



MANAGEMENT'S DISCUSSION & ANALYSIS

REPORT TO SHAREHOLDERS

Third Quarter 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

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Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of the financial and operating results of Pembina Pipeline Corporation ("Pembina" or the "Company") is dated November 3, 2022, and is supplementary to, and should be read in conjunction with, Pembina's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 ("Interim Financial Statements") as well as Pembina's audited consolidated annual financial statements ("Consolidated Financial Statements") and MD&A for the year ended December 31, 2021. All financial information provided in this MD&A has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and is expressed in Canadian dollars, unless otherwise noted. A description of Pembina's operating segments and additional information about Pembina is filed with Canadian and U.S. securities commissions, including quarterly and annual reports, annual information forms (which are filed with the U.S. Securities and Exchange Commission under Form 40-F) and management information circulars, which can be found online at www.sedar.com, www.sec.gov and through Pembina's website at www.pembina.com. Information contained in or otherwise accessible through Pembina's website does not form part of this MD&A and is not incorporated into this document by reference.

Abbreviations

For a list of abbreviations that may be used in this MD&A, refer to the "Abbreviations" section of this MD&A.

Non-GAAP Financial Measures

Pembina has disclosed certain financial measures and ratios within this MD&A that management believes provide meaningful information in assessing Pembina's underlying performance, but which are not specified, defined or determined in accordance with Canadian generally accepted accounting principles ("GAAP") and which are not disclosed in Pembina's Interim Financial Statements. Such non-GAAP financial measures and non-GAAP ratios do not have any standardized meaning prescribed by IFRS and may not be comparable to similar financial measures disclosed by other issuers. Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A for additional information regarding these non-GAAP financial measures and non-GAAP ratios.

Risk Factors and Forward-Looking Information

Management has identified the primary risk factors that could have a material impact on the financial results and operations of Pembina. Such risk factors are presented in the "Risk Factors" sections of Pembina's MD&A and Annual Information Form ("AIF"), each for the year ended December 31, 2021 and have been updated in the "Risk Factors" section of this MD&A, as necessary. The Company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described within the "Forward-Looking Statements & Information" section of this MD&A. This MD&A contains forward-looking statements based on Pembina's current expectations, estimates, projections and assumptions. This information is provided to assist readers in understanding the Company's future plans and expectations and may not be appropriate for other purposes.

1. ABOUT PEMBINA

Pembina Pipeline Corporation is a leading energy transportation and midstream service provider that has served North America's energy industry for more than 65 years. Pembina owns an integrated network of hydrocarbon liquids and natural gas pipelines, gas gathering and processing facilities, oil and natural gas liquids infrastructure and logistics services, and a growing export terminals business. Through our integrated value chain, we seek to provide safe and reliable infrastructure solutions which connect producers and consumers of energy across the world, support a more sustainable future and benefit our customers, investors, employees and communities. For more information, please visit www.pembina.com.

Purpose of Pembina:

To be the leader in delivering integrated infrastructure solutions connecting global markets:

- **Customers** choose us first for reliable and value-added services;
- **Investors** receive sustainable industry-leading total returns;
- **Employees** say we are the 'employer of choice' and value our safe, respectful, collaborative and inclusive work culture; and
- **Communities** welcome us and recognize the net positive impact of our social and environmental commitment.

Pembina Gas Infrastructure

On August 15, 2022, Pembina completed its previously announced joint venture transaction with KKR & Co., Inc. ("KKR") to combine their respective western Canadian natural gas processing assets into a single, new joint venture entity, Pembina Gas Infrastructure Inc. ("PGI") (the "PGI Transaction"). PGI is a premier gas processing entity in Western Canada with a combined capacity of approximately 5 billion cubic feet per day, approximately 3 billion cubic feet per day net to Pembina. PGI is strategically positioned to serve customers from central Alberta to northeast British Columbia. Pembina owns 60 percent of PGI while KKR's global infrastructure funds own the remaining 40 percent. Pembina serves as the operator and manager of PGI.

Pembina contributed to PGI its wholly-owned field-based gas processing assets, which include the Cutbank Complex, the Saturn Complex, the Resthaven Facility, the Duvernay Complex and the Saskatchewan Ethane Extraction Plant (collectively, "the Field-based Gas Processing Assets"), as well as its 45 percent interest in Veresen Midstream. KKR contributed to PGI its 55 percent interest in Veresen Midstream, as well as its 49 percent interest in PGI Processing ULC (formerly named Energy Transfer Canada ULC) ("ETC"). Concurrently with the closing of the transaction, PGI also acquired the remaining 51 percent common share equity interest in ETC from an affiliate of Energy Transfer LP, aligning ownership of those assets and driving additional efficiencies within PGI.

Pursuant to an agreement with the Competition Bureau, and consistent with Pembina's and KKR's intention to divest upon announcing their joint venture, PGI will divest the 50 percent, non-operated interest in the Key Access Pipeline System ("KAPS") which was contributed to PGI as part of the transaction.

The operational and financial results contained in this MD&A and the Interim Financial Statements include Pembina's results for the 46-day period following the completion of the PGI Transaction from August 16, 2022 to September 30, 2022. Prior to the PGI Transaction, Pembina owned 100 percent of the Field-based Gas Processing Assets and equity accounted for its 45 percent interest in Veresen Midstream. On August 15, 2022, Pembina acquired a 60 percent equity interest in PGI which includes the Field-based Gas Processing Assets, Veresen Midstream, and ETC, and as such is equity accounted for from August 16, 2022 to September 30, 2022.

In connection with the closing of the PGI Transaction, Pembina's Board of Directors approved a \$0.0075 per common share increase to its monthly common share dividend rate, commencing with the dividend paid on October 14, 2022.

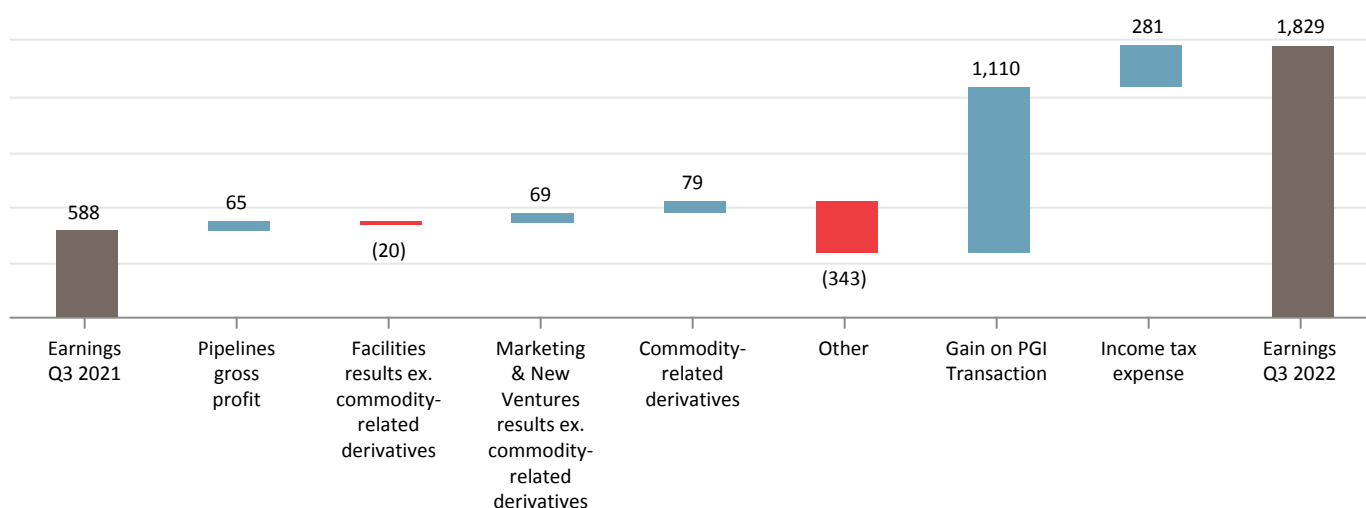
2. FINANCIAL & OPERATING OVERVIEW

Consolidated Financial Overview for the Three Months Ended September 30

Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|-------|--------|
| Revenue | 2,779 | 2,149 | 630 |
| Net revenue ⁽¹⁾ | 1,030 | 961 | 69 |
| Gross profit | 874 | 682 | 192 |
| Earnings | 1,829 | 588 | 1,241 |
| Earnings per common share – basic (dollars) | 3.24 | 1.01 | 2.23 |
| Earnings per common share – diluted (dollars) | 3.23 | 1.01 | 2.22 |
| Cash flow from operating activities | 767 | 913 | (146) |
| Cash flow from operating activities per common share – basic (dollars) | 1.38 | 1.66 | (0.28) |
| Adjusted cash flow from operating activities ⁽¹⁾ | 574 | 786 | (212) |
| Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾ | 1.04 | 1.43 | (0.39) |
| Capital expenditures | 131 | 209 | (78) |
| Adjusted EBITDA ⁽¹⁾ | 967 | 850 | 117 |
| Total volumes (mboe/d) ⁽²⁾ | 3,424 | 3,411 | 13 |

Change in Earnings (\$ millions)⁽³⁾⁽⁴⁾



Results Overview

Results in the third quarter of 2022 were positively impacted by higher results in Marketing & New Ventures due to higher margins on crude oil and natural gas sales and higher share of profit from Aux Sable, partially offset by lower NGL margins. Pipelines gross profit was positively impacted by higher volumes on the Peace Pipeline system due to increased upstream activity and higher tolls due to inflation, combined with a higher contribution from Alliance, partially offset by higher integrity costs. Facilities results were impacted by higher depreciation, interest expense, and an unrealized loss on commodity-related derivatives which are all included in share of profit from PGI following the PGI Transaction. This was partially offset by higher PGI contributions due to the strong performance of the PGI assets. During the period, Pembina also had gains on commodity-related derivatives relating to NGL and crude oil marketing derivatives and recognized a \$1.1 billion gain on the PGI Transaction, compared to the \$350 million received from the termination of the arrangement agreement with Inter Pipeline Ltd. ("Arrangement Termination Payment") in the third quarter of 2021 recognized in other income. Income tax expense decreased as a result of the PGI Transaction and higher tax recognized in the third quarter of 2021 associated with the Arrangement Termination Payment, discussed above.

