Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of February 14, 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 years ended December 31, 2023 and 2022 and the notes thereto. 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

2023 was an outstanding year for Keyera as the company expanded its integrated asset base, achieved commercial success with the execution of new long-term integrated service agreements and delivered record financial results. Significant achievements this year include the following:

- **Record annual financial results** including record adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA") of $1.21 billion (2022 – $1.03 billion), record distributable cash flow of $855 million or $3.73 per share (2022 – $654 million or $2.95 per share) and record contribution from all three operating segments that generated realized margin of $1.37 billion (2022 – $1.15 billion). Net earnings of $424 million included impairment charges of $214 million. Substantially all of this charge was related to the Wildhorse terminal.

- **Startup of KAPS and the Pipestone expansion project**. KAPS commenced operations during the second quarter and has integrated Keyera's Northern gas plants to its core infrastructure in Fort Saskatchewan. The Pipestone gas plant expansion was completed at the beginning of December, ahead of schedule and below its sanctioned cost estimate. The expansion accommodates continued volume growth in the North region by adding 40 MMcf/day of incremental processing capacity which was fully utilized at the end of the year.

- **Expansion of Keyera's core asset base** with the acquisition of an additional 21% working interest in Keyera's Fort Saskatchewan complex ("KFS") for total consideration of $367 million during the first quarter. This acquisition added more than 25% incremental capacity to fractionation, de-ethanization, underground storage and the Fort Saskatchewan Pipeline system.

- **Secured significant long-term agreements** with highly credit worthy counterparties to provide integrated services including transportation on KAPS, fractionation, storage and product marketing through Keyera's Marketing segment. These contracts include approximately 30,000 barrels per day of long-term volume commitments on KAPS and approximately 33,000 barrels per day of fractionation commitments at KFS. All of these agreements include high take-or-pay provisions.

- **Record annual contribution from all three operating segments** as follows:

    - $395 million in realized margin from the Gathering & Processing segment, a 14% increase over the prior year primarily due to higher volumes at the Wapiti and Pipestone gas plants as well as cost recoveries related to the Pipestone gas plant's maintenance turnaround.

    - $496 million in realized margin from the Liquids Infrastructure segment, a 22% increase over the prior year mainly due to incremental contribution from the KFS acquisition as well as cash flow from the new KAPS pipeline system.

    - $479 million in realized margin from the Marketing segment, a 21% increase over the prior year due to higher iso-octane contribution resulting from record sales and production volumes from AEF as well as strong product premiums and motor gasoline pricing.

- **Credit ratings upgrade and maintaining a strong financial position.** In the third quarter, S&P upgraded Keyera's corporate credit rating to a "BBB" from a "BBB-" with a stable trend. This upgrade is a testament to Keyera's strong financial performance and positive business outlook. The company ended the year with net debt to adjusted EBITDA of 2.2 times, which is below the targeted range of 2.5 to 3.0 times, calculated on a covenant basis.

2023 Guidance Update

2023 Guidance[1]	2023 Results	Commentary
Realized margin[1] for the Marketing segment of between $420 million and $450 million	$479 million	Guidance target exceeded due to strong iso-octane contribution resulting from high sales volumes, strong product premiums and motor gasoline pricing.
Growth capital spending between $200 million and $220 million (excluding capitalized interest)	$191 million	Lower growth capital expenditures were primarily due to lower spending on the Pipestone expansion project and various other capital projects.
Maintenance capital spending between $95 million to $105 million	$120 million	Higher maintenance capital expenditures were primarily due to higher costs associated with the maintenance turnarounds at the Pipestone and Rimbey gas plants. Substantially all of the turnaround costs related to the Pipestone gas plant were recovered within the year.
Cash tax expense of $nil	$nil	Guidance target achieved

2024 Guidance:

- Growth capital expenditures to range between **$80 million and $100 million** excluding capitalized interest.
- Maintenance capital expenditures are expected to range between **$90 million and $110 million** of which about $20 million is recoverable in 2024, with another $15 million recoverable within the next few years.
- Base Marketing realized margin guidance was increased in the fourth quarter and is now expected to range between **$310 million to $350 million** (previously $250 million to $280 million). Consistent with prior years, Marketing segment realized margin guidance will be provided with the first quarter results in early May, after the conclusion of the NGL contracting season.
- Cash taxes for 2024 are expected to range between **$45 million and $55 million**.
- Keyera will be taking AEF offline for approximately 6 weeks in the spring of 2024 to proactively complete maintenance activities. These maintenance activities are intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in 2026. The work is expected to cost less than $10 million. The realized margin impact for the Marketing segment is expected to be approximately $35 million to $45 million. Due to strong near-term market

1 As disclosed in the Q3 2023 Report.

fundamentals, the company still expects to be within its stated base Marketing realized margin guidance of $310 million to $350 million for 2024. Keyera will update the Marketing segment's 2024 realized margin guidance in the First Quarter Report that will be released in May.

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 years ended December 31, 2023 and 2022:

(Thousands of Canadian dollars, except per share and ratio data)	**2023**	2022
Net earnings	**424,032**	328,294
Net earnings per share (basic)	**1.85**	1.48
Operating margin	**1,432,938**	1,175,781
Realized margin[1]	**1,369,401**	1,149,134
Adjusted EBITDA[2]	**1,211,774**	1,032,473
Cash flow from operating activities	**975,486**	925,327
Funds from operations[3]	**1,027,493**	818,847
Distributable cash flow[3]	**854,622**	653,523
Distributable cash flow per share[3] (basic)	**3.73**	2.95
Dividends declared	**449,141**	425,665
Dividends declared per share	**1.96**	1.92
Payout ratio[4]	**53%**	65%

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.

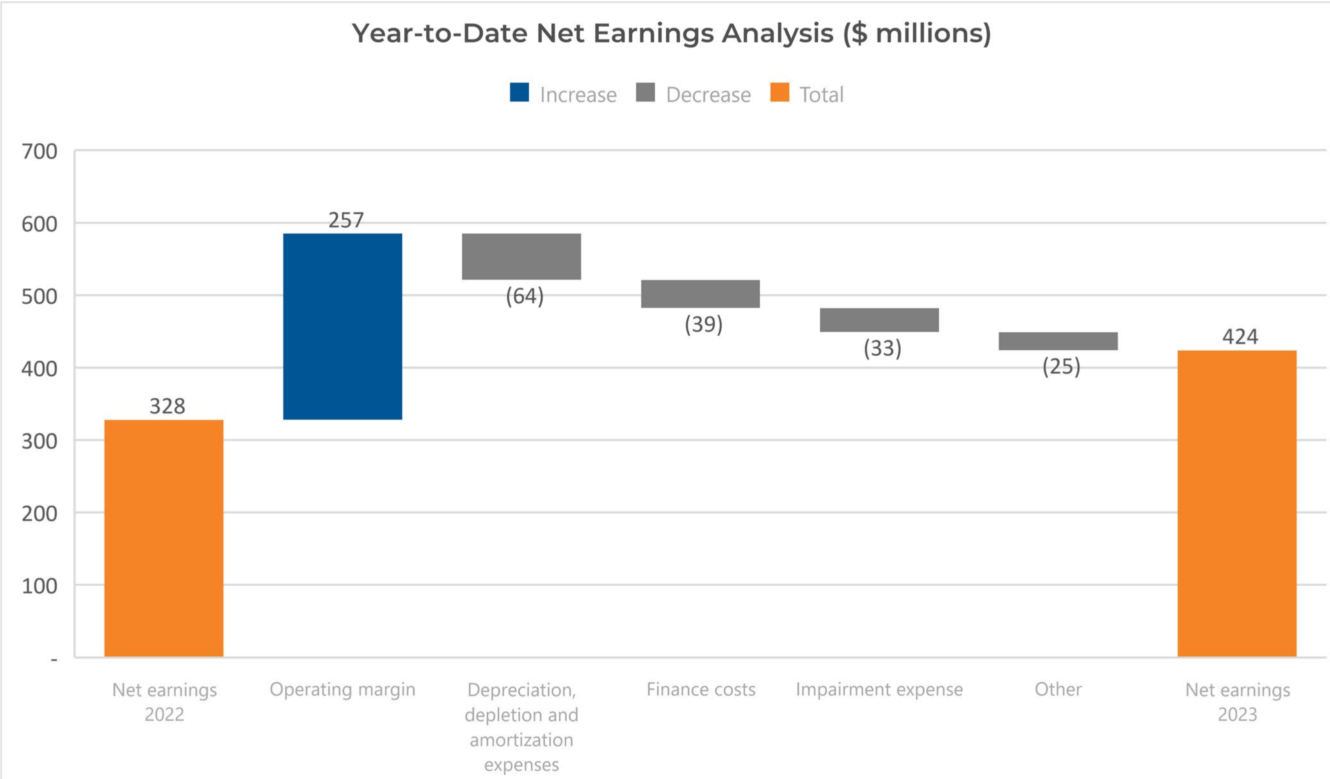
2 EBITDA is defined as earnings before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before costs associated with non-cash items, including unrealized gains/losses on commodity-related contracts, net foreign currency gains/losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains/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

For the year ended December 31, 2023, net earnings were $424 million, $96 million higher than the prior year due to the factors shown in the table below:

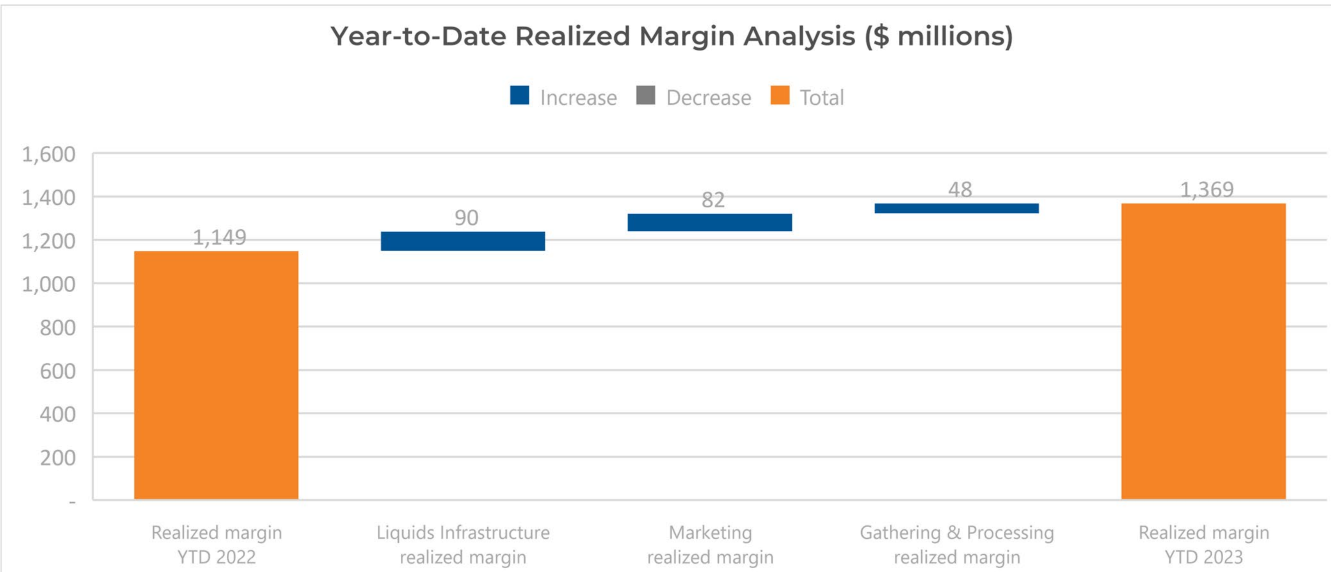


See the section below for more information related to operating margin. For all other charges mentioned above, please see the section of the MD&A titled, “Corporate and Other”.

