

# Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of May 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 three months ended March 31, 2024 and the notes thereto as well as the audited consolidated financial statements of Keyera for the year ended December 31, 2023, and the related MD&A. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") also referred to as GAAP, and are stated in Canadian dollars. Additional information related to Keyera, including its Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on Keyera's website at [www.keyera.com](http://www.keyera.com).

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

## Keyera's Business

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

1. **Gathering and Processing** – Keyera owns and operates raw gas gathering pipelines and processing plants, which collect and process raw natural gas, remove waste products and separate the economic components, primarily natural gas liquids ("NGLs"), before the sales gas is delivered into long-distance pipeline systems for transportation to end-use markets. Keyera also provides condensate handling services through its condensate gathering pipelines and stabilization facilities.
2. **Liquids Infrastructure** – Keyera owns and operates a network of facilities for the gathering, processing, storage and transportation of the by-products of natural gas processing, including NGLs in mix form and specification NGLs such as ethane, propane, butane and condensate. In addition, this segment includes Keyera's iso-octane facilities at Alberta EnviroFuels ("AEF"), its liquids blending facilities, its 50% interest in the crude oil storage facility at the Base Line Terminal, its 50% interest in the South Cheecham Rail and Truck Terminal (which includes sulphur handling, forming and storage) and its 90% interest in the Wildhorse Terminal in Cushing, Oklahoma.
3. **Marketing** – Keyera markets a range of products associated with its two infrastructure business lines, primarily propane, butane, condensate and iso-octane, and also engages in liquids blending.

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

## Overview

Keyera had a solid start to the year, resulting in the following achievements:

- **Strong quarterly financial results**

- Net earnings of \$71 million (Q1 2023 – \$138 million), realized margin of \$355 million (Q1 2023 – \$335 million), adjusted earnings before interest, taxes, depreciation and amortization of \$314 million (Q1 2023 – \$292 million) and distributable cash flow of \$205 million (Q1 2023 – \$227 million).
- The Liquids Infrastructure segment delivered record quarterly realized margin of \$137 million, 15% higher than the same period in the prior year. These record results were primarily due to incremental margin from the segment's core assets, including storage and fractionation infrastructure at Keyera's Fort Saskatchewan ("KFS") complex, the KAPS pipeline system and Keyera's condensate system.
- The Marketing segment recorded strong financial results with realized margin of \$114 million (Q1 2023 – \$117 million). Iso-octane contribution continued to be robust as demand for high octane gasoline blending products remains strong. The cash flow generated from the Marketing business enhances Keyera's overall return on invested capital as it can utilize its infrastructure assets to deliver product to the highest value markets.
- The Gathering and Processing segment experienced robust gross processing throughput levels in the North region that were virtually unchanged from the record levels achieved in the fourth quarter of 2023. Factors that contributed to the strong volumes include: i) new production from multiple customers active in the condensate-rich Montney area, ii) strong operational performance of the Wapiti gas plant, and iii) incremental processing capacity at the Pipestone gas plant. The North region facilities continue to account for over 70% of the segment's overall margin.

## Keyera expects the following for 2024:

- Following the conclusion of the NGL contracting season, 2024 realized margin for the Marketing segment is expected to range between **\$430 million and \$470 million** (previous base guidance of \$310 million to \$350 million), including the impact of the 6-week AEF outage. This outlook reflects the continued strength of the iso-octane business as demand for high octane gasoline blending products remains strong.
- Growth capital expenditures are expected to range between **\$80 million and \$100 million**. This includes **\$20 million to \$40 million** that is contingent on the sanctioning of KAPS Zone 4 and the continued advancement of fractionation capacity expansion opportunities at KFS.
- Maintenance capital expenditures are expected to range between **\$90 million and \$110 million** of which about \$20 million is recoverable in 2024 with another \$15 million recoverable within the next few years.
- Cash tax expense is now expected to increase to a range of **\$85 million to \$95 million** (previously \$45 million to \$55 million). This new range reflects the increase in expected earnings contribution from the Marketing segment.

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

## CONSOLIDATED FINANCIAL RESULTS

The following table highlights some of the key consolidated financial results for the three months ended March 31, 2024 and 2023:

<i>(Thousands of Canadian dollars, except per share data)</i>	Three months ended March 31,	
	2024	2023
Net earnings	<b>70,914</b>	137,789
Net earnings per share (basic)	<b>0.31</b>	0.60
Operating margin	<b>283,031</b>	332,436
Realized margin <sup>1</sup>	<b>355,415</b>	335,454
Adjusted EBITDA <sup>2</sup>	<b>314,304</b>	292,158
Cash flow from operating activities	<b>398,040</b>	311,489
Funds from operations <sup>3</sup>	<b>231,725</b>	247,306
Distributable cash flow <sup>3</sup>	<b>205,338</b>	227,367
Distributable cash flow per share <sup>3</sup> (basic)	<b>0.90</b>	0.99
Dividends declared	<b>114,577</b>	109,994
Dividends declared per share	<b>0.50</b>	0.48
Payout ratio <sup>4</sup>	<b>56%</b>	48%

