

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

As at	Note	September 30, 2023	December 31, 2022
ASSETS			
Cash		42,653	—
Trade and other receivables		644,207	708,781
Derivative financial instruments	9	89,641	79,369
Inventory	3	268,801	300,883
Other assets		32,291	19,099
Total current assets		1,077,593	1,108,132
Derivative financial instruments	9	61,333	105,229
Property, plant and equipment	4	7,423,123	6,992,196
Right-of-use assets		244,693	238,685
Intangible assets		53,710	59,691
Goodwill		32,015	32,015
Deferred tax assets		32,702	32,240
Total assets		8,925,169	8,568,188
LIABILITIES AND EQUITY			
Bank indebtedness		—	1,803
Trade and other payables, and provisions		636,672	806,526
Derivative financial instruments	9	52,097	80,843
Dividends payable		—	36,665
Current portion of long-term debt		190,267	30,000
Current portion of decommissioning liability		27,294	15,933
Current portion of lease liabilities		42,060	28,229
Total current liabilities		948,390	999,999
Derivative financial instruments	9	4,200	5,883
Credit facilities		490,000	40,000
Long-term debt		3,434,190	3,622,745
Decommissioning liability		154,330	163,421
Long-term lease liabilities		175,531	181,170
Other long-term liabilities		21,888	9,736
Deferred tax liabilities		837,975	726,518
Total liabilities		6,066,504	5,749,472
Equity			
Share capital	5	3,372,561	3,372,738
Accumulated deficit		(536,730)	(577,006)
Accumulated other comprehensive income		22,834	22,984
Total equity		2,858,665	2,818,716
Total liabilities and equity		8,925,169	8,568,188

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

These unaudited condensed interim consolidated financial statements were approved by the board of directors of Keyera Corp. on November 7, 2023.

Keyera Corp.**Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income***(Thousands of Canadian dollars, except share information)**(Unaudited)*

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Revenue	13	1,462,765	1,718,059	4,751,496	5,285,069
Expenses	13	(1,178,862)	(1,401,275)	(3,764,344)	(4,337,097)
Operating margin		283,903	316,784	987,152	947,972
General and administrative expenses		(23,330)	(19,528)	(78,597)	(60,650)
Finance costs	11	(57,982)	(40,892)	(146,849)	(124,267)
Depreciation, depletion and amortization expenses		(84,548)	(68,645)	(232,946)	(172,634)
Net foreign currency (loss) gain on U.S. debt and other	10	(1,284)	(17,048)	5,280	(26,316)
Long-term incentive plan expense	7	(10,629)	(7,496)	(43,573)	(24,758)
Impairment expense		(3,341)	—	(3,341)	—
Loss on disposal of property, plant and equipment	4	—	—	—	(477)
Other		—	(215)	—	(465)
Earnings before income tax		102,789	162,960	487,126	538,405
Income tax expense	8	(24,677)	(39,571)	(112,286)	(128,216)
Net earnings		78,112	123,389	374,840	410,189
Other comprehensive income (loss)					
Foreign currency translation adjustment		11,185	31,342	(150)	42,108
Comprehensive income		89,297	154,731	374,690	452,297
Earnings per share					
Basic earnings per share	6	0.34	0.56	1.64	1.86
Diluted earnings per share	6	0.34	0.56	1.64	1.86

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

Keyera Corp.**Condensed Interim Consolidated Statements of Cash Flows***(Thousands of Canadian dollars)**(Unaudited)*

