	109,993	**229,153**	219,987
Payout ratio	**57%**	53%	**56%**	51%

Dividend Policy

One of Keyera's priorities is to maintain and grow the dividend while preserving a low dividend payout ratio and strong financial position. In determining the level of cash dividends to shareholders, Keyera's board of directors considers current and expected future levels of distributable cash flow, capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

Keyera expects to pay dividends from distributable cash flow; however, credit facilities may be used to stabilize dividends from time to time. Growth capital expenditures will be funded from cash, retained operating cash flow, and additional debt or equity, as required. Although Keyera intends to continue to make regular cash dividends to its shareholders, these dividends are not guaranteed. For a more detailed discussion of the risks that could affect the level of cash dividends, refer to Keyera's Annual Information Form available on SEDAR+ at www.sedarplus.ca.

2024 Dividend Increase

On August 7, 2024, Keyera's board of directors approved a 4% increase to the quarterly dividend and declared a dividend of $0.52 per share (previously $0.50 per share) payable on September 27, 2024 to shareholders of record as of September 13, 2024. On an annualized basis, the revised dividend is $2.08 per share (previously $2.00 per share).

2023 Dividend Increase

During the first quarter of 2023, the board of directors approved a decision to revise Keyera's dividend payments from a monthly to quarterly distribution. Effective with the dividend that was declared in the second quarter of 2023, Keyera paid a dividend of $0.48 per share per quarter instead of $0.16 per share per month that was paid prior to this date.

During the third quarter of 2023, Keyera's board of directors approved a 4.2% increase to the quarterly dividend, revising the dividend to $0.50 per share or $2.00 per share on an annualized basis (previously $0.48 per share and $1.92 per share, respectively).

EBITDA AND ADJUSTED EBITDA

EBITDA and adjusted EBITDA are not standard measures under GAAP and therefore, may not be comparable to similar measures reported by other entities. EBITDA is a measure showing earnings before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before costs associated with non-cash items, including unrealized gains and losses on commodity-related contracts, net foreign currency gains and losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains and losses on the disposal of property, plant and equipment. Management believes that these supplemental measures facilitate the understanding of Keyera's results from operations. In particular, these measures are used as an indication of earnings generated from operations after consideration of administrative and overhead costs. Refer to the section of this MD&A titled "Non-GAAP and Other Financial Measures".

The following is a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable GAAP measure, net earnings:

EBITDA and Adjusted EBITDA *(Thousands of Canadian dollars)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Net earnings	**142,177**	158,939	**213,091**	296,728
Add:				
Finance costs	**54,118**	47,146	**110,602**	88,867
Depreciation, depletion and amortization expenses	**88,250**	76,212	**174,799**	148,398
Income tax expense	**43,283**	47,053	**64,763**	87,609
EBITDA	**327,828**	329,350	**563,255**	621,602
Unrealized loss (gain) on commodity-related contracts	**1,195**	(33,086)	**73,579**	(30,068)
Net foreign currency loss (gain) on U.S. debt and other	**1,236**	(3,452)	**3,636**	(6,564)
Net gain on disposal of property, plant and equipment	**(4,264)**	—	**(171)**	—
Adjusted EBITDA	**325,995**	292,812	**640,299**	584,970

CONTRACTUAL OBLIGATIONS

Keyera has assumed various contractual obligations in the normal course of its operations. There were no material changes in contractual obligations since December 31, 2023.

RELATED PARTY TRANSACTIONS

Keyera has provided compensation to key management personnel who are comprised of its directors and executive officers. There have been no other material related party transactions or significant changes to the annual compensation amounts disclosed in the December 31, 2023 annual audited financial statements.

RISK FACTORS

For a detailed discussion of the risks and trends that could affect the financial performance of Keyera and the steps that Keyera takes to mitigate these risks, see the December 31, 2023 MD&A and Keyera's Annual Information Form, which are available on SEDAR+ at *www.sedarplus.ca*.

ENVIRONMENTAL REGULATION AND CLIMATE CHANGE

Keyera is subject to a range of operational laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. While these legal controls and regulations affect numerous aspects of Keyera's activities, including but not limited to, emissions, the operation of wells, pipelines and facilities, construction activities, transportation of dangerous goods, emergency response, operational safety and environmental matters, Keyera does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

The midstream industry in Alberta is subject to provincial and federal environmental legislation and regulations. Among other things, the environmental regulatory regime restricts or prohibits releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and pipelines and limits the extent to which facility expansion is permitted. In addition, legislation requires that facility sites and pipelines be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in notices of non-compliance, the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

Greenhouse gases, mainly carbon dioxide and methane, are components of the raw natural gas processed and handled at Keyera's facilities. Keyera's facilities also require the combustion of fossil fuels in engines, turbines, heaters and boilers, as well as the use of electricity, all of which release carbon dioxide, methane and other minor greenhouse gases. As such, Keyera is subject to various greenhouse gas reporting requirements and emission intensity and reduction requirements. Keyera uses engineering consulting firms and internal resources to compile inventories of greenhouse gas emissions and reports these inventories in accordance with federal and provincial programs. Third party audits or verifications of inventories are conducted for facilities that are required to meet regulatory targets.

The regulatory framework in respect of greenhouse gases and other emissions is evolving rapidly. An increasing area of risk relates to the ongoing development, change and costs associated with federal and provincial emissions-related regulation, including emissions management and direct costs related to compliance and monitoring.

In 2024, Keyera's management and the Board continued to advance the integration of climate-related risks and opportunities into corporate strategy, risk management processes, and capital investment frameworks. These advancements support Keyera's energy transition strategy, founded on a parallel path approach designed to lower both emissions and operating costs from Keyera's base operations, while at the same time pursuing strategic, lower-carbon commercial opportunities arising from the energy transition. Keyera intends to continue to reduce emissions from base operations by pursuing operational efficiency, optimizing the utilization of our assets, investing in technology, supporting renewables, and exploring the use of carbon capture, utilization, and storage ("CCUS") in operations. With regards to pursuing energy transition opportunities, Keyera is exploring low-carbon services and new business models that leverage Keyera's existing asset base, core competencies, and strong customer relationships.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for Keyera:

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Revenue[1]								
Gathering and Processing	**178,702**	179,642	202,767	174,908	169,024	186,617	202,837	186,302
Liquids Infrastructure	**222,175**	212,150	214,790	195,775	180,222	178,209	164,749	153,403
Marketing	**1,444,656**	1,252,431	2,019,586	1,203,704	1,269,463	1,562,972	1,519,190	1,476,268
Other	**30**	2	11	11	12	6	22	11
Operating margin (loss)								
Gathering and Processing	**101,885**	103,767	114,851	90,950	87,207	99,422	93,017	89,628
Liquids Infrastructure	**131,904**	135,145	128,133	123,623	117,305	117,406	106,542	102,993
Marketing	**136,010**	44,056	202,851	69,387	166,371	115,642	28,293	124,235
Other	**(50)**	63	(49)	(57)	(70)	(34)	(43)	(72)
Operating margin	**369,749**	283,031	445,786	283,903	370,813	332,436	227,809	316,784
Realized margin (loss)[2]								
Gathering and Processing	**101,934**	104,329	115,983	93,811	84,430	100,306	92,837	89,066
Liquids Infrastructure	**133,077**	136,563	130,170	128,051	119,228	118,665	101,753	101,414
Marketing	**135,983**	114,460	128,597	99,714	134,139	116,517	48,731	83,680
Other	**(50)**	63	(49)	(57)	(70)	(34)	(43)	(72)
Realized margin[2]	**370,944**	355,415	374,701	321,519	337,727	335,454	243,278	274,088
Net earnings (loss)	**142,177**	70,914	49,192	78,112	158,939	137,789	(81,895)	123,389
Net earnings (loss) per share ($/share)								
Basic	**0.62**	0.31	0.21	0.34	0.69	0.60	(0.37)	0.56
Diluted	**0.62**	0.31	0.21	0.34	0.69	0.60	(0.37)	0.56
Weighted average number of shares (basic)	**229,153**	229,153	229,153	229,153	229,153	229,153	222,083	221,023
Weighted average number of shares (diluted)	**229,153**	229,153	229,153	229,153	229,153	229,153	222,083	221,023
Dividends declared to shareholders	**114,576**	114,577	114,577	114,577	109,993	109,994	107,392	106,091

Notes:

1 Keyera's Gathering and Processing and Liquids Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. Revenue before inter-segment eliminations reflects these transactions. Inter-segment transactions are eliminated on consolidation in order to arrive at operating revenues in accordance with GAAP.

2 Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section of this MD&A titled "Non-GAAP and Other Financial Measures" for additional details.