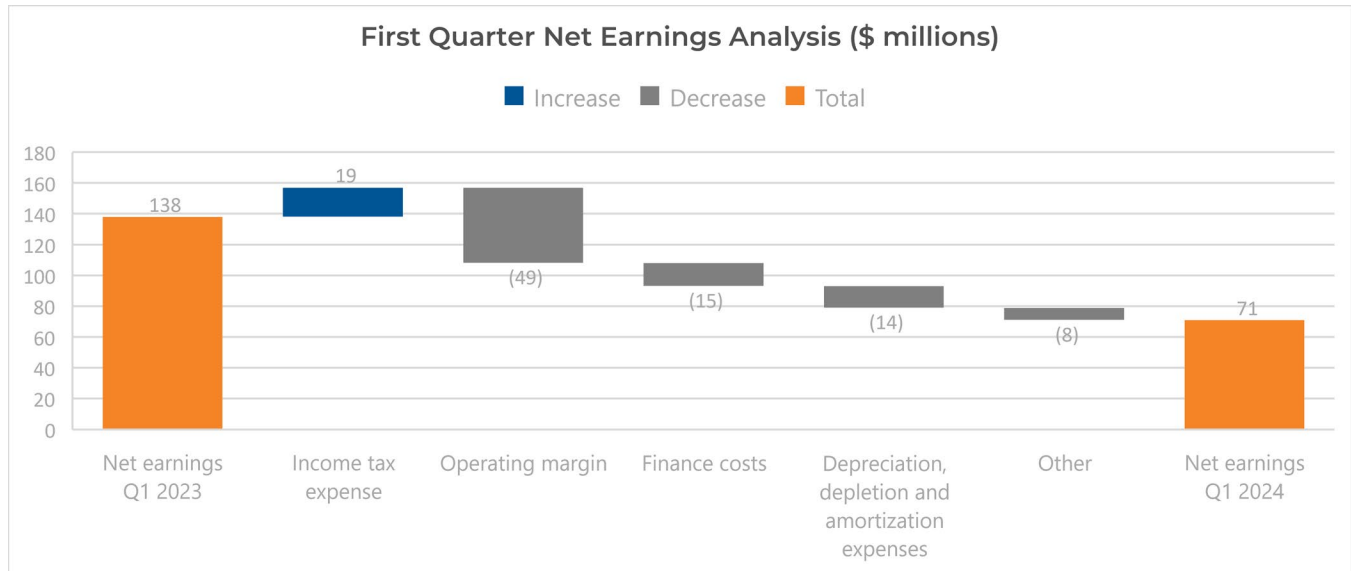
Notes:

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

- 1 Realized margin is defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts. See the section titled "Segmented Results of Operations" for a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin.
- 2 EBITDA is defined as earnings before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before costs associated with non-cash items, including unrealized gains and losses on commodity-related contracts, net foreign currency gains and losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains and losses on the disposal of property, plant and equipment. See the section titled "EBITDA and Adjusted EBITDA" for a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable GAAP measure, net earnings.
- 3 Funds from operations is defined as cash flow from operating activities adjusted for changes in non-cash working capital. Distributable cash flow is defined as cash flow from operating activities adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments, including the periodic costs related to prepaid leases. Distributable cash flow per share is defined as distributable cash flow divided by weighted average number of shares – basic. See the section titled "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio" for a reconciliation of funds from operations and distributable cash flow to the most directly comparable GAAP measure, cash flow from operating activities.
- 4 Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow. See the section titled "Dividends: Funds from Operations, Distributable Cash Flow and Payout Ratio".

## Net Earnings

For the three months ended March 31, 2024, net earnings were \$71 million, \$67 million lower than the same period in the prior year due to the factors shown in the table below:

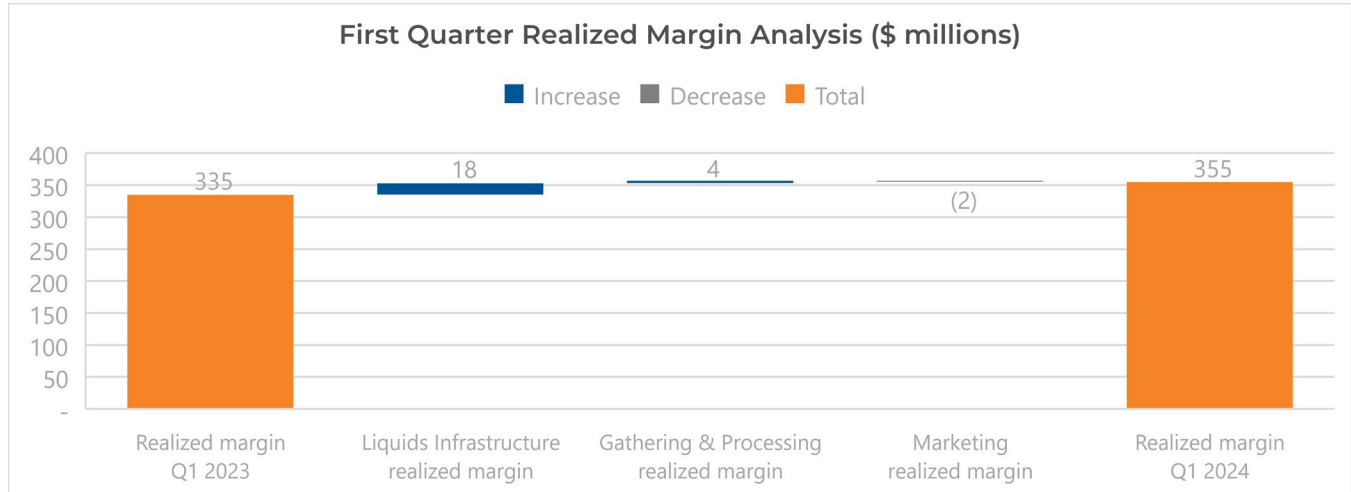


See the section below for more information related to operating margin. For all other charges mentioned above, please see the section of the MD&A titled, “Corporate and Other”.

## Operating Margin and Realized Margin

For the three months ended March 31, 2024, operating margin was \$283 million, \$49 million lower than the same period in the prior year primarily due to the inclusion of an unrealized non-cash loss of \$70 million associated with risk management contracts from the Marketing segment compared to a loss of \$1 million in 2023. This was offset by \$20 million of higher realized margin as described in more detail below.