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Cash provided by (used in):					
OPERATING ACTIVITIES					
Net earnings		78,112	123,389	374,840	410,189
Adjustments for items not affecting cash:					
Finance costs	11	6,033	5,343	17,748	16,114
Depreciation, depletion and amortization expenses		84,548	68,645	232,946	172,634
Unrealized loss (gain) on derivative financial instruments	9	25,740	(60,709)	3,195	(58,809)
Unrealized loss (gain) on foreign exchange		12,214	32,108	(858)	38,396
Inventory write-down	3	—	9,595	—	9,595
Deferred income tax expense	8	31,286	42,259	111,052	79,229
Impairment expense		3,341	—	3,341	—
Loss on disposal of property, plant and equipment	4	—	—	—	477
Decommissioning liability expenditures		(3,570)	(2,495)	(5,414)	(5,827)
Changes in non-cash working capital	12	(40,282)	(83,031)	7,897	128,921
Net cash provided by operating activities		197,422	135,104	744,747	790,919
INVESTING ACTIVITIES					
Acquisitions	4	—	—	(366,537)	—
Capital expenditures		(87,692)	(228,253)	(261,808)	(688,419)
Proceeds on disposal of property, plant and equipment	4	—	—	—	39,815
Prepaid lease asset		—	—	—	3,360
Changes in non-cash working capital	12	4,313	12,046	(86,674)	44,402
Net cash used in investing activities		(83,379)	(216,207)	(715,019)	(600,842)
FINANCING ACTIVITIES					
Borrowings under credit facility		270,000	160,000	1,070,000	280,000
Repayments under credit facility		(220,000)	(130,000)	(620,000)	(480,000)
Proceeds from issuance of long-term debt		—	—	—	400,000
Repayment of long-term debt		—	—	(30,000)	—
Financing costs related to credit facility/long-term debt		—	(73)	(32)	(2,475)
Issuance costs related to equity offering		—	—	(229)	—
Lease payments		(12,057)	(11,230)	(34,254)	(32,691)
Dividends paid to shareholders		(114,577)	(106,091)	(371,229)	(318,273)
Net cash (used in) provided by financing activities		(76,634)	(87,394)	14,256	(153,439)
Effect of exchange rate fluctuations on foreign cash held		867	1,410	472	1,624
Net increase (decrease) in cash		38,276	(167,087)	44,456	38,262
Cash (bank indebtedness) at the beginning of the period		4,377	221,289	(1,803)	15,940
Cash at the end of the period		42,653	54,202	42,653	54,202
Income taxes (received) paid in cash		(2,744)	9,381	27,345	53,233
Interest paid in cash		38,486	30,929	145,008	117,709

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

Keyera Corp.**Condensed Interim Consolidated Statements of Changes in Equity***(Thousands of Canadian dollars)**(Unaudited)*

	Share Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2021	3,150,104	(479,635)	(12,835)	2,657,634
Net earnings	—	410,189	—	410,189
Dividends declared to shareholders	—	(318,273)	—	(318,273)
Other comprehensive income	—	—	42,108	42,108
Balance at September 30, 2022	3,150,104	(387,719)	29,273	2,791,658

	Share Capital (Note 5)	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2022	3,372,738	(577,006)	22,984	2,818,716
Issuance costs – 2022 equity offering	(177)	—	—	(177)
Net earnings	—	374,840	—	374,840
Dividends declared to shareholders	—	(334,564)	—	(334,564)
Other comprehensive loss	—	—	(150)	(150)
Balance at September 30, 2023	3,372,561	(536,730)	22,834	2,858,665

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

Keyera Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2023 and 2022

(All amounts expressed in thousands of Canadian dollars, except as otherwise noted)

(Unaudited)

1. GENERAL BUSINESS DESCRIPTION

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

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

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

Keyera is approved to issue two classes of preferred shares (one class referred to as the "First Preferred Shares", a second class referred to as the "Second Preferred Shares"), and collectively both classes being referred to as the "Preferred Shares". Each are issuable in one or more series without par value and each with such rights, restrictions, designations and provisions as the board of directors may at any time and from time to time determine, subject to an aggregate maximum number of authorized Preferred Shares. No preferred shares have been issued as at September 30, 2023.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements are in accordance with *IAS 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies applied are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2022.

These condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2023 and 2022 do not include all disclosures required for the preparation of annual consolidated financial statements and should be read in conjunction with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2022.

The condensed interim consolidated financial statements were authorized for issuance on November 7, 2023 by the board of directors.

Adoption of new accounting standards

There were no significant new or amended IFRS standards or interpretations adopted by Keyera during the three and nine months ended September 30, 2023.

Future accounting pronouncements

There were no significant new or amended accounting standards or interpretations issued during the three and nine months ended September 30, 2023.

3. INVENTORY

The total carrying amount and classification of inventory was:

As at (Thousands of Canadian dollars)	September 30, 2023	December 31, 2022
NGLs and iso-octane	252,361	291,134
Other	16,440	9,749
Total inventory	268,801	300,883

As at September 30, 2023, \$268,801 of inventory was carried at cost (December 31, 2022 – \$278,955) and \$nil was carried at net realizable value (December 31, 2022 – \$21,928).