For the periods in the table above, Keyera's results were affected by the following factors and trends:

- improved energy demand and stronger commodity prices that resulted in periods of record operating margin for the Gathering and Processing and Liquids Infrastructure segments and strong contribution from the Marketing segment;
- growth in demand for diluent handling services in the Liquids Infrastructure segment backed by long-term, take-or-pay contracts with credit worthy counterparties;
- incremental margin from: i) the KFS complex mainly attributable to the acquisition of an additional 21% working interest in the first quarter of 2023; and ii) the KAPS pipeline system which commenced operations in the second quarter of 2023;
- record gross processing throughput levels for the Wapiti and Pipestone gas plants in the Gathering and Processing segment that contributed to higher operating margin;
- impairment charges recognized for the Wildhorse terminal in the Liquids Infrastructure segment and the Simonette gas plant in the Gathering and Processing segment that impacted net earnings;
- periods of record seasonal motor gasoline pricing and iso-octane premiums; and
- a prudent and effective risk management program.

See the section of this MD&A, "Segmented Results of Operations", for more information on the financial results of Keyera's operating segments for the three and six months ended June 30, 2024.

ADOPTION OF NEW STANDARDS

There were no significant new or amended accounting standards or interpretations adopted by Keyera during the three and six months ended June 30, 2024.

FUTURE ACCOUNTING PRONOUNCEMENTS

There were no significant new or amended accounting standards or interpretations endorsed by the Canadian Accounting Standards Board during the three and six months ended June 30, 2024.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Keyera's disclosure controls and procedures ("DC&P"), as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), are designed to provide reasonable assurance that material information relating to Keyera and its consolidated subsidiaries has been brought to the attention of the President and Chief Executive Officer ("CEO") and the Senior Vice-President and Chief Financial Officer ("CFO"), and that information required to be disclosed pursuant to applicable securities legislation has been recorded, processed, summarized and reported in an appropriate and timely manner.

Keyera also maintains internal control over financial reporting ("ICFR"), as defined in NI 52-109, which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

The CEO and CFO evaluated the design and effectiveness of the DC&P and ICFR as at December 31, 2023 and concluded that both were effective.

While the CEO and CFO have determined that Keyera's DC&P and ICFR are effective and provide a reasonable level of assurance with respect to financial statement preparation and presentation, both have inherent limitations. Therefore, it is not intended that Keyera's DC&P and ICFR will prevent all errors or fraud, nor will they provide absolute assurance that a misstatement of Keyera's financial statements will be prevented or detected.

Changes in Internal Control over Financial Reporting

No changes were made for the period beginning January 1, 2024 and ending June 30, 2024 that have materially affected, or are reasonably likely to materially affect Keyera's ICFR.

COMMON SHARES

The total common shares outstanding at June 30, 2024 was 229,153,373.

NON-GAAP AND OTHER FINANCIAL MEASURES

This discussion and analysis may refer to certain financial measures that are not determined in accordance with GAAP. Measures such as funds from operations, distributable cash flow, distributable cash flow per share, payout ratio, realized margin, EBITDA, adjusted EBITDA, adjusted cash flow from operating activities, return on invested capital and compound annual growth rate ("CAGR") calculations are not standard measures under GAAP or are supplementary financial measures, and as a result, may not be comparable to similar measures reported by other entities. Management believes these non-GAAP and other financial measures facilitate the understanding of Keyera's results of operations, leverage, liquidity and financial position. Investors are cautioned, however, that these measures should not be construed as an alternative to net earnings or other measures determined in accordance with GAAP as an indication of Keyera's performance.

Funds from Operations	
Definition	Cash flow from operating activities adjusted for changes in non-cash working capital.
Utilization	Funds from operations is used to assess the level of cash flow generated from operating activities excluding the effect of changes in non-cash working capital, as they are primarily the result of seasonal fluctuations in product inventories or other temporary changes. Funds from operations is also a valuable measure that allows investors to compare Keyera with other companies within the midstream oil and gas industry. For a reconciliation of funds from operations to the most directly comparable GAAP measure, cash flow from operating activities, refer to the section titled, "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio".

Distributable Cash Flow ("DCF") / Distributable Cash Flow per Share	
Definition	Cash flow from operating activities adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments, including the periodic costs related to prepaid leases. Distributable cash flow divided by weighted average number of shares – basic.
Utilization	Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. For a reconciliation of distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities, refer to the section titled, "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio".

Payout Ratio	
Definition	Dividends declared to shareholders divided by distributable cash flow.
Utilization	Payout ratio is used to assess the sustainability of the company's dividend payment program.

Realized Margin	
Definition	Operating margin excluding unrealized gains and losses on commodity-related risk management contracts.
Utilization	Realized margin is used to assess the financial performance of Keyera's ongoing operations without the effect of unrealized gains and losses on commodity-related risk management contracts related to future periods. For a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, refer to the section titled, "Segmented Results of Operations".
Related Guidance Measures *(Forward-Looking Information)*	Two guidance measures have been provided for realized margin: i) Annual Base Realized Margin for the Marketing Segment, and ii) 2024 Realized Margin for the Marketing Segment. Since these guidance measures include forward-looking information, refer to the section titled, "Forward-Looking Statements". ***Annual Base Realized Margin for the Marketing Segment*** *($310 million to $350 million)* This measure represents Keyera's expectation of what the Marketing segment will contribute on average in a typical year. Material factors and assumptions associated with the annual base realized margin guidance for the Marketing segment can be found in the sections titled, "Segmented Results of Operations: Marketing" and "Forward-Looking Statements". ***2024 Realized Margin for the Marketing Segment*** *($450 million to $480 million)* This measure represents Keyera's expectation of what the Marketing segment will generate in 2024. It is intended to be an annual-specific update to the base realized margin guidance for the Marketing segment and takes into consideration: i) year-to-date performance of the Marketing segment, and ii) the annual negotiation process for the natural gas liquids ("NGLs") supply agreements. Keyera provided 2024 realized margin guidance of $430 million to $470 million during the first quarter of 2024 as the supply agreements became effective on April 1st. With strong contribution from the first half of the year, Keyera updated this guidance to between $450 million and $480 million during the second quarter of 2024 and will provide additional updates throughout the year as necessary. Material factors and assumptions for the 2024 realized margin guidance for the Marketing segment can be found in the sections titled, "Segmented Results of Operations: Marketing – Market Commentary" and "Forward-Looking Statements".

EBITDA / Adjusted EBITDA	
Definition	Earnings before finance costs, taxes, depreciation, and amortization. EBITDA before costs associated with non-cash items, including unrealized gains and losses on commodity-related contracts, net foreign currency gains and losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains and losses on the disposal of property, plant and equipment.
Utilization	EBITDA and adjusted EBITDA are measures used as an indication of earnings generated from operations after consideration of administrative and overhead costs. For a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable GAAP measure, net earnings, refer to the section titled, "EBITDA and Adjusted EBITDA".

Adjusted Cash Flow from Operating Activities	
Definition	Cash flow from operating activities before changes in non-cash working capital, decommissioning liability expenditures and finance costs.
Utilization	Adjusted cash flow from operating activities is used solely for purposes of calculating return on invested capital and is therefore not used by management on a stand-alone basis. Since the return on invested capital measure is intended to be calculated on an annual basis, the reconciliation of adjusted cash flow from operating activities to the most directly comparable GAAP measure, cash flow from operating activities, can be found in the section titled, "Adjusted Cash Flow from Operating Activities and Return on Invested Capital' included in Keyera's most recent annual MD&A.

Return on Invested Capital ("ROIC")	
Definition	Adjusted cash flow from operating activities, divided by invested capital, which includes property, plant and equipment, right-of-use assets, inventory, trade and other receivables, goodwill, intangible assets, less work-in-progress assets, and trade and other payables, and provisions.
Utilization	Return on invested capital is used to reflect the profitability of Keyera's in-service capital assets.

Compound Annual Growth Rate ("CAGR") Calculations

Definition

CAGR is calculated as follows:

$$\textbf{CAGR} = \left[\frac{\text{End of the period*}}{\text{Beginning of the period*}}\right]^{\left[\frac{1}{\text{Number of Years}}\right]} - 1$$

* Beginning and end of period values for the CAGR calculations are defined below.

CAGR for Adjusted EBITDA holding Marketing constant
(Previously CAGR for Adjusted EBITDA from the Fee-for-Service Business)
CAGR for adjusted EBITDA holding Marketing constant is intended to provide information on a forward-looking basis. This calculation utilizes beginning and end of period adjusted EBITDA, which includes the following components and assumptions: i) forecasted realized margin for the Gathering and Processing and Liquids Infrastructure segments, ii) realized margin for the Marketing segment, which is held at a value within the expected annual base realized margin (between $310 million and $350 million), and iii) adjustments for total forecasted general and administrative, and long-term incentive plan expenses. During the fourth quarter of 2023, Keyera revised the label of this metric to "CAGR for Adjusted EBITDA holding Marketing constant" (previously disclosed as "CAGR for Adjusted EBITDA from the Fee-for-Service Business"). This change more accurately reflects the meaning of the metric and the inclusion of Marketing cash flows, which are not fee-for-service cash flows. This revision did not impact the composition of the metric.