In the first quarter of 2024, realized margin<sup>1</sup> (excludes the effect of unrealized gains and losses from commodity-related risk management contracts) was \$355 million, \$20 million higher than the same period in the prior year and includes the following changes in contribution by segment:

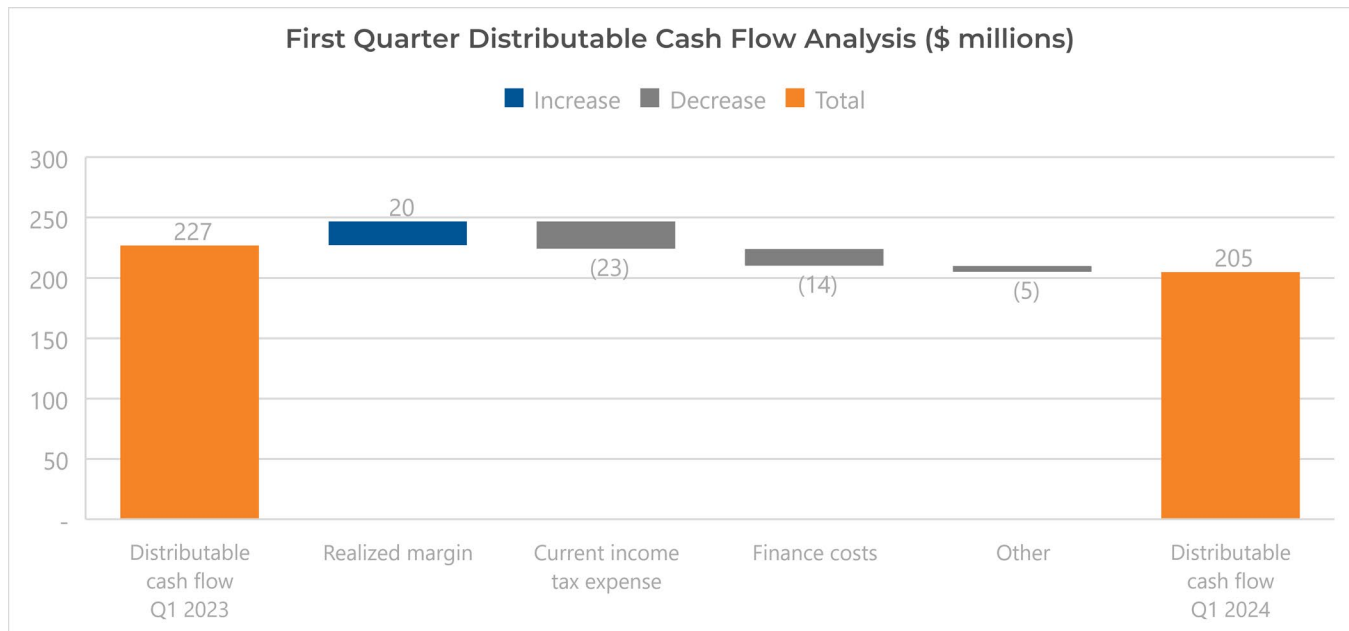


<sup>1</sup> Realized margin is not a standard measure under GAAP and therefore, may not be comparable to similar measures reported by other entities. See the section titled "Non-GAAP and Other Financial Measures". For a reconciliation of realized margin to the most directly comparable GAAP measure,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

## Cash Flow Metrics

Cash flow from operating activities for the first quarter of 2024 was \$398 million, \$87 million higher than the same period in the prior year primarily due to a lower net cash requirement to fund operating working capital associated with accounts receivable and accounts payable, which are merely timing differences associated with the collection and settlement of these balances, and higher realized margin. These increases were partially offset by an increase in the cash required to fund inventory and higher finance costs.

Distributable cash flow<sup>1</sup> for the three months ended March 31, 2024, was \$205 million, \$22 million lower than the same period in 2023 due to the factors shown in the table below:



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

## SEGMENTED RESULTS OF OPERATIONS

The discussion of the results of operations for each of the operating segments focuses on operating margin and realized margin. Operating margin refers to operating revenues less operating expenses and does not include the elimination of inter-segment transactions. Management believes operating margin provides an accurate portrayal of operating profitability by segment. Keyera's Gathering and Processing and Liquids Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. These segment measures of profitability for the three months ended March 31, 2024 and 2023 are reported in note 14, Segment Information, of the accompanying financial statements. A complete description of Keyera's businesses by segment can be found in Keyera's Annual Information Form, which is available at [www.sedarplus.ca](http://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 <i>(Thousands of Canadian dollars)</i>	Three months ended March 31,	
	2024	2023
Revenue	1,520,686	1,789,503
Operating expenses	(1,237,655)	(1,457,067)
<b>Operating margin</b>	<b>283,031</b>	332,436
Unrealized loss on risk management contracts	72,384	3,018
<b>Realized margin</b>	<b>355,415</b>	335,454

## Gathering and Processing

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

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

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

Operating Margin, Realized Margin and Throughput Information <i>(Thousands of Canadian dollars, except for processing throughput information)</i>	Three months ended March 31,	
	2024	2023
Revenue <sup>3</sup>	179,642	186,617
Operating expenses <sup>3</sup>	(75,875)	(87,195)
<b>Operating margin</b>	<b>103,767</b>	99,422
Unrealized loss on risk management contracts	562	884
<b>Realized margin<sup>4</sup></b>	<b>104,329</b>	100,306
Gross processing throughput <sup>5</sup> – (MMcf/d)	1,534	1,692
Net processing throughput <sup>5,6</sup> – (MMcf/d)	1,331	1,447

1 Excludes gas plants where Keyera has suspended operations.

2 Keyera disposed of its minority working interest in the non-operated Edson gas plant and its 100% working interest in the Pembina North gas plant on March 28, 2024 and May 8, 2024, respectively. Processing throughput amounts include volumes processed at the Edson gas plant to March 28, 2024 and the Pembina North gas plant to March 31, 2024.