For the three and nine months ended September 30, 2023, no write-downs of inventory were required to adjust the carrying amount of inventory to net realizable value (three and nine months ended September 30, 2022 – \$9,595). The cost of inventory expensed for the three and nine months ended September 30, 2023 was \$971,570 and \$3,168,493 (three and nine months ended September 30, 2022 – \$1,214,659 and \$3,784,088).

4. PROPERTY, PLANT, AND EQUIPMENT

Acquisition and disposal of property, plant and equipment

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

In January 2022, Keyera completed the sale of the Hull terminal and Hull terminal pipeline system, including all hydrocarbon inventory owned by Keyera in relation to the asset. The transaction included net proceeds of \$50,806 (US\$40,016), \$39,815 (US\$31,360) related to the terminal and pipeline system and \$10,991 (US\$8,656) related to the closing value of the inventory, resulting in the recognition of a loss of \$477 during the first quarter of 2022. The transaction included a nominal assumed decommissioning liability.

5. SHARE CAPITAL

	Number of Common Shares	(Thousands of Canadian dollars)
		Share Capital
Balance at December 31, 2022	229,153,373	3,372,738
Issuance costs – 2022 equity offering	—	(177)
Balance at September 30, 2023	229,153,373	3,372,561

Dividend Increase

On August 9, 2023, Keyera's board of directors approved a 4.2% increase in the quarterly dividend and declared a dividend of \$0.50 per share (previously \$0.48 per share) that was paid on September 29, 2023 to shareholders of record as of September 15, 2023.

6. EARNINGS PER SHARE

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Earnings per share – basic and diluted (<i>\$/share</i>)	0.34	0.56	1.64	1.86
Net earnings – basic and diluted (<i>Thousands of Canadian dollars</i>)	78,112	123,389	374,840	410,189
Weighted average number of shares – basic and diluted (<i>Thousands</i>)	229,153	221,023	229,153	221,023

7. SHARE-BASED COMPENSATION AND PENSION PLANS

Long-Term Incentive Plan

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

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

The LTIP is accounted for using the liability method and is measured at fair value at each statement of financial position date until the award is settled. The fair value of the liability is measured by applying a fair value pricing model whereby one of the valuation inputs was the September 30, 2023 share price of Keyera, which was \$31.89 per share (December 31, 2022 – \$29.59 per share).

The compensation cost recorded for the LTIP was:

<i>(Thousands of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Performance Awards	8,377	5,993	38,302	20,339
Restricted Awards	2,252	1,503	5,271	4,419
Total long-term incentive plan expense	10,629	7,496	43,573	24,758

Employee Stock Purchase Plan

Keyera maintains an employee stock purchase plan (“ESPP”) whereby eligible employees can purchase common shares of Keyera. Keyera will contribute an amount equal to 5% of the employee’s contribution. To participate in the ESPP, eligible employees select an amount to be deducted from their semi-monthly remuneration. Employees may elect to withhold up to 25% of their base compensation for the stock purchases. The shares of Keyera are acquired on the Toronto Stock Exchange on a semi-monthly basis consistent with the timing of the semi-monthly remuneration. The cost of the shares purchased to match the employee’s contribution is expensed as incurred and recorded in general and administrative expenses.

Defined Contribution Pension Plan

For the three and nine months ended September 30, 2023, Keyera made pension contributions of \$3,021 and \$8,903 (three and nine months ended September 30, 2022 – \$2,738 and \$7,933) on behalf of its employees. The contributions were recorded in general and administrative expenses.

Deferred Share Unit Plan

Effective January 1, 2016, Keyera implemented a deferred share unit (“DSU”) plan, for non-employee directors. Each DSU vests on the date the grant is awarded but cannot be redeemed until a director ceases to be a member of the board of directors. The grant value is determined based on a 20-day weighted average trading share price. DSUs are settled in cash (on an after-tax basis) based on the 20-day weighted average Keyera share price up to the date of termination. For the three and nine months ended September 30, 2023, Keyera recorded \$1,168 and \$2,510 (three and nine months ended September 30, 2022 – \$132 and \$1,731) in general and administrative expenses related to the DSU plan.