CAGR for DCF per Share
Calculation utilizes beginning and end of period DCF per share, which is a non-GAAP ratio as defined above.

CAGR for Dividends per Share
Calculation utilizes beginning and end of period dividends per share, which is a supplementary financial measure.

Utilization

For this measure, by holding contribution from the Marketing segment flat within the annual base realized margin range, this forward-looking CAGR calculation represents the expected earnings growth attributable to the fee-for-service business. Margin and EBITDA growth reinforces Keyera's ability to sustainably return capital to shareholders over the long term.

From 2022 to 2025, the CAGR for adjusted EBITDA holding Marketing constant is expected to be within the range of 6% to 7%. On an equivalent historical basis, for 2019 to 2022, this growth rate was 3%. This calculation assumed a flat contribution of $250 million from the Marketing segment and since it has been provided on an equivalent historical basis, does not take into consideration incremental margin from the KAPS pipeline system or expected volume growth at both the Wapiti and Pipestone gas plants.

For DCF per share and dividends per share, the CAGR calculations provide the related growth rates over historical periods.

FORWARD-LOOKING STATEMENTS

In order to provide readers with information regarding Keyera, including its assessment of future plans and operations, its financial outlook and future prospects overall, this MD&A contains certain statements that constitute "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking information"). Forward-looking information is typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "can", "project", "should", "would", "plan", "intend", "believe", "plan", "target", "outlook:, "scheduled", "positioned", and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this document are forward-looking information, including, without limitation, statements regarding:

- industry, market and economic conditions and any anticipated effects on Keyera;
- Keyera's future financial position and operational performance and future financial contributions and margins from its business segments including, but not limited to, Keyera's expectation around meeting the upper end of our compound annual growth rate target, and Keyera's expectation that its Marketing business will contribute realized margin between $450 million and $480 million in 2024 and an annual base realized margin of between $310 million and $350 after 2024;
- 2024 free cash flow generation;
- estimates for 2024 regarding Keyera's growth capital expenditures, maintenance capital expenditures and cash tax expense;
- estimated costs and benefits associated with reductions in operating and G&A expenses and optimization of gas plants, estimated maintenance and turnaround costs and estimated decommissioning expenses;
- expectations regarding timelines for maintenance and turnaround activities at Keyera facilities;
- the expectation that demand for Keyera's liquid infrastructure service offerings, including fractionation capacity and storage capacity, will remain strong;
- the anticipated strong demand for propane in 2024;
- future dividends;
- current estimated income tax expenses for 2024 and tax pools at June 30, 2024;
- business strategy, anticipated growth and plans of management;
- budgets, including future growth capital, operating and other expenditures and projected costs;
- cost escalations, including inflationary pressures on operating costs, such as labour, materials, natural gas and other energy sources used in Keyera's operations and increased insurance deductibles or premiums;
- estimated utilization rates and throughputs, including as it relates to producer drilling activity in the South Region;
- anticipated timing for future revenue streams and optimization plans;
- treatment of Keyera and its projects under existing and proposed governmental regulatory regimes;
- the operation and effectiveness of risk management programs and Keyera's expectation to continue to utilize RBOB-based financial contracts to hedge iso-octane sales;
- expected outcomes with respect to legal proceedings and potential insurance recoveries;
- expectations around replacement of Keyera's credit facilities and other debt arrangements upon maturity;
- expectations regarding Keyera's ability to maintain its competitive position, raise capital and add to its assets through acquisitions or internal growth opportunities, and the ability to equity self-fund future growth opportunities when ready for sanction;

- expectations as to the financial impact of Keyera's compliance with future environmental and carbon tax regulation;
- plans, targets, and strategies with respect to reducing greenhouse gas emissions and anticipated reductions in emissions levels; and
- Keyera's ESG, climate change and risk management initiatives and their implementation generally.

All forward-looking information reflects Keyera's beliefs and assumptions based on information available at the time the applicable forward-looking information is made and in light of Keyera's current expectations with respect to such things as the outlook for general economic trends, industry trends, commodity prices, oil and gas industry exploration and development activity levels and the geographic region of such activity, Keyera's access to the capital markets and the cost of raising capital, the integrity and reliability of Keyera's assets, the governmental, regulatory and legal environment, general compliance with Keyera's plans, strategies, programs, and goals across its reporting and monitoring systems among employees, stakeholders and service providers. Keyera's expectation as to the "base realized margin" to be contributed by its Marketing segment assumes: i) a crude oil price of between US$65 and US$75 per barrel; ii) butane feedstock costs comparable to the 10-year average; and iii) AEF utilization at nameplate capacity. Keyera's expectation as to "realized margin" to be contributed by its Marketing segment in 2024 assumes: i) the AEF facility operates at capacity for the remainder of the year, ii) there are no significant logistics or transportation curtailments, and iii) current forward commodity pricing for unhedged volumes for the remainder of the year. For all construction or maintenance projects, estimated completion times and costs assume that work proceeds as planned on schedule and on budget and that, where required, all regulatory approvals and other third-party approvals or consents are received on a timely basis. In some instances, this MD&A may also contain forward-looking information attributed to third parties. Forward-looking information does not guarantee future performance. Management believes that its assumptions and expectations reflected in the forward-looking information contained herein are reasonable based on the information available on the date such information is provided and the process used to prepare the information. However, it cannot assure readers that these expectations will prove to be correct.

All forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking information. Such risks, uncertainties and other factors include, without limitation, the following:

- Keyera's ability to implement its strategic priorities and business plan and achieve the expected benefits;
- general industry, market and economic conditions;
- activities of customers, producers and other facility owners;
- operational hazards and performance;
- the effectiveness of Keyera's risk management programs;
- competition;
- changes in commodity composition and prices, inventory levels, supply/demand trends and other market conditions and factors;
- disruptions to global supply chains and labour shortages;
- processing and marketing margins;
- climate change risks, including the effects of unusual weather and natural catastrophes;
- climate change effects and regulatory and market compliance and other costs associated with climate change;
- variables associated with capital projects, including the potential for increased costs, including inflationary pressures, timing, delays, cooperation of partners, and access to capital on favourable terms;

- fluctuations in interest, tax and foreign currency exchange rates;
- hedging strategy risks;
- counterparty performance and credit risk;
- changes in operating and capital costs;
- cost and availability of financing;
- ability to expand, update and adapt infrastructure on a timely and effective basis;
- decommissioning, abandonment and reclamation costs;
- reliance on key personnel and third parties;
- actions by joint venture partners or other partners which hold interests in certain of Keyera's assets;
- relationships with external stakeholders, including Indigenous stakeholders;
- technology, security and cybersecurity risks;
- potential litigation and disputes;
- uninsured and underinsured losses;
- ability to service debt and pay dividends;
- changes in credit ratings;
- reputational risks;
- risks related to a breach of confidentiality;
- changes in environmental and other laws and regulations;
- the ability to obtain regulatory, stakeholder and third-party approvals;
- actions by governmental authorities;
- global health crisis, such as pandemics and epidemics and the unexpected impacts related thereto;
- the effectiveness of Keyera's existing and planned ESG and risk management programs; and
- the ability of Keyera to achieve specific targets that are part of its ESG initiatives, including those relating to emissions intensity reduction targets, as well as other climate-change related initiatives;

and other risks, uncertainties and other factors, many of which are beyond the control of Keyera, and some of which are discussed under "Risk Factors" herein and in Keyera's Annual Information Form.

Readers are cautioned that the foregoing list of important factors is not exhaustive and they should not unduly rely on the forward-looking information included in this MD&A. Further, readers are cautioned that the forward-looking information contained herein is made as of the date of this MD&A. Unless required by law, Keyera does not intend and does not assume any obligation to update any forward-looking information. All forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking information and management's assumptions and analysis thereof, is available in filings made by Keyera with Canadian provincial securities commissions available on SEDAR+ at *www.sedarplus.ca*.

Investor Information

DIVIDENDS TO SHAREHOLDERS

Dividends declared to shareholders of Keyera were $0.50 per share in the second quarter of 2024.

TAXABILITY OF DIVIDENDS

Keyera's dividends are considered to be eligible dividends for the purpose of the Income Tax Act (Canada). For non-resident shareholders, Keyera's dividends are subject to Canadian withholding tax.

SUPPLEMENTARY INFORMATION

A breakdown of Keyera's operational and financial results, including volumetric and operating margin information by business segment, is available on our website at www.keyera.com/ir/reports.