3 Includes inter-segment transactions.

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

5 Includes gas volumes and the conversion of liquids volumes handled through the processing facilities to a gas volume equivalent.

6 Net processing throughput refers to Keyera’s share of raw gas processed at its processing facilities.

## First Quarter Operating Margin and Revenue

<p><b>Operating Margin</b></p>	<p style="text-align: center;">↑</p> <p style="text-align: center;">\$4 million vs Q1 2023</p>	<ul style="list-style-type: none"> <li>• Increase was primarily due to \$7 million in higher operating margin from the Pipestone gas plant attributable to a \$6 million one-time revenue adjustment, and higher volumes from incremental processing capacity that came online at the end of 2023.</li> <li>• Partly offsetting the increase was lower contribution from the Brazeau River and Strachan gas plants as a result of lower processing volumes due to a customer diverting volumes to their own facility, shut-in production due to lower natural gas pricing and natural declines.</li> </ul>
<p><b>Revenue</b></p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">\$7 million vs Q1 2023</p>	<ul style="list-style-type: none"> <li>• Decrease in revenue was primarily due to lower ethane sales revenues from the Rimbey gas plant that more than offset the factors that contributed to higher operating margin. Ethane sales from the Rimbey gas plant are generally based on index pricing and can significantly influence revenues; however the effect on operating margin is minimal as ethane purchases from producers are also based on index pricing and are included in operating expenses.</li> </ul>

### Gathering and Processing Activity

The Gathering and Processing segment had a solid start to the year as operating margin increased by 4% compared to the same period in the prior year. These results were supported by strong contribution from the North region gas plants which account for over 70% of the segment's margin.

In the North region, gross processing throughput levels were virtually unchanged from the record levels achieved in the fourth quarter of 2023 and were 7% higher compared to the same period in the prior year. Producer activity levels in the region continue to be high as producer economics are largely tied to NGL pricing, condensate in particular. Factors that contributed to the strong volumes for the North region included: i) new production from multiple customers active in the condensate-rich Montney area; ii) strong operational performance of the Wapiti gas plant; and iii) incremental processing capacity at the Pipestone gas plant that came online in December 2023. The connection of the Wapiti, Pipestone and Simonette gas plants to the KAPS pipeline system and Keyera's core infrastructure in Fort Saskatchewan provides these North region gas plants with a competitive advantage in providing customers integrated gas processing, NGL and condensate services.

In the South region, a 15% volume decline occurred across all facilities compared to the same period in the prior year, primarily due to: i) a customer diverting volumes to their own facility that mainly impacted the Brazeau River and Strachan gas plants; ii) shut-in production from a customer at the Brazeau River gas plant due to low natural gas prices; and iii) natural declines experienced across multiple facilities. With the decline in natural gas prices, producer drilling activity levels in the South Region are expected to be lower as several producers have deferred their drilling plans until stronger economics return.

Maintenance turnarounds are scheduled to be completed at the Wapiti and Strachan gas plants during the third quarter of 2024. The 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.

## Liquids Infrastructure

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

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

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

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

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

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

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



Operating Margin and Realized Margin (Thousands of Canadian dollars)	Three months ended March 31,	
	2024	2023
Revenue <sup>1</sup>	212,150	178,209
Operating expenses <sup>1</sup>	(77,005)	(60,803)
<b>Operating margin</b>	<b>135,145</b>	117,406
Unrealized loss on risk management contracts	1,418	1,259
<b>Realized margin<sup>2</sup></b>	<b>136,563</b>	118,665

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".

## First Quarter Operating Margin and Revenue

<b>Operating Margin</b>	 \$18 million vs Q1 2023	<p>Increase was primarily due to \$22 million in incremental contribution from:</p> <ul style="list-style-type: none"> <li>the KFS complex due to higher contracted storage volumes and increased fractionation revenues, partly attributable to the acquisition of an additional 21% working interest in the first quarter of 2023; and</li> <li>incremental margin associated with the KAPS pipeline system which commenced operations during the second quarter of 2023; and</li> <li>higher contracted volumes through Keyera's condensate system.</li> </ul> <p>The factors above were partly offset by lower contribution from the Alberta Diluent Terminal due to tank cleaning activities incurred in 2024.</p>
<b>Revenue</b>	 \$34 million vs Q1 2023	<ul style="list-style-type: none"> <li>Increase was primarily due to the same factors that contributed to higher operating margin as described above.</li> </ul>

### Liquids Infrastructure Activity

The Liquids Infrastructure segment had an excellent start to the year as the business delivered record quarterly realized margin of \$137 million, 5% higher than the previous record achieved in the fourth quarter of 2023. During this period, the business continued to meet the needs of its customers with its integrated infrastructure offerings including fractionation, storage and transportation services.

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

Strong oil sands production resulted in robust condensate demand through the first quarter of 2024. Consequently, condensate volumes delivered through Keyera's condensate system were 12% higher than the same period in the prior year, and marginally lower than the record levels achieved in the fourth quarter of 2023. As a result, volumes exceeded take-or-pay commitment levels for multiple customers and contributed to incremental margin through the system. The growth in oil sands production and demand for condensate drives the economics for producers actively drilling in the Montney and ultimately benefits Keyera's core infrastructure, including the KAPS pipeline system. Cash flows generated from Keyera's condensate system are protected by long-term, take-or-pay arrangements with several major oil sands producers. Under these agreements, Keyera provides a variety of services including diluent transportation, storage and rail offload services in the Edmonton/Fort Saskatchewan area.