Operating Margin and Realized Margin

For the year ended December 31, 2023, operating margin was $1.4 billion, $257 million higher than the prior year due to: i) $220 million in higher realized margin from all operating segments as described in more detail below; and ii) $58 million in higher unrealized non-cash gains associated with risk management contracts from the Marketing segment.

Realized margin[1] (which excludes the effect of unrealized gains and losses from commodity-related risk management contracts) was $1.4 billion for the year ended December 31, 2023, $220 million or 19% higher than the prior year due to the factors shown in the table below:



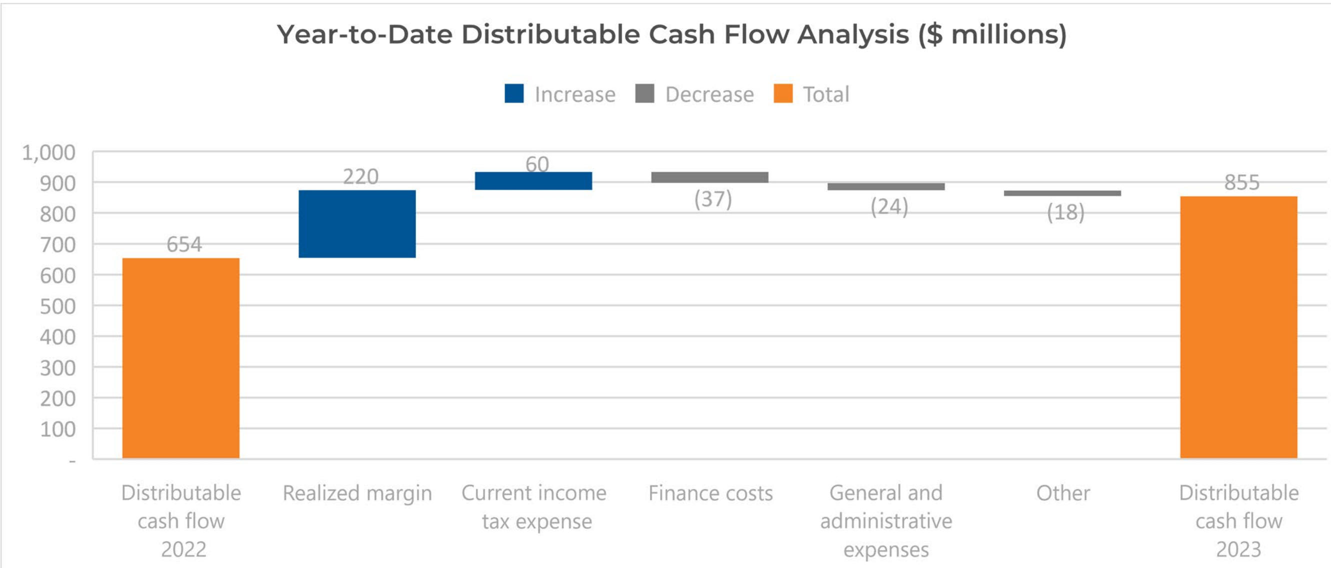
See the section titled "Segmented Results of Operations" for more information on operating results by segment.

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

Cash flow from operating activities for the year ended December 31, 2023 was $975 million, $50 million higher than the prior year primarily due to $220 million of higher realized margin and $60 million of lower current income tax expense. This was largely offset by a higher 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.

Distributable cash flow[1] in 2023 was $855 million, $201 million higher than the prior year 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 years ended December 31, 2023 and 2022 are reported in note 30, 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 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)*	**2023**	2022
Revenue	**7,053,126**	7,060,223
Operating expenses	**(5,620,188)**	(5,884,442)
Operating margin	**1,432,938**	1,175,781
Unrealized (gain) loss on risk management contracts	**(63,537)**	(26,647)
Realized margin	**1,369,401**	1,149,134

Gathering and Processing

Keyera currently has interests in 12 active gas plants[1], all of which are located in Alberta. Keyera operates 9 of the 12 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 with the exception of the non-operated Edson gas plant, are generally referred to as Keyera's "Southern" or "South" gas plants.

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

Operating Margin, Realized Margin and Throughput Information *(Thousands of Canadian dollars)*	**2023**	2022
Revenue[2]	**733,316**	722,395
Operating expenses[2]	**(340,886)**	(374,495)
Operating margin	**392,430**	347,900
Unrealized loss (gain) on risk management contracts	**2,100**	(1,128)
Realized margin[3]	**394,530**	346,772
Gross processing throughput[4] – (MMcf/d)	**1,588**	1,572
Net processing throughput[4,5] – (MMcf/d)	**1,358**	1,349

1 Excludes gas plants where Keyera has suspended operations.
2 Includes inter-segment transactions.
3 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".
4 Includes gas volumes and the conversion of liquids volumes handled through the processing facilities to a gas volume equivalent.
5 Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

Annual Operating Margin and Revenue

Operating Margin	↑ $45 million vs 2022	• Increase was primarily due to $65 million in higher operating margin from the Wapiti and Pipestone gas plants. Higher contribution from the Wapiti gas plant was mainly attributable to incremental volumes from new wells and improved reliability of the facility compared to the prior year. Higher contribution from the Pipestone gas plant was mainly due to $21 million in cost recoveries associated with the facility's maintenance turnaround and a one-time revenue adjustment that was recorded in Q4 2023. • Partly offsetting the above factors was $16 million in lower operating margin due to the effects of the Alberta wildfires.
Revenue	↑ $11 million vs 2022	• Increase in revenue was primarily due to the same factors that contributed to higher operating margin. Partly offsetting these factors were lower ethane sales revenues. Ethane sales 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 had an outstanding year in 2023, posting record financial results with realized margin of $395 million, a 14% increase over the prior year. These robust results were supported by strong contribution from Keyera's gas plants in the North region which account for over 70% of the segment's overall margin. The strong financial performance was achieved despite the adverse impact from Alberta wildfires that resulted in the temporary shut-in of six company operated gas plants during the second quarter.

In the North region, producer activity levels were high in 2023 as producer economics are largely tied to NGL pricing, condensate in particular. Record gross processing throughput levels were achieved at both the Wapiti and Pipestone gas plants due to new production volumes from multiple customers active in the condensate-rich Montney area. Higher processing throughput at the Wapiti gas plant was also due to improved reliability of the facility. At the Pipestone gas plant, gross processing throughput levels increased in December as the capacity expansion project came into service ahead of schedule and below the sanctioned cost estimate. The additional capacity was fully utilized throughout December. As a result of these factors, throughput volumes for the North region increased by 13% over the prior year. With the connection of the Wapiti and Pipestone gas plants to the KAPS pipeline system and Keyera's core infrastructure in Fort Saskatchewan, these North region gas plants have a competitive advantage in providing customers integrated gas processing, NGL and condensate services.

In the South region, gross processing throughput levels decreased 6% compared to the prior year. This decrease was largely attributable to: i) Alberta wildfire-related outages at several gas plants during the second quarter; and ii) lower volumes at the Rimbey gas plant as a result of the facility's planned maintenance turnaround outage in June. Despite lower natural gas prices, producer activity levels in the South region are anticipated to remain stable into early 2024 due to the improved financial position of many producers.

Maintenance turnarounds were successfully completed at the Rimbey and Pipestone gas plants in 2023. The Rimbey gas plant completed its scheduled maintenance turnaround over a three-week period in June, with the exception of maintenance activities for the facility's enhanced liquids recovery infrastructure which were completed in July. The total cost of the maintenance turnaround was approximately $27 million. The Pipestone gas plant completed its planned maintenance turnaround in September over a three-week period at a total cost of approximately $19 million. Substantially all of the costs related to this turnaround were recovered in 2023.

In 2024, maintenance turnarounds are scheduled to occur at the Wapiti and Strachan gas plants during the third quarter. The preliminary cost estimate for both turnarounds is approximately $50 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.

Keyera continues to focus on enhancing its infrastructure to meet the needs of its customers. The table below is a status update of major projects in the Gathering and Processing segment:

Gathering and Processing – Capital Projects Status Update

Facility/Area	Project Description	Project Status Update
Pipestone	**Pipestone Gas Plant Expansion** The expansion will increase the overall gas processing capacity of the facility from 220 MMcf/day to 260 MMcf/day.	The capacity expansion commenced operations at the beginning of December 2023. *Estimated total cost to complete:* • approximately \$58 million *Total net costs to December 31, 2023:* • \$51 million for the year ended December 31, 2023 • \$56 million since inception

A portion of the costs incurred for the projects above are based on estimates. Final costs may differ when actual invoices are received or contracts are settled. Costs for the project described above exclude carrying charges (i.e., capitalized interest). The section of this MD&A titled, "Forward-Looking Statements", provides more information on factors that could affect the development of these projects.

Liquids Infrastructure

The Liquids Infrastructure segment provides fractionation, storage, transportation, liquids blending and terminaling 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)*	**2023**	2022
Revenue[1]	**768,996**	633,310
Operating expenses[1]	**(282,529)**	(219,431)
Operating margin	**486,467**	413,879
Unrealized loss (gain) on risk management contracts	**9,647**	(7,967)
Realized margin[2]	**496,114**	405,912

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".

Annual Operating Margin and Revenue

Operating Margin	↑ $73 million vs 2022	Increase was primarily due to $80 million in incremental contribution from: • the KFS complex due to higher contracted storage volumes and increased fractionation revenues, mainly attributable to the acquisition of an additional 21% working interest in the first quarter; • incremental margin associated with the KAPS pipeline system which commenced operations during the second quarter; and • higher contracted volumes through Keyera's condensate system. The above factors were partly offset by $9 million in lower operating margin at the Alberta Diluent Terminal primarily due to tank repair and cleaning costs incurred in Q4 2023.
Revenue	↑ $136 million vs 2022	• 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. 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

In 2023, the Liquids Infrastructure segment delivered exceptional results highlighted by the following achievements:

- record financial results with realized margin of $496 million, a 22% increase over 2022;
- commenced operational startup of the KAPS pipeline system during the second quarter, integrating Keyera's Wapiti and Pipestone gas plants in the highly prolific North region, as well as third-party gas plants, to its core infrastructure in Fort Saskatchewan;
- secured significant long-term agreements with several producers to provide integrated services including transportation on KAPS, fractionation, storage and product marketing through Keyera's Marketing segment. Substantially all of the agreements are with highly credit worthy counterparties and include:
    - approximately 30,000 barrels per day of new long-term volume commitments on KAPS, with a weighted average contract term of 12 years that include 75% take-or-pay provisions. Approximately half of these volumes begin contributing midway through 2024 and ramp up to 2029;
    - approximately 33,000 barrels per day of fractionation commitments at KFS with a weighted average contract term of approximately 13 years that include 85% take-or-pay provisions. Approximately half of these volumes are new commitments with the remainder being renewals of existing contracts; and
    - storage contracts at KFS and other ancillary services including pipeline connectivity and terminaling;
- completed the acquisition of an additional 21% working interest in the KFS complex for total cash consideration of $367 million. This acquisition expands Keyera's core asset base and integrated value chain by adding more than 25% incremental capacity to fractionation, de-ethanization, underground storage and the Fort Saskatchewan Pipeline system; and
- maintained high utilization levels across many core infrastructure assets including record production levels at the AEF facility, record condensate deliveries through Keyera's condensate system and full utilization of Keyera's Fort Saskatchewan fractionation facilities.