The following table reconciles the number of DSUs outstanding:

	September 30,	December 31,
	2023	2022
DSUs outstanding – beginning of the period	268,963	207,330
Granted	51,595	61,633
DSUs outstanding – end of the period	320,558	268,963

8. INCOME TAXES

The components of the income tax expense (recovery) were:

<i>(Thousands of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current	(6,609)	(2,688)	1,234	48,987
Deferred	31,286	42,259	111,052	79,229
Total income tax expense	24,677	39,571	112,286	128,216

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Financial Instruments

Fair value

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

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

The fair value hierarchy has the following levels:

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

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

Financial instruments with fair value equal to carrying value

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

Fair value of fixed rate debt

The fair value of current and long-term debt is based on third-party estimates for similar issues or current rates offered to Keyera for debt of the same maturity. The total fair value of Keyera's unsecured senior notes, medium-term notes, and subordinated hybrid notes at September 30, 2023 was \$3,344,000 (December 31, 2022 – \$3,434,900) and this was determined by reference to inputs other than quoted market prices in active markets for identical liabilities under Level 2 of the fair value hierarchy.

Fair value of derivative instruments

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

<i>(Thousands of Canadian dollars)</i>						
As at September 30, 2023	Notional Volume ¹	Weighted Average Price	Fair Value Hierarchy Level	Net Fair Value	<u>Carrying Value</u> Asset Liability	
Marketing (NGLs and Iso-octane)						
Financial contracts:						
Seller of fixed price WTI ² swaps (maturing by March 31, 2025)	3,988,368 Bbls	109.20/Bbl	Level 2	(29,802)	776	(30,578)
Buyer of fixed price WTI ² swaps (maturing by March 31, 2024)	369,060 Bbls	109.21/Bbl	Level 2	4,073	4,120	(47)
Seller of fixed price NGL swaps (maturing by January 31, 2025)	4,450,000 Bbls	58.49/Bbl	Level 2	9,019	15,648	(6,629)
Buyer of fixed price NGL swaps (maturing by March 31, 2025)	2,910,000 Bbls	56.24/Bbl	Level 2	(6,935)	4,398	(11,333)
Seller of fixed price RBOB ³ basis spreads (iso-octane) (maturing by September 30, 2024)	1,935,000 Bbls	29.07/Bbl	Level 2	16,286	16,834	(548)
Physical contracts:						
Seller of fixed price NGL forward contracts (maturing by November 30, 2023)	265,000 Bbls	42.81/Bbl	Level 2	713	716	(3)
Buyer of fixed price NGL forward contracts (maturing by October 31, 2023)	50,000 Bbls	42.36/Bbl	Level 2	(128)	—	(128)
Currency:						
Seller of forward contracts (maturing by December 31, 2024)	US\$366,500,000	1.34/USD	Level 2	(4,872)	69	(4,941)
Other foreign exchange contracts ⁴			Level 2	(1,399)	—	(1,399)
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2023)	11,040 MWhs	83.45/MWh	Level 2	578	578	—
Buyer of fixed price solar power contracts (maturing by February 28, 2038)	107,052 MWhs	62.57/MWh	Level 2	1,086	1,171	(85)
Natural gas:						
Buyer of fixed price swaps (maturing by December 31, 2024)	2,018,000 Gjs	2.95/Gj	Level 2	(502)	104	(606)
Gathering and Processing						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2023)	16,560 MWhs	83.45/MWh	Level 2	867	867	—
Natural gas:						
Buyer of fixed price swaps (maturing by December 31, 2023)	230,000 Gjs	2.29/Gj	Level 2	70	70	—
Corporate and Other						
Long-term Debt:						
Buyer of cross-currency swaps (maturing June 19, 2024 – November 20, 2028)	US\$372,684,450	0.98/USD - 1.22/USD	Level 2	105,623	105,623	—
				94,677	150,974	(56,297)

Notes:

- All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
- West Texas Intermediate ("WTI") crude oil.
- Reformulated Blendstock for Oxygenate Blending ("RBOB").
- Keyera has entered into other foreign exchange contracts to protect against fluctuations in the U.S. dollar to Canadian dollar exchange rate.