SECOND QUARTER 2024 RESULTS CONFERENCE CALL AND WEBCAST

Keyera will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the financial results for the second quarter of 2024 at 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time) on Thursday, August 8, 2024. Callers may participate by dialing 888-664-6392 or 416-764-8659. A recording of the conference call will be available for replay until 10:00 PM Mountain Time on August 21, 2024 (12:00 AM Eastern Time on August 22, 2024), by dialing 888-390-0541 or 416-764-8677 and entering passcode 336068.

Internet users can listen to the call live on Keyera's website at www.keyera.com/news/events. Shortly after the call, an audio archive will be posted on the website for 90 days.

QUESTIONS

We welcome questions from interested parties. Calls should be directed to Keyera's Investor Relations Department at 403-205-7670, toll free at 1-888-699-4853 or via email at ir@keyera.com. Information about Keyera can also be found on our website at www.keyera.com.

Keyera Corp.
Condensed Interim Consolidated Statements of Financial Position
(Thousands of Canadian dollars)
(Unaudited)

As at	Note	June 30, 2024	December 31, 2023
ASSETS			
Cash		**45,841**	20,088
Trade and other receivables		**750,309**	688,237
Derivative financial instruments	10	**27,284**	121,349
Inventory	3	**282,121**	225,790
Other assets		**34,043**	12,549
Total current assets		**1,139,598**	1,068,013
Derivative financial instruments	10	**64,212**	55,032
Property, plant and equipment	4	**7,186,786**	7,260,479
Right-of-use assets		**214,395**	233,721
Intangible assets		**48,244**	50,443
Goodwill		**32,015**	32,015
Deferred tax assets		**83,764**	80,308
Total assets		**8,769,014**	8,780,011
LIABILITIES AND EQUITY			
Trade and other payables, and provisions		**781,366**	529,989
Derivative financial instruments	10	**38,141**	19,907
Current portion of long-term debt		**—**	186,018
Current portion of decommissioning liability		**14,476**	18,483
Current portion of lease liabilities		**42,019**	40,823
Total current liabilities		**876,002**	795,220
Derivative financial instruments	10	**4,265**	614
Credit facilities		**110,000**	470,000
Long-term debt	5	**3,686,035**	3,426,994
Decommissioning liability		**223,427**	220,321
Long-term lease liabilities		**147,761**	162,685
Other long-term liabilities		**44,952**	26,408
Deferred tax liabilities		**899,259**	898,295
Total liabilities		**5,991,701**	6,000,537
Equity			
Share capital	6	**3,372,561**	3,372,561
Accumulated deficit		**(618,177)**	(602,115)
Accumulated other comprehensive income		**22,929**	9,028
Total equity		**2,777,313**	2,779,474
Total liabilities and equity		**8,769,014**	8,780,011

See accompanying notes to the unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of Keyera Corp. on August 7, 2024.

Keyera Corp.

Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income

(Thousands of Canadian dollars, except share information)
(Unaudited)

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue	14	**1,717,831**	1,499,228	**3,238,517**	3,288,731
Expenses	14	**(1,348,082)**	(1,128,415)	**(2,585,737)**	(2,585,482)
Operating margin		**369,749**	370,813	**652,780**	703,249
General and administrative expenses		**(27,012)**	(27,142)	**(54,174)**	(55,267)
Finance costs	12	**(54,118)**	(47,146)	**(110,602)**	(88,867)
Depreciation, depletion and amortization expenses		**(88,250)**	(76,212)	**(174,799)**	(148,398)
Net foreign currency (loss) gain on U.S. debt and other	11	**(1,236)**	3,452	**(3,636)**	6,564
Long-term incentive plan expense	8	**(17,937)**	(17,773)	**(31,886)**	(32,944)
Net gain on disposal of property, plant and equipment	4	**4,264**	—	**171**	—
Earnings before income tax		**185,460**	205,992	**277,854**	384,337
Income tax expense	9	**(43,283)**	(47,053)	**(64,763)**	(87,609)
Net earnings		**142,177**	158,939	**213,091**	296,728
Other comprehensive income (loss)					
Foreign currency translation adjustment		**4,392**	(11,761)	**13,901**	(11,335)
Comprehensive income		**146,569**	147,178	**226,992**	285,393
Earnings per share					
Basic earnings per share	7	**0.62**	0.69	**0.93**	1.29
Diluted earnings per share	7	**0.62**	0.69	**0.93**	1.29

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Keyera Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash provided by (used in):					
OPERATING ACTIVITIES					
Net earnings		**142,177**	158,939	**213,091**	296,728
Adjustments for items not affecting cash:					
Finance costs	12	**6,192**	5,889	**12,542**	11,715
Depreciation, depletion and amortization expenses		**88,250**	76,212	**174,799**	148,398
Unrealized loss (gain) on derivative financial instruments	10	**46,292**	(22,697)	**106,770**	(22,545)
Unrealized gain on foreign exchange		**(43,708)**	(12,055)	**(31,313)**	(13,072)
Deferred income tax expense	9	**9,293**	47,107	**297**	79,766
Net gain on disposal of property, plant and equipment	4	**(4,264)**	—	**(171)**	—
Decommissioning liability expenditures		**(1,031)**	(1,555)	**(1,089)**	(1,844)
Changes in non-cash working capital	13	**29,655**	(16,004)	**195,970**	48,179
Cash flow from operating activities		**272,856**	235,836	**670,896**	547,325
INVESTING ACTIVITIES					
Acquisitions	4	**—**	—	**—**	(366,537)
Capital expenditures		**(45,426)**	(85,132)	**(77,423)**	(174,116)
Proceeds on disposal of property, plant and equipment	4	**979**	—	**1,014**	—
Changes in non-cash working capital	13	**(1,548)**	(50,891)	**(9,844)**	(90,987)
Net cash used in investing activities		**(45,995)**	(136,023)	**(86,253)**	(631,640)
FINANCING ACTIVITIES					
Borrowings under credit facility		**160,000**	230,000	**170,000**	800,000
Repayments under credit facility		**(50,000)**	(190,000)	**(530,000)**	(400,000)
Proceeds from issuance of long-term debt	5	**—**	—	**250,000**	—
Repayment of long-term debt		**(192,648)**	(30,000)	**(192,648)**	(30,000)
Financing costs related to credit facility/long-term debt	5	**—**	—	**(2,002)**	(32)
Issuance costs related to equity offering		**—**	—	**—**	(229)
Lease payments		**(13,093)**	(11,105)	**(25,994)**	(22,197)
Dividends paid to shareholders		**(114,576)**	(109,994)	**(229,153)**	(256,652)
Net cash (used in) provided by financing activities		**(210,317)**	(111,099)	**(559,797)**	90,890
Effect of exchange rate fluctuations on foreign cash held		**426**	(397)	**907**	(395)
Net increase (decrease) in cash		**16,970**	(11,683)	**25,753**	6,180
Cash (bank indebtedness) at the beginning of the period		**28,871**	16,060	**20,088**	(1,803)
Cash at the end of the period		**45,841**	4,377	**45,841**	4,377
Income taxes (received) paid in cash		**(2,102)**	(103)	**(610)**	30,089
Interest paid in cash		**64,111**	70,957	**96,504**	106,522

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Keyera Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Thousands of Canadian dollars)
(Unaudited)

	Share Capital (Note 6)	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2022	**3,372,738**	**(577,006)**	**22,984**	**2,818,716**
Issuance costs – 2022 equity offering	(177)	—	—	(177)
Net earnings	—	296,728	—	296,728
Dividends declared to shareholders	—	(219,987)	—	(219,987)
Other comprehensive loss	—	—	(11,335)	(11,335)
Balance at June 30, 2023	**3,372,561**	**(500,265)**	**11,649**	**2,883,945**
Balance at December 31, 2023	**3,372,561**	**(602,115)**	**9,028**	**2,779,474**
Net earnings	—	213,091	—	213,091
Dividends declared to shareholders	—	(229,153)	—	(229,153)
Other comprehensive income	—	—	13,901	13,901
Balance at June 30, 2024	**3,372,561**	**(618,177)**	**22,929**	**2,777,313**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Keyera Corp.
Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and six months ended June 30, 2024 and 2023
(All amounts expressed in thousands of Canadian dollars, except as otherwise noted)
(Unaudited)

1. GENERAL BUSINESS DESCRIPTION

The operating subsidiaries of Keyera Corp. include Keyera Partnership (the "Partnership"), Keyera Energy Ltd. ("KEL"), Keyera Energy Inc. ("KEI"), Keyera Rimbey Ltd. ("KRL"), Keyera RP Ltd. ("KRPL"), Rimbey Pipeline Limited Partnership ("RPLP"), Alberta Diluent Terminal Ltd. ("ADT") and Alberta EnviroFuels Inc. ("AEF"). Keyera Corp. and its subsidiaries are involved in the business of natural gas gathering and processing; transportation, storage and marketing of natural gas liquids ("NGLs") and iso-octane in Canada and the United States ("U.S."); the production of iso-octane; and liquids blending in Canada and the U.S.