Strong oil sands production during the year resulted in increased demand for condensate, which is used as a diluent by oil sands producers. Consequently, Keyera's condensate system delivered record volumes in 2023, and a new quarterly high was also established in the fourth quarter. Volumes exceeding take-or-pay commitment levels and higher contracted volumes from new agreements contributed to incremental margin growth from the system. The growth in oil sands production and demand for condensate drives the economics for producers actively drilling in the Montney and Duvernay 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.

Fractionation capacity in Alberta continues to be in very high demand. As a result, Keyera's two fractionation units at the KFS complex were fully utilized in 2023 and are anticipated to operate at full capacity into 2024. Demand for services from Keyera's Fort Saskatchewan storage assets were also strong in 2023 and are expected to remain in high demand in 2024. These assets provide significant operational flexibility and value to customers in a dynamic commodity price environment.

The AEF facility is operated by the Liquids Infrastructure segment and provides iso-octane production services to the Marketing segment on a fee-for-service basis. In 2023, AEF demonstrated robust operational performance which resulted in record production volumes. These volumes were a significant contributor to incremental margin in the Marketing segment.

Keyera will be taking AEF offline for approximately 6 weeks in the spring of 2024 to proactively complete maintenance activities. These maintenance activities are intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in 2026. The work is expected to cost less than $10 million. The realized margin impact for the Marketing segment is expected to be approximately $35 million to $45 million.

In 2024, additional tank repair and cleaning activities will be conducted on three tanks at the Alberta Diluent Terminal during the first half of the year. These maintenance and repair activities are estimated to cost between $5 million and $10 million and will be included in the segment’s operating expenses.

Keyera continues to focus on enhancing its infrastructure to meet the needs of its customers. The table below is a status update of major projects in the Liquids Infrastructure segment:

Liquids Infrastructure – Capital Projects Status Update

Facility/Area	Project Description	Project Status Update
KAPS 50/50 joint venture with Stonepeak	**KAPS Pipeline System** A 12-inch and 16-inch NGL and condensate pipeline system that transports Montney and Duvernay production in northwestern Alberta to Keyera's fractionation assets and condensate system in Fort Saskatchewan.	The condensate pipeline and the NGL pipeline systems commenced operations in April and June, respectively. *Estimated total cost to complete:* • gross cost is estimated to be approximately $1.96 billion • Keyera's net share of costs is estimated to be approximately $980 million *Total net costs to December 31, 2023:* • $59 million for the year ended December 31, 2023 • $964 million since inception
South Cheecham 50/50 joint venture with Enbridge	**Sulphur Facilities** Development of sulphur handling, forming, and storage facilities at the South Cheecham rail and truck terminal.	The sulphur facilities commenced operations at the beginning of the third quarter. *Estimated total cost to complete:* • gross cost is approximately $285 million • Keyera's net share of costs is approximately $143 million *Total net costs to December 31, 2023:* • $24 million for the year ended December 31, 2023 • $141 million since inception

A portion of the costs incurred for the projects above are based on estimates. Final costs may differ when actual invoices are received or contracts are settled. Costs for the projects described above exclude carrying charges (i.e., capitalized interest). The section of this MD&A titled, "Forward-Looking Statements", provides more information on factors that could affect the development of these projects.

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 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 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.

Operating margin and realized margin for the Marketing segment were:

Operating Margin and Realized Margin *(Thousands of Canadian dollars, except for sales volume information)*	**2023**	2022
Revenue[1]	**6,055,725**	6,135,499
Operating expenses[1]	**(5,501,474)**	(5,720,526)
Operating margin	**554,251**	414,973
Unrealized gain on risk management contracts	**(75,284)**	(17,552)
Realized margin[2]	**478,967**	397,421
Sales volumes (Bbl/d)	**200,700**	179,100

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)*	**2023**	2022
Physical sales	**6,004,483**	**6,274,555**
Realized cash loss on financial contracts[1]	**(24,042)**	**(156,608)**
Unrealized gain due to reversal of financial contracts existing at end of prior period	**13,784**	**31,521**
Unrealized gain (loss) due to fair value of financial contracts existing at end of current period	**61,130**	**(13,784)**
Unrealized gain (loss) from fixed price physical contracts[2]	**370**	**(185)**
Total unrealized gain on risk management contracts	**75,284**	**17,552**
Total gain (loss) on risk management contracts	**51,242**	**(139,056)**
Total Marketing revenue	**6,055,725**	**6,135,499**

Notes:
1 Realized cash 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.

Annual Operating Margin, Realized Margin and Revenue

Operating Margin	↑ $139 million vs 2022	• Increase was due to $58 million in higher unrealized non-cash gains from risk management contracts in 2023 compared to 2022; and • $82 million in higher realized margin as described in more detail below.
Realized Margin[1]	↑ $82 million vs 2022	• Increase was primarily due to higher iso-octane contribution resulting from record sales volumes, strong product premiums and motor gasoline pricing.
Revenue	↓ $80 million vs 2022	• Decrease was due to lower average sales prices for all products compared to the prior year.

Market Commentary

The Marketing segment had an exceptional year, achieving record financial results that were driven by:

- the effective utilization of Keyera's infrastructure capabilities as products were processed, stored and transported to the highest value markets; and
- a disciplined risk management program that captured and protected margins through a dynamic commodity price environment.

Record iso-octane margins were realized in 2023 as a result of robust gasoline fundamentals in North America and unprecedented production volumes from the AEF facility. Strong motor gasoline pricing and iso-octane premiums were supported by a number of factors including: i) high motor gasoline export levels; and ii) low imports of octane blending components into North America that further strengthened the pricing of high-octane components. Record iso-octane sales volumes were achieved in large part due to the exceptional performance of the AEF facility in 2023.

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, 2023, the price for butane as a percentage of crude oil was slightly below the historical average of the previous 10 years.

Strong oil sands production during the year resulted in a correspondingly high demand for condensate, which is used as diluent by oil sands producers. As a result, condensate contribution continued to be strong as sale volumes and pricing were comparable to the prior year. As a result of

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".

the continued high demand for condensate, contribution from Keyera's liquids blending business continued to be a significant contributor to the Marketing results in 2023.

Propane contribution was stable in 2023 as margins were supported by: i) high export levels to Europe and Asia; ii) cold weather patterns experienced in the first quarter; and iii) increased local demand partly influenced by Inter Pipeline's Heartland Petrochemical Complex. 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.

In the fourth quarter, Keyera revised its "base realized margin" guidance for the Marketing segment due to higher volumes flowing through Keyera's integrated infrastructure and the company's ability to unlock more advantaged pricing markets for iso-octane. As a result, Keyera now expects the Marketing business to contribute on average, a base realized margin of between $310 million and $350 million (previously $250 million to $280 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 near nameplate capacity. Average annual realized margin for the most recent five years was approximately $370 million. 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 at *www.sedarplus.ca*.

Keyera will be taking AEF offline for approximately 6 weeks in the spring of 2024 to proactively complete maintenance activities. The realized margin impact for the Marketing segment is expected to be approximately $35 million to $45 million. Due to strong near-term market fundamentals, the company still expects to be within its stated base Marketing realized margin guidance of $310 million to $350 million for 2024. Keyera will update the Marketing segment's 2024 realized margin guidance in the First Quarter Report that will be released in May.

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 Reformulated Blendstock for Oxygenate Blending ("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 year ended December 31, 2023, the total unrealized gain on risk management contracts was $75 million. 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 December 31, 2023 resulted in an unrealized (non-cash) gain of $61 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 December 31, 2023, and the sensitivity to earnings resulting from changes in commodity prices, can be found in note 22, Financial Instruments and Risk Management, of the accompanying financial statements.

CORPORATE AND OTHER

Non-Operating Expenses *(Thousands of Canadian dollars)*	2023	2022
General and administrative expenses[1]	**(106,494)**	(82,843)
Finance costs	**(204,084)**	(165,351)
Depreciation, depletion and amortization expenses	**(322,514)**	(258,264)
Net foreign currency gain (loss) on U.S. debt and other	**11,472**	(21,551)
Long-term incentive plan expense	**(50,909)**	(33,284)
Impairment expense	**(213,508)**	(180,277)
Loss on disposal of property, plant and equipment	**—**	(477)
Income tax expense	**(122,645)**	(104,906)

Note:
1 Net of overhead recoveries on operated facilities.

General and Administrative Expenses

General and administrative ("G&A") expenses for 2023 were $106 million, $24 million higher than the prior year. This was primarily a result of one-time and other employee-related costs.

Finance Costs

Finance costs for the year ended December 31, 2023 were $204 million, $39 million higher than the prior year primarily due to higher interest rates associated with Keyera's credit facilities and lower interest on capitalized projects, which is a reduction to finance costs.

Depreciation, Depletion and Amortization Expenses

Depreciation, depletion and amortization ("DD&A") expenses were $323 million in 2023, $64 million higher than the prior year, which was primarily attributable to: i) the completion and start-up of the KAPS pipeline and South Cheecham sulphur facilities during the second and third quarters of 2023, respectively, and ii) higher DD&A expense associated with an increase in Keyera's decommissioning assets in 2023 when compared to the prior year.

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

The net foreign currency gain (loss) associated with the U.S. debt and other was as follows:

Net Foreign Currency Gain (Loss) on U.S. Debt and Other *(Thousands of Canadian dollars)*	2023	2022
Translation of long-term debt and interest payable	**10,956**	(29,548)
Change in fair value of cross-currency swaps – principal and interest	**(5,549)**	12,907
Gain on cross-currency swaps – interest[1]	**2,800**	2,355
Foreign exchange re-measurement of lease liabilities and other	**3,265**	(7,265)
Net foreign currency gain (loss) on U.S. debt and other	**11,472**	(21,551)

Note:
1 Foreign currency gains resulted from the exchange of currencies related to the settlement of 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 22, Financial Instruments and Risk Management, of the accompanying financial statements.

Long-Term Incentive Plan Expense

The Long-Term Incentive Plan ("LTIP") expense was $51 million for the year ended December 31, 2023, compared to $33 million in the prior year. The higher LTIP expense was primarily due to higher estimated payout multipliers associated with the outstanding LTIP grants and the growth in Keyera's share price when compared to 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.