The AEF facility is operated by the Liquids Infrastructure segment and provides iso-octane processing services to the Marketing segment on a fee-for-service basis. The facility's operational performance was strong in the first quarter of 2024 as utilization levels were consistent with the facility's nameplate capacity.

Beginning in April, the AEF facility was taken offline for six weeks to complete proactive maintenance activities. These maintenance activities were intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in 2026. The activities were completed in May at a total estimated cost of \$10 million. The realized margin impact is estimated to be approximately \$35 million to \$45 million, with the majority of the impact realized in the Marketing segment,

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

## Marketing

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

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

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

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

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

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

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

In a typical year, Keyera expects the Marketing business to contribute on average, a base realized margin of between \$310 million and \$350 million. This guidance assumes: i) a crude oil price of between US\$65 and US\$75 per barrel; ii) butane feedstock costs comparable to the 10-year average; and iii) AEF

utilization at nameplate capacity. Realized margin guidance for 2024 can be found in the Market Commentary section below.

There are numerous variables that can affect the results from Keyera's Marketing segment. For a detailed discussion of risk factors that affect Keyera, see Keyera's Annual Information Form which is available at [www.sedarplus.ca](http://www.sedarplus.ca).

Operating margin and realized margin for the Marketing segment were:

Operating Margin and Realized Margin <i>(Thousands of Canadian dollars, except for sales volume information)</i>	Three months ended March 31,	
	2024	2023
Revenue <sup>1</sup>	1,252,431	1,562,972
Operating expenses <sup>1</sup>	(1,208,375)	(1,447,330)
<b>Operating margin</b>	<b>44,056</b>	<b>115,642</b>
Unrealized loss on risk management contracts	70,404	875
<b>Realized margin<sup>2</sup></b>	<b>114,460</b>	<b>116,517</b>
Sales volumes (Bbl/d)	192,400	206,100

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 <i>(Thousands of Canadian dollars)</i>	Three months ended March 31,	
	2024	2023
Physical sales	1,333,723	1,555,806
Realized cash (loss) gain on financial contracts <sup>1</sup>	(10,888)	8,041
Unrealized (loss) gain due to reversal of financial contracts existing at end of prior period	(61,130)	13,784
Unrealized loss due to fair value of financial contracts existing at end of current period	(8,724)	(14,834)
Unrealized (loss) gain from fixed price physical contracts <sup>2</sup>	(550)	175
Total unrealized loss on risk management contracts	(70,404)	(875)
<b>Total (loss) gain on risk management contracts</b>	<b>(81,292)</b>	<b>7,166</b>
<b>Total Marketing revenue</b>	<b>1,252,431</b>	<b>1,562,972</b>

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.

## First Quarter Operating Margin, Realized Margin and Revenue

<b>Operating Margin</b>	<p style="text-align: center;">↓</p> <p style="text-align: center;">\$72 million vs Q1 2023</p>	<ul style="list-style-type: none"> <li>Decrease was primarily due to \$70 million in higher unrealized non-cash losses from risk management contracts in 2024 compared to 2023 and \$2 million in lower realized margin as described in more detail below.</li> </ul>
<b>Realized Margin<sup>1</sup></b>	<p style="text-align: center;">↓</p> <p style="text-align: center;">\$2 million vs Q1 2023</p>	<ul style="list-style-type: none"> <li>Slight decrease was primarily due to lower iso-octane contribution resulting from lower sales volumes compared to Q1 2023.</li> </ul>
<b>Revenue</b>	<p style="text-align: center;">↓</p> <p style="text-align: center;">\$311 million vs Q1 2023</p>	<ul style="list-style-type: none"> <li>Decrease was due to lower average sales prices and sales volumes for most products compared to the prior year.</li> </ul>

### Market Commentary

Through the effective utilization of Keyera's infrastructure, a disciplined risk management program, and strong near-term commodity price forecasts, Keyera expects its Marketing segment will generate realized margin of between \$430 million and \$470 million in 2024. This range assumes: i) the AEF facility, operates at capacity for the remainder of the year; ii) there are no significant logistics or transportation curtailments; and iii) current forward commodity pricing for unhedged volumes for the remainder of the year.

Iso-octane margins are largely derived from three key components: i) butane, the primary feedstock used to produce the product, ii) the price of motor gasoline, referred to as Reformulated Blendstock for Oxygenate Blending ("RBOB"), and iii) a negotiated premium above the price of RBOB, referred to as the iso-octane premium. In the first quarter of 2024, iso-octane margins were robust as demand for high octane gasoline blending products remained strong. The strength in demand is partly due to more stringent fuel standards that require low sulphur and low vapour pressure blending additives to improve the overall quality of gasoline. As a result of robust demand for octanes, the premium for iso-octane has been strong and Keyera continues to access high value markets for this product. These positive market fundamentals are expected to continue for the remainder of 2024 and are a contributing factor to the increase in Marketing guidance for the year.

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

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

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

North American propane export levels were high in the first quarter, resulting in strong propane pricing and robust contribution for this period. For 2024, propane demand is anticipated to be strong due to continued high export levels and demand from Europe and Asia. Access to Keyera's cavern storage and rail terminals provides the Marketing segment with a competitive advantage as it can store and transport product to the highest value domestic or export markets throughout the year.

Beginning in April, the AEF facility was taken offline for six weeks to complete proactive maintenance activities. The realized margin impact is estimated to be approximately \$35 million to \$45 million with the majority of the impact realized in the Marketing segment.