Keyera Corp. and its subsidiaries are collectively referred to herein as "Keyera". The address of Keyera's registered office and principal place of business is Suite 200, The Ampersand, West Tower, 144 – 4th Avenue S.W., Calgary, AB, Canada.

Pursuant to its Articles of Amalgamation, Keyera Corp. is authorized to issue an unlimited number of common shares (the "Shares"). The Shares trade on the Toronto Stock Exchange under the symbol "KEY".

Keyera is approved to issue two classes of preferred shares (one class referred to as the "First Preferred Shares", a second class referred to as the "Second Preferred Shares"), and collectively both classes being referred to as the "Preferred Shares". Each are issuable in one or more series without par value and each with such rights, restrictions, designations and provisions as the board of directors may at any time and from time to time determine, subject to an aggregate maximum number of authorized Preferred Shares. No preferred shares have been issued as at June 30, 2024.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements are in accordance with *IAS 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies applied are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2023.

These condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 and 2023 do not include all disclosures required for the preparation of annual consolidated financial statements and should be read in conjunction with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2023.

The condensed interim consolidated financial statements were authorized for issuance on August 7, 2024 by the board of directors.

Adoption of new accounting standards

There were no significant new or amended accounting standards or interpretations adopted by Keyera during the three and six months ended June 30, 2024.

Future accounting pronouncements

There were no significant new or amended accounting standards or interpretations endorsed by the Canadian Accounting Standards Board during the three and six months ended June 30, 2024.

3. INVENTORY

The total carrying amount and classification of inventory was:

As at *(Thousands of Canadian dollars)*	**June 30, 2024**	December 31, 2023
NGLs and iso-octane	**265,939**	209,712
Other	**16,182**	16,078
Total inventory	**282,121**	225,790

As at June 30, 2024, $282,121 of inventory was carried at cost (December 31, 2023 – $195,105) and $nil was carried at net realizable value (December 31, 2023 – $30,685).

For the three and six months ended June 30, 2024 and 2023, no write-downs of inventory were required to adjust the carrying amount of inventory to net realizable value. The cost of inventory expensed for the three and six months ended June 30, 2024 was $1,139,204 and $2,179,863 (three and six months ended June 30, 2023 – $933,625 and $2,196,923).

4. PROPERTY, PLANT, AND EQUIPMENT

Disposal of property, plant and equipment

On March 28, 2024, Keyera completed the sale of its 22% ownership interest in the non-operated Edson gas plant. After closing adjustments, the net proceeds were $35, resulting in a loss of $4,093 for the three months ended March 31, 2024. The transaction included an assumed decommissioning liability of $2,576.

On May 8, 2024, Keyera completed the sale of its 100% working interest in the Pembina North gas plant. After closing adjustments, the net proceeds were $979, resulting in a gain of $4,264 for the three months ended June 30, 2024. The transaction included an assumed decommissioning liability of $3,285.

Acquisition of property, plant and equipment

During the first quarter of 2023, Keyera completed the acquisition of an additional 21% working interest in the Keyera Fort Saskatchewan ("KFS") complex, increasing Keyera's total ownership in KFS to 98%. The effective date of the transaction was February 13, 2023 and the total cash consideration paid was $366,537, including closing adjustments. The acquisition of the additional working interest in KFS was accounted for as an asset acquisition and included $362,621 of general plant and processing equipment and $2,379 of land. A nominal decommissioning liability was also recorded in relation to the acquisition.

5. LONG-TERM DEBT

On January 4, 2024, Keyera closed a public note offering of $250,000, 30-year senior unsecured medium-term notes to investors in Canada. The notes bear interest at 5.663%, which is payable semi-annually, and mature on January 4, 2054.

The associated financing costs of $1,926 have been deferred and are amortized using the effective interest method over the remaining term of the debt.

6. SHARE CAPITAL

	Number of Common Shares	*(Thousands of Canadian dollars)* Share Capital
Balance at December 31, 2023	229,153,373	3,372,561
Balance at June 30, 2024	**229,153,373**	**3,372,561**

Dividend Increase

During the third quarter of 2023, Keyera's board of directors approved a 4.2% increase to the quarterly dividend, revising the dividend to $0.50 per share or $2.00 per share on an annualized basis (previously $0.48 and $1.92, respectively).

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net earnings by the weighted average number of shares outstanding for the related period:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Earnings per share – basic and diluted *($/share)*	**0.62**	0.69	**0.93**	1.29
Net earnings – basic and diluted *(Thousands of Canadian dollars)*	**142,177**	158,939	**213,091**	296,728
Weighted average number of shares – basic and diluted *(Thousands)*	**229,153**	229,153	**229,153**	229,153

8. SHARE-BASED COMPENSATION

Long-Term Incentive Plan

Keyera has a Long-Term Incentive Plan ("LTIP") which compensates officers and key employees by delivering shares of Keyera or paying cash in lieu of shares. Participants in the LTIP are granted rights ("share awards") to receive shares of Keyera on specified dates in the future. Grants of share awards are authorized by the board of directors. Shares delivered to employees are acquired in the marketplace and are not issued from treasury. The acquired shares are placed in a trust account established for the benefit of the participants until the share awards vest.

The LTIP consists of two types of share awards, the Performance Award and the Time Vested ("Restricted") Award.

The LTIP is accounted for using the liability method and is measured at fair value at each statement of financial position date until the award is settled. The fair value of the liability is measured by applying a fair value pricing model whereby one of the valuation inputs was the

June 30, 2024 share price of Keyera, which was $37.89 per share (December 31, 2023 – $32.03 per share).

The compensation cost recorded for the LTIP was:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Performance Awards	**15,207**	16,044	**26,634**	29,925
Restricted Awards	**2,730**	1,729	**5,252**	3,019
Total long-term incentive plan expense	**17,937**	17,773	**31,886**	32,944

Keyera also maintains a defined contribution plan and employee share purchase plan for its employees, and a deferred share unit ("DSU") plan for non-employee directors.

Pension contributions made on behalf of employees and the costs recorded for the DSU plan are recognized in general & administrative expenses. The compensation costs recorded for these plans and the number of DSUs outstanding were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Pension contributions	**3,251**	2,982	**6,434**	5,882
DSUs	**1,555**	905	**2,540**	1,342
Total pension and DSU expense	**4,806**	3,887	**8,974**	7,224

(Number of Deferred Share Units)	**June 30, 2024**	December 31, 2023
DSUs outstanding – beginning of the period	**336,915**	268,963
Granted	**32,115**	67,952
DSUs outstanding – end of the period	**369,030**	336,915

For additional details regarding Keyera's share-based compensation plans, refer to note 21 of the audited annual consolidated financial statements of Keyera Corp. as at and for the year ended December 31, 2023.

9. INCOME TAXES

The components of the income tax expense were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Current	**33,990**	(54)	**64,466**	7,843
Deferred	**9,293**	47,107	**297**	79,766
Total income tax expense	**43,283**	47,053	**64,763**	87,609

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include cash, trade and other receivables, derivative financial instruments, bank indebtedness, trade and other payables, current and long-term lease liabilities, credit facilities, and current and long-term debt. Derivative financial instruments include foreign exchange contracts, cross-currency swaps, NGLs, crude oil, motor gasoline and natural gas price contracts, electricity price contracts, including solar power purchase arrangements, and physical fixed price commodity contracts. Derivative instruments are recorded on the consolidated statements of financial position at fair value. Changes in the fair value of these financial instruments are recognized through profit or loss in the consolidated statements of net earnings and comprehensive income in the period in which they arise. All other financial instruments are measured at amortized cost.

Financial Instruments

Fair value

Fair value represents Keyera's estimate of the price at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm's length transaction motivated by normal business considerations.

Fair value measurement of assets and liabilities recognized on the consolidated statements of financial position are categorized into levels within a fair value hierarchy based on the nature of valuation inputs.

The fair value hierarchy has the following levels:

- **Level 1:** quoted prices in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** inputs for the asset or liability that are not based on observable market data.

All of Keyera's derivative instruments are classified as Level 2 as their fair value is derived by using observable inputs, including commodity and electricity price curves, foreign currency curves and credit spreads. For fixed price forward contracts, fair value is derived from observable NGL market prices.

Financial instruments with fair value equal to carrying value

The carrying values of cash, trade and other receivables and trade and other payables approximate their fair values because the instruments are either near maturity, have 5 to 30 days payment terms or have no fixed repayment terms. The carrying value of the credit facilities approximates fair value due to their floating rates of interest.