For the year ended December 31, 2023, Keyera recorded a combined impairment expense of $214 million. The majority of this impairment expense ($210 million) was recognized for the U.S. Liquids Infrastructure cash-generating unit ("CGU") due to market conditions affecting the Wildhorse terminal. The remaining impairment charge of $4 million included cancelled projects and other assets which were individually immaterial and insignificant. During the year, Keyera did not record any reversals of previously recorded impairments.

During the prior year, Keyera recorded impairment charges of $180 million of which $168 million was recognized due to the underutilization of the Simonette gas plant. Of this impairment expense, $9 million was allocated to reduce the goodwill associated with the Simonette CGU to $nil. The remaining impairment charge of $159 million was then applied to reduce the carrying value of the Simonette gas plant. Refer to note 9, Property, Plant and Equipment and note 11, Goodwill, of the accompanying financial statements for further details.

Disposal of Property, Plant and Equipment

In 2022, Keyera completed the sale of the Hull terminal and Hull terminal pipeline system, including all hydrocarbon inventory owned by Keyera in relation to the asset. The transaction included net proceeds of $51 million, $40 million related to the terminal and pipeline system and $11 million related to the closing value of the inventory, resulting in the recognition of a loss of less than $1 million. The transaction included a nominal assumed decommissioning liability.

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 (for example, accounting income or expenses that will never be taxed or deductible for income tax purposes).

Current Income Taxes

A current income tax recovery of less than $1 million was recorded for the year ended December 31, 2023, compared to an expense of $60 million in 2022. The recovery in 2023 is primarily due to increased tax pool deductions resulting from the operational startup of the KAPS pipeline system and South Cheecham sulphur facilities.

For 2024, it is estimated that current income tax expense will range between $45 million and $55 million. The estimate assumes that Keyera's business performs as planned. The increase relative to 2023 ($nil) is due to the accelerated usage of tax pools in 2023 due to Keyera's strong financial performance.

Deferred Income Taxes

A deferred income tax expense of $123 million was recorded for the year ended December 31, 2023, $78 million higher than the same period in 2022.

Keyera estimates its total tax pools at December 31, 2023 were approximately $3.3 billion.

SUMMARY FOURTH QUARTER RESULTS

Fourth Quarter Financials and Operational Highlights *(Thousands of Canadian dollars, except per unit and volumetric information)*	**Three months ended December 31,** **2023**	2022
Operating Margin (Loss)		
Gathering & Processing	**114,851**	93,017
Liquids Infrastructure	**128,133**	106,542
Marketing	**202,851**	28,293
Other	**(49)**	(43)
Operating margin	**445,786**	227,809
Realized margin[1]	**374,701**	243,278
Net earnings (loss)	**49,192**	(81,895)
Earnings (loss) per share (basic)	**0.21**	(0.37)
Adjusted EBITDA[2]	**339,244**	212,490
Cash flow from operating activities	**230,739**	134,408
Funds from operations[3]	**290,643**	156,849
Distributable cash flow[3]	**233,563**	104,172
Distributable cash flow per share[3] (basic)	**1.02**	0.47
Dividends declared	**114,577**	107,392
Dividends declared per share	**0.50**	0.48
Capital expenditures (including acquisitions)	**74,342**	207,510
Volumetric Information		
Gathering and Processing:		
Gross processing throughput[4] (MMcf/d)	**1,625**	1,638
Net processing throughput[4] (MMcf/d)	**1,393**	1,405
Liquids Infrastructure[5]:		
Gross fractionation throughput (Mbbl/d)	**206**	191
Net fractionation throughput (Mbbl/d)	**116**	90
AEF iso-octane production volumes (Mbbl/d)	**15**	11
Marketing:		
Sales Volumes (Bbl/d)	**253,900**	198,500

Notes:

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" and see the section below titled "Operating Margin and Realized Margin" for a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin.

2 Adjusted EBITDA 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" and see the "EBITDA and Adjusted EBITDA" table below for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net earnings.

3 Funds from operations, distributable cash flow and distributable cash flow per share 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" and the "Funds from Operations and Distributable Cash Flow" table below for a reconciliation of funds from operations and distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities.

4 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.

5 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.

Composition of Marketing Revenue, Operating Margin and Realized Margin *(Thousands of Canadian dollars)*	**Three months ended December 31, 2023**	2022
Physical sales	**1,927,724**	1,520,892
Realized cash gain on financial contracts[1]	**17,608**	18,736
Unrealized gain (loss) due to reversal of financial contracts existing at end of prior period	**13,630**	(6,171)
Unrealized gain (loss) due to fair value of financial contracts existing at end of current period	**61,130**	(13,784)
Unrealized loss from fixed price physical contracts[2]	**(506)**	(483)
Total unrealized gain (loss) on risk management contracts	**74,254**	(20,438)
Total gain (loss) on risk management contracts	**91,862**	(1,702)
Revenue[3]	**2,019,586**	1,519,190
Operating expenses[3]	**(1,816,735)**	(1,490,897)
Marketing operating margin	**202,851**	28,293
Unrealized (gain) loss on risk management contracts	**(74,254)**	20,438
Marketing realized margin[4]	**128,597**	48,731

Notes:
1 Realized cash 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.
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" and see the section below titled "Operating Margin and Realized Margin".

Funds from operations and distributable cash flow are not standard measures under GAAP and therefore, may not be comparable to similar measures reported by other entities. Refer to the sections titled "Dividends: Funds from Operations and Distributable Cash Flow" and "Non-GAAP and Other Financial Measures".

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, for the fourth quarter:

Funds from Operations and Distributable Cash Flow *(Thousands of Canadian dollars)*	**Three months ended December 31, 2023**	2022
Cash flow from operating activities	**230,739**	134,408
Add (deduct):		
Changes in non-cash working capital	**59,904**	22,441
Funds from operations	**290,643**	156,849
Maintenance capital	**(40,221)**	(41,207)
Leases	**(13,007)**	(10,875)
Prepaid lease asset	**(595)**	(595)
Inventory write-down	**(3,257)**	—
Distributable cash flow	**233,563**	104,172
Dividends declared to shareholders	**114,577**	107,392

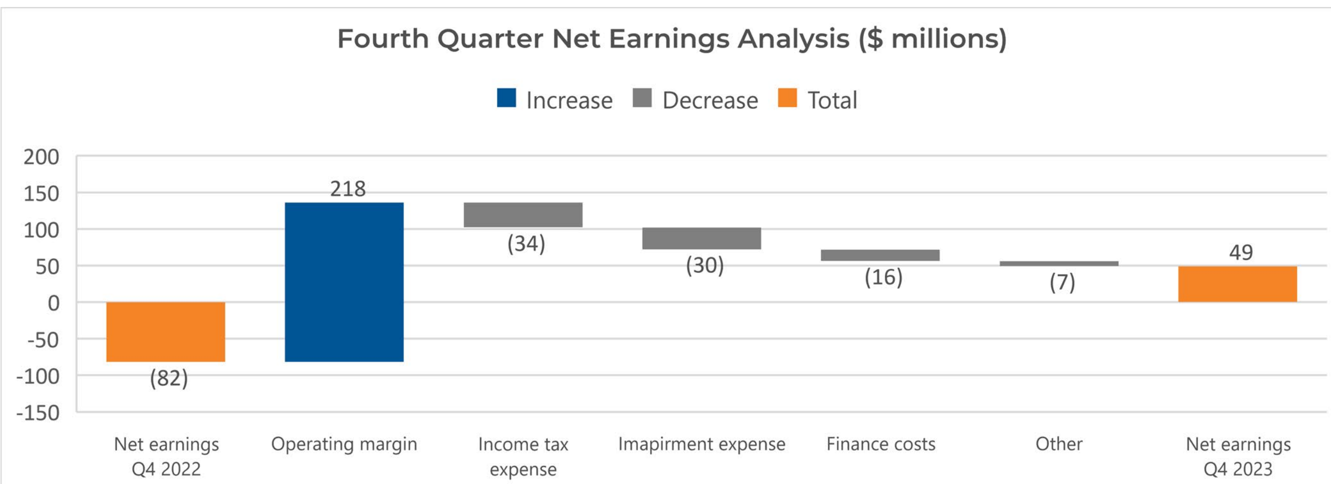
EBITDA and adjusted EBITDA are not standard measures under GAAP, and therefore may not be comparable to similar measures reported by other entities. Refer to the sections of this MD&A titled "EBITDA and Adjusted EBITDA" and "Non-GAAP and Other Financial Measures".

The following is a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable GAAP measure, net earnings, for the fourth quarter.

EBITDA and Adjusted EBITDA *(Thousands of Canadian dollars)*	**Three months ended December 31,** **2023**	2022
Net earnings (loss)	**49,192**	(81,895)
Add (deduct):		
Finance costs	**57,235**	41,084
Depreciation, depletion and amortization expenses	**89,568**	85,630
Income tax expense (recovery)	**10,359**	(23,310)
EBITDA	**206,354**	21,509
Unrealized (gain) loss on commodity contracts	**(71,085)**	15,469
Net foreign currency gain on U.S. debt and other	**(6,192)**	(4,765)
Impairment expense	**210,167**	180,277
Adjusted EBITDA	**339,244**	212,490

Net Earnings

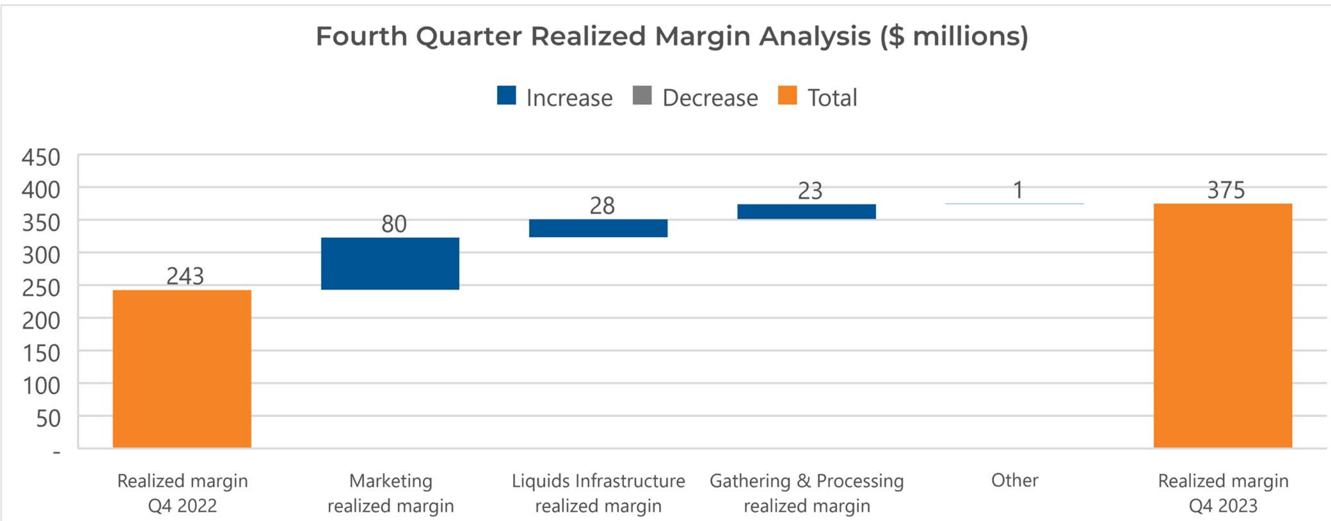
Net earnings of $49 million was recorded in the fourth quarter of 2023 compared to a net loss of $82 million in the fourth quarter of 2022. The increase in earnings was due to the following:



Operating Margin and Realized Margin

Total operating margin for the fourth quarter of 2023 was $446 million, $218 million higher than the same period in 2022 largely due to the outstanding results from the Marketing segment which recorded operating margin of $203 million compared to $28 million during the same period in 2022. In addition, the Gathering and Processing and Liquids Infrastructure segments recognized record operating margin during the fourth quarter of 2024.