### **Risk Management**

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

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

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

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

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

For the quarter ended March 31, 2024, the total unrealized loss on risk management contracts was \$70 million. Further details are provided in the "Composition of Marketing Revenue" table above.

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The fair value of outstanding financial and physical risk management contracts as at March 31, 2024 resulted in a liability of \$9 million. These fair values will vary as these contracts are marked-to-market at the end of each period. A summary of the financial contracts existing at March 31, 2024, and the sensitivity to earnings resulting from changes in commodity prices, can be found in note 10, Financial Instruments and Risk Management, of the accompanying financial statements.

## CORPORATE AND OTHER

Non-Operating Expenses and Other (Thousands of Canadian dollars)	Three months ended March 31,	
	2024	2023
General and administrative <sup>1</sup>	(27,162)	(28,125)
Finance costs	(56,484)	(41,721)
Depreciation, depletion and amortization expenses	(86,549)	(72,186)
Net foreign currency (loss) gain on U.S. debt and other	(2,400)	3,112
Long-term incentive plan expense	(13,949)	(15,171)
Loss on disposal of property, plant and equipment	(4,093)	—
Income tax expense	(21,480)	(40,556)

Note:

<sup>1</sup> Net of overhead recoveries on operated facilities.

### General and Administrative Expenses

General and administrative (“G&A”) expenses for the three months ended March 31, 2024 were \$27 million, \$1 million lower than the same period of the prior year.

### Finance Costs

Finance costs for the first quarter of 2024 were \$56 million, \$15 million higher when compared to the same period of the prior year. This was primarily due to higher interest on capitalized projects, which is a reduction to finance costs, in the prior year.

### Depreciation, Depletion and Amortization Expenses

Depreciation, depletion and amortization (“DD&A”) expenses for the three months ended March 31, 2024 were \$87 million, \$14 million higher than the same period of the prior year. This increase was primarily attributable to the completion and start-up of the KAPS pipeline and South Cheecham sulphur facilities during the second and third quarters of 2023, respectively.

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

Net Foreign Currency Gain (Loss) on U.S. Debt and Other (Thousands of Canadian dollars)	Three months ended March 31,	
	2024	2023
Translation of long-term debt and interest payable	(10,978)	187
Change in fair value of cross-currency swaps – principal and interest	11,906	2,866
Foreign exchange re-measurement of lease liabilities and other	(3,328)	59
<b>Net foreign currency (loss) gain on U.S. debt and other</b>	<b>(2,400)</b>	<b>3,112</b>

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

### Long-Term Incentive Plan Expense

For the three months ended March 31, 2024, the Long-Term Incentive Plan (“LTIP”) expense was \$14 million, \$1 million lower than the same period in 2023 primarily due to a decrease in certain estimated payout multipliers associated with the outstanding LTIP grants. This decrease was slightly offset by the growth in Keyera’s share price for the current period 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.

During the three months ended March 31, 2024 and 2023, Keyera did not record any impairment expenses or reversals of previously recorded impairment expenses.

## Disposal of Property, Plant and Equipment

On March 28, 2024, Keyera completed the sale of its 22 percent ownership interest in the non-operated Edson gas plant. After closing adjustments, the net proceeds were less than \$1 million, resulting in a loss of \$4 million for the three months ended March 31, 2024. The transaction included an assumed decommissioning liability of \$3 million.

## Taxes

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

### Current Income Taxes

A current income tax expense of \$30 million was recorded for the three months ended March 31, 2024, compared to an expense of \$8 million for the same period in 2023. Current taxes in 2024 are higher due to higher tax pool deductions for the same period of the prior year.

For 2024, it is estimated that current income tax expense will range between \$85 million and \$95 million. This current income tax estimate assumes that Keyera's business performs as planned.

### Deferred Income Taxes

A deferred income tax recovery of \$9 million was recorded for the three months ended March 31, 2024, compared to a deferred income tax expense of \$33 million in the same period of the prior year.

Keyera estimates its total tax pools at March 31, 2024 were approximately \$3.3 billion.

## CRITICAL ACCOUNTING ESTIMATES

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

## LIQUIDITY AND CAPITAL RESOURCES

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the three months ended March 31, 2024 and 2023:

Cash inflows (outflows)				
<i>(Thousands of Canadian dollars)</i>				
	Three months ended March 31,		Increase	Explanation
	2024	2023	(decrease)	
<b>Operating</b>	<b>398,040</b>	311,489	86,551	<p>Cash generated from operating activities was higher during the first quarter of 2024 primarily due to a lower net cash requirement to fund operating working capital associated with accounts receivable and accounts payable, which are merely timing differences associated with the collection and settlement of these balances, and higher realized margin.</p> <p>These increases were partially offset by an increase in the cash required to fund inventory and higher finance costs.</p>
<b>Investing</b>	<b>(40,258)</b>	(495,617)	455,359	<p>Capital investment during the first quarter of 2024 was lower than the prior year primarily due to lower capital expenditures associated with the KAPS pipeline project and the South Cheecham sulphur facilities, which became operational during the second and third quarters of 2023, respectively.</p>
<b>Financing</b>	<b>(349,480)</b>	201,989	(551,469)	<p>Cash used in financing activities was higher during the three months ended March 31, 2024 primarily as a result of net repayments under the Credit Facility of \$470 million, compared to net borrowings of \$360 million in the same period of the prior year. This was partially offset by the issuance of \$250 million of medium-term notes during the first quarter of 2024.</p>

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

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

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

A working capital surplus (current assets less current liabilities) of \$73 million existed at March 31, 2024. This is compared to a surplus of \$273 million at December 31, 2023. To meet its current obligations and growth capital program, Keyera has access to a credit facility in the amount of \$1.5 billion, of which \$nil was drawn as at March 31, 2024. Refer to the section of this MD&A titled "Long-term Debt", for more information related to Keyera's unsecured revolving credit facility ("Credit Facility").