Fair value of fixed rate debt

The fair value of current and long-term debt is based on third-party estimates for similar issues or current rates offered to Keyera for debt of the same maturity. The total fair value of Keyera's unsecured senior notes, medium-term notes, and subordinated hybrid notes at June 30, 2024 was $3,628,600 (December 31, 2023 – $3,475,800) and this was determined by reference to inputs other than quoted market prices in active markets for identical liabilities under Level 2 of the fair value hierarchy.

Fair value of derivative instruments

The fair values of the derivative instruments are listed below and represent an estimate of the amount that Keyera would receive (pay) if these instruments were settled at the end of the period.

As at June 30, 2024	Maturing by	Notional Volume[1]	Weighted Average Price	Net Fair Value[2] *(Thousands of Canadian dollars)*
Marketing (NGLs and Iso-octane)				
Financial contracts:				
Seller of fixed price WTI[3] swaps	March 31, 2026	4,636,360 Bbls	104.74/Bbl	**(14,040)**
Buyer of fixed price WTI[3] swaps	March 31, 2025	367,105 Bbls	100.19/Bbl	**2,970**
Seller of fixed price NGL swaps	December 31, 2026	4,795,000 Bbls	57.26/Bbl	**(15,176)**
Buyer of fixed price NGL swaps	December 31, 2026	3,571,500 Bbls	49.86/Bbl	**15,512**
Seller of fixed price RBOB[4] basis spreads *(iso-octane)*	March 31, 2025	750,000 Bbls	24.88/Bbl	**908**
Physical contracts:				
Seller of fixed price NGL forward contracts	December 31, 2024	353,800 Bbls	61.86/Bbl	**(802)**
Buyer of fixed price NGL forward contracts	August 31, 2024	91,000 Bbls	66.48/Bbl	**136**
Currency:				
Seller of forward contracts	June 30, 2026	US$354,400,000	1.36/USD	**(1,802)**
Buyer of forward contracts	July 31, 2024	US$10,000,000	1.37/USD	**(10)**
Other foreign exchange contracts[5]				**3,136**
Liquids Infrastructure				
Electricity:				
Buyer of fixed price swaps	December 31, 2025	59,648 MWhs	73.53/MWh	**(954)**
Buyer of fixed price solar power contracts	February 28, 2038	90,227 MWhs	62.57/MWh	**(1,118)**
Natural gas:				
Buyer of fixed price swaps	December 31, 2024	1,166,000 Gjs	2.45/Gj	**(1,394)**
Gathering and Processing				
Electricity:				
Buyer of fixed price swaps	December 31, 2025	50,392 MWhs	73.53/MWh	**(806)**
Corporate and Other				
Long-term Debt:				
Buyer of cross-currency swaps	November 20, 2025 - November 20, 2028	US$229,453,750	1.03/USD – 1.14/USD	**62,530**
				49,090

Notes:
1 All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
2 All derivative instruments are classified as Level 2.
3 West Texas Intermediate ("WTI") crude oil.
4 Reformulated Blendstock for Oxygenate Blending ("RBOB").
5 Keyera has entered into other foreign exchange contracts to protect against fluctuations in the U.S. dollar to Canadian dollar exchange rate.

As at December 31, 2023	Maturing by	Notional Volume[1]	Weighted Average Price	Net Fair Value[2] *(Thousands of Canadian dollars)*
Marketing (NGLs and Iso-octane)				
Financial contracts:				
Seller of fixed price WTI[3] swaps	March 31, 2025	4,141,588 Bbls	99.92/Bbl	**22,752**
Buyer of fixed price WTI[3] swaps	March 31, 2025	371,670 Bbls	98.65/Bbl	**(1,564)**
Seller of fixed price NGL swaps	February 28, 2025	3,775,000 Bbls	55.34/Bbl	**15,609**
Buyer of fixed price NGL swaps	March 31, 2025	2,755,000 Bbls	50.74/Bbl	**(2,321)**
Seller of fixed price RBOB[4] basis spreads *(iso-octane)*	February 28, 2025	2,090,000 Bbls	28.28/Bbl	**3,144**
Physical contracts:				
Seller of fixed price NGL forward contracts	January 31, 2024	35,000 Bbls	43.30/Bbl	**79**
Currency:				
Seller of forward contracts	June 30, 2026	US$363,400,000	1.38/USD	**20,144**
Buyer of forward contracts	June 30, 2024	US$13,700,000	1.33/USD	**(146)**
Other foreign exchange contracts[5]				**3,512**
Liquids Infrastructure				
Electricity:				
Buyer of fixed price swaps	December 31, 2024	39,360 MWhs	88.31/MWh	**(130)**
Buyer of fixed price solar power contracts	February 28, 2038	101,505 MWhs	62.57/MWh	**582**
Natural gas:				
Buyer of fixed price swaps	December 31, 2024	1,830,000 Gjs	2.65/Gj	**(1,327)**
Gathering and Processing				
Electricity:				
Buyer of fixed price swaps	December 31, 2024	59,040 MWhs	88.31/MWh	**(195)**
Corporate and Other				
Long-term Debt:				
Buyer of cross-currency swaps	June 19, 2024 – November 20, 2028	US$365,069,100	0.98/USD – 1.22/USD	**95,721**
				155,860

Notes:
1 All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
2 All derivative instruments are classified as Level 2.
3 West Texas Intermediate ("WTI") crude oil.
4 Reformulated Blendstock for Oxygenate Blending ("RBOB").
5 Keyera has entered into other foreign exchange contracts to protect against fluctuations in the U.S. dollar to Canadian dollar exchange rate.

Unrealized gains (losses), representing the change in fair value of derivative contracts, were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Risk management contracts:				
Marketing	**27**	32,232	**(70,377)**	31,357
Liquids infrastructure	**(1,173)**	(1,923)	**(2,591)**	(3,182)
Gathering and processing	**(49)**	2,777	**(611)**	1,893
Change in fair value of cross-currency swaps on U.S. debt[1]	**(45,097)**	(10,389)	**(33,191)**	(7,523)
Total unrealized (loss) gain	**(46,292)**	22,697	**(106,770)**	22,545

Note:
1 Includes principal and interest portion.

Risk Management

Market risk is the risk that the fair value of future cash flows of a financial asset or a financial liability will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, foreign currency risk, and interest rate risk, as well as credit and liquidity risks.

Commodity price risk

Subsidiaries of Keyera enter into contracts to purchase and sell primarily NGLs and iso-octane, as well as natural gas and crude oil. These contracts are exposed to commodity price risk between the time when contracted volumes are purchased and sold, and foreign currency risk for those sales denominated in U.S. dollars. These risks are actively managed by utilizing physical and financial contracts which include commodity-related forward contracts, price swaps and forward currency contracts. A risk management committee meets regularly to review and assess the risks inherent in existing contracts and the effectiveness of the risk management strategies. This is achieved by modeling future sales and purchase contracts to monitor the sensitivity of changing prices and volumes.

Significant amounts of electricity and natural gas are consumed by certain facilities. In order to mitigate the exposure to fluctuations in the prices of electricity and natural gas, price swap agreements may be used. These agreements are accounted for as derivative instruments.

Certain NGL contracts that require physical delivery at fixed prices are accounted for as derivative instruments.

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency. Keyera's foreign currency risk largely arises from the Marketing segment where a significant portion of sales and purchases are denominated in U.S. dollars. Foreign currency risk is actively managed by using forward currency contracts and cross-currency swaps. Management monitors the exposure to foreign currency risk and regularly reviews its financial instrument activities and all outstanding positions.

The Gathering and Processing and Liquids Infrastructure segments have very little foreign currency risk as sales and purchases are primarily denominated in Canadian dollars.

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long-term debt and U.S. dollar denominated LIBOR loans when drawn under Keyera's bank credit facility. To manage this currency exposure, Keyera has entered into long-term cross-currency swap contracts relating to the principal portion and future interest payments of the U.S. dollar denominated debt as well as short-term cross-currency swaps relating to the LIBOR loans drawn under the credit facility. These cross-currency contracts are accounted for as derivative instruments. Refer to note 11 for a summary of the foreign currency gains and losses associated with the U.S. dollar denominated long-term debt.

Interest rate risk

The majority of Keyera's interest rate risk is attributed to its fixed and floating rate debt, which is used to finance capital investments and operations. Keyera's remaining financial instruments are not significantly exposed to interest rate risk. The floating rate debt creates exposure to interest rate cash flow risk, whereas the fixed rate debt creates exposure to interest rate price risk. As at June 30, 2024, fixed rate borrowings comprised 97% of total debt outstanding (December 31, 2023 – 88%). The fair value of future cash flows for fixed rate debt fluctuates with changes in market interest rates. It is Keyera's intention to not repay fixed rate debt until maturity and therefore future cash flows would not fluctuate.