Realized margin (excludes the non-cash gains and losses from commodity-related risk management contracts) was $375 million, $131 million higher than the same period in the prior year. The fourth quarter operating results are discussed in more detail below.



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 sections of this MD&A titled "Segmented Results of Operations" and "Non-GAAP and Other Financial Measures".

The following is a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, for the fourth quarter:

Operating Margin and Realized Margin *(Thousands of Canadian dollars)*	**Three months ended December 31,** **2023**	2022
Revenue	**2,301,630**	1,775,154
Operating expenses	**(1,855,844)**	(1,547,345)
Operating margin	**445,786**	227,809
Unrealized (gain) loss on risk management contracts	**(71,085)**	15,469
Realized margin	**374,701**	243,278

Fourth Quarter Operating Margin and Revenue

Gathering & Processing

Operating Margin	↑ $22 million vs Q4 2022	Increase was primarily due to: • $17 million in higher contribution from the Pipestone gas plant mainly due to: i) cost recoveries associated with the facility's maintenance turnaround; ii) higher volumes from incremental processing capacity that came online in early December; and iii) a $4 million one-time revenue adjustment related to prior periods; and • higher contribution from the Cynthia gas plant primarily due to lower electrical costs compared to Q4 2022.
Revenue	— $nil vs Q4 2022	• Revenue was virtually unchanged compared to Q4 2022. The factors that contributed to higher operating margin were offset by lower ethane sales revenues.

Fourth Quarter Operating Margin and Revenue

Liquids Infrastructure

Operating Margin	↑ $22 million vs Q4 2022	Increase was primarily due to $31 million in incremental contribution from: • the KFS complex due to higher contracted storage volumes and increased fractionation revenues, mainly attributable to the acquisition of an additional 21% working interest in the first quarter; • incremental margin associated with the KAPS pipeline system which commenced operations during the second quarter; • higher contracted volumes through Keyera's condensate system; and • the Norlite pipeline due to a $4 million one-time prior period adjustment that lowered revenues in Q4 2022. The above factors were partly offset by $9 million in lower operating margin at the Alberta Diluent Terminal primarily due to tank repair and cleaning costs incurred in Q4 2023.
Revenue	↑ $50 million vs Q4 2022	• Increase was due to the same factors that contributed to higher operating margin as well as higher operating revenues from the AEF facility due to increased operating expenses. 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.

Fourth Quarter Operating Margin, Realized Margin and Revenue

Marketing

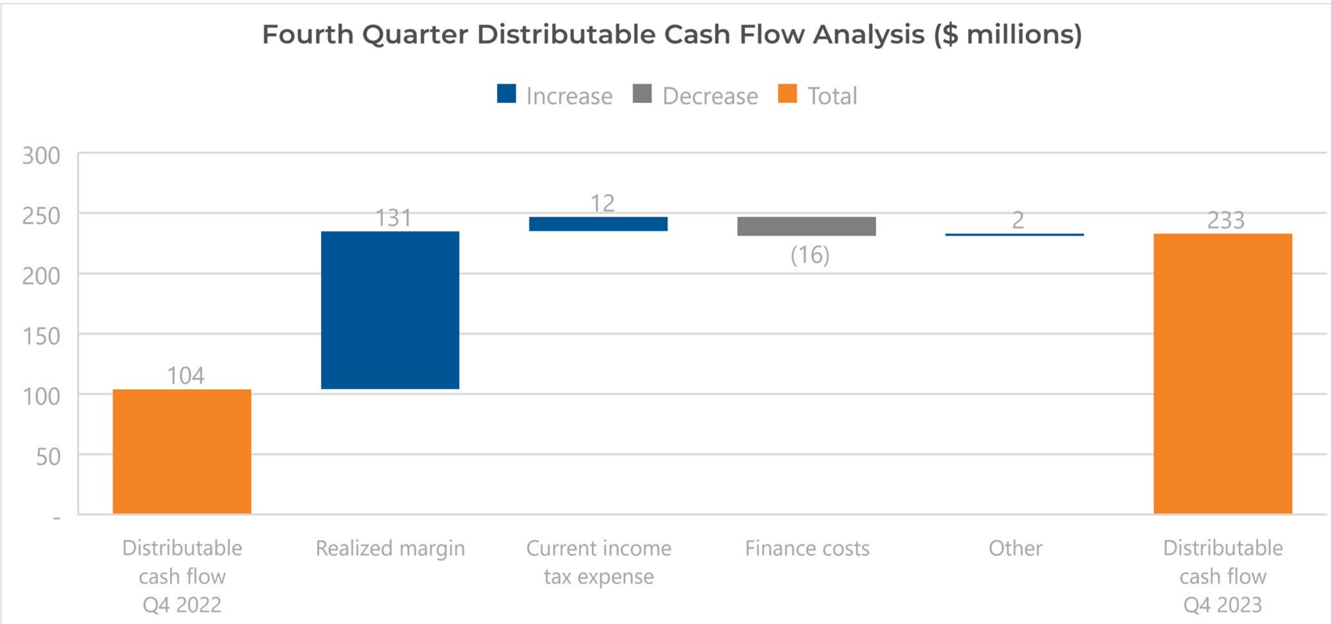
Operating Margin	↑ $175 million vs Q4 2022	• Increase was due to $74 million in unrealized non-cash gains from risk management contracts in Q4 2023 compared to $20 million in unrealized non-cash losses in Q4 2022; and • $80 million in higher realized margin as described in more detail below.
Realized Margin[1]	↑ $80 million vs Q4 2022	• Increase was primarily due to higher iso-octane contribution resulting from significantly higher sales volumes, strong product premiums and motor gasoline pricing.
Revenue	↑ $500 million vs Q4 2022	• Increase was primarily due to the same factors that contributed to higher operating margin and realized margin as well as significantly higher liquids blending sales volumes.

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".

Cash Flow Metrics

For the three months ended December 31, 2023, cash flow from operating activities was $231 million, $96 million higher than the same period in 2022.

Distributable cash flow[1] was $234 million for the fourth quarter of 2023, $129 million higher than the same period in the prior year due to 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 "Summary Fourth Quarter Results: Funds from Operations and Distributable Cash Flow".

CRITICAL ACCOUNTING ESTIMATES

In preparing Keyera's consolidated financial statements in accordance with GAAP, 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 most significant estimates are those indicated below:

Operating Revenues

Gathering and Processing and Liquids Infrastructure:

For each month, actual volumes processed and fees earned from the Gathering and Processing and Liquids Infrastructure assets are not known at the end of the month. Accordingly, the financial statements contain an estimate of one month's revenue based on a review of historical trends. This estimate is adjusted for events that are known to have a significant effect on the month's operations such as non-routine maintenance projects.

At December 31, 2023, operating revenues and accounts receivable for the Gathering and Processing and Liquids Infrastructure segments contained an estimate of approximately $100 million primarily for December 2023 operations.

Marketing:

The majority of the Marketing sales revenue is recorded using actual volumes and prices; however, in many cases actual product lifting volumes have not yet been confirmed and sales prices that are dependent on other variables are not yet known. Accordingly, the financial statements contain an estimate for these sales. Estimates are based on contract quantities and known events. The estimates are reviewed and compared to expected results to verify their accuracy.

At December 31, 2023, the Marketing sales and accounts receivable contained an estimate for December 2023 revenues of approximately $293 million.

Operating Expenses and Product Purchases

Gathering and Processing and Liquids Infrastructure:

The period in which invoices are rendered for the supply of goods and services necessary for the operation of the Gathering and Processing and Liquids Infrastructure assets is generally later than the period in which the goods or services were provided. Accordingly, the financial statements contain an estimate of one month's operating costs based on a review of historical trends. This estimate is adjusted for events that are known to have a significant effect on the month's operations such as non-routine maintenance projects.

At December 31, 2023, operating expenses and accounts payable contained an estimate of approximately $41 million primarily for December 2023 operations.

Marketing:

NGL mix feedstock and specification products such as propane, butane and condensate are purchased from facilities located throughout Western Canada and in some locations in the U.S. The majority of NGL mix purchases are estimated each month as actual volume information is generally not available until the next month. Specification product volumes and prices are based on contract volumes and prices. Accordingly, the financial statements contain an estimate for one month of these purchases.

Marketing cost of goods sold, inventory and accounts payable contained an estimate of NGL product purchases of approximately $243 million at December 31, 2023.

Equalization Adjustments

Much of the revenue from the Gathering and Processing assets includes a recovery of operating costs. Under this method, the operating component of the fee is a pro rata share of the operating costs for the facility, calculated using total throughput. Users of each facility are charged a fee per unit based on estimated costs and throughput, with an adjustment to actual throughput completed after the end of the year. Each quarter, throughput volumes and operating costs are reviewed to determine whether the estimated unit fee charged during the quarter properly reflects the actual volumes and costs, and the allocation of revenues and operating costs to other plant owners is also reviewed. Appropriate adjustments to revenue and operating expenses are recognized in the quarter and allocations to other owners are recorded.

For the Gathering and Processing segment, an equalization adjustment of $5 million was included in revenue and accounts receivable at December 31, 2023. Operating expenses and accounts payable contained an equalization adjustment of $13 million.

Depreciation of Property, Plant and Equipment

For purposes of determining depreciation, depletion and amortization expense, estimates and judgments are required to establish depreciation methods, useful lives, and residual values for Keyera's assets. Determining depreciation methods requires management to make judgments that most appropriately reflect the pattern of an asset's future economic benefit expected to be consumed by Keyera. Useful life estimates include management's assumptions regarding the period over which the asset is expected to be available for use by the company. This includes assessing the assets' physical and economic lives and, if applicable, may include an estimation of the associated reserve lives and production activity related to the assets' respective capture areas.

Allowance for Expected Credit Losses

The allowance for expected credit losses is reviewed on a monthly basis. An assessment is made whether an account is deemed impaired based on the number of days outstanding and the likelihood of collection from the counterparty. The allowance for expected credit losses was $4 million as at December 31, 2023, which is unchanged from the prior year.

Derivative Financial Instruments

Keyera utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices and foreign currency exchange rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity prices or foreign currency exchange rates. The estimated fair value of all derivative financial instruments are based on observable market data, including commodity price curves, foreign currency curves and credit spreads. Refer to note 22, Financial Instruments and Risk Management, of the accompanying financial statements for a summary of the fair value of derivative financial instruments existing at December 31, 2023.