<i>(Thousands of Canadian dollars)</i>						
As at December 31, 2022	Notional Volume ¹	Weighted Average Price	Fair Value Hierarchy Level	Net Fair Value	<u>Carrying Value</u> Asset Liability	
Marketing (NGLs and Iso-octane)						
Financial contracts:						
Seller of fixed price WTI ² swaps (maturing by March 31, 2024)	3,927,696 Bbls	110.28/Bbl	Level 2	8,802	19,389	(10,587)
Buyer of fixed price WTI ² swaps (maturing by December 31, 2023)	1,123,810 Bbls	109.17/Bbl	Level 2	(1,454)	3,332	(4,786)
Seller of fixed price NGL swaps (maturing by December 31, 2024)	5,369,500 Bbls	65.22/Bbl	Level 2	40,887	44,570	(3,683)
Buyer of fixed price NGL swaps (maturing by December 31, 2024)	4,410,000 Bbls	62.08/Bbl	Level 2	(35,110)	2,462	(37,572)
Seller of fixed price RBOB ³ basis spreads (iso-octane) (maturing by June 30, 2024)	2,975,000 Bbls	29.29/Bbl	Level 2	(12,448)	2,338	(14,786)
Physical contracts:						
Seller of fixed price NGL forward contracts (maturing by January 31, 2023)	160,000 Bbls	43.09/Bbl	Level 2	(291)	16	(307)
Currency:						
Seller of forward contracts (maturing by December 31, 2023)	US\$242,800,000	1.33/USD	Level 2	(6,144)	183	(6,327)
Buyer of forward contracts (maturing by March 31, 2023)	US\$8,720,000	1.31/USD	Level 2	361	361	—
Other foreign exchange contracts ⁴			Level 2	(8,678)	—	(8,678)
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2023)	87,672 MWhs	80.82/MWh	Level 2	8,772	8,772	—
Gathering and Processing						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2023)	21,936 MWhs	94.00/MWh	Level 2	1,905	1,905	—
Corporate and Other						
Long-term Debt:						
Buyer of cross-currency swaps (maturing June 19, 2024 – November 20, 2028)	US\$380,299,800	0.98/USD - 1.22/USD	Level 2	101,270	101,270	—
				97,872	184,598	(86,726)

Notes:

- All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
- West Texas Intermediate ("WTI") crude oil.
- Reformulated Blendstock for Oxygenate Blending ("RBOB").
- Keyera has entered into other foreign exchange contracts to protect against fluctuations in the U.S. dollar to Canadian dollar exchange rate.

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

<i>(Thousands of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30, 2023	2022	September 30, 2023	2022
Commodity-related risk management contracts:				
Marketing	(30,327)	40,555	1,030	37,990
Liquids infrastructure	(4,428)	1,579	(7,610)	3,178
Gathering and processing	(2,861)	562	(968)	948
Change in fair value of cross-currency swaps on U.S. debt¹	11,876	18,013	4,353	16,693
Total unrealized (loss) gain	(25,740)	60,709	(3,195)	58,809

Note:

¹ Includes principal and interest portion.

Risk Management

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

Commodity price risk

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

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

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

Foreign currency risk

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

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

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long-term debt and U.S. dollar denominated LIBOR loans when drawn under Keyera's bank credit facility. To manage this currency exposure, Keyera has entered into long-term cross-currency swap contracts relating to the principal portion and future interest payments of the U.S. dollar

denominated debt as well as short-term cross-currency swaps relating to the LIBOR loans drawn under the credit facility. These cross-currency contracts are accounted for as derivative instruments. Refer to note 10 for a summary of the foreign currency gains (losses) associated with the U.S. dollar denominated long-term debt.

Interest rate risk

The majority of Keyera's interest rate risk is attributed to its fixed and floating rate debt, which is used to finance capital investments and operations. Keyera's remaining financial instruments are not significantly exposed to interest rate risk. The floating rate debt creates exposure to interest rate cash flow risk, whereas the fixed rate debt creates exposure to interest rate price risk. As at September 30, 2023, fixed rate borrowings comprised 88% of total debt outstanding (December 31, 2022 – 99%). The fair value of future cash flows for fixed rate debt fluctuates with changes in market interest rates. It is Keyera's intention to not repay fixed rate debt until maturity and therefore future cash flows would not fluctuate.