Credit risk

The majority of trade and other receivables are due from entities in the oil and gas industry and are subject to normal industry credit risks. Concentration of credit risk is mitigated by having a broad domestic and international customer base. Keyera evaluates and monitors the financial strength of its customers in accordance with its credit policy. Keyera does not typically renegotiate the terms of trade receivables. There were no significant renegotiated balances outstanding at June 30, 2024.

With respect to counterparties for derivative financial instruments, the credit risk is managed through dealing primarily with recognized futures exchanges or investment grade financial institutions and by maintaining credit policies which significantly reduce overall counterparty credit risk. In addition, Keyera incorporates the credit risk associated with counterparty default, as well as Keyera's own credit risk, into the estimates of fair value.

The allowance for credit losses is reviewed on a monthly basis. An assessment is made whether an account is deemed impaired based on expected credit losses, which includes the number of days outstanding and the likelihood of collection from the counterparty. As at June 30 2024, the total allowance was $4,241 (December 31, 2023 – $4,241). The carrying amount of financial assets on the consolidated statements of financial position approximates Keyera's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for Keyera's business activities may not be available. Keyera manages liquidity risk by maintaining bank credit facilities, continuously managing forecasted and actual cash flows, and monitoring the maturity profiles of financial assets and financial liabilities. Keyera has access to a wide range of funding at competitive rates through capital markets and banks to meet the immediate and ongoing requirements of the business.

Risk Management Sensitivities

The following table summarizes the sensitivity of the fair value of Keyera's risk management positions to fluctuations in commodity price, foreign currency rate and interest rate:

(Thousands of Canadian dollars)	**Impact on income before tax June 30, 2024** Increase	(Decrease)	Impact on income before tax June 30, 2023 Increase	(Decrease)
Commodity price changes				
+ 10% in electricity price	**1,227**	—	1,981	—
- 10% in electricity price	—	**(1,227)**	—	(1,981)
+ 10% in NGL, crude oil and iso-octane prices	—	**(58,885)**	—	(34,207)
- 10% in NGL, crude oil and iso-octane prices	**58,885**	—	34,207	—
Foreign currency rate changes				
+ $0.01 in U.S./Canadian dollar exchange rate	—	**(3,753)**	—	(2,578)
- $0.01 in U.S./Canadian dollar exchange rate	**3,753**	—	2,578	—
Interest rate changes				
+ 1% in interest rate	—	**(1,100)**	—	(4,400)
- 1% in interest rate	**1,110**	—	4,400	—

11. NET FOREIGN CURRENCY GAIN (LOSS) ON U.S. DEBT AND OTHER

The components of the net foreign currency gain (loss) were:

(Thousands of Canadian dollars)	**Three months ended June 30,** **2024**	2023	**Six months ended June 30,** **2024**	2023
Translation of long-term debt and interest payable	**(5,711)**	9,769	**(16,689)**	9,956
Change in fair value of cross-currency swaps – principal and interest	**(45,097)**	(10,389)	**(33,191)**	(7,523)
Gain from cross-currency swaps – principal and interest[1]	**51,035**	1,330	**51,035**	1,330
Foreign exchange re-measurement of lease liabilities and other	**(1,463)**	2,742	**(4,791)**	2,801
Total net foreign currency (loss) gain on U.S. debt and other	**(1,236)**	3,452	**(3,636)**	6,564

Note:

1 Foreign currency gains resulted from the exchange and settlement of principal and interest payments on the long-term cross-currency swaps.

12. FINANCE COSTS

The components of finance costs were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Interest on bank indebtedness and credit facilities	**1,332**	6,845	**4,161**	11,771
Interest on long-term debt	**47,470**	44,785	**95,467**	89,582
Interest capitalized[1]	**—**	(10,131)	**—**	(23,513)
Interest on leases	**2,331**	2,353	**4,771**	4,672
Other interest income	**(876)**	(242)	**(1,568)**	(688)
Total interest expense – current and long-term debt, and leases	**50,257**	43,610	**102,831**	81,824
Unwinding of discount on decommissioning liabilities	**3,277**	2,941	**6,609**	5,854
Unwinding of discount on long-term debt	**584**	550	**1,162**	1,099
Other	**—**	45	**—**	90
Non-cash expenses in finance costs	**3,861**	3,536	**7,771**	7,043
Total finance costs	**54,118**	47,146	**110,602**	88,867

Note:
1 For the three and six months ended June 30, 2023, borrowing (interest) costs were capitalized at a weighted average capitalization rate of 5.0% on funds borrowed.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Details of changes in non-cash working capital from operating activities were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Inventory	**(41,192)**	25,505	**(52,557)**	116,632
Trade and other receivables	**(53,026)**	107,267	**(4,531)**	48,414
Other assets	**(27,984)**	(33,699)	**(22,492)**	(30,506)
Trade and other payables, and provisions	**151,857**	(115,077)	**275,550**	(86,361)
Changes in non-cash working capital from operating activities	**29,655**	(16,004)	**195,970**	48,179

Details of changes in non-cash working capital from investing activities were:

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Trade and other payables, and provisions	**(1,548)**	(50,891)	**(9,844)**	(90,987)
Changes in non-cash working capital from investing activities	**(1,548)**	(50,891)	**(9,844)**	(90,987)

14. SEGMENT INFORMATION

Keyera has the following three key reportable operating segments based on the nature of its business activities. Keyera also has a Corporate and Other segment, which primarily includes corporate functions.

Gathering and Processing

The Gathering and Processing segment includes raw gas gathering systems and processing plants located in the natural gas production areas primarily on the western side of the Western Canada Sedimentary Basin. The operations predominantly involve providing natural gas gathering and processing, including liquids extraction and condensate stabilization services to customers. This segment also includes sales of ethane volumes extracted from the Rimbey facility and sold to a third-party customer under a long-term commercial arrangement.

Liquids Infrastructure

The Liquids Infrastructure segment provides fractionation, storage, transportation and terminalling services for NGLs and crude oil. As well, it provides processing services to Keyera's Marketing business related to NGLs, iso-octane and liquids blending. These services are provided to customers through an extensive network of facilities that include underground NGL storage caverns, NGL fractionation and de-ethanization facilities, NGL pipelines, rail and truck terminals, the AEF facility, a 50% interest in the Base Line Terminal, a 50% interest in the South Cheecham Rail and Truck Terminal (which includes sulphur handling, forming and storage), the Oklahoma Liquids Terminal and a 90% interest in the Wildhorse Terminal.

Marketing

The Marketing segment is primarily involved in the marketing of NGLs, such as propane, butane, and condensate; and iso-octane to customers in Canada and the United States, as well as liquids blending.

Inter-segment and intra-segment sales and expenses are recorded at current market prices at the date of the transaction. These transactions are eliminated on consolidation in order to arrive at net earnings in accordance with IFRS.

The following table shows the operating margin from each of Keyera's operating segments and includes inter-segment transactions. Operating margin is a key measure used by management to monitor profitability by segment.

Three months ended June 30, 2024 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Inter-segment Eliminations**	**Total**
Segmented revenue	178,702	222,175	1,444,656	30	(127,732)	1,717,831
Segmented expenses	(76,817)	(90,271)	(1,308,646)	(80)	127,732	(1,348,082)
Operating margin (loss)	**101,885**	**131,904**	**136,010**	**(50)**	**—**	**369,749**
General and administrative expenses	—	—	—	(27,012)	—	(27,012)
Finance costs	—	—	—	(54,118)	—	(54,118)
Depreciation, depletion and amortization expenses	—	—	—	(88,250)	—	(88,250)
Net foreign currency loss on U.S. debt and other	—	—	—	(1,236)	—	(1,236)
Long-term incentive plan expense	—	—	—	(17,937)	—	(17,937)
Gain on disposal of property, plant and equipment	4,264	—	—	—	—	4,264
Earnings (loss) before income tax	**106,149**	**131,904**	**136,010**	**(188,603)**	**—**	**185,460**
Income tax expense	—	—	—	(43,283)	—	(43,283)
Net earnings (loss)	**106,149**	**131,904**	**136,010**	**(231,886)**	**—**	**142,177**

Three months ended June 30, 2023 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Inter-segment Eliminations**	**Total**
Segmented revenue	169,024	180,222	1,269,463	12	(119,493)	1,499,228
Segmented expenses	(81,817)	(62,917)	(1,103,092)	(82)	119,493	(1,128,415)
Operating margin (loss)	**87,207**	**117,305**	**166,371**	**(70)**	**—**	**370,813**
General and administrative expenses	—	—	—	(27,142)	—	(27,142)
Finance costs	—	—	—	(47,146)	—	(47,146)
Depreciation, depletion and amortization expenses	—	—	—	(76,212)	—	(76,212)
Net foreign currency gain on U.S. debt and other	—	—	—	3,452	—	3,452
Long-term incentive plan expense	—	—	—	(17,773)	—	(17,773)
Earnings (loss) before income tax	**87,207**	**117,305**	**166,371**	**(164,891)**	**—**	**205,992**
Income tax expense	—	—	—	(47,053)	—	(47,053)
Net earnings (loss)	**87,207**	**117,305**	**166,371**	**(211,944)**	**—**	**158,939**