Changes in Results for the Three Months Ended September 30

| | | |
|---|---|---|
| Revenue | ▲ | \$630 million increase, largely due to an increase in crude oil, certain NGL, and natural gas market prices, higher volumes on the Peace Pipeline system and higher tolls primarily due to inflation, higher volumes on the Cochin Pipeline and higher recoverable costs, partially offset by lower revenue from the Field-based Gas Processing Assets contributed to PGI and now reflected in share of profit from equity accounted investees, and lower contracted volumes on the Nipisi Pipeline system. |
| Cost of goods sold | ▼ | \$561 million increase, largely due to higher crude oil, certain NGL, and natural gas market prices. |
| Operating expenses | ▼ | \$38 million increase, primarily due to higher power and fuel costs, the majority of which are recoverable, as a result of higher power pool prices and higher AECO prices during the third quarter of 2022 and higher integrity costs, partially offset by lower operating expenses due to the PGI Transaction, discussed above. |
| Depreciation and amortization included in operations | ▲ | \$34 million decrease, primarily due to a smaller asset base resulting from the PGI Transaction, as well as from the impairment of certain assets in Pipelines in the fourth quarter of 2021. |
| Share of profit from equity accounted investees | ▲ | \$48 million increase, primarily due to higher revenues at Aux Sable and Alliance as a result of a wider AECO-Chicago natural gas price differential, combined with higher revenue due to the strong performance of the PGI assets, an unrealized gain on commodity-related derivatives in Aux Sable and the sale of linepack inventory at Alliance in the third quarter of 2022, partially offset by higher depreciation, interest expense, and unrealized loss on commodity-related derivatives in PGI. |
| Realized loss on commodity-related derivatives | ▲ | \$24 million positive variance, primarily due to lower realized losses on NGL-based derivative instruments driven by the change in NGL market prices during the period. |
| Unrealized gain on commodity-related derivatives | ▲ | \$55 million positive variance, due to gains on NGL and crude oil marketing derivatives as a result of the decrease in the forward prices for propane and crude during the third quarter of 2022, partially offset by the decrease in the forward AECO natural gas prices. |
| General & administrative | ▼ | \$8 million increase, largely due to higher salaries and wages, consulting and legal fees, partially offset by lower long-term incentive costs following the decline in global equity markets which impacted Pembina's share price during the third quarter of 2022. |
| Other expense (income) | ▼ | \$338 million decrease, primarily due to the \$350 million Arrangement Termination Payment received in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs. |
| Gain on PGI Transaction | ▲ | \$1.1 billion increase related to the gain on the PGI Transaction. |
| Net finance costs | ● | Consistent with the prior period. Lower foreign exchange losses and lower interest due to tax settlements were largely offset by higher losses on non-commodity derivative financial instruments and higher interest on long-term debt as a result of terming out variable rate debt to fixed rate debt at higher interest rates. |
| Current tax expense | ▲ | \$71 million decrease, primarily due to higher tax recognized in the third quarter of 2021 associated with the Arrangement Termination Payment received in the third quarter of 2021. |
| Deferred tax expense | ▲ | \$210 million decrease, primarily due to the impacts of the PGI Transaction. |
| Cash flow from operating activities | ▼ | \$146 million decrease, primarily due to lower operating results driven by non-cash items and the \$350 million Arrangement Termination Payment, discussed above, partially offset by a change in non-cash working capital, an increase in distributions from equity accounted investees, combined with a decrease in net interest paid. |
| Adjusted cash flow from operating activities⁽¹⁾ | ▼ | \$212 million decrease, largely due to the same items impacting cash flow from operating activities, discussed above, net of the change in non-cash working capital, partially offset by lower current tax expense and decrease in accrued share based payments. |
| Adjusted EBITDA⁽¹⁾ | ▲ | \$117 million increase, largely due to higher margins on crude oil and natural gas sales, higher contribution from Aux Sable and Alliance due to higher revenues driven by a wider AECO-Chicago natural gas price differential, and from the strong performance of the PGI assets, lower realized losses on commodity-related derivatives, higher volumes on the Peace Pipeline system and on the Cochin Pipeline and higher tolls due to inflation, partially offset by lower NGL margins and lower contribution from Ruby due to Ruby Pipeline, L.L.C ("Ruby Pipeline") filing for bankruptcy protection on March 31, 2022 and higher integrity costs. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. Included in adjusted EBITDA is \$241 million (2021: \$178 million) related to equity accounted investees. |
| Total volumes (mboe/d)⁽²⁾ | ▲ | 13 mboe/d increase, largely driven by higher volumes on the Peace Pipeline system due to increased upstream activity, higher volumes at the Alberta Ethane Gathering System ("AEGS") due to third party outages in the third quarter of 2021, combined with higher interruptible volumes on the Cochin Pipeline, higher volumes at the Redwater complex, and at Younger due to less outage days during the third quarter of 2022, partially offset by contract expirations on the Nipisi and Mitsue Pipeline systems during the fourth quarter of 2021, and Ruby Pipeline filing for bankruptcy protection on March 31, 2022. Volumes include 355 mboe/d (2021: 298 mboe/d) related to equity accounted investees. |

▲ Increase; ▼ Decrease; or ● No impact; to earnings, adjusted EBITDA, cash flow from operations, adjusted cash flow from operating activities or total volumes.

⁽¹⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽²⁾ Total revenue volumes. See the "Abbreviations" section of this MD&A for definition. Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.

⁽³⁾ Facilities results ex. commodity-related derivatives and Marketing & New Ventures results ex. commodity-related derivatives includes gross profit less realized and unrealized commodity related derivative financial instruments.

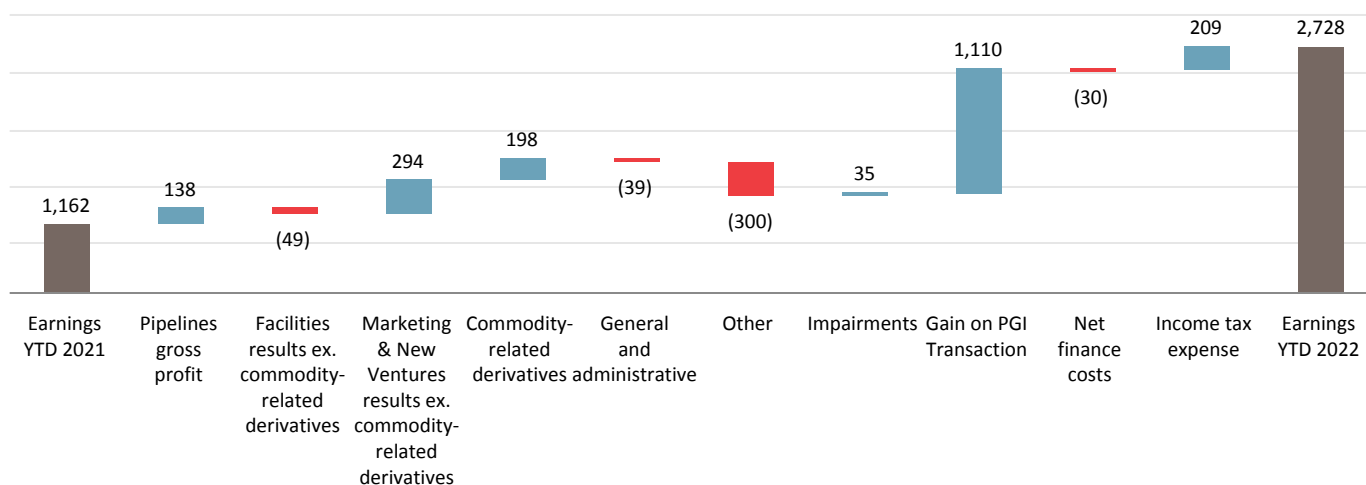
⁽⁴⁾ Other includes general & administrative, net finance costs, other expenses and corporate.

Consolidated Financial Overview for the Nine Months Ended September 30

Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|-------|--------|
| Revenue | 8,912 | 6,067 | 2,845 |
| Net revenue ⁽¹⁾ | 3,204 | 2,854 | 350 |
| Gross profit | 2,442 | 1,862 | 580 |
| Earnings | 2,728 | 1,162 | 1,566 |
| Earnings per common share – basic (dollars) | 4.75 | 1.92 | 2.83 |
| Earnings per common share – diluted (dollars) | 4.73 | 1.91 | 2.82 |
| Cash flow from operating activities | 2,026 | 1,953 | 73 |
| Cash flow from operating activities per common share – basic (dollars) | 3.66 | 3.55 | 0.11 |
| Adjusted cash flow from operating activities ⁽¹⁾ | 1,957 | 1,906 | 51 |
| Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾ | 3.54 | 3.47 | 0.07 |
| Capital expenditures | 462 | 482 | (20) |
| Adjusted EBITDA ⁽¹⁾ | 2,821 | 2,463 | 358 |
| Total volumes (mboe/d) ⁽²⁾ | 3,379 | 3,464 | (85) |

Change in Earnings (\$ millions)⁽³⁾⁽⁴⁾



Results Overview

Results for the nine months ended September 30, 2022 were positively impacted by higher results in Marketing & New Ventures due to higher margins on crude oil, NGL, and natural gas sales and higher contributions from Aux Sable. Pipelines gross profit was positively impacted by higher volumes on the Peace Pipeline system and higher tolls due to inflation, along with a higher contribution from Alliance and higher volumes on the Cochin Pipeline, partially offset by lower contracted volumes on the Nipisi and Mitsue Pipeline systems due to expiration of contracts and a lower contribution from Ruby. Facilities results were impacted by higher depreciation, interest expense, and an unrealized loss on commodity-related derivatives which are all included in share of profit from PGI following the PGI Transaction, partially offset by higher PGI contributions due to the strong performance of the PGI assets. Gains on commodity-related derivatives related to NGL marketing and power derivatives, partially offset by a loss on crude oil based derivatives. Pembina recognized a \$1.1 billion gain on the PGI Transaction, compared to the \$350 million Arrangement Termination Payment received in the third quarter of 2021 recognized in other income. There were no impairment charges recognized during the period compared to the same period in 2021. Net finance costs increased due to foreign exchange losses compared to gains in 2021, higher interest on long-term debt, and lower interest income, partially offset by lower interest expense associated with tax settlements. Lower income tax expense primarily as a result of the PGI Transaction was partially offset by higher earnings in the period.

Changes in Results for the Nine Months Ended September 30

| | | |
|---|---|--|
| Revenue | ▲ | \$2.8 billion increase, largely due to an increase in crude oil, NGL and natural gas market prices, higher volumes on the Peace Pipeline system and higher tolls largely due to inflation, combined with higher volumes on the Cochin Pipeline and higher recoverable costs, partially offset by lower contracted volumes on the Nipisi and Mitsue Pipeline systems and lower revenue from the Field-based Gas Processing Assets contributed to PGI and now reflected in share of profit from equity accounted investees. |
| Cost of goods sold | ▼ | \$2.5 billion increase, largely due to higher crude oil, NGL, and natural gas market prices. |
| Operating expenses | ▼ | \$74 million increase, primarily due to higher power and fuel costs, the majority of which are recoverable, as a result of higher power pool prices and higher AECO prices during the period, combined with higher integrity costs and higher recoverable geotechnical costs largely related to the Western Pipeline, partially offset by lower operating expenses due to the PGI Transaction, discussed above. |
| Depreciation and amortization included in operations | ▲ | \$22 million decrease, primarily due to a smaller asset base in Pipelines from the impairment of certain assets in the fourth quarter of 2021 and in Facilities following the PGI Transaction, partially offset by higher asset retirements in Facilities and the Prince Rupert Terminal being placed into service in March 2021. |
| Share of profit from equity accounted investees | ▲ | \$84 million increase, primarily due to higher revenues at Aux Sable and Alliance as a result of a wider AECO-Chicago natural gas price differential, higher revenue due to the strong performance of the PGI assets and the sale of linepack inventory at Alliance in the second and third quarters of 2022, partially offset by a lower contribution from Ruby due to Ruby Pipeline filing for bankruptcy protection on March 31, 2022 and higher depreciation, interest expense, and unrealized loss on commodity-related derivatives in PGI. |
| Realized loss on commodity-related derivatives | ▲ | \$49 million positive variance, primarily due to lower realized losses on NGL-based derivative instruments driven by the change in NGL market prices and the increase in the AECO price during the period resulting in realized gains for certain gas processing fees tied to AECO prices, partially offset by higher realized losses on crude oil-based derivative instruments due to higher crude oil market prices during the period. |
| Unrealized gain on commodity-related derivatives | ▲ | \$149 million positive variance, primarily due to gains on NGL marketing derivatives and renewable power purchase agreements resulting from the increase in the forward prices for natural gas and power during the period as well as newly added contracts, and gains on crude oil marketing derivatives resulting from contracts maturing in the period, partially offset by the change in the AECO forward prices in the period resulting in lower unrealized gains for certain processing fees tied to AECO prices. |
| General & administrative | ▼ | \$39 million increase, largely due to higher long-term incentive costs primarily driven by Pembina's performance relative to peers, combined with higher salaries and wages, consulting fees and legal fees. |
| Other expense (income) | ▼ | \$299 million decrease, primarily due to the \$350 million Arrangement Termination Payment received in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs. |
| Impairments | ▲ | \$35 million decrease, primarily due to impairment charges of \$21 million recognized on Pembina's interest in Fort Corp in 2021 and \$10 million on an advance made to Ruby in 2021 compared to nil in 2022. |
| Gain on PGI Transaction | ▲ | \$1.1 billion increase related to the gain on the PGI Transaction. |
| Net finance costs | ▼ | \$30 million increase, primarily due to foreign exchange losses in the period compared to gains in 2021, higher interest on long-term debt as a result of terming out variable rate debt to fixed rate debt at higher interest rates, lower interest income, and higher losses on non-commodity derivative financial instruments, partially offset by lower interest expense associated with tax settlements. |
| Current tax expense | ▲ | \$10 million decrease, primarily due to the tax associated with the \$350 million Arrangement Termination Payment received in the third quarter of 2021, partially offset by higher current year earnings. |
| Deferred tax expense | ▲ | \$199 million decrease, primarily due to the PGI Transaction, partially offset by higher current year earnings. |
| Cash flow from operating activities | ▲ | \$73 million increase, primarily driven by an increase in distributions from equity accounted investees and a change in non-cash working capital, partially offset by lower operating results driven by non-cash items, the \$350 million Arrangement Termination Payment, discussed above, an increase in taxes paid, and an increase in share-based compensation payments. |
| Adjusted cash flow from operating activities⁽¹⁾ | ▲ | \$51 million increase, largely due to the same items impacting cash flow from operating activities, discussed above, net of the change in non-cash working capital, taxes paid and share-based compensation payments, combined with lower current tax expense. |
| Adjusted EBITDA⁽¹⁾ | ▲ | \$358 million increase, primarily due to higher margins on crude oil, NGL, and natural gas sales, higher contributions due to the strong performance of the PGI assets, higher contributions from Aux Sable and Alliance, higher volumes on the Peace Pipeline system and on the Cochin Pipeline, higher tolls due to inflation, lower losses on commodity-related derivatives, and higher recoverable costs from the Horizon Pipeline system. These are partially offset by lower contributions from Ruby, higher general & administrative expense, and lower contracted volumes on the Nipisi and Mitsue Pipeline systems. Included in adjusted EBITDA is \$596 million (2021: \$536 million) related to equity accounted investees. |
| Total volumes (mboe/d)⁽²⁾ | ▼ | 85 mboe/d decrease, largely driven by lower volumes on the Ruby Pipeline and contract expirations on the Nipisi and Mitsue Pipeline systems, partially offset by higher volumes on the Peace Pipeline system and Drayton Valley Pipeline as higher crude oil and NGL market prices have resulted in increased upstream activity, and higher interruptible volumes on the Cochin Pipeline. Volumes include 294 mboe/d (2021: 318 mboe/d) related to equity accounted investees. |

▲ Increase; ▼ Decrease; or ● No impact; to earnings, adjusted EBITDA, cash flow from operations, adjusted cash flow from operating activities or total volumes.