### Corporate Credit Ratings

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

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

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

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

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

## Long-term Debt (including Credit Facilities)

Below is a summary of Keyera's long-term debt obligations as at March 31, 2024:

As at March 31, 2024 (Thousands of Canadian dollars)	Total	2024	2025	2026	2027	2028	After 2028
Credit facilities	—	—	—	—	—	—	—
<b>Total credit facilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<i>Canadian dollar denominated debt:</i>							
Senior unsecured notes	1,042,000	17,000	120,000	230,000	400,000	200,000	75,000
Senior unsecured medium-term notes	1,450,000	—	—	—	—	400,000	1,050,000
Subordinated hybrid notes	950,000	—	—	—	—	—	950,000
	<b>3,442,000</b>	<b>17,000</b>	<b>120,000</b>	<b>230,000</b>	<b>400,000</b>	<b>600,000</b>	<b>2,075,000</b>
<i>U.S. dollar denominated debt:</i>							
Senior unsecured U.S. dollar denominated notes	450,632	173,216	189,455	—	—	87,961	—
<b>Total debt</b>	<b>3,892,632</b>	<b>190,216</b>	<b>309,455</b>	<b>230,000</b>	<b>400,000</b>	<b>687,961</b>	<b>2,075,000</b>
Less: current portion of long-term debt	(190,216)	(190,216)	—	—	—	—	—
<b>Total long-term debt</b>	<b>3,702,416</b>	<b>—</b>	<b>309,455</b>	<b>230,000</b>	<b>400,000</b>	<b>687,961</b>	<b>2,075,000</b>

### 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 March 31, 2024, \$nil was drawn under this facility (December 31, 2023 – \$470 million).

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

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

### Long-term Debt

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

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

As at March 31, 2024, Keyera had \$3.4 billion and US\$333 million of long-term debt, including the current portion. 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 March 31, 2024, Keyera was in compliance with all covenants under its Credit Facility and outstanding notes. Keyera’s Net Debt to Adjusted EBITDA ratio at March 31, 2024 was 2.2x for covenant test purposes (December 31, 2023 – 2.2x). As a long-term target, Keyera’s objective is to maintain a Net Debt to Adjusted EBITDA ratio of between 2.5x to 3.0x. This range results in a leverage profile that supports Keyera’s investment grade credit ratings.

For additional information regarding these financial covenants, refer to the Credit Facility and the Note Agreements which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Capital Expenditures and Acquisitions

The following table is a breakdown of capital expenditures and acquisitions for the three months ended March 31, 2024 and 2023:

Capital Expenditures and Acquisitions (Thousands of Canadian dollars)	Three months ended March 31,	
	2024	2023
Acquisitions	—	366,537
Growth capital expenditures	19,106	80,732
Maintenance capital expenditures	12,891	8,252
<b>Total capital expenditures</b>	<b>31,997</b>	<b>455,521</b>

During the first quarter of 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.

## 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 <i>(Thousands of Canadian dollars)</i>	Three months ended March 31,	
	2024	2023
<b>Cash flow from operating activities</b>	<b>398,040</b>	311,489
Add (deduct):		
Changes in non-cash working capital	<b>(166,315)</b>	(64,183)
<b>Funds from operations</b>	<b>231,725</b>	247,306
Maintenance capital	<b>(12,891)</b>	(8,252)
Leases	<b>(12,901)</b>	(11,092)
Prepaid lease asset	<b>(595)</b>	(595)
<b>Distributable cash flow</b>	<b>205,338</b>	227,367
<b>Dividends declared to shareholders</b>	<b>114,577</b>	109,994
<b>Payout ratio</b>	<b>56%</b>	48%

### **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 dividend of \$0.48 per share per quarter instead of \$0.16 per share per month that was paid prior to this date.

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

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 at [www.sedarplus.ca](http://www.sedarplus.ca).

## EBITDA AND ADJUSTED EBITDA

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

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

EBITDA and Adjusted EBITDA (Thousands of Canadian dollars)	Three months ended March 31,	
	2024	2023
<b>Net earnings</b>	<b>70,914</b>	137,789
Add:		
Finance costs	<b>56,484</b>	41,721
Depreciation, depletion and amortization expenses	<b>86,549</b>	72,186
Income tax expense	<b>21,480</b>	40,556
<b>EBITDA</b>	<b>235,427</b>	292,252
Unrealized loss on commodity-related contracts	<b>72,384</b>	3,018
Net foreign currency loss (gain) on U.S. debt and other	<b>2,400</b>	(3,112)
Loss on disposal of property, plant and equipment	<b>4,093</b>	—
<b>Adjusted EBITDA</b>	<b>314,304</b>	292,158

## CONTRACTUAL OBLIGATIONS

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

## RELATED PARTY TRANSACTIONS

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

## RISK FACTORS

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

## ENVIRONMENTAL REGULATION AND CLIMATE CHANGE

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

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

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

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

In 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.

## SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for Keyera:

	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
<b>Revenue<sup>1</sup></b>								
Gathering and Processing	179,642	202,767	174,908	169,024	186,617	202,837	186,302	179,382
Liquids Infrastructure	212,150	214,790	195,775	180,222	178,209	164,749	153,403	156,543
Marketing	1,252,431	2,019,586	1,203,704	1,269,463	1,562,972	1,519,190	1,476,268	1,653,814
Other	2	11	11	12	6	22	11	(7)
<b>Operating margin (loss)</b>								
Gathering and Processing	103,767	114,851	90,950	87,207	99,422	93,017	89,628	88,686
Liquids Infrastructure	135,145	128,133	123,623	117,305	117,406	106,542	102,993	99,472
Marketing	44,056	202,851	69,387	166,371	115,642	28,293	124,235	170,196
Other	63	(49)	(57)	(70)	(34)	(43)	(72)	(92)
<b>Operating margin</b>	<b>283,031</b>	<b>445,786</b>	<b>283,903</b>	<b>370,813</b>	<b>332,436</b>	<b>227,809</b>	<b>316,784</b>	<b>358,262</b>
<b>Realized margin (loss)<sup>2</sup></b>								
Gathering and Processing	104,329	115,983	93,811	84,430	100,306	92,837	89,066	88,182
Liquids Infrastructure	136,563	130,170	128,051	119,228	118,665	101,753	101,414	97,825
Marketing	114,460	128,597	99,714	134,139	116,517	48,731	83,680	161,985
Other	63	(49)	(57)	(70)	(34)	(43)	(72)	(92)
<b>Realized margin<sup>2</sup></b>	<b>355,415</b>	<b>374,701</b>	<b>321,519</b>	<b>337,727</b>	<b>335,454</b>	<b>243,278</b>	<b>274,088</b>	<b>347,900</b>
<b>Net earnings (loss)</b>	<b>70,914</b>	<b>49,192</b>	<b>78,112</b>	<b>158,939</b>	<b>137,789</b>	<b>(81,895)</b>	<b>123,389</b>	<b>173,006</b>
<b>Net earnings (loss) per share (\$/share)</b>								
Basic	0.31	0.21	0.34	0.69	0.60	(0.37)	0.56	0.78
Diluted	0.31	0.21	0.34	0.69	0.60	(0.37)	0.56	0.78
Weighted average number of shares (basic)	229,153	229,153	229,153	229,153	229,153	222,083	221,023	221,023
Weighted average number of shares (diluted)	229,153	229,153	229,153	229,153	229,153	222,083	221,023	221,023
<b>Dividends declared to shareholders</b>	<b>114,577</b>	<b>114,577</b>	<b>114,577</b>	<b>109,993</b>	<b>109,994</b>	<b>107,392</b>	<b>106,091</b>	<b>106,091</b>

### Notes:

- 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.
- 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 three months ended March 31, 2024.

## **ADOPTION OF NEW STANDARDS**

There were no significant new or amended accounting standards or interpretations adopted by Keyera during the three months ended March 31, 2024.

## **FUTURE ACCOUNTING PRONOUNCEMENTS**

There were no significant new or amended accounting standards or interpretations issued during the three months ended March 31, 2024.

## **CONTROL ENVIRONMENT**

### *Disclosure Controls and Procedures*

The Chief Executive Officer and the Chief Financial Officer are satisfied that, as of March 31, 2024, 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, 2024 and ending March 31, 2024 that have materially affected, or are reasonably likely to materially affect Keyera’s internal controls over financial reporting.

## **COMMON SHARES**

The total common shares outstanding at March 31, 2024 was 229,153,373.

## NON-GAAP AND OTHER FINANCIAL MEASURES

This discussion and analysis may refer to certain financial measures that are not determined in accordance with GAAP. Measures such as funds from operations, distributable cash flow, distributable cash flow per share, payout ratio, realized margin, EBITDA, adjusted EBITDA, adjusted cash flow from operating activities, return on invested capital, 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	
<b>Definition</b>	Cash flow from operating activities adjusted for changes in non-cash working capital.
<b>Utilization</b>	<p>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.</p> <p>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”.</p>
Distributable Cash Flow (“DCF”) / Distributable Cash Flow per Share	
<b>Definition</b>	<p>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.</p> <p>Distributable cash flow divided by weighted average number of shares – basic.</p>
<b>Utilization</b>	<p>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.</p> <p>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”.</p>
Payout Ratio	
<b>Definition</b>	Dividends declared to shareholders divided by distributable cash flow.
<b>Utilization</b>	Payout ratio is used to assess the sustainability of the company’s dividend payment program.
Realized Margin	
<b>Definition</b>	Operating margin excluding unrealized gains and losses on commodity-related risk management contracts.
<b>Utilization</b>	<p>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.</p> <p>For a reconciliation of realized margin to the most directly comparable GAAP measure, operating margin, refer to the section titled, “Segmented Results of Operations”.</p>

<b>EBITDA / Adjusted EBITDA</b>	
<b>Definition</b>	<p>Earnings before finance costs, taxes, depreciation, and amortization.</p> <p>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.</p>
<b>Utilization</b>	<p>EBITDA and adjusted EBITDA are measures used as an indication of earnings generated from operations after consideration of administrative and overhead costs.</p> <p>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".</p>
<b>Adjusted Cash Flow from Operating Activities</b>	
<b>Definition</b>	Cash flow provided by operating activities before changes in non-cash working capital, decommissioning liability expenditures and finance costs.
<b>Utilization</b>	<p>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.</p> <p>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&amp;A.</p>
<b>Return on Invested Capital ("ROIC")</b>	
<b>Definition</b>	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.
<b>Utilization</b>	Return on invested capital is used to reflect the profitability of Keyera's in-service capital assets.
<b>Annual Return on Capital for KAPS</b>	
<b>Definition</b>	Operating margin attributable to the KAPS pipeline divided by the estimated capital cost for the development of the KAPS project.
<b>Utilization</b>	<p>Annual return on capital for KAPS is used to reflect the profitability of the KAPS pipeline.</p> <p>As at December 31, 2023, Keyera 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.</p>

## 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, 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”, 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 its Marketing business will contribute realized margin between \$430 million and \$470 million in 2024 and an annual base realized margin of between \$310 million and \$350 after 2024;
- 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 at

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](http://www.sedarplus.ca).