Six months ended June 30, 2024 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Inter-segment Eliminations**	**Total**
Segmented revenue	358,344	434,325	2,697,087	32	(251,271)	3,238,517
Segmented expenses	(152,692)	(167,276)	(2,517,021)	(19)	251,271	(2,585,737)
Operating margin	**205,652**	**267,049**	**180,066**	**13**	**—**	**652,780**
General and administrative expenses	—	—	—	(54,174)	—	(54,174)
Finance costs	—	—	—	(110,602)	—	(110,602)
Depreciation, depletion and amortization expenses	—	—	—	(174,799)	—	(174,799)
Net foreign currency loss on U.S. debt and other	—	—	—	(3,636)	—	(3,636)
Long-term incentive plan expense	—	—	—	(31,886)	—	(31,886)
Net gain on disposal of property, plant and equipment	171	—	—	—	—	171
Earnings (loss) before income tax	**205,823**	**267,049**	**180,066**	**(375,084)**	**—**	**277,854**
Income tax expense	—	—	—	(64,763)	—	(64,763)
Net earnings (loss)	**205,823**	**267,049**	**180,066**	**(439,847)**	**—**	**213,091**

Six months ended June 30, 2023 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Inter-segment Eliminations**	**Total**
Segmented revenue	355,641	358,431	2,832,435	18	(257,794)	3,288,731
Segmented expenses	(169,012)	(123,720)	(2,550,422)	(122)	257,794	(2,585,482)
Operating margin (loss)	**186,629**	**234,711**	**282,013**	**(104)**	**—**	**703,249**
General and administrative expenses	—	—	—	(55,267)	—	(55,267)
Finance costs	—	—	—	(88,867)	—	(88,867)
Depreciation, depletion and amortization expenses	—	—	—	(148,398)	—	(148,398)
Net foreign currency gain on U.S. debt and other	—	—	—	6,564	—	6,564
Long-term incentive plan expense	—	—	—	(32,944)	—	(32,944)
Earnings (loss) before income tax	**186,629**	**234,711**	**282,013**	**(319,016)**	**—**	**384,337**
Income tax expense	—	—	—	(87,609)	—	(87,609)
Net earnings (loss)	**186,629**	**234,711**	**282,013**	**(406,625)**	**—**	**296,728**

Disaggregation of Revenue

The following table shows revenue disaggregated by the major service lines offered by Keyera in its four reportable operating segments. Certain information provided for the prior year has been reclassified to conform to the presentation adopted in 2024.

Three months ended June 30, 2024 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Total**
Gas handling and processing services[1]	161,094	59,902	—	—	220,996
Fractionation, storage and transportation services	3,299	161,364	—	—	164,663
Marketing of NGLs and iso-octane	—	—	1,444,656	—	1,444,656
Other[2]	14,309	909	—	30	15,248
Revenue before inter-segment eliminations	**178,702**	**222,175**	**1,444,656**	**30**	**1,845,563**
Inter-segment revenue eliminations	(3,821)	(119,993)	(3,918)	—	(127,732)
Revenue from external customers	**174,881**	**102,182**	**1,440,738**	**30**	**1,717,831**

Three months ended June 30, 2023 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Total**
Gas handling and processing services[1]	146,771	36,834	—	—	183,605
Fractionation, storage and transportation services	3,060	143,226	—	—	146,286
Marketing of NGLs and iso-octane	—	—	1,269,463	—	1,269,463
Other[2]	19,193	162	—	12	19,367
Revenue before inter-segment eliminations	**169,024**	**180,222**	**1,269,463**	**12**	**1,618,721**
Inter-segment revenue eliminations	(2,529)	(95,080)	(21,884)	—	(119,493)
Revenue from external customers	**166,495**	**85,142**	**1,247,579**	**12**	**1,499,228**

Notes:

1 Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.

2 Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third-party customer, and other miscellaneous revenue.

Six months ended June 30, 2024 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Total**
Gas handling and processing services[1]	319,802	106,685	—	—	426,487
Fractionation, storage and transportation services	6,550	325,635	—	—	332,185
Marketing of NGLs and iso-octane	—	—	2,697,087	—	2,697,087
Other[2]	31,992	2,005	—	32	34,029
Revenue before inter-segment eliminations	**358,344**	**434,325**	**2,697,087**	**32**	**3,489,788**
Inter-segment revenue eliminations	(7,650)	(234,338)	(9,283)	—	(251,271)
Revenue from external customers	**350,694**	**199,987**	**2,687,804**	**32**	**3,238,517**

Six months ended June 30, 2023 *(Thousands of Canadian dollars)*	**Gathering & Processing**	**Liquids Infrastructure**	**Marketing**	**Corporate and Other**	**Total**
Gas handling and processing services[1]	301,484	72,076	—	—	373,560
Fractionation, storage and transportation services	6,801	286,193	—	—	292,994
Marketing of NGLs and iso-octane	—	—	2,832,435	—	2,832,435
Other[2]	47,356	162	—	18	47,536
Revenue before inter-segment eliminations	**355,641**	**358,431**	**2,832,435**	**18**	**3,546,525**
Inter-segment revenue eliminations	(6,933)	(197,999)	(52,862)	—	(257,794)
Revenue from external customers	**348,708**	**160,432**	**2,779,573**	**18**	**3,288,731**

Notes:

1 Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.

2 Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third-party customer, and other miscellaneous revenue.

Geographical Information

Keyera operates in two geographical areas, Canada and the U.S. Keyera's revenue from external customers and information about its non-current assets by geographical location are detailed below based on the country of origin.

Revenue from external customers

(Thousands of Canadian dollars)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Canada	**1,282,870**	1,159,565	**2,446,635**	2,577,929
U.S.	**434,961**	339,663	**791,882**	710,802
Total revenue	**1,717,831**	1,499,228	**3,238,517**	3,288,731

Non-current assets[1]

As at *(Thousands of Canadian dollars)*	**June 30, 2024**	December 31, 2023
Canada	**7,281,636**	7,374,961
U.S.	**199,804**	201,697
Total non-current assets	**7,481,440**	7,576,658

Note:
1 Non-current assets are comprised of property, plant and equipment, right-of-use assets, intangible assets, and goodwill.

15. SUBSEQUENT EVENTS

On August 7, 2024, Keyera's board of directors approved a 4% increase to the quarterly dividend and declared a dividend of $0.52 per share (previously $0.50 per share) payable on September 27, 2024 to shareholders of record as of September 13, 2024.

Corporate Information

Board of Directors

Jim V. Bertram (1)
Corporate Director
Calgary, Alberta

Douglas Haughey (2)(4)(6)
Corporate Director
Calgary, Alberta

Isabelle Brassard (4)(5)
Executive Vice President and Chief Operating Officer
Fednav Limited
Montreal, Quebec

Michael Crothers (5)(6)
Corporate Director
Calgary, Alberta

Blair Goertzen (5)
Corporate Director
Red Deer, Alberta

Gianna Manes (4)
Corporate Director
Salem, South Carolina

Michael Norris (3)
Corporate Director
Toronto, Ontario

Thomas C. O'Connor (3)(5)
Corporate Director
Englewood, Colorado

Charlene Ripley (4)(6)
Senior Vice President and General Counsel
Teck Resources Limited
Vancouver, British Columbia

C. Dean Setoguchi
President and Chief Executive Officer
Keyera Corp.
Calgary, Alberta

Janet Woodruff (3)(6)
Corporate Director
West Vancouver, British Columbia

(1) Chair of the Board
(2) Independent Lead Director
(3) Member of the Audit Committee
(4) Member of the Human Resources Committee
(5) Member of the Health, Safety and Environment Committee
(6) Member of the Governance and Sustainability Committee

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Website: www.keyera.com

Officers

C. Dean Setoguchi
President and Chief Executive Officer

Eileen Marikar
Senior Vice President and Chief Financial Officer

Jamie Urquhart
Senior Vice President and Chief Commercial Officer

Jarrod Beztilny
Senior Vice President, Operations & Engineering

Desiree Crawford
Senior Vice President, Safety, People & Technology

Christy Elliott
Senior Vice President, Sustainability, External Affairs & General Counsel

Stock Exchange Listing

The Toronto Stock Exchange
Trading Symbol KEY

Trading Summary for Q2 2024

TSX:KEY – CAD $	
High	$37.95
Low	$34.58
Close June 30, 2024	$37.89
Volume	71,369,044
Average Daily Volume	1,115,141

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Chartered Professional Accountants
Calgary, Canada

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Rahul Pandey
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