Fair Value Estimates of Property, Plant and Equipment

Determination of the fair value of identifiable assets acquired in a business combination requires Keyera's management to make assumptions and estimates about future events. The fair value of identifiable assets such as gathering and processing, storage and fractionation facilities, pipelines, terminals and other equipment is estimated with reference to the expected discounted future cash flows expected to be derived from the acquired assets. These assumptions and estimates generally require judgment and include estimates of future revenues, costs and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to the net assets acquired in a business combination.

Impairment of Property, Plant and Equipment and Goodwill

In the absence of quoted market prices when determining the recoverable amount of assets, estimates are made regarding the present value of future cash flows. Future cash flow estimates are based on future production profiles and reserves for surrounding wells, commodity prices and costs.

Estimates are also made in determining the discount rate used to calculate the present value of future cash flows.

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The determination of CGUs is subject to management's judgment.

Refer to note 9, Property, Plant and Equipment and note 11, Goodwill, of the accompanying financial statements for further details of the impairment expense recorded for the year ended December 31, 2023.

Long-term Incentive Plan Liability

The LTIP is accounted for using the liability method and is measured at fair value. Determining the fair value requires management to estimate Keyera's financial performance over a three-year period to determine the appropriate payout multiplier associated with the Performance Awards. The payout multiplier determines the number of shares expected to be settled following the third anniversary of the grant date of the Performance Awards and is based on the following performance measures: i) average annual pre-tax distributable cash flow per share over the three-year period, and ii) the relative total shareholder return over the same period. Refer to note 21, Share-based Compensation and Pension Plans, of the accompanying financial statements for further details.

Decommissioning Liability

Keyera will be responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its gathering and processing, fractionation, iso-octane and storage facilities, pipelines and terminals at the end of their economic life. The majority of decommissioning obligations are generally expected to be incurred over the next 30 to 60 years. While the provision is based on the best estimate of future costs and the economic lives of these assets, there is uncertainty regarding the amount and timing of these costs. No assets have been legally restricted for settlement of the liability.

The process, overseen by Keyera's Health, Safety and Environment Committee, is undertaken by professionals involved in activities that deal with the design, construction, operation and decommissioning of assets. Specialists with knowledge and assessment processes specific to environmental and decommissioning activities and costs are also utilized in the process. Ultimately, all medium and large facilities will be independently assessed in accordance with regulatory requirements.

Keyera has estimated the net present value of its total decommissioning liability to be approximately $239 million at December 31, 2023, compared to $179 million at December 31, 2022. The fair value of the decommissioning liability was calculated by using a credit-adjusted risk-free discount rate of 5.6% (December 31, 2022 – 6.5%).

Refer to note 14, Decommissioning Liability, of the accompanying financial statements for a reconciliation of the beginning and ending carrying amount of the decommissioning liability. Additional information related to decommissioning, abandonment and reclamation is also provided in Keyera's Annual Information Form, which is available on SEDAR+ at *www.sedarplus.ca*.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities require management's judgment in determining the amounts to be recognized. In particular, judgment is used when assessing the extent to which deferred tax assets should be recognized with consideration given to the timing and level of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period. Refer to note 17, Income Taxes, of the accompanying financial statements for a reconciliation of income taxes to the income tax provision recognized for the year ended December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the years ended December 31, 2023 and 2022:

Cash inflows (outflows) *(Thousands of Canadian dollars)*	2023	2022	Increase (decrease)	Explanation
Operating	**975,486**	925,327	50,159	Cash generated from operating activities was higher in 2023 when compared to the prior year primarily as a result of higher realized margin from all operating segments and lower cash taxes. These increases were partly offset by a higher 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.
Investing	**(819,713)**	(843,921)	24,208	Capital investment in 2023 was lower than the prior year primarily as a result of the completion of the KAPS pipeline project and South Cheecham sulphur facilities, which became operational during the second and third quarters, respectively. This was partially offset by the acquisition of an additional 21% working interest in the KFS complex for cash consideration of $367 million. Capital investment projects are described in more detail in the "Segmented Results of Operations" section of the MD&A.
Financing	**(134,263)**	(100,650)	(33,613)	During the prior year, cash was generated from the issuance of: i) $400 million of senior unsecured medium-term notes, and ii) common shares for proceeds of $230 million, which were used to fund the acquisition of the additional working interest in KFS during the first quarter of 2023. In 2023, there was an increase in dividend payments as a result of: i) the issuance of common shares during the prior year, and ii) the 4.2% increase of the quarterly dividend to $0.50 per share, commencing with the dividend paid during the third quarter of 2023.

Refer to the 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 $273 million existed at December 31, 2023. This is compared to a surplus of $108 million at December 31, 2022. 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 $470 million was drawn as at December 31, 2023. 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 "BBB" from "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 December 31, 2023:

As at December 31, 2023 *(Thousands of Canadian dollars)*	**Total**	**2024**	**2025**	**2026**	**2027**	**2028**	**After 2028**
Credit facilities	470,000	—	—	—	—	470,000	—
Total credit facilities	**470,000**	**—**	**—**	**—**	**—**	**470,000**	**—**
Canadian dollar denominated debt							
Senior unsecured notes:							
4.91% due June 19, 2024	17,000	17,000	—	—	—	—	—
4.92% due October 10, 2025	100,000	—	100,000	—	—	—	—
5.05% due November 20, 2025	20,000	—	20,000	—	—	—	—
4.15% due June 16, 2026	30,000	—	—	30,000	—	—	—
3.96% due October 13, 2026	200,000	—	—	200,000	—	—	—
3.68% due September 20, 2027	400,000	—	—	—	400,000	—	—
5.09% due October 10, 2028	100,000	—	—	—	—	100,000	—
4.11% due October 13, 2028	100,000	—	—	—	—	100,000	—
5.34% due April 8, 2029	75,000	—	—	—	—	—	75,000
	1,042,000	17,000	120,000	230,000	400,000	200,000	75,000
Senior unsecured medium-term notes:							
3.93% due June 21, 2028	400,000	—	—	—	—	400,000	—
3.96% due May 29, 2030	400,000	—	—	—	—	—	400,000
5.02% due March 28, 2032	400,000	—	—	—	—	—	400,000
Subordinated hybrid notes:							
6.88% due June 13, 2079	600,000	—	—	—	—	—	600,000
5.95% due March 10, 2081	350,000	—	—	—	—	—	350,000
	3,192,000	17,000	120,000	230,000	400,000	600,000	1,825,000
Senior unsecured U.S. dollar denominated notes							
4.19% due June 19, 2024 (US$128,000)	169,018	169,018	—	—	—	—	—
4.75% due November 20, 2025 (US$140,000)	184,863	—	184,863	—	—	—	—
4.95% due November 20, 2028 (US$65,000)	85,829	—	—	—	—	85,829	—
	439,710	169,018	184,863	—	—	85,829	—
Less: current portion of long-term debt	(186,018)	(186,018)	—	—	—	—	—
Total long-term debt	**3,445,692**	**—**	**304,863**	**230,000**	**400,000**	**685,829**	**1,825,000**

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 December 31, 2023, $470 million was drawn under this facility (December 31, 2022 – $40 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 March 28, 2022, Keyera issued $400 million of senior unsecured medium-term notes in the Canadian public debt market. The notes bear interest at 5.022% per annum which is payable semi-annually and mature on March 28, 2032.

As at December 31, 2023, Keyera had $3.2 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 $0.98 and $1.03 per U.S. dollar for the principal payments and $1.22 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 December 31, 2023, Keyera was in compliance with all covenants under its Credit Facility and outstanding notes. Keyera's Net Debt to Adjusted EBITDA ratio at December 31, 2023 was 2.2x for covenant test purposes (December 31, 2022 – 2.5x). 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 years ended December 31, 2023 and 2022:

Capital Expenditures and Acquisitions *(Thousands of Canadian dollars)*	**2023**	2022
Acquisitions	**366,537**	—
Growth capital expenditures	**216,177**	786,206
Maintenance capital expenditures	**119,973**	109,723
Total capital expenditures	**702,687**	895,929

Growth capital expenditures for the year ended December 31, 2023 amounted to $216 million. Refer to the section of this MD&A, "Segmented Results of Operations", for information related to the various growth capital projects, including estimated costs to complete, costs incurred in 2023 and since inception of the project, and estimated completion timeframes.

On February 13, 2023, Keyera completed the acquisition of an additional 21 percent 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 percent. 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. In addition to the maintenance capital expenditures, Keyera incurred maintenance and repair expenses of $112 million for the year ended December 31, 2023, compared to $81 million in 2022.

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. Deducted from the determination of distributable cash flow are maintenance capital expenditures, lease expenditures, including the periodic costs related to prepaid leases, and inventory write-downs.

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, Distributable Cash Flow and Payout Ratio *(Thousands of Canadian dollars)*	**2023**	2022
Cash flow from operating activities	**975,486**	925,327
Add (deduct):		
Changes in non-cash working capital	**52,007**	(106,480)
Funds from operations	**1,027,493**	818,847
Maintenance capital	**(119,973)**	(109,723)
Leases	**(47,261)**	(43,566)
Prepaid lease asset	**(2,380)**	(2,440)
Inventory write-down	**(3,257)**	(9,595)
Distributable cash flow	**854,622**	653,523
Dividends declared to shareholders	**449,141**	425,665
Payout ratio	**53%**	65%

Distributable cash flow for the year ended December 31, 2023 was $855 million, $201 million higher than the same period in 2022. Refer to the section of this MD&A titled, "Consolidated Financial Results: Cash Flow Metrics", for additional details.

Dividend Policy

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 quarterly dividend of $0.48 per share instead of a monthly dividend of $0.16 per share that was paid prior to this date.

On August 9, 2023, Keyera's board of directors approved a 4.2% increase to the quarterly dividend and declared a dividend of $0.50 that was paid on September 29, 2023. The annual dividend for 2023 was $1.96 per share compared to the previous annual dividend of $1.92 per share.

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.

Adjusted Cash Flow from Operating Activities and Return on Invested Capital

Adjusted cash flow from operating activities and return on invested capital ("ROIC") 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".

Adjusted cash flow from operating activities is defined as cash flow from operating activities before changes in non-cash working capital, decommissioning liability expenditures and finance costs. Adjusted cash flow from operating activities is used solely for the purpose of calculating ROIC and therefore, management does not use this measure on a stand-alone basis.

Return on invested capital is defined as 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. ROIC is used to reflect the profitability of Keyera's in-service capital assets.