Credit risk

The majority of trade and other receivables are due from entities in the oil and gas industry and are subject to normal industry credit risks. Concentration of credit risk is mitigated by having a broad domestic and international customer base. Keyera evaluates and monitors the financial strength of its customers in accordance with its credit policy. Keyera does not typically renegotiate the terms of trade receivables. There were no significant renegotiated balances outstanding at September 30, 2023.

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

The allowance for credit losses is reviewed on a monthly basis. An assessment is made whether an account is deemed impaired based on expected credit losses, which includes the number of days outstanding and the likelihood of collection from the counterparty. As at September 30, 2023, the total allowance was \$4,241 (December 31, 2022 – \$4,241). The carrying amount of financial assets on the consolidated statements of financial position approximates Keyera's maximum exposure to credit risk.

Liquidity risk

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

Risk Management Sensitivities

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

	Impact on income before tax September 30, 2023		Impact on income before tax September 30, 2022	
	Increase	(Decrease)	Increase	(Decrease)
<i>(Thousands of Canadian dollars)</i>				
Commodity price changes				
+ 10% in electricity price	1,153	—	1,700	—
- 10% in electricity price	—	(1,153)	—	(1,700)
+ 10% in NGL, crude oil and iso-octane prices	—	(55,806)	—	(46,179)
- 10% in NGL, crude oil and iso-octane prices	55,806	—	46,179	—
Foreign currency rate changes				
+ \$0.01 in U.S./Canadian dollar exchange rate	—	(4,549)	—	(3,091)
- \$0.01 in U.S./Canadian dollar exchange rate	4,549	—	3,091	—
Interest rate changes				
+ 1% in interest rate	—	(4,900)	—	(300)
- 1% in interest rate	4,900	—	300	—

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<i>(Thousands of Canadian dollars)</i>				
Foreign currency (loss) gain resulting from:				
Translation of long-term debt and interest payable	(10,042)	(27,853)	(86)	(35,209)
Change in fair value of cross-currency swaps – principal and interest	11,875	18,013	4,352	16,693
Gain on cross-currency swaps – interest ¹	—	—	1,330	924
Foreign exchange re-measurement of lease liabilities and other	(3,117)	(7,208)	(316)	(8,724)
Net foreign currency (loss) gain on U.S. debt and other	(1,284)	(17,048)	5,280	(26,316)

Note:

¹ Foreign currency gains resulted from the exchange of currencies related to the settlement of interest payments on the long-term cross-currency swaps.

11. FINANCE COSTS

The components of finance costs were:

<i>(Thousands of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest on bank indebtedness and credit facilities	8,222	1,315	19,993	4,381
Interest on long-term debt	44,505	45,607	134,087	131,636
Interest capitalized ¹	(448)	(11,057)	(23,961)	(26,786)
Interest on leases	2,559	2,013	7,231	5,686
Other interest income	(330)	(316)	(1,018)	(1,078)
Total interest expense – current and long-term debt, and leases	54,508	37,562	136,332	113,839
Unwinding of discount on decommissioning liabilities	2,929	2,722	8,783	8,616
Unwinding of discount on long-term debt	545	562	1,644	1,601
Other	—	46	90	211
Non-cash expenses in finance costs	3,474	3,330	10,517	10,428
Total finance costs	57,982	40,892	146,849	124,267

Note:

¹ For the three and nine months ended September 30, 2023, borrowing (interest) costs were capitalized at a weighted average capitalization rate of 5.0% on funds borrowed (three and nine months ended September 30, 2022 – 5.0%).

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

<i>(Thousands of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Inventory	(84,388)	(50,688)	32,244	(98,550)
Trade and other receivables	15,169	50,519	63,583	180,387
Other assets	17,230	7,260	(13,276)	(8,640)
Trade and other payables, and provisions	11,707	(90,122)	(74,654)	55,724
Changes in non-cash working capital from operating activities	(40,282)	(83,031)	7,897	128,921

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

<i>(Thousands of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Trade and other payables, and provisions	4,313	12,046	(86,674)	44,402
Changes in non-cash working capital from investing activities	4,313	12,046	(86,674)	44,402