⁽¹⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽²⁾ Total revenue volumes. See the "Abbreviations" section of this MD&A for definition. Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.

⁽³⁾ Facilities results ex. commodity-related derivatives and Marketing & New Ventures results ex. commodity-related derivatives includes gross profit less realized and unrealized commodity related derivative financial instruments.

⁽⁴⁾ Other includes other expenses and corporate.

3. SEGMENT RESULTS

Business Overview

The Pipelines Division provides customers with pipeline transportation, terminalling, storage and rail services in key market hubs in Canada and the United States for crude oil, condensate, natural gas liquids and natural gas. Through its wholly-owned and joint venture assets, the Pipelines Division includes transportation capacity of 3.1 mmoeb/d⁽¹⁾, above ground storage capacity of 11 mmbls⁽¹⁾ and rail terminalling capacity of approximately 105 mboe/d⁽¹⁾ within its conventional, oil sands and heavy oil, and transmission assets. The conventional assets include strategically-located pipelines and terminalling hubs that gather and transport light and medium crude oils, condensate and natural gas liquids from western Alberta and northeast British Columbia to the Edmonton, Alberta area for further processing or transportation on downstream pipelines. The oil sands and heavy oil assets transport heavy and synthetic crude oil produced within Alberta to the Edmonton, Alberta area and offer associated storage, terminalling and rail services. The transmission assets transport natural gas, ethane and condensate throughout Canada and the United States on long haul pipelines linking various key market hubs. In addition, the Pipelines Division assets provide linkages between Pembina's upstream and downstream assets across North America, enabling integrated customer service offerings. Together, these assets supply products from hydrocarbon producing regions to refineries, fractionators and market hubs in Alberta, British Columbia, Illinois and California, as well as other regions throughout North America.

The Facilities Division includes infrastructure that provides Pembina's customers with natural gas, condensate and NGL services. Through its wholly-owned assets and the joint venture, Pembina Gas Infrastructure, Pembina's natural gas gathering and processing facilities are strategically positioned in active, liquids-rich areas of the WCSB and Williston Basin and are integrated with the Company's other businesses. Pembina provides sweet and sour gas gathering, compression, condensate stabilization, and both shallow cut and deep cut gas processing services with a total capacity of approximately 6.2 bcf/d⁽²⁾ for its customers. Condensate and NGL extracted at virtually all Canadian-based facilities have access to transportation on Pembina's pipelines. In addition, all NGL transported along the Alliance Pipeline are extracted through the Pembina-operated Channahon Facility at the terminus. The Facilities Division includes approximately 354 mbpd⁽²⁾ of NGL fractionation capacity, 21 mmbls⁽¹⁾ of cavern storage capacity and associated pipeline and rail terminalling facilities and a liquefied propane export facility on Canada's West Coast. These facilities are fully integrated with the Company's other divisions, providing customers with the ability to access a comprehensive suite of services to enhance the value of their hydrocarbons. In addition, Pembina owns a bulk marine import/export terminal in Vancouver, British Columbia.

The Marketing & New Ventures Division strives to maximize the value of hydrocarbon liquids and natural gas originating in the basins where the Company operates. Pembina pursues this goal through the creation of new markets, and further enhances existing markets, to support both the Company's and its customers' overall business interests. In particular, Pembina seeks to identify opportunities to connect hydrocarbon production to new demand locations through the development of infrastructure. Pembina strives to increase producer netbacks and product demand to improve the overall competitiveness of the basins where the Company operates. Within the Marketing & New Ventures Division, Pembina undertakes value-added commodity marketing activities including buying and selling products (natural gas, ethane, propane, butane, condensate, crude oil and electricity), commodity arbitrage, and optimizing storage opportunities. The marketing business enters into contracts for capacity on both Pembina's and third-party infrastructure, handles proprietary and customer volumes and aggregates production for onward sale.

⁽¹⁾ Net capacity.

⁽²⁾ Net capacity; includes Aux Sable capacity; the financial and operational results for Aux Sable are included in the Marketing & New Ventures Division. Effective October 1, 2022 the total net processing capacity is approximately 5.4bcf/d subsequent to certain asset divestitures.

Financial and Operational Overview by Division

| | 3 Months Ended September 30 | | | | | |
|--|-----------------------------|---|--------------------------------|------------------------|--|--------------------------------|
| | 2022 | | | 2021 | | |
| | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ |
| <i>(\$ millions, except where noted)</i> | | | | | | |
| Pipelines | 2,531 | 377 | 535 | 2,563 | 329 | 503 |
| Facilities | 893 | 1,270 | 291 | 848 | 207 | 273 |
| Marketing & New Ventures ⁽³⁾ | — | 252 | 180 | — | 91 | 109 |
| Corporate | — | (158) | (39) | — | 154 | (35) |
| Total | 3,424 | 1,741 | 967 | 3,411 | 781 | 850 |

| | 9 Months Ended September 30 | | | | | |
|--|-----------------------------|---|--------------------------------|------------------------|---|--------------------------------|
| | 2022 | | | 2021 | | |
| | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ |
| <i>(\$ millions, except where noted)</i> | | | | | | |
| Pipelines | 2,500 | 1,120 | 1,579 | 2,592 | 987 | 1,554 |
| Facilities | 879 | 1,659 | 849 | 872 | 555 | 812 |
| Marketing & New Ventures ⁽³⁾ | — | 612 | 550 | — | 167 | 237 |
| Corporate | — | (502) | (157) | — | (177) | (140) |
| Total | 3,379 | 2,889 | 2,821 | 3,464 | 1,532 | 2,463 |

⁽¹⁾ Volumes for Pipelines and Facilities are revenue volumes, which are physical volumes plus volumes recognized from take-or-pay commitments. Volumes are stated in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Marketed NGL volumes are excluded from volumes to avoid double counting. Refer to the "Marketing & New Ventures" section of this MD&A for further information.

Pipelines

Financial Overview for the Three Months Ended September 30

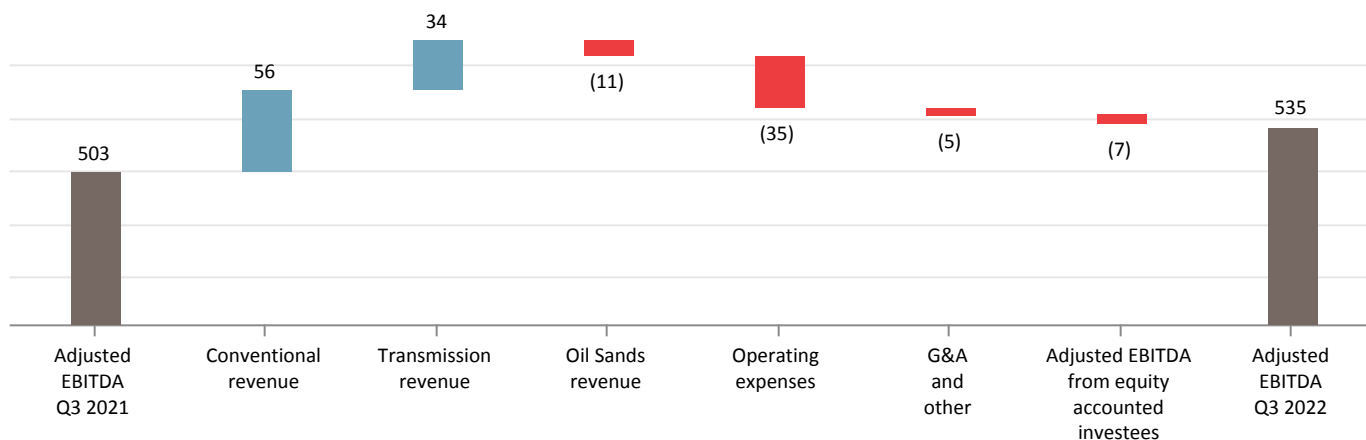
Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|-------|--------|
| Conventional revenue ⁽¹⁾⁽²⁾ | 416 | 360 | 56 |
| Transmission revenue ⁽¹⁾⁽²⁾ | 131 | 97 | 34 |
| Oil Sands revenue ⁽¹⁾⁽²⁾ | 98 | 109 | (11) |
| Pipelines revenue ⁽¹⁾ | 645 | 566 | 79 |
| Operating expenses ⁽¹⁾ | 175 | 140 | 35 |
| Depreciation and amortization included in operations | 97 | 100 | (3) |
| Share of profit from equity accounted investees | 39 | 21 | 18 |
| Gross profit | 412 | 347 | 65 |
| Reportable segment earnings before tax | 377 | 329 | 48 |
| Adjusted EBITDA ⁽³⁾ | 535 | 503 | 32 |
| Volumes (mboe/d) ⁽⁴⁾ | 2,531 | 2,563 | (32) |
| Distributions from equity accounted investees | 77 | 47 | 30 |

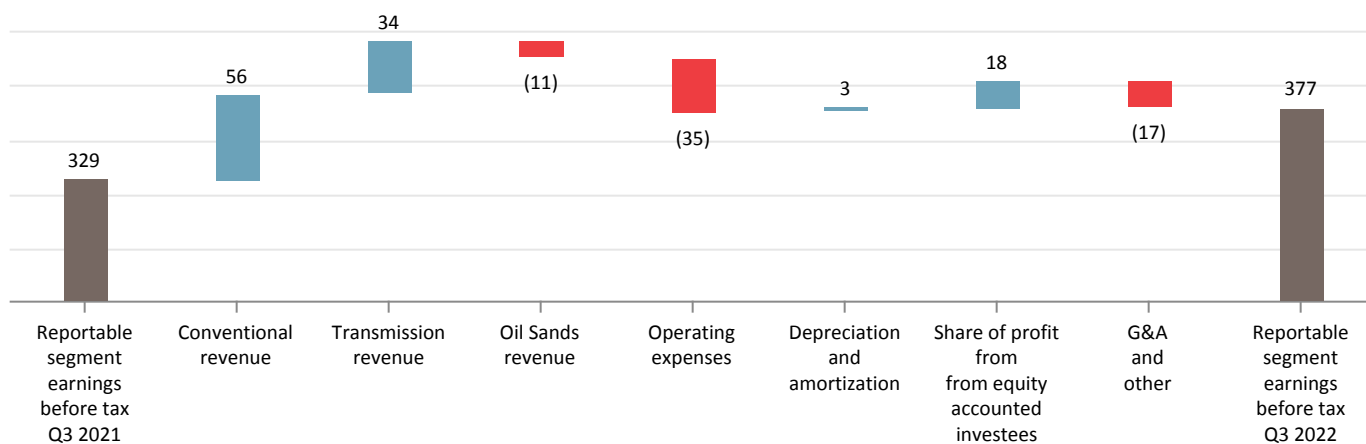
Change in Results

| | | |
|--|---|--|
| Conventional revenue⁽¹⁾⁽²⁾ | ▲ | Increase largely due to higher volumes on the Peace Pipeline system as higher crude oil and certain NGL market prices resulted in increased upstream activity, combined with higher recoverable power costs and higher tolls largely due to inflation. |
| Transmission revenue⁽¹⁾⁽²⁾ | ▲ | Increase primarily due to higher interruptible volumes on the Cochin Pipeline due to increased demand resulting from wider condensate price differentials between Western Canada and the U.S. Gulf Coast and higher volumes on the Vantage Pipeline due to planned outages during the third quarter of 2021. |
| Oil Sands revenue⁽¹⁾⁽²⁾ | ▼ | Decrease largely due to lower contracted volumes on the Nipisi Pipeline system as a result of the expiration of contracts during the fourth quarter of 2021. |
| Operating expenses⁽¹⁾ | ▼ | Increase largely due to higher power costs, the majority of which are recovered in revenue, as a result of the higher power pool price during the third quarter of 2022 as well as an increase in integrity spending primarily on the Peace Pipeline system. |
| Share of profit from equity accounted investees | ▲ | Increase primarily due to higher revenue from Alliance as a result of a wider AECO-Chicago natural gas price differential, which increased demand and resulted in higher interruptible tolls, combined with higher margins realized on the sale of linepack inventory in the third quarter of 2022. |
| Reportable segment earnings before tax | ▲ | Increase largely due to higher volumes on the Peace Pipeline system and higher tolls due to inflation, combined with higher interruptible volumes on the Cochin Pipeline and higher contributions from Alliance, partially offset by the expiration of contracts on the Nipisi Pipeline system, higher integrity spending, and higher legal fees. |
| Adjusted EBITDA⁽³⁾ | ▲ | Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, partially offset by lower adjusted EBITDA from Ruby due to Ruby Pipeline filing for bankruptcy protection on March 31, 2022. Included in adjusted EBITDA is \$79 million (2021: \$62 million) related to Alliance and nil (2021: \$24 million) related to Ruby. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. |
| Volumes (mboe/d)⁽⁴⁾ | ▼ | Decrease largely driven by contract expirations on the Nipisi and Mitsue Pipeline systems during the fourth quarter of 2021, combined with Ruby Pipeline filing for bankruptcy protection on March 31, 2022, partially offset by higher volumes on the Peace Pipeline system as higher crude oil and certain NGL market prices have resulted in increased upstream activity, higher volumes on AEGS due to third party outages in the third quarter of 2021, higher interruptible volumes on the Cochin Pipeline, and higher volumes on the Vantage Pipeline. Volumes include 140 mboe/d (2021: 139 mboe/d) related to Alliance and nil (2021: 70 mboe/d) related to Ruby. |
| Distributions from equity accounted investees | ▲ | \$77 million (2021: \$46 million) from Alliance. The increase in distributions from Alliance are due to the same factors impacting share of profit from equity accounted investees discussed above. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾⁽³⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽²⁾⁽⁵⁾



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Conventional, transmission and oil sands revenue include revenue generated from Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2021.

⁽³⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁴⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

⁽⁵⁾ Other includes other expense and net finance costs.

Financial Overview for the Nine Months Ended September 30

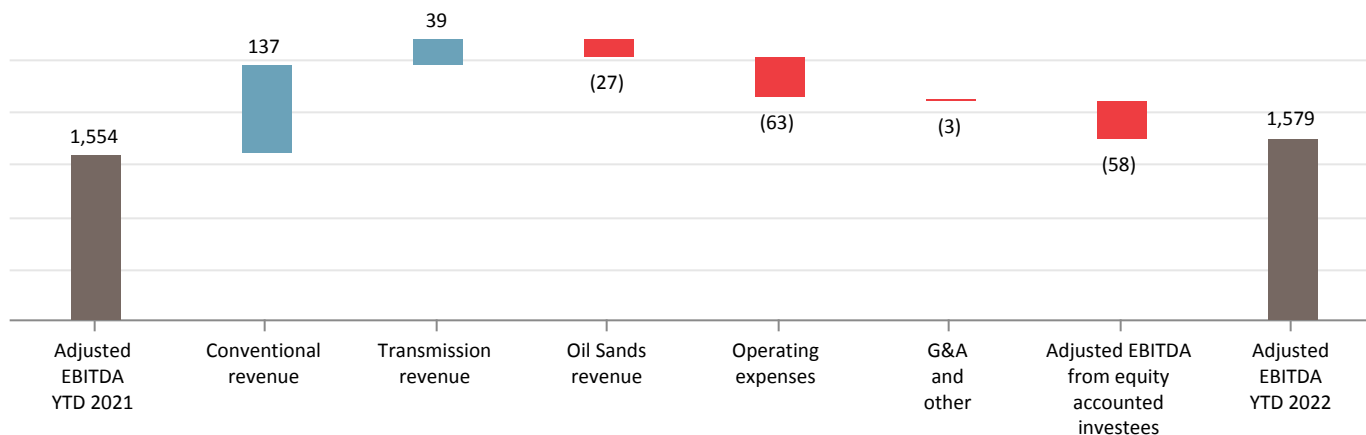
Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|-------|--------|
| Conventional revenue ⁽¹⁾⁽²⁾ | 1,168 | 1,031 | 137 |
| Transmission revenue ⁽¹⁾⁽²⁾ | 354 | 315 | 39 |
| Oil Sands revenue ⁽¹⁾⁽²⁾ | 300 | 327 | (27) |
| Total revenue ⁽¹⁾ | 1,822 | 1,673 | 149 |
| Operating expenses ⁽¹⁾ | 472 | 409 | 63 |
| Depreciation and amortization included in operations | 292 | 312 | (20) |
| Share of profit from equity accounted investees | 127 | 95 | 32 |
| Gross profit | 1,185 | 1,047 | 138 |
| Reportable segment earnings before tax | 1,120 | 987 | 133 |
| Adjusted EBITDA ⁽³⁾ | 1,579 | 1,554 | 25 |
| Volumes (mboe/d) ⁽⁴⁾ | 2,500 | 2,592 | (92) |
| Distributions from equity accounted investees | 247 | 175 | 72 |

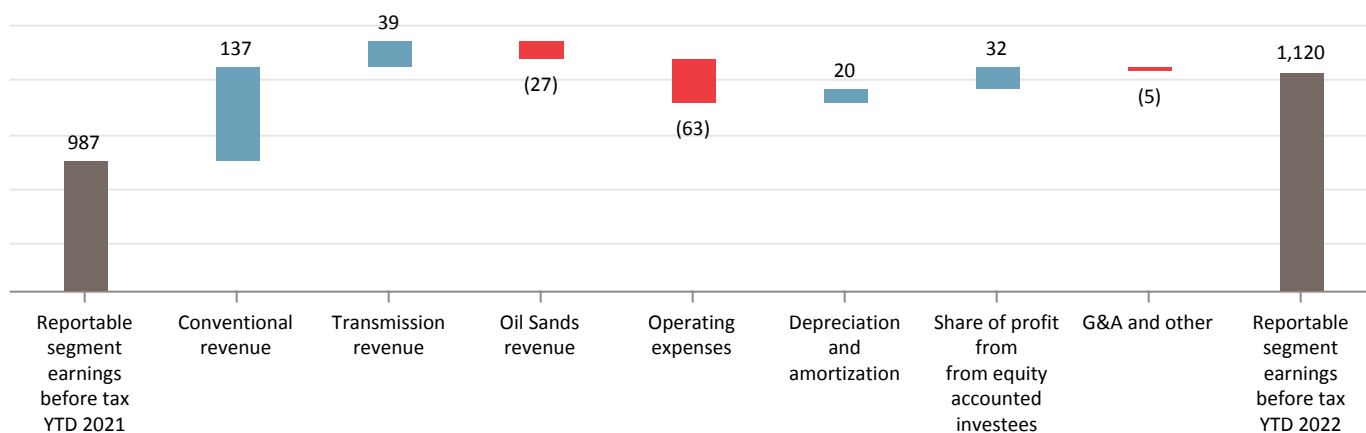
Change in Results

| | | |
|---|---|---|
| Conventional revenue ⁽¹⁾⁽²⁾ | ▲ | Increase largely due to higher volumes on the Peace Pipeline system as higher crude oil and NGL market prices resulted in increased upstream activity, combined with higher tolls largely due to inflation and higher recoverable costs on the Western Pipeline and Peace Pipeline system. |
| Transmission revenue ⁽¹⁾⁽²⁾ | ▲ | Increase primarily due to higher interruptible volumes on the Cochin Pipeline due to increased demand resulting from wider condensate price differentials between Western Canada and the U.S. Gulf Coast and higher volumes on the Vantage Pipeline due to planned outages during the third quarter of 2021. |
| Oil Sands revenue ⁽¹⁾⁽²⁾ | ▼ | Decrease largely due to lower contracted volumes on the Nipisi and Mitsue Pipeline systems as a result of the expiration of contracts during the fourth quarter of 2021, partially offset by \$14 million in revenue related to higher recoverable costs on the Horizon Pipeline system related to extensive slope mitigation. |
| Operating expenses ⁽¹⁾ | ▼ | Increase largely due to an increase in power costs, the majority of which are recovered in revenue, as a result of the higher power pool price during 2022, combined with higher recoverable geotechnical costs primarily related to the Western Pipeline and higher integrity spending largely on the Peace Pipeline system, partially offset by lower operating expense associated with the Nipisi and Mitsue Pipeline systems due to expiration of contracts during the fourth quarter of 2021. |
| Depreciation and amortization included in operations | ▲ | Decrease primarily due to fewer asset retirements in the first nine months of 2022 compared to the first nine months of 2021 and a smaller asset base resulting from the impairment of the Nipisi and Mitsue Pipeline systems and the Edmonton South Rail Terminal in the fourth quarter of 2021 due to contract expirations. |
| Share of profit from equity accounted investees | ▲ | Increase primarily due to higher revenue from Alliance as a result of a wider AECO-Chicago natural gas price differential, which increased demand and resulted in higher interruptible tolls, combined with higher margins realized on the sale of linepack inventory in the second and third quarters of 2022 and lower interest expenses as a result of its debt re-financing in the fourth quarter of 2021, partially offset by lower contributions from Ruby due to Ruby Pipeline filing for bankruptcy protection on March 31, 2022. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. |
| Reportable segment earnings before tax | ▲ | Increase largely due to higher volumes on the Peace Pipeline system and higher tolls due to inflation, combined with higher contributions from Alliance, higher interruptible volumes on the Cochin Pipeline and Vantage Pipeline, higher recoverable costs from the Horizon Pipeline system, lower depreciation and an impairment charge of \$10 million recognized during the first quarter of 2021 associated with an advance made to Ruby compared to nil recognized in 2022, partially offset by the expiration of contracts on the Nipisi and Mitsue Pipeline systems, lower contributions from Ruby, higher integrity costs and higher legal fees. |
| Adjusted EBITDA ⁽³⁾ | ▲ | Increase primarily due to the same items impacting reportable segment earnings before tax, net of the change in depreciation and impairments. Included in adjusted EBITDA is \$240 million (2021: \$202 million) related to Alliance and \$15 million (2021: \$111 million) related to Ruby. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. |
| Volumes (mboe/d) ⁽⁴⁾ | ▼ | Decrease largely driven by contract expirations on the Nipisi and Mitsue Pipeline systems and Ruby Pipeline filing for bankruptcy protection on March 31, 2022, partially offset by higher volumes on the Peace Pipeline system and Drayton Valley Pipeline as higher crude oil and NGL market prices have resulted in increased upstream activity, higher interruptible volumes on the Cochin Pipeline, and higher volumes on the Vantage Pipeline. Volumes include 143 mboe/d (2021: 141 mboe/d) related to Alliance and 19 mboe/d (2021: 91 mboe/d) related to Ruby. |
| Distributions from equity accounted investees | ▲ | \$247 million (2021: \$161 million) from Alliance and nil (2021: \$13 million) from Ruby. The increase in distributions is due to the same factors impacting share of profit from equity accounted investees discussed above. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾⁽³⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽²⁾⁽⁵⁾



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Conventional, transmission and oil sands revenue include revenue generated from Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2021.

⁽³⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁴⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

⁽⁵⁾ Other includes other expense, impairment expense and net finance costs.

Financial and Operational Overview

| (\$ millions, except where noted) | 3 Months Ended September 30 | | | | | | 9 Months Ended September 30 | | | | | |
|---|-----------------------------|--|--------------------------------|------------------------|--|--------------------------------|-----------------------------|--|--------------------------------|------------------------|--|--------------------------------|
| | 2022 | | | 2021 | | | 2022 | | | 2021 | | |
| | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ |
| Pipelines⁽³⁾ | | | | | | | | | | | | |
| Conventional | 977 | 261 | 310 | 918 | 237 | 281 | 937 | 760 | 894 | 891 | 656 | 802 |
| Transmission | 577 | 87 | 168 | 595 | 62 | 154 | 587 | 274 | 502 | 651 | 218 | 542 |
| Oil Sands | 977 | 31 | 59 | 1,050 | 30 | 68 | 976 | 95 | 192 | 1,050 | 113 | 210 |
| General & administrative ⁽⁴⁾ | — | (2) | (2) | — | — | — | — | (9) | (9) | — | — | — |
| Total | 2,531 | 377 | 535 | 2,563 | 329 | 503 | 2,500 | 1,120 | 1,579 | 2,592 | 987 | 1,554 |

⁽¹⁾ Revenue volumes in mboe/d. See the "Abbreviations" section of this MD&A for definition.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Includes values attributed to Pembina's conventional, transmission and oil sands and heavy oil assets within the Pipelines Division. Refer to Pembina's AIF for the year ended December 31, 2021.

⁽⁴⁾ Includes general & administrative expenses related to engineering & construction, systems & operations, and business development within the Pipelines Division. These expenses were included at the asset level in 2021 and elevated to the divisional level as at January 1, 2022.

Projects & New Developments⁽¹⁾

Pipelines continues to focus on the execution of various system expansions. The projects in the following table were recently placed into service.

| Significant Projects | In-service Date |
|------------------------------------|-----------------|
| NEBC Montney Infrastructure | February 2021 |
| Phase VII Peace Pipeline Expansion | June 2022 |

The following outlines the projects and new developments within Pipelines:

| Phase VIII Peace Pipeline Expansion |
|--|
| Capital Budget: \$530 million In-service Date: First half of 2024 Status: On time, trending on budget |
| This expansion will enable segregated pipeline service for ethane-plus and propane-plus NGL mix from Gordondale, Alberta, which is centrally located within the Montney trend, into the Edmonton area for market delivery. The project includes new 10-inch and 16-inch pipelines, totaling approximately 150 km, in the Gordondale to La Glace corridor of Alberta, as well as new mid-point pump stations and terminal upgrades located throughout the Peace Pipeline system. Phase VIII will add approximately 235 mbpd of incremental capacity between Gordondale, Alberta and La Glace, Alberta, as well as approximately 65 mbpd of capacity between La Glace, Alberta and the Namao hub near Edmonton, Alberta. Procurement activities have commenced and site clearing activities are expected to begin in the fourth quarter of 2022. |
| Phase IX Peace Pipeline Expansion |
| Capital Budget: \$120 million In-service Date: Fourth quarter of 2022 Status: On time, trending on budget |
| This expansion includes new 6-inch and 16-inch pipelines debottlenecking the corridor north of Gordondale, Alberta as well as upgrades at one pump station. In addition, this expansion will see existing pipelines, which are currently batching, converted to single product lines. Phase IX also includes a pump station in the Wapiti-to-Kakwa corridor that was previously part of the Phase VII project scope. Construction of the Wapiti-to-Kakwa pump station was completed in July 2022. Mainline pipeline construction is complete and commissioning activities have begun on schedule. |

⁽¹⁾ For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2021 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.

Facilities

Financial Overview for the Three Months Ended September 30

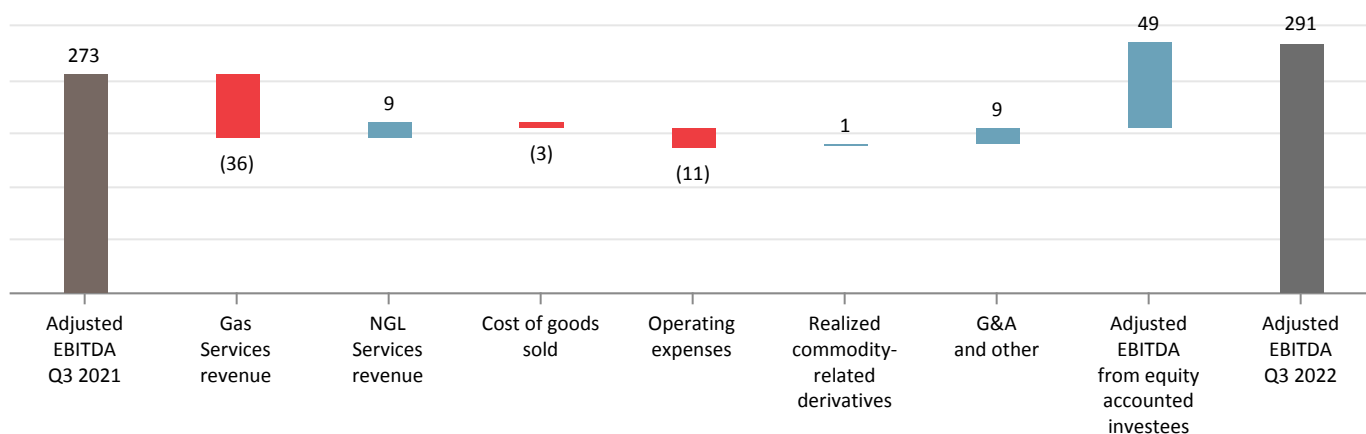
Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|------|--------|
| Gas Services revenue ⁽¹⁾⁽²⁾ | 136 | 172 | (36) |
| NGL Services revenue ⁽¹⁾⁽²⁾ | 178 | 169 | 9 |
| Facilities revenue ⁽¹⁾ | 314 | 341 | (27) |
| Operating expenses ⁽¹⁾ | 132 | 121 | 11 |
| Cost of goods sold ⁽¹⁾ | 4 | 1 | 3 |
| Depreciation and amortization included in operations | 27 | 56 | (29) |
| Realized gain on commodity-related derivative financial instruments | (3) | (2) | (1) |
| Unrealized loss (gain) on commodity-related derivative financial instruments | 3 | (45) | 48 |
| Share of profit from equity accounted investees | 15 | 23 | (8) |
| Gross profit | 166 | 233 | (67) |
| Reportable segment earnings before tax | 1,270 | 207 | 1,063 |
| Adjusted EBITDA ⁽³⁾ | 291 | 273 | 18 |
| Volumes (mboe/d) ⁽⁴⁾ | 893 | 848 | 45 |
| Distributions from equity accounted investees | 18 | 32 | (14) |

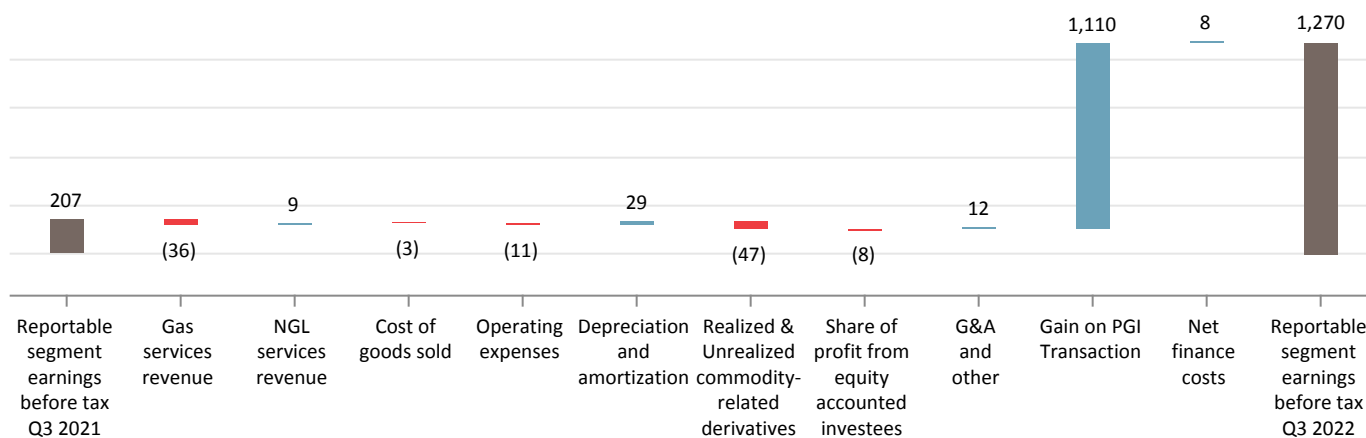
Changes in Results

| | | |
|--|---|---|
| Gas Services revenue⁽¹⁾⁽²⁾ | ▼ | Decrease largely due to the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as of August 15, 2022 as part of the PGI Transaction. The revenue from these assets are included in share of profit from equity accounted investees. Refer to the "About Pembina – Pembina Gas Infrastructure" section of this MD&A. This is partially offset by higher recoveries as a result of higher power and fuel costs. |
| NGL Services revenue⁽¹⁾⁽²⁾ | ▲ | Increase primarily due to higher recoveries as a result of higher power and fuel costs and higher volumes at the Redwater complex. |
| Operating expenses⁽¹⁾ | ▼ | Increase largely due to an increase in power and fuel costs, the majority of which are recovered in revenue, as a result of higher power pool prices and AECO prices in the third quarter of 2022, partially offset by lower operating expenses due to the PGI Transaction. |
| Depreciation and amortization included in operations | ▲ | Decrease primarily due to a smaller asset base following the PGI Transaction. |
| Unrealized loss (gain) on commodity-related derivatives | ▼ | Unrealized loss on commodity-related derivatives primarily due to the decrease in the forward AECO natural gas prices, partially offset by contracts maturing in the period, compared to unrealized gains recognized during the third quarter of 2021 when forward AECO prices were significantly increasing. |
| Share of profit from equity accounted investees | ▼ | Decrease primarily due to the PGI Transaction resulting in higher depreciation, interest expense, and an unrealized loss on commodity-related derivatives, partially offset by higher revenue due to the strong performance of the PGI assets. |
| Reportable segment earnings before tax | ▲ | Increase primarily due to the \$1.1 billion gain recognized on the PGI Transaction, partially offset by the unrealized loss on commodity-related derivatives in the third quarter of 2022 compared to gains in the third quarter of 2021. |
| Adjusted EBITDA⁽³⁾ | ▲ | Increase primarily due to higher contributions as a result of the strong performance of the PGI assets. Included in adjusted EBITDA is \$31 million (2021: \$52 million) related to Veresen Midstream and \$71 million (2021: nil) related to PGI. |
| Volumes (mboe/d)⁽⁴⁾ | ▲ | Increase primarily due to higher volumes at the Redwater complex and at Younger due to less outage days during the third quarter of 2022. Volumes include 50 mboe/d (2021: 89 mboe/d) related to Veresen Midstream and 165 mboe/d (2021: nil) related to PGI. |
| Distributions from equity accounted investees | ▼ | \$16 million (2021: nil) from PGI, \$2 million (2021: \$1 million) from Fort Corp, and no distributions (2021: \$31 million) from Veresen Midstream. The change in distributions is due to the PGI Transaction. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾⁽³⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽²⁾



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Gas services and NGL services revenue include revenue generated from Pembina's gas services and NGL services assets within the Facilities operating segment, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2021.

⁽³⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁴⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

Financial Overview for the Nine Months Ended September 30

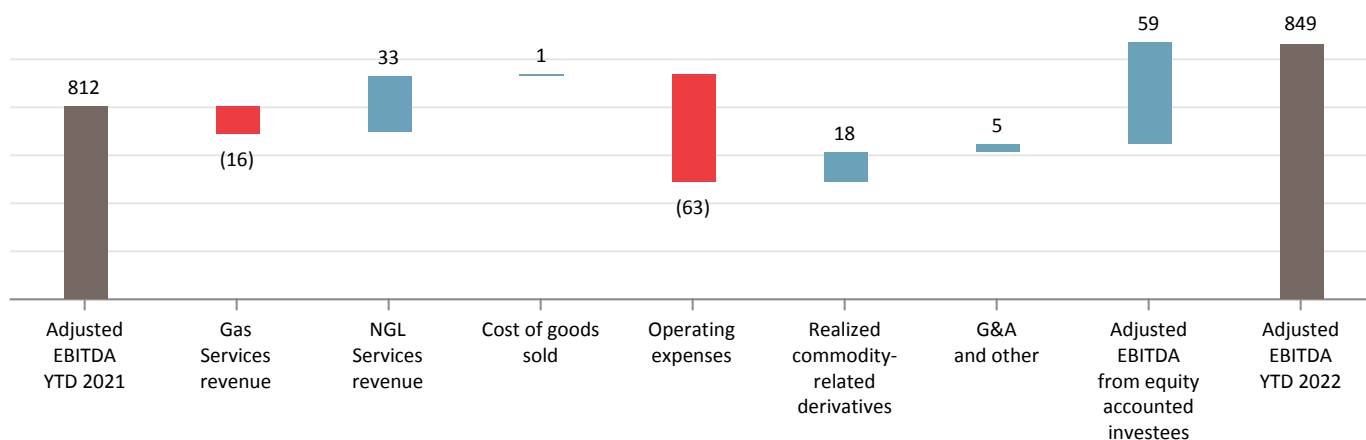
Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|---|-------|-------|--------|
| Gas Services revenue ⁽¹⁾⁽²⁾ | 487 | 503 | (16) |
| NGL Services revenue ⁽¹⁾⁽²⁾ | 544 | 511 | 33 |
| Facilities revenue ⁽¹⁾ | 1,031 | 1,014 | 17 |
| Operating expenses ⁽¹⁾ | 407 | 344 | 63 |
| Cost of goods sold ⁽¹⁾ | 6 | 7 | (1) |
| Depreciation and amortization included in operations | 162 | 158 | 4 |
| Realized gain on commodity-related derivative financial instruments | (20) | (2) | (18) |
| Unrealized gain on commodity-related derivative financial instruments | (48) | (62) | 14 |
| Share of profit from equity accounted investees | 59 | 59 | — |
| Gross profit | 583 | 628 | (45) |
| Reportable segment earnings before tax | 1,659 | 555 | 1,104 |
| Adjusted EBITDA ⁽³⁾ | 849 | 812 | 37 |
| Volumes (mboe/d) ⁽⁴⁾ | 879 | 872 | 7 |
| Distributions from equity accounted investees | 86 | 95 | (9) |

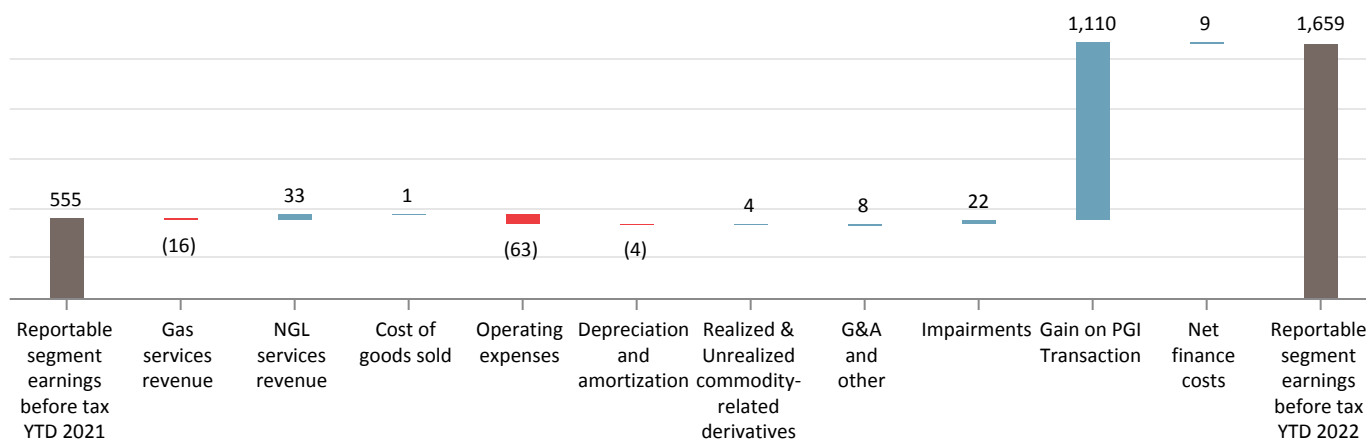
Changes in Results

| | | |
|---|---|---|
| Gas Services revenue⁽¹⁾⁽²⁾ | ▼ | Decrease largely due to the change in ownership of Pembina's formerly wholly-owned Field-based Gas Processing Assets as of August 15, 2022 as part of the PGI Transaction. The revenue from these assets are included in share of profit from equity accounted investees. Refer to the "About Pembina – Pembina Gas Infrastructure" section of this MD&A. This is partially offset by higher recoveries as a result of higher power and fuel costs. |
| NGL Services revenue⁽¹⁾⁽²⁾ | ▲ | Increase primarily due to higher recoveries at the Redwater Complex as a result of higher power and fuel costs and the Prince Rupert Terminal being placed into service in March 2021. |
| Operating expenses⁽¹⁾ | ▼ | Increase largely due to an increase in power and fuel costs, the majority of which are recovered in revenue, as a result of higher power pool prices and higher AECO prices during 2022 and higher integrity costs, partially offset by lower operating expenses due to the PGI Transaction. |
| Depreciation and amortization included in operations | ● | Consistent with the prior period. Higher asset retirements in the first nine months of 2022, combined with the Prince Rupert Terminal being placed into service in March 2021 were largely offset by a smaller asset base following the PGI Transaction, discussed above. |
| Realized gain on commodity-related derivatives | ▲ | Certain gas processing fees are tied to AECO prices and the increase in the AECO price resulted in higher realized gains for the first nine months of 2022. |
| Unrealized gain on commodity-related derivatives | ▼ | Lower unrealized gains on commodity-related derivatives primarily due to the change in the AECO forward prices in the first nine months of 2022 relative to the same period in 2021 when AECO forward prices were significantly increasing. |
| Share of profit from equity accounted investees | ● | Consistent with prior period. The strong performance of the PGI assets resulted in higher revenue that was largely offset by higher depreciation, interest expense, and an unrealized loss on commodity-related derivatives. |
| Reportable segment earnings before tax | ▲ | Increase primarily due to the \$1.1 billion gain recognized on the PGI Transaction and a \$21 million impairment charge recognized on Pembina's interest in Fort Corp. in 2021 compared to nil in 2022, partially offset by higher integrity costs. |
| Adjusted EBITDA⁽³⁾ | ▲ | Increase primarily due to higher contributions as a result of the strong performance of the PGI assets and higher realized gains on commodity-related derivatives recognized during the period were partially offset by higher integrity costs. Included in adjusted EBITDA is \$135 million (2021: \$148 million) related to Veresen Midstream and \$71 million (2021: nil) related to PGI. |
| Volumes (mboe/d)⁽⁴⁾ | ● | Consistent with the prior period. Volumes include 76 mboe/d (2021: 86 mboe/d) related to Veresen Midstream and 56 mboe/d (2021: nil) related to PGI. |
| Distributions from equity accounted investees | ▼ | \$66 million (2021: \$92 million) from Veresen Midstream, \$16 million (2021: nil) from PGI, and \$4 million (2021: \$3 million) from Fort Corp. The change in distributions are due to the PGI Transaction. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾⁽³⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽²⁾



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Gas services and NGL services revenue include revenue generated from Pembina's gas services and NGL services assets within the Facilities operating segment, respectively. For further details on Pembina's assets, refer to Pembina's AIF for the year ended December 31, 2021.

⁽³⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁴⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

Financial and Operational Overview

| (\$ millions, except where noted) | 3 Months Ended September 30 | | | | | | 9 Months Ended September 30 | | | | | |
|---|-----------------------------|--|--------------------------------|------------------------|--|--------------------------------|-----------------------------|--|--------------------------------|------------------------|--|--------------------------------|
| | 2022 | | | 2021 | | | 2022 | | | 2021 | | |
| | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings Before Tax | Adjusted EBITDA ⁽²⁾ |
| Facilities⁽³⁾ | | | | | | | | | | | | |
| Gas Services | 686 | 1,186 | 183 | 660 | 129 | 160 | 675 | 1,424 | 524 | 666 | 322 | 468 |
| NGL Services | 207 | 84 | 108 | 188 | 78 | 113 | 204 | 240 | 330 | 206 | 233 | 344 |
| General & administrative ⁽⁴⁾ | — | — | — | — | — | — | — | (5) | (5) | — | — | — |
| Total | 893 | 1,270 | 291 | 848 | 207 | 273 | 879 | 1,659 | 849 | 872 | 555 | 812 |

⁽¹⁾ Revenue volumes in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio. See the "Abbreviations" section of this MD&A for definition.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Includes values attributed to Pembina's gas and NGL services assets within the Facilities operating segment. For a description of Pembina's gas and NGL assets, refer to Pembina's AIF for the year ended December 31, 2021.

⁽⁴⁾ Includes general & administrative expenses related to engineering & construction and business development within the Facilities operating segment. These expenses were included at the asset level in 2021 and elevated to the divisional level as at January 1, 2022.

Projects & New Developments⁽¹⁾

Facilities continues to build-out its natural gas and NGL processing and fractionation assets to service customer demand. The projects in the following table were recently placed into service.

| Significant Projects | In-service Date |
|-----------------------------|-----------------|
| Vancouver Wharves Expansion | June 2021 |
| Prince Rupert Terminal | March 2021 |
| Hythe Developments | March 2021 |

During the third quarter, construction of the Empress Cogeneration Facility was completed, and commissioning activities began. The project is expected to be brought into service in November 2022, on-time and on-budget. The facility will use natural gas to generate up to 45 megawatts of electrical power, thereby reducing overall operating costs by providing electricity and heat to the existing Empress NGL Extraction Facility. All the power will be consumed on site, thereby supplying up to 90 percent of the site's electrical requirements. Further, this project will contribute to annual greenhouse gas emission reductions at the Empress NGL Extraction Facility through the utilization of the cogeneration waste heat and the low-emission power generated.

Subsequent to the third quarter, on October 1, 2022, Pembina closed a transaction with Plains Midstream Canada ULC ("Plains") to sell Pembina's interest in certain assets currently part of the Empress NGL Extraction Facility, namely, the Empress I Plant, Empress I Expansion Plant, and the Empress VI Plant in exchange for a processing agreement that provides Pembina the right to first priority for gas processing at all Plains-operated assets at Empress.

Following the PGI Transaction, there are approximately \$80 million, net to Pembina, of capital projects underway at the former Energy Transfer Canada gas processing facilities, with spending to occur throughout the remainder of 2022 and 2023.

⁽¹⁾ For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2021 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.

Marketing & New Ventures

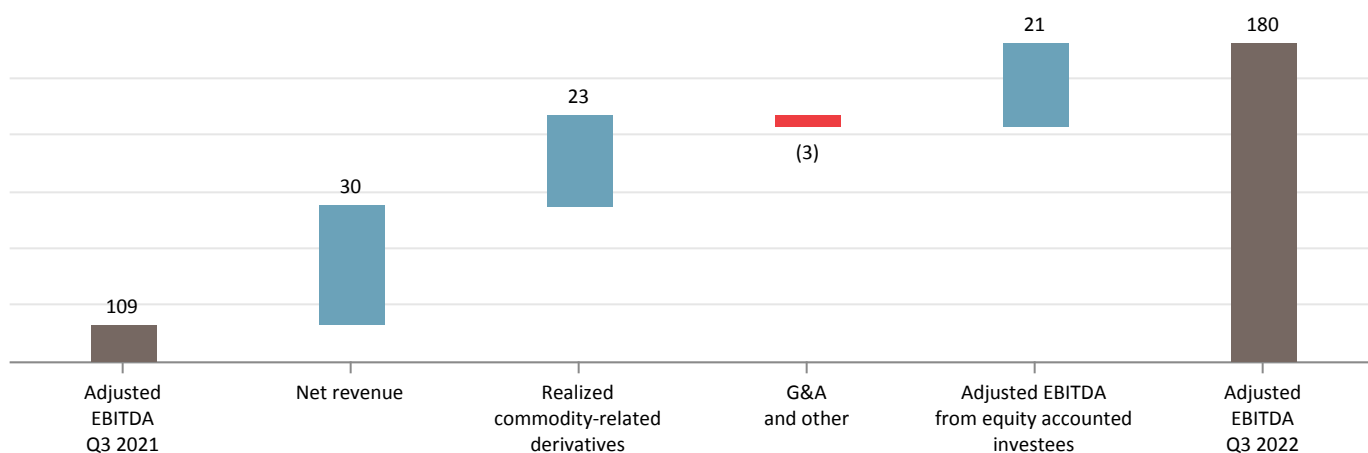
Financial Overview for the Three Months Ended September 30

Results of Operations

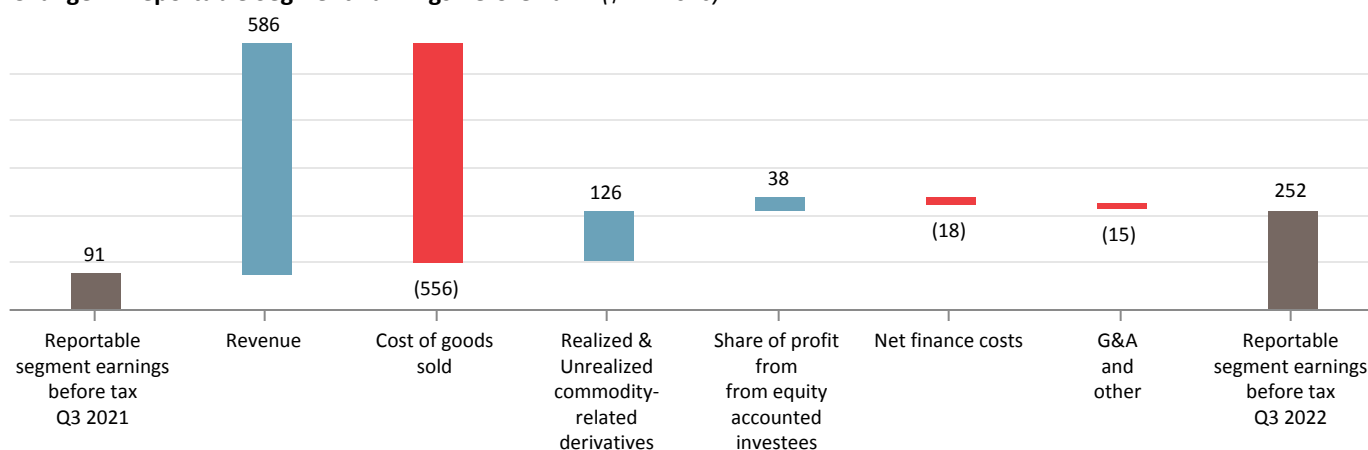
| (\$ millions, except where noted) | 2022 | 2021 | Change |
|---|-------|-------|--------|
| Marketing revenue ⁽¹⁾ | 1,979 | 1,393 | 586 |
| Cost of goods sold ⁽¹⁾ | 1,824 | 1,268 | 556 |
| Net revenue ⁽¹⁾⁽²⁾ | 155 | 125 | 30 |
| Depreciation and amortization included in operations | 12 | 13 | (1) |
| Realized loss on commodity-related derivative financial instruments | 22 | 45 | (23) |
| Unrealized (gain) on commodity-related derivative financial instruments | (105) | (2) | (103) |
| Share of profit from equity accounted investees | 69 | 31 | 38 |
| Gross profit | 295 | 100 | 195 |
| Reportable segment earnings before tax | 252 | 91 | 161 |
| Adjusted EBITDA ⁽²⁾ | 180 | 109 | 71 |
| Volumes (mboe/d) ⁽³⁾ | 184 | 177 | 7 |
| Distributions from equity accounted investees | 43 | 27 | 16 |

| Change in Results | |
|---|---|
| Net revenue ⁽¹⁾⁽²⁾ | ▲ Higher margins on crude oil resulting from the increased crude oil market price environment contributed to a significant quarter-over-quarter increase for the marketing business, combined with contributions from natural gas marketing, where higher margins resulted from the increase in Chicago natural gas prices, partially offset by lower NGL margins as a result of lower propane prices and higher input natural gas prices. |
| Realized loss on commodity-related derivatives | ▲ The realized loss is primarily due to a \$14 million (2021: \$42 million) loss on NGL-based derivative instruments due to the change in NGL market prices during the third quarter of 2022. |
| Unrealized (gain) on commodity-related derivatives | ▲ Unrealized gain on commodity-related derivatives primarily due to gains on NGL and crude oil marketing derivatives due to the decrease in the forward prices for propane and crude during the third quarter of 2022. |
| Share of profit from equity accounted investees | ▲ Increase largely due to higher revenues at Aux Sable as a result of a wider AECO-Chicago natural gas price differential and an unrealized gain on commodity-related derivatives for the third quarter of 2022. |
| Reportable segment earnings before tax | ▲ Increase largely due to the gain on commodity-related derivatives for the third quarter of 2022 compared to losses recognized during the third quarter of 2021, higher margins on crude oil and natural gas sales, and a higher contribution from Aux Sable, partially offset by lower NGL margins, discussed above, higher net finance costs related to higher losses on non-commodity derivative financial instruments and foreign exchange losses in the period compared to gains in 2021 and a project write-off due to reduced commercial opportunities. |
| Adjusted EBITDA ⁽²⁾ | ▲ Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized gain on commodity-related derivatives, net finance costs and the project write-off cost. Included in adjusted EBITDA is \$59 million (2021: \$36 million) related to Aux Sable. |
| Volumes (mboe/d) ⁽³⁾ | ● Consistent with the prior period. Revenue volumes include 36 mboe/d (2021: 35 mboe/d) related to Aux Sable. |
| Distributions from equity accounted investees | ▲ \$43 million (2021: \$27 million) from Aux Sable. Increase largely due to the same factors impacting share of profit from equity accounted investees discussed above. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾



Change in Reportable Segment Earnings Before Tax⁽⁴⁾ (\$ millions)



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.

⁽⁴⁾ Other includes other expense and depreciation & amortization.

Financial Overview for the Nine Months Ended September 30

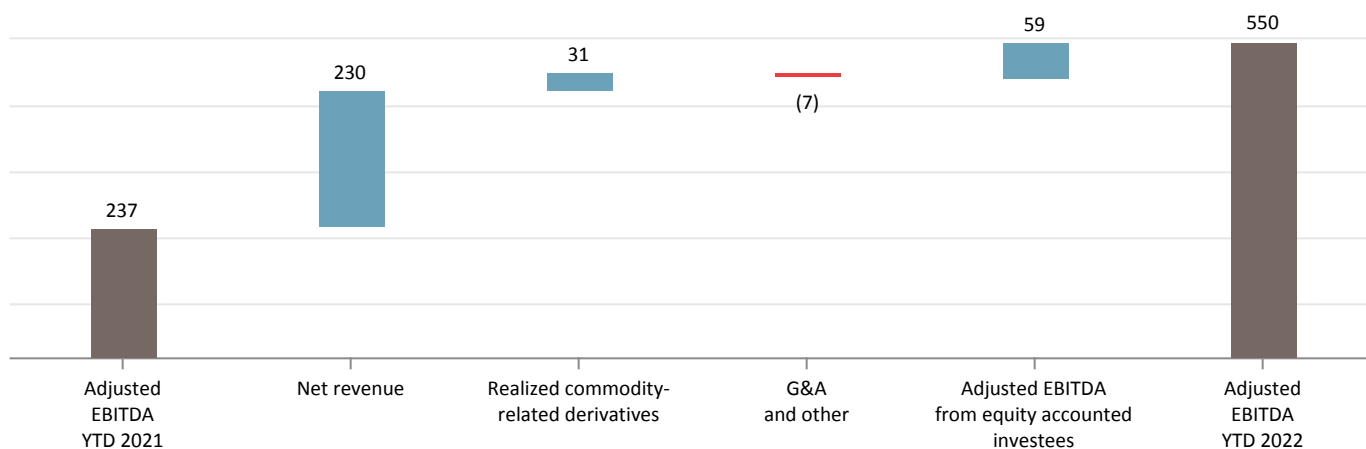
Results of Operations

| (\$ millions, except where noted) | 2022 | 2021 | Change |
|--|-------|-------|--------|
| Marketing revenue ⁽¹⁾ | 6,550 | 3,827 | 2,723 |
| Cost of goods sold ⁽¹⁾ | 5,948 | 3,463 | 2,485 |
| Net revenue ⁽¹⁾⁽²⁾ | 602 | 364 | 238 |
| Depreciation and amortization included in operations | 34 | 38 | (4) |
| Realized loss on commodity-related derivative financial instruments | 135 | 166 | (31) |
| Unrealized (gain) loss on commodity-related derivative financial instruments | (144) | 19 | (163) |
| Share of profit from equity accounted investees | 96 | 44 | 52 |
| Gross profit | 673 | 185 | 488 |
| Reportable segment earnings before tax | 612 | 167 | 445 |
| Adjusted EBITDA ⁽²⁾ | 550 | 237 | 313 |
| Volumes (mboe/d) ⁽³⁾ | 189 | 190 | (1) |
| Distributions from equity accounted investees | 105 | 63 | 42 |

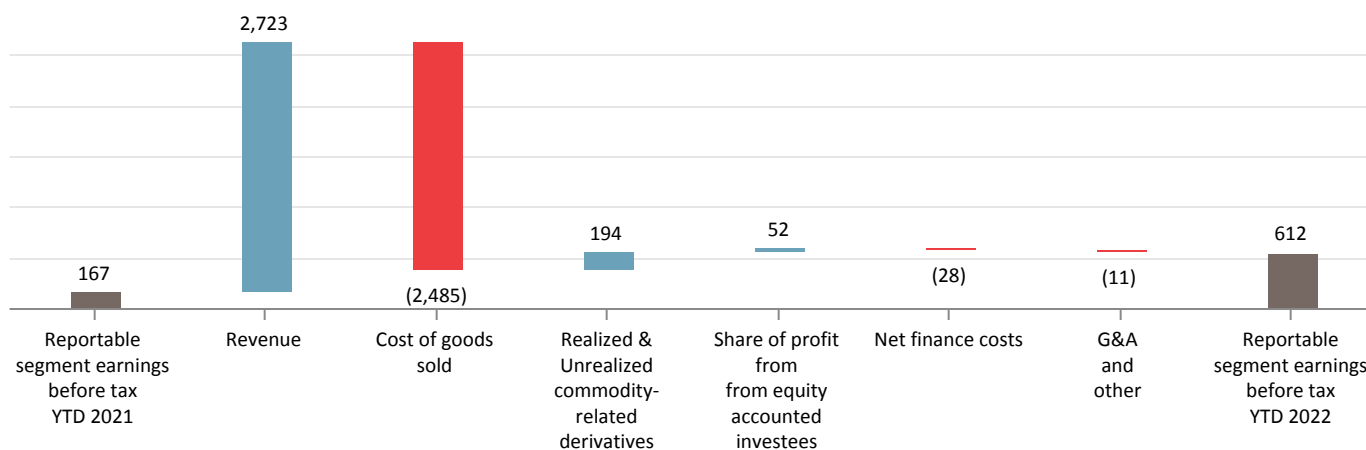
Change in Results

| | | |
|--|---|--|
| Net revenue ⁽¹⁾⁽²⁾ | ▲ | Higher margins on crude oil and NGL sales as a result of the increased crude oil and NGL price environment contributed to a significant year-over-year increase for the marketing business, combined with contributions from natural gas marketing, where higher margins resulted from the increase in Chicago natural gas prices. |
| Realized loss on commodity-related derivatives | ▲ | The realized loss is primarily due to a \$82 million (2021: \$35 million) loss on crude oil-based derivative instruments and a \$52 million (2021: \$124 million) loss on NGL-based derivative instruments due to the change in NGL and crude oil and market prices during the first nine months of 2022. |
| Unrealized (gain) loss on commodity-related derivatives | ▲ | Unrealized gain on commodity-related derivatives primarily due to gains on NGL marketing derivatives and renewable power purchase agreements resulting from the increase in the forward prices for natural gas and power during the period as well as newly added contracts, combined with gains on crude oil marketing derivatives resulting from contracts maturing in the period. |
| Share of profit from equity accounted investees | ▲ | Increase largely due to higher revenues at Aux Sable as a result of a wider AECO-Chicago natural gas price differential during 2022 and higher NGL margins, partially offset by an unrealized loss on commodity-related derivatives for the period. |
| Reportable segment earnings before tax | ▲ | Increase largely due to higher margins on crude oil, NGL, and natural gas sales, the gain on commodity-related derivatives for the period compared to losses recognized during the first nine months of 2021, and a higher contribution from Aux Sable, partially offset by higher net finance costs related to foreign exchange losses in the period compared to gains in 2021 and higher losses on non-commodity derivative financial instruments. |
| Adjusted EBITDA ⁽²⁾ | ▲ | Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized gain on commodity-related derivatives, Aux Sable's unrealized loss on commodity-related derivatives, and higher net finance costs. Included in adjusted EBITDA is \$128 million (2021: \$62 million) related to Aux Sable. |
| Volumes (mboe/d) ⁽³⁾ | ● | Consistent with the prior period. Revenue volumes include 36 mboe/d (2021: 36 mboe/d) related to Aux Sable. |
| Distributions from equity accounted investees | ▲ | \$105 million (2021: \$63 million) from Aux Sable. Increase largely due to the same factors impacting share of profit from equity accounted investees discussed above. |

Change in Adjusted EBITDA (\$ millions)⁽²⁾



Change in Reportable Segment Earnings Before Tax⁽⁴⁾ (\$ millions)



⁽¹⁾ Includes inter-segment transactions. See Note 12 to the Interim Financial Statements.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.

⁽⁴⁾ Other includes other expense, depreciation & amortization, and impairment expense.

Financial and Operational Overview

| (\$ millions, except where noted) | 3 Months Ended September 30 | | | | | | 9 Months Ended September 30 | | | | | |
|---|-----------------------------|---|--------------------------------|------------------------|---|--------------------------------|-----------------------------|---|--------------------------------|------------------------|---|--------------------------------|
| | 2022 | | | 2021 | | | 2022 | | | 2021 | | |
| | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ | Volumes ⁽¹⁾ | Reportable Segment Earnings (Loss) Before Tax | Adjusted EBITDA ⁽²⁾ |
| Marketing & New Ventures⁽³⁾ | | | | | | | | | | | | |
| Marketing | 184 | 260 | 187 | 177 | 93 | 111 | 189 | 631 | 569 | 190 | 178 | 246 |
| New Ventures ⁽⁴⁾ | — | (8) | (7) | — | (2) | (2) | — | (19) | (19) | — | (11) | (9) |
| Total | 184 | 252 | 180 | 177 | 91 | 109 | 189 | 612 | 550 | 190 | 167 | 237 |

⁽¹⁾ Marketed NGL volumes in mboe/d. Marketed NGL volumes. See the "Abbreviations" section of this MD&A for definition.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽³⁾ Includes values attributed to Pembina's marketing activities and new ventures projects within the Marketing & New Ventures operating segment. For further details on

⁽⁴⁾ Pembina's marketing activities and projects, refer to Pembina's AIF for the year ended December 31, 2021.

All New Ventures projects have not yet commenced operations and therefore have no volumes.

Projects & New Developments⁽¹⁾

Pembina's New Ventures group continues to advance business opportunities in liquefied natural gas ("LNG"), low-carbon energy, and petrochemicals. New Ventures is focused on developing opportunities that integrate into Pembina's core businesses, while progressing projects that will extend Pembina's value-chain and benefit stakeholders.

Pembina, in partnership with the Haisla First Nation, is proposing to develop the Cedar LNG Project, a floating LNG facility strategically positioned to leverage Canada's abundant natural gas supply and British Columbia's growing LNG infrastructure to produce industry-leading low-carbon, cost-competitive Canadian LNG for overseas markets. Cedar LNG's application for an Environmental Assessment Certificate was submitted to the British Columbia Environmental Assessment Office in February of 2022 and is currently under review. An important milestone was reached during the third quarter with the recent conclusion of the public comment period associated with the assessment process. Front End Engineering Design activities and commercial discussions with a diverse group of potential customers are both underway with a final investment decision expected to be made by the third quarter of 2023.

Pembina and TC Energy Corporation ("TC Energy") intend to develop the Alberta Carbon Grid ("ACG"), a world-leading carbon transportation and sequestration platform that will enable Alberta-based industries to effectively manage their greenhouse gas emissions, contribute positively to Alberta's current and future lower-carbon economy, and create sustainable long-term value for Pembina and TC Energy stakeholders. During the first quarter of 2022, the Government of Alberta announced that ACG was successfully chosen to move to the next stage of the province's carbon capture utilization and storage process in the industrial heartland. During the second and third quarters, Pembina and TC Energy progressed surface and sub-surface engineering and planning, continued with ongoing engagement with customers and stakeholders and recently signed an evaluation agreement with the Government of Alberta. Pembina and TC Energy are exploring options to potentially create several hubs throughout the province to gather and store carbon dioxide ("CO₂") safely and cost-effectively from multiple industries. Pembina's and TC Energy's long-term vision is to annually transport and store up to 20 million tonnes of CO₂ through several hubs across Alberta.

⁽¹⁾ For further details on Pembina's significant assets, including definitions for capitalized terms used herein that are not otherwise defined, refer to Pembina's AIF for the year ended December 31, 2021 filed at www.sedar.com (filed with the U.S. Securities and Exchange Commission at www.sec.gov under Form 40-F) and on Pembina's website at www.pembina.com.

Corporate

Financial Overview for the Three Months Ended September 30

Results of Operations⁽¹⁾

| <i>(\$ millions, except where noted)</i> | 2022 | 2021 | Change |
|---|-------|-------|--------|
| General and administrative | 51 | 48 | 3 |
| Other income | (1) | (322) | 321 |
| Net finance costs | 109 | 122 | (13) |
| Reportable segment (loss) earnings before tax | (158) | 154 | (312) |
| Adjusted EBITDA ⁽²⁾ | (39) | (35) | (4) |

Change in Results

| | | |
|--|---|--|
| General & administrative | ● | Consistent with the prior period. Lower long-term incentive costs following the decline in global equity markets which impacted Pembina's share price during the third quarter of 2022 were largely offset by an increase in salaries and wages and consulting fees. |
| Other income | ▼ | Decrease primarily due to the \$350 million received from the Arrangement Termination Payment in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs. |
| Net finance costs | ▲ | Decrease primarily due to foreign exchange gains compared to losses in the third quarter of 2021, combined with lower interest expense associated with tax settlements, partially offset by higher interest on long-term debt as a result of terming out variable rate debt to fixed rate debt at higher interest rates. |
| Reportable segment (loss) earnings before tax | ▼ | Decrease primarily due to the proceeds received from the Arrangement Termination Payment in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs and foreign exchange gains, discussed above. |
| Adjusted EBITDA⁽²⁾ | ● | Consistent with the prior period and due to the same factors discussed above. |

⁽¹⁾ Includes inter-segment eliminations.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

Financial Overview for the Nine Months Ended September 30

Results of Operations⁽¹⁾

| <i>(\$ millions, except where noted)</i> | 2022 | 2021 | Change |
|--|-------|-------|--------|
| General and administrative | 192 | 176 | 16 |
| Other expense (income) | 2 | (294) | 296 |
| Net finance costs | 309 | 297 | 12 |
| Reportable segment loss before tax | (502) | (177) | (325) |
| Adjusted EBITDA ⁽²⁾ | (157) | (140) | (17) |

Change in Results

| | | |
|---|---|---|
| General & administrative | ▼ | Increase primarily due to higher long-term incentive costs driven by Pembina's performance relative to peers and higher salaries and wages and consulting fees, partially offset due to lower share-based incentives. |
| Other expense (income) | ▼ | Decrease in other income is primarily due to the \$350 million received from the Arrangement Termination Payment in the third quarter of 2021, partially offset by lower restructuring costs and lower acquisition costs. |
| Net finance costs | ▼ | Increase primarily due to higher interest on long-term debt as a result of terming out variable rate debt to fixed rate debt at higher interest rates, combined with lower interest income and lower foreign exchange gains, partially offset by lower interest expense associated with tax settlements. |
| Reportable segment loss before tax | ▼ | Decrease primarily due to the proceeds received from the Arrangement Termination Payment in the third quarter of 2021, combined with higher long-term incentive costs and higher interest expense, discussed above, partially offset by lower restructuring costs and lower acquisition costs, discussed above. |
| Adjusted EBITDA⁽²⁾ | ▼ | Decrease primarily due to higher long-term incentive costs and higher salaries and wages costs, discussed above. |

⁽¹⁾ Includes inter-segment eliminations.

⁽²⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

4. LIQUIDITY & CAPITAL RESOURCES

Available Sources of Liquidity

| (\$ millions) | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| Working capital ⁽¹⁾ | (741) | (1,145) |
| Variable rate debt ⁽²⁾⁽³⁾ | | |
| Senior unsecured credit facilities | 342 | 910 |
| Variable rate bank debt swapped to fixed | (342) | (316) |
| Total variable rate loans and borrowings outstanding (weighted average interest rate of nil (2021: 1.1%)) | — | 594 |
| Fixed rate debt ⁽²⁾ | | |
| Senior unsecured medium-term notes | 9,650 | 9,700 |
| Variable rate bank debt swapped to fixed | 342 | 316 |
| Total fixed rate loans and borrowings outstanding (weighted average interest rate of 3.9% (2021: 3.9%)) | 9,992 | 10,016 |
| Total loans and borrowings outstanding | 9,992 | 10,610 |
| Cash and unutilized debt facilities | 2,828 | 2,469 |
| Subordinated hybrid notes (weighted average interest rate of 4.8% (2021: 4.8%)) | 600 | 600 |

⁽¹⁾ As at September 30, 2022, working capital included \$1.1 billion (December 31, 2021: \$1.0 billion) associated with the current portion of long-term debt.

⁽²⁾ Face value.

⁽³⁾ Includes U.S. \$250 million variable rate debt outstanding at September 30, 2022 (December 31, 2021: U.S. \$250 million) and fully hedged at 1.45 percent.

Pembina currently anticipates that its cash flow from operating activities, the majority of which is derived from fee-based contracts, will be more than sufficient to meet its operating obligations, to fund its dividend and to fund its capital expenditures in the short term and long term. Pembina expects to source funds required for debt maturities from cash, its credit facilities and by accessing the capital markets, as required. Based on its successful access to financing in the capital markets over the past several years, Pembina expects to continue to have access to additional funds as required. Refer to "Risk Factors – General Risk Factors – Additional Financing and Capital Resources" in Pembina's MD&A for the year ended December 31, 2021 and Note 25 to the Consolidated Financial Statements for more information. Management continues to monitor Pembina's liquidity and remains satisfied that the leverage employed in Pembina's capital structure is sufficient and appropriate given the characteristics and operations of the underlying asset base.

Management may adjust Pembina's capital structure as a result of changes in economic conditions or the risk characteristics of the underlying assets. To maintain or modify Pembina's capital structure in the future, Pembina may renegotiate debt terms, repay existing debt, seek new borrowings, issue additional equity or hybrid securities and/or repurchase or redeem additional common or preferred shares.

As at September 30, 2022, Pembina's credit facilities consisted of: an unsecured \$1.5 billion (December 31, 2021: \$2.5 billion) revolving credit facility, which includes a \$750 million (December 31, 2021: \$750 million) accordion feature and matures in June 2027 (the "Revolving Facility"); an unsecured \$1.0 billion (December 31, 2021: nil) sustainability linked revolving credit facility, which matures in June 2026 (the "SLL Credit Facility"); an unsecured U.S. \$250 million (December 31, 2021: U.S. \$250 million) non-revolving term loan, which matures in May 2025; and an operating facility of \$20 million (December 31, 2021: \$20 million), which matures in May 2023 and is typically renewed on an annual basis (collectively, the "Credit Facilities"). There are no mandatory principal repayments due over the term of the Credit Facilities, with principal repayments not due until maturity. Pembina is required to meet certain specific and customary affirmative and negative financial covenants under the indenture governing its medium-term notes and the agreements governing its Credit Facilities, including a requirement to maintain certain financial ratios. See "Liquidity & Capital Resources – Covenants" below for more information. Pembina is also subject to customary restrictions on its operations and activities under the indenture governing its medium-term notes and the agreements governing its Credit Facilities, including restrictions on the granting of security, incurring indebtedness and the sale of its assets.

Financing Activity

On March 14, 2022, Pembina's \$50 million senior unsecured medium term notes, series 3A, matured and were fully repaid.

On July 27, 2022, Pembina replaced its \$2.5 billion revolving credit facility with two credit facilities: the unsecured \$1.0 billion SLL Credit Facility and an amendment and restatement of the \$2.5 billion revolving facility into the unsecured \$1.5 billion Revolving Facility. The SLL Credit Facility contains pricing adjustments that reduce or increase borrowing costs based on Pembina's performance relative to a greenhouse gas ("GHG") emissions intensity reduction performance target. Previously, Pembina announced its commitment to reduce its GHG emissions intensity by 30 percent by 2030, relative to baseline 2019 levels. The specific terms of the SLL Credit Facility include annual intermediate targets that align with Pembina's trajectory towards its 2030 target.

With the exception of the sustainability linked adjustments to borrowing costs, the terms and conditions of the SLL Credit Facility and the Revolving Facility, including financial covenants, are substantially similar to each other.

On August 15, 2022, Pembina fully repaid and cancelled its non-revolving term loan for a total repayment of \$425 million in the third quarter.

Subsequent to the quarter, on October 24, 2022, Pembina's \$450 million senior unsecured medium term notes, series 2, matured and were fully repaid.

Covenants

Pembina's financial covenants under the indenture governing its medium-term notes and the agreements governing the Credit Facilities include the following:

| Debt Instrument | Financial Covenant ⁽¹⁾ | Ratio | Ratio as at September 30, 2022 |
|------------------------------------|-----------------------------------|--------------|--------------------------------|
| Senior unsecured medium-term notes | Funded Debt to Capitalization | Maximum 0.70 | 0.37 |
| Credit Facilities | Debt to Capital | Maximum 0.70 | 0.38 |

⁽¹⁾ Terms as defined in relevant agreements.

Pembina was in compliance with all covenants under the note indenture governing its medium-term notes and the agreements governing its Credit Facilities as at September 30, 2022 (December 31, 2021: in compliance).

Credit Risk

Pembina continues to actively monitor and reassess the creditworthiness of its counterparties. The majority of Pembina's credit exposure is to investment grade or split-investment grade counterparties. Pembina assesses all counterparties during the on-boarding process and actively monitors credit limits and exposure across the business. Pembina may reduce or mitigate its exposure to certain counterparties where it is deemed warranted and permitted under contractual terms. Where warranted, financial assurances may be sought from counterparties to mitigate and reduce risk, which assurances may include guarantees, letters of credit and cash collateral. Letters of credit totaling \$166 million (December 31, 2021: \$100 million) were held as at September 30, 2022, primarily in respect of customer trade receivables.

Credit Ratings

The following information with respect to Pembina's credit ratings is provided as such information relates to Pembina's financing costs and liquidity. Specifically, credit ratings affect Pembina's ability to obtain short-term and long-term financing and the cost of such financing. A reduction in the current ratings of Pembina's debt by its rating agencies, particularly a downgrade below investment-grade ratings, could adversely affect Pembina's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings and the associated costs may affect Pembina's ability to enter into normal