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

Adjusted Cash Flow from Operating Activities and Return on Invested Capital *(Thousands of Canadian dollars)*	**2023**	2022
Cash flow from operating activities	**975,486**	925,327
Add:		
Changes in non-cash working capital	**52,007**	(106,480)
Decommissioning liability expenditures	**8,533**	17,455
Finance costs	**204,084**	165,351
Adjusted cash flow from operating activities	**1,240,110**	1,001,653
Invested capital	**7,851,988**	6,315,348
Return on invested capital	**16%**	16%

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/losses on commodity-related contracts, net foreign currency gains/losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains/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)*	**2023**	2022
Net earnings	**424,032**	328,294
Add:		
Finance costs	**204,084**	165,351
Depreciation, depletion and amortization expenses	**322,514**	258,264
Income tax expense	**122,645**	104,906
EBITDA	**1,073,275**	856,815
Unrealized gain on commodity contracts	**(63,537)**	(26,647)
Net foreign currency (gain) loss on U.S. debt and other	**(11,472)**	21,551
Impairment expense	**213,508**	180,277
Loss on disposal of property, plant and equipment	**—**	477
Adjusted EBITDA	**1,211,774**	1,032,473

CONTRACTUAL OBLIGATIONS

Keyera has assumed various contractual obligations in the normal course of its operations. At December 31, 2023, the obligations that represent known future cash payments that are required under existing contractual arrangements were as follows:

Contractual obligations *(Thousands of Canadian dollars)*	**Payment Due by Period**						
	Total	**2024**	**2025**	**2026**	**2027**	**2028**	**After 2028**
Derivative financial instruments	20,521	19,907	457	—	157	—	—
Credit facility	470,000	—	—	—	—	470,000	—
Long-term debt[1]	3,631,710	186,018	304,863	230,000	400,000	685,829	1,825,000
Lease liabilities[2]	242,264	49,657	46,748	37,196	24,284	15,819	68,560
Other liabilities[3]	41,996	20,741	17,999	3,256	—	—	—
Decommissioning liabilities[4]	238,804	18,483	—	—	—	—	220,321
Service obligations[5]	25,564	11,608	8,743	2,237	1,264	428	1,284
Purchase obligations[6,7]	19,639	19,639	—	—	—	—	—
Total contractual obligations	**4,690,498**	**326,053**	**378,810**	**272,689**	**425,705**	**1,172,076**	**2,115,165**

Notes:

1 Long-term debt obligations are principal only and exclude interest payments. For the U.S. denominated senior unsecured notes, the principal obligations are converted at the December 31, 2023 spot foreign exchange rate of 1.3205.

2 Lease liabilities include the expected undiscounted cash payments related to leases.

3 Other liabilities include the current and long-term portions of the LTIP liability.

4 No assets have been legally restricted for settlement of the liability.

5 Service obligations relate to terminal storage and natural gas transportation.

6 Purchase obligations include third party contractual commitments related to assets under construction.

7 Keyera through its operating entities has assumed commitments in various contractual purchase agreements in the normal course of its operations. The agreements involve the purchase of NGL production from producers in the areas specified in the agreements. The purchase prices are based on current market prices. The future volumes and prices for these contracts cannot be reasonably determined and therefore no amount has been included in purchase obligations to reflect these contractual agreements.

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

The majority of Keyera's cash flow is derived from the Gathering and Processing and Liquids Infrastructure fee-for-service business segments. The contribution generated from Gathering and Processing facilities can be exposed to changes in operating costs, depending on the fee structures of the facilities which may or may not provide a mechanism for the recovery of operating costs.

The most significant exposure faced by the Gathering and Processing and Liquids Infrastructure segments over the long term is related to declines in throughput volumes. Without reserve additions, third party production will decline over time, as reserves are depleted. Declining production volumes may translate into lower throughput and revenues at Keyera's plants and facilities; however, the effect of any reduction in throughput would likely be gradual. Many of Keyera's facilities are located in significant liquids-rich natural gas supply areas of the Western Canada Sedimentary Basin or major liquids hubs, and capital costs present barriers to entry for new competitors.

The most significant exposure faced by the Marketing business is the fluctuation in the prices of the commodities that Keyera buys and sells. Refer to the section below titled, "Marketing Risk", for more information related to these risks.

For a further discussion of the risks identified in this MD&A, other risks and trends that could affect Keyera's performance and the steps that Keyera takes to mitigate these risks, readers are referred to the descriptions in this MD&A and Keyera's Annual Information Form, which is available on SEDAR+ at *www.sedarplus.ca*.

Legislative and Regulatory Risk

Keyera is subject to a range of laws and regulations imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. In particular, income tax laws, environmental laws and regulatory requirements can have a significant financial and operational impact on Keyera's business. Failure to comply with any applicable laws or regulations could result in substantial fines or revocation of Keyera's operating permits and licenses. Keyera has incurred and expects to continue to incur significant expenses to comply with these laws and regulations.

There can be no guarantee that laws and other government programs relating to the oil and gas industry, the energy services industry and the transportation industry will not be changed in a manner which directly and adversely affects Keyera's business. There can also be no assurance that the laws, regulations, or rules governing Keyera's customers will not be changed in a manner which adversely affects Keyera's customers and, therefore, Keyera's business.

While these laws and regulations affect all dimensions of Keyera's activities, Keyera does not believe that they affect its operations in a manner materially different from other comparable businesses operating in the same jurisdictions. Refer to the section of this MD&A titled, "Environmental Regulation and Climate Change", for more information.

Credit Risk

Keyera assumes credit risk with respect to its fee-for-service business, the purchase and sale of commodities in its Marketing business, the hedging of commodity prices and the other financial contracts into which it enters. In particular, Keyera is exposed to credit-related losses in the event that counterparties to contracts become insolvent or otherwise fail to fulfill their present or future financial obligations to Keyera. The majority of Keyera's accounts receivable are due from entities in the oil and gas business and are subject to normal industry credit risks. Concentration of credit risk is mitigated to some degree by having a broad based domestic and international customer base. With respect to counterparties for financial instruments used for economic hedging purposes, Keyera limits its credit risk by dealing with recognized futures exchanges, or investment grade financial institutions, or by adherence to credit policies that significantly reduce overall counterparty credit risk.

Keyera regularly monitors accounts receivable for collection purposes and reviews exposure to customers and counterparties. It has also implemented other credit risk management strategies including but not limited to the following: i) obtaining netting agreements in order to reduce the net exposure to a particular customer or producer; ii) obtaining letters of credit that may be used as collateral; or iii) requiring pre-payment prior to the sale of product or rendering of services where deemed appropriate. Management believes these measures reduce Keyera's overall credit risk; however, there can be no assurance that these processes will protect against all losses from non-performance.

As at December 31, 2023, the allowance for expected credit losses was $4 million (December 31, 2022 – $4 million) to provide for specific accounts receivable amounts that may be uncollectible. Despite Keyera's efforts in the monitoring and collection of accounts receivable, actual losses from defaults may be greater than that provided for.

For a discussion of the risks that could affect Keyera's liquidity and working capital and the steps Keyera takes to mitigate these risks, readers are referred to note 22, Financial Instruments and Risk Management, of the accompanying financial statements.

Credit Ratings

With the assignment of two long-term corporate credit ratings, rating agencies will regularly evaluate Keyera, including its financial strength. The credit ratings applied to Keyera and its securities are an assessment by the relevant ratings agencies of Keyera's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of Keyera's securities. In addition, factors not entirely within Keyera's control may also be considered, including conditions affecting the industry in which it operates.

There can be no assurance that one or more of Keyera's credit ratings will not be downgraded or withdrawn entirely. 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 and increase the costs of borrowing.

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.

Marketing Risk

Keyera enters into contracts to purchase and sell natural gas, NGLs, iso-octane and crude oil. Most of these contracts are priced at floating market prices. These activities expose Keyera to market risks resulting from movements in commodity prices between the time volumes are purchased and the time they are sold, from fluctuations in the margins between purchase prices and sales prices and, in some cases, may also expose Keyera to foreign currency risk.

The prices of the products that are marketed by Keyera are subject to fluctuations as a result of such factors as seasonal demand changes, changes in crude oil, gasoline and natural gas markets, extreme weather conditions (including flooding, wind and increased annual levels of rainfall as a result of climate change or otherwise), general economic conditions and other factors. In many circumstances, particularly in NGL marketing, purchase and sale contracts are not perfectly matched as they are entered into at different times, locations and values. Further, Keyera normally has a long position in propane that it markets and in butane that it uses as a feedstock for the production of iso-octane, and it may store these products in order to meet seasonal demand and take advantage of seasonal pricing differentials, resulting in inventory price risk. In Keyera's NGL, iso-octane and liquids blending marketing businesses, margins can vary significantly from period to period and volatility in the markets for these products may cause distortions in financial results from period to period that are not replicable.

To some extent, Keyera can lessen certain elements of risk exposure through the integration of its marketing business with its facilities businesses. In spite of this integration, Keyera remains exposed to market and commodity price risk. Keyera manages this commodity risk in a number of ways, including the use of financial and physical hedging contracts and by offsetting some physical and financial contracts in terms of volumes, timing of performance and delivery obligations. There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will generate profits or mitigate all the market and inventory risk associated with these activities. If Keyera hedges its commodity price exposure, it may forego the benefits that may otherwise be experienced if commodity prices were to change and it is subject to credit risks associated with the counterparties with whom it contracts. In addition, any non-compliance with Keyera's trading policies could result in significantly adverse financial effects. Refer to the section of this MD&A titled, "Segmented Results of Operations - Marketing: Risk Management", for more information of Keyera's risk management strategies.

Operational Risk

Keyera's cash flows may be adversely affected by the occurrence of common hazards and environmental risks related to the natural gas gathering, processing and pipeline transportation business, such as adverse weather conditions, the failure of equipment, systems or processes, failure to maintain adequate supplies or spare parts, operator error, ruptures, leaks or releases of crude oil or petroleum products into the environment, labour disputes, service disruptions (including protests and blockades), disputes with owners of interconnected facilities, catastrophic events or acts of terrorism. If any of these events were to occur, Keyera could suffer substantial losses because of the resulting impact on Keyera's reputation, personal injury or loss of life, severe damage to and destruction of property, equipment, information technology systems, related data and control systems, environmental damage, which may include polluting water, land or air, resulting in regulatory enforcement or curtailment or suspension of the related operations.

To mitigate these operational and environmental risks, Keyera provides training to its employees, maintains written standard operating practices, formally assesses and documents employee competency, and maintains formal inspection, maintenance, safety and environmental programs. In addition, Keyera carries property, casualty and business interruption insurance, although there can be no assurance that the proceeds of such insurance will compensate Keyera fully for any losses, nor can it be assured that such insurance will be available in the future. In addition, if Keyera is unaware of a problem or is unable to locate the problem within the relevant time period, insurance coverage may not be available.

Foreign Currency Risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency. Keyera's functional currency is the Canadian dollar. The Marketing segment has foreign currency risk associated with its sales and purchases denominated in U.S. dollars; however, the Gathering and Processing and Liquids Infrastructure segments have very little foreign currency risk as sales and purchases are primarily denominated in Canadian 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 risk management strategies and all outstanding positions.

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long-term debt. To manage this currency exposure, Keyera has entered into cross-currency swap contracts related to the principal portion and future interest payments for all U.S. dollar denominated debt. These cross-currency swap contracts are discussed further in the "Liquidity and Capital Resources" section of this MD&A.