13. SEGMENT INFORMATION

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

Gathering and Processing

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

Liquids Infrastructure

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

Marketing

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

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

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

Three months ended September 30, 2023 (Thousands of Canadian dollars)	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Inter- segment Eliminations	Total
Segmented revenue	174,908	195,775	1,203,704	11	(111,633)	1,462,765
Segmented expenses	(83,958)	(72,152)	(1,134,317)	(68)	111,633	(1,178,862)
Operating margin (loss)	90,950	123,623	69,387	(57)	—	283,903
General and administrative expenses	—	—	—	(23,330)	—	(23,330)
Finance costs	—	—	—	(57,982)	—	(57,982)
Depreciation, depletion and amortization expenses	—	—	—	(84,548)	—	(84,548)
Net foreign currency loss on U.S. debt and other	—	—	—	(1,284)	—	(1,284)
Long-term incentive plan expense	—	—	—	(10,629)	—	(10,629)
Impairment expense	—	(3,341)	—	—	—	(3,341)
Earnings (loss) before income tax	90,950	120,282	69,387	(177,830)	—	102,789
Income tax expense	—	—	—	(24,677)	—	(24,677)
Net earnings (loss)	90,950	120,282	69,387	(202,507)	—	78,112

Three months ended September 30, 2022 (Thousands of Canadian dollars)	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Inter- segment Eliminations	Total
Segmented revenue	186,302	153,403	1,476,268	11	(97,925)	1,718,059
Segmented expenses	(96,674)	(50,410)	(1,352,033)	(83)	97,925	(1,401,275)
Operating margin (loss)	89,628	102,993	124,235	(72)	—	316,784
General and administrative expenses	—	—	—	(19,528)	—	(19,528)
Finance costs	—	—	—	(40,892)	—	(40,892)
Depreciation, depletion and amortization expenses	—	—	—	(68,645)	—	(68,645)
Net foreign currency loss on U.S. debt and other	—	—	—	(17,048)	—	(17,048)
Long-term incentive plan expense	—	—	—	(7,496)	—	(7,496)
Other	—	—	—	(215)	—	(215)
Earnings (loss) before income tax	89,628	102,993	124,235	(153,896)	—	162,960
Income tax expense	—	—	—	(39,571)	—	(39,571)
Net earnings (loss)	89,628	102,993	124,235	(193,467)	—	123,389

Nine months ended						
September 30, 2023						
<i>(Thousands of Canadian dollars)</i>						
	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Inter-segment Eliminations	Total
Segmented revenue	530,549	554,206	4,036,139	29	(369,427)	4,751,496
Segmented expenses	(252,970)	(195,872)	(3,684,739)	(190)	369,427	(3,764,344)
Operating margin (loss)	277,579	358,334	351,400	(161)	—	987,152
General and administrative expenses	—	—	—	(78,597)	—	(78,597)
Finance costs	—	—	—	(146,849)	—	(146,849)
Depreciation, depletion and amortization expenses	—	—	—	(232,946)	—	(232,946)
Net foreign currency gain on U.S. debt and other	—	—	—	5,280	—	5,280
Long-term incentive plan expense	—	—	—	(43,573)	—	(43,573)
Impairment expense	—	(3,341)	—	—	—	(3,341)
Earnings (loss) before income tax	277,579	354,993	351,400	(496,846)	—	487,126
Income tax expense	—	—	—	(112,286)	—	(112,286)
Net earnings (loss)	277,579	354,993	351,400	(609,132)	—	374,840
Nine months ended						
September 30, 2022						
<i>(Thousands of Canadian dollars)</i>						
	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Inter-segment Eliminations	Total
Segmented revenue	519,558	468,561	4,616,309	36	(319,395)	5,285,069
Segmented expenses	(264,675)	(161,224)	(4,229,629)	(964)	319,395	(4,337,097)
Operating margin (loss)	254,883	307,337	386,680	(928)	—	947,972
General and administrative expenses	—	—	—	(60,650)	—	(60,650)
Finance costs	—	—	—	(124,267)	—	(124,267)
Depreciation, depletion and amortization expenses	—	—	—	(172,634)	—	(172,634)
Net foreign currency loss on U.S. debt and other	—	—	—	(26,316)	—	(26,316)
Long-term incentive plan expense	—	—	—	(24,758)	—	(24,758)
Loss on disposal of property, plant and equipment	—	(477)	—	—	—	(477)
Other	—	—	—	(465)	—	(465)
Earnings (loss) before income tax	254,883	306,860	386,680	(410,018)	—	538,405
Income tax expense	—	—	—	(128,216)	—	(128,216)
Net earnings (loss)	254,883	306,860	386,680	(538,234)	—	410,189

Disaggregation of Revenue

The following table shows revenue disaggregated by the major service lines offered by Keyera in its four reportable operating segments:

Three months ended September 30, 2023 (Thousands of Canadian dollars)	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Total
Gas handling and processing services ¹	157,746	41,493	—	—	199,239
Fractionation and storage services	2,681	78,923	—	—	81,604
Transportation and terminalling services	—	74,549	—	—	74,549
Marketing of NGLs and iso-octane	—	—	1,203,704	—	1,203,704
Other ²	14,481	810	—	11	15,302
Revenue before inter-segment eliminations	174,908	195,775	1,203,704	11	1,574,398
Inter-segment revenue eliminations	(4,226)	(101,656)	(5,751)	—	(111,633)
Revenue from external customers	170,682	94,119	1,197,953	11	1,462,765

Three months ended September 30, 2022 (Thousands of Canadian dollars)	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Total
Gas handling and processing services ¹	152,409	29,162	—	—	181,571
Fractionation and storage services	3,978	65,853	—	—	69,831
Transportation and terminalling services	—	58,388	—	—	58,388
Marketing of NGLs and iso-octane	—	—	1,476,268	—	1,476,268
Other ²	29,915	—	—	11	29,926
Revenue before inter-segment eliminations	186,302	153,403	1,476,268	11	1,815,984
Inter-segment revenue eliminations	(7,468)	(85,446)	(5,011)	—	(97,925)
Revenue from external customers	178,834	67,957	1,471,257	11	1,718,059

Notes:

- 1 Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.
- 2 Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third-party customer, and other miscellaneous revenue.

Nine months ended September 30, 2023 <i>(Thousands of Canadian dollars)</i>	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Total
Gas handling and processing services ¹	459,230	113,569	—	—	572,799
Fractionation and storage services	9,482	229,233	—	—	238,715
Transportation and terminalling services	—	210,432	—	—	210,432
Marketing of NGLs and iso-octane	—	—	4,036,139	—	4,036,139
Other ²	61,837	972	—	29	62,838
Revenue before inter-segment eliminations	530,549	554,206	4,036,139	29	5,120,923
Inter-segment revenue eliminations	(11,159)	(299,655)	(58,613)	—	(369,427)
Revenue from external customers	519,390	254,551	3,977,526	29	4,751,496
Nine months ended September 30, 2022 <i>(Thousands of Canadian dollars)</i>	Gathering & Processing	Liquids Infrastructure	Marketing	Corporate and Other	Total
Gas handling and processing services ¹	423,123	93,862	—	—	516,985
Fractionation and storage services	11,995	192,055	—	—	204,050
Transportation and terminalling services	—	182,644	—	—	182,644
Marketing of NGLs and iso-octane	—	—	4,616,309	—	4,616,309
Other ²	84,440	—	—	36	84,476
Revenue before inter-segment eliminations	519,558	468,561	4,616,309	36	5,604,464
Inter-segment revenue eliminations	(25,726)	(268,691)	(24,959)	(19)	(319,395)
Revenue from external customers	493,832	199,870	4,591,350	17	5,285,069

Notes:

- 1 Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.
- 2 Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third-party customer, and other miscellaneous revenue.

Geographical Information

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

Revenue from external customers

<i>(Thousands of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Canada	1,093,360	1,387,031	3,671,289	4,175,614
U.S.	369,405	331,028	1,080,207	1,109,455
Total revenue	1,462,765	1,718,059	4,751,496	5,285,069

Non-current assets¹

<i>(Thousands of Canadian dollars)</i>	September 30, 2023	December 31, 2022
Canada	7,331,651	6,885,982
U.S.	421,890	436,605
Total non-current assets	7,753,541	7,322,587

Note:

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

14. SUBSEQUENT EVENTS

On November 7, 2023, Keyera declared a dividend of \$0.50 per share, payable on December 29, 2023 to shareholders of record as of December 15, 2023.