Cyber Security

Keyera's business depends on digital technologies and information systems to control its facilities and operations. Keyera is also dependent on thirdparty service providers to help support and maintain its technology systems. Such systems are subject to a variety of cyber-related risks, including hacking, phishing, cyberattacks, cyber fraud and viruses. Further, the failure of a third party to provide the Company with adequate services may result in disruptions to Keyera's technology systems. Keyera collects and stores sensitive data while conducting its business, including personal information regarding its employees and confidential business information of its customers, suppliers, investors, and stakeholders, for which it is legally responsible. There is a risk that failure of one or more technology systems could lead to failure of other systems. In addition, the risk of cyber-attacks in general is increasing.

A breach in Keyera's security or information technology could result in operational outages, delays in the delivery or availability of our customers' products, contamination or degradation of products, potential releases of hydrocarbon products, financial loss, loss of material data, reputational harm and other adverse outcomes. Keyera may be held liable for any such outcome. The frequency and sophistication of cyber-attacks continue to increase year-over-year, and Keyera expects to continue to experience attempts to gain unauthorized access to its information systems. Further, the increased remote access to information technology systems may heighten the threat of a cyber-security breach. These risks are somewhat mitigated through Keyera's technology strategy that focuses on employing a multilayer security framework and incident management system to protect and detect issues within its information technology infrastructure.

Breach of Confidentiality

Keyera regularly enters into confidentiality agreements with third parties prior to the disclosure of any confidential information when discussing potential business relationships or other transactions. Breaches of confidentiality could put Keyera at competitive risk and may cause significant damage to its business. There is no assurance that, in the event of a breach of confidentiality, Keyera will be able to obtain equitable remedies from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

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 2023, 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.

SELECTED FINANCIAL INFORMATION

The following table presents selected annual financial information for Keyera:

(Thousands of Canadian dollars, except per share information)	**2023**	2022	2021
Revenue before inter-segment eliminations[1]			
• Gathering and Processing	**733,316**	722,395	596,212
• Liquids Infrastructure	**768,996**	633,310	591,292
• Marketing	**6,055,725**	6,135,499	4,181,557
• Other	**40**	58	(252)
Operating margin			
• Gathering and Processing	**392,430**	347,900	323,131
• Liquids Infrastructure	**486,467**	413,879	409,371
• Marketing	**554,251**	414,973	314,140
• Other	**(210)**	(971)	(1,342)
Realized margin[2]			
• Gathering and Processing	**394,530**	346,772	322,743
• Liquids Infrastructure	**496,114**	405,912	409,187
• Marketing	**478,967**	397,421	322,946
• Other	**(210)**	(971)	(1,342)
Net earnings	**424,032**	328,294	324,206
Earnings per share ($/share):			
• Basic	**1.85**	1.48	1.47
• Diluted	**1.85**	1.48	1.47
Dividends to shareholders	**449,141**	425,665	424,364
Dividends per share (basic)	**1.96**	1.92	1.92
Shares outstanding (thousands)			
• Weighted average (basic)	**229,153**	221,290	221,023
• Weighted average (diluted)	**229,153**	221,290	221,023
Total assets	**8,780,011**	8,568,188	8,130,306
Total long-term liabilities	**5,205,317**	4,749,473	4,559,713

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 includes 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 a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, see the section titled "Segmented Results of Operations".

Keyera achieved outstanding financial results in 2023 with record operating margin recognized from all three operating segments.

The Gathering and Processing segment's record operating margin in 2023 was primarily attributable to stronger contribution from the Wapiti and Pipestone gas plants.

The Liquids Infrastructure segment's record operating margin in 2023 was mainly attributable to the acquisition of an additional 21% ownership interest in the KFS complex and incremental margin associated with the KAPS pipeline system.

The Marketing segment's record operating margin in 2023 was primarily due to higher unrealized non-cash gains from risk management contracts in 2023 compared to 2022 and higher iso-octane contribution resulting from record sales volumes, strong product premiums and motor gasoline pricing.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for Keyera:

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue[1]								
Gathering and Processing	**202,767**	174,908	169,024	186,617	202,837	186,302	179,382	153,874
Liquids Infrastructure	**214,790**	195,775	180,222	178,209	164,749	153,403	156,543	158,615
Marketing	**2,019,586**	1,203,704	1,269,463	1,562,972	1,519,190	1,476,268	1,653,814	1,486,227
Other	**11**	11	12	6	22	11	(7)	32
Operating margin (loss)								
Gathering and Processing	**114,851**	90,950	87,207	99,422	93,017	89,628	88,686	76,569
Liquids Infrastructure	**128,133**	123,623	117,305	117,406	106,542	102,993	99,472	104,872
Marketing	**202,851**	69,387	166,371	115,642	28,293	124,235	170,196	92,249
Other	**(49)**	(57)	(70)	(34)	(43)	(72)	(92)	(764)
Operating margin	**445,786**	283,903	370,813	332,436	227,809	316,784	358,262	272,926
Realized margin (loss)[2]								
Gathering and Processing	**115,983**	93,811	84,430	100,306	92,837	89,066	88,182	76,687
Liquids Infrastructure	**130,170**	128,051	119,228	118,665	101,753	101,414	97,825	104,920
Marketing	**128,597**	99,714	134,139	116,517	48,731	83,680	161,985	103,025
Other	**(49)**	(57)	(70)	(34)	(43)	(72)	(92)	(764)
Realized margin[2]	**374,701**	321,519	337,727	335,454	243,278	274,088	347,900	283,868
Net earnings (loss)	**49,192**	78,112	158,939	137,789	(81,895)	123,389	173,006	113,794
Net earnings (loss) per share ($/share)								
Basic	**0.21**	0.34	0.69	0.60	(0.37)	0.56	0.78	0.51
Diluted	**0.21**	0.34	0.69	0.60	(0.37)	0.56	0.78	0.51
Weighted average number of shares (basic)	**229,153**	229,153	229,153	229,153	222,083	221,023	221,023	221,023
Weighted average number of shares (diluted)	**229,153**	229,153	229,153	229,153	222,083	221,023	221,023	221,023
Dividends declared to shareholders	**114,577**	114,577	109,993	109,994	107,392	106,091	106,091	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;
- 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 year ended December 31, 2023.

ADOPTION OF NEW STANDARDS

During the year ended December 31, 2023, Keyera adopted the following:

Amendments to IAS 1, Presentation of Financial Statements

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. To assist in identifying material accounting policies, *IFRS Practice Statement 2, Making Materiality Judgments* was amended to include guidance in applying the four-step materiality process to accounting policy disclosure. The amendments to IAS 1 became effective for annual periods beginning on or after January 1, 2023 and have been applied prospectively. Since the amendments relate to the disclosure of accounting policies, the adoption of the amendments did not impact the company’s consolidated financial statements.

International Tax Reform – Pillar Two Disclosures

On May 23, 2023, the International Accounting Standards Board (“IASB”) issued *International Tax Reform – Pillar Two Model Rules*, which amends *IAS 12, Income Taxes*. These amendments were issued in response to rules published by the Organisation for Economic Co-operation and Development (“OECD”) and clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the “Pillar Two” model published by the OECD. A mandatory temporary exception was introduced from recognizing and disclosing deferred tax assets and liabilities related to enacted and substantively enacted tax law that implements Pillar Two income taxes. While the amendments to IAS 12 are effective immediately, the tax jurisdiction in which the Company operates has not substantially enacted this legislation. For the year ended December 31, 2023, income tax recognized in the consolidated statements of net earnings and comprehensive income was $123 million, of which $nil would have related to Pillar Two income taxes.

FUTURE ACCOUNTING PRONOUNCEMENTS

There were no significant new accounting standards or interpretations issued during the year ended December 31, 2023.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer are satisfied that, as of December 31, 2023, Keyera’s disclosure controls and procedures are designed to provide reasonable assurance that material information relating to Keyera and its consolidated subsidiaries has been brought to their attention 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.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer are satisfied that Keyera’s internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

No changes were made for the period beginning January 1, 2023 and ending December 31, 2023 that have materially affected, or are reasonably likely to materially affect Keyera’s internal controls over financial reporting.

COMMON SHARES

In December 2022, Keyera issued an aggregate of 8,130,500 common shares, including 1,060,500 common shares pursuant to the over-allotment option in connection with the public offering, for gross consideration of $230 million.

The total common shares outstanding at December 31, 2023 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, annual return on capital for KAPS and compound annual growth rate ("CAGR") calculations are not standard measures under GAAP or are supplementary financial measures, and, therefore, 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".

EBITDA / Adjusted EBITDA	
Definition	Earnings before finance costs, taxes, depreciation, and amortization. EBITDA before costs associated with non-cash items, including unrealized gains/losses on commodity-related contracts, net foreign currency gains/losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains/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 provided by 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.

Annual Return on Capital for KAPS	
Definition	Operating margin attributable to the KAPS pipeline divided by the estimated capital cost for the development of the KAPS project.
Utilization	Annual return on capital for KAPS is used to reflect the profitability of the KAPS pipeline. As at December 31, 2023, Keyera now expects the annual return on capital of 10% to 15% for KAPS to be achieved beyond the original timeframe of 2025 that was previously provided. This is based on existing contracts and management’s current expectations regarding incremental contracting.

Compound Annual Growth Rate ("CAGR") Calculations	
Definition	CAGR is calculated as follows: $$\text{CAGR} = \left[\frac{\text{End of the period*}}{\text{Beginning of the period*}}\right]^{\left[\frac{1}{\text{Number of Years}}\right]} - 1$$ * 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 base realized margin between \$310 million and \$350 million (previously \$250 million and \$280 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 adjusted EBITDA from the fee-for-service business, by holding contribution from the Marketing segment flat within the 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 from the fee-for-service business 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", "project", "should", "plan", "intend", "believe", "expect" 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 that in 2024 and 2025, its Marketing business will contribute on average a base realized margin of between $310 million and $350 million (previously $250 million and $280 million);
- 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;
- the expectation that demand for Keyera's liquid infrastructure service offerings will remain strong;
- future dividends and taxes;
- 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;
- 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;
- expected outcomes with respect to legal proceedings and potential insurance recoveries;
- expectations regarding Keyera's ability to maintain its competitive position, raise capital and add to its assets through acquisitions or internal growth opportunities;
- 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, 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, the COVID-19 pandemic and the duration and impact thereof, 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 near nameplate capacity. For all construction projects, estimated completion times and costs assume that construction 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;
- relationships with external stakeholders, including Indigenous stakeholders;
- ongoing global supply chain constraints;
- 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, including the ongoing COVID-19 pandemic and the unexpected impact 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 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. Further, because there is interconnectivity between many of the risks Keyera faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Proposed construction and completion schedules and budgets for capital projects described herein are subject to many variables, including weather; availability and prices of materials; labour; customer project schedules and expected in-service dates; contractor productivity; contractor disputes; quality of cost estimating; decision processes and approvals by joint venture partners; changes in project scope at the time of project sanctioning; regulatory approvals, conditions or delays; Keyera's ability to secure adequate land rights and water supply; and macro socio-economic trends. As a result, expected timing, costs and benefits associated with these projects may differ materially from the descriptions contained herein. Further, some of the projects described are subject to securing sufficient producer/customer interest and may not proceed if sufficient commitments are not obtained.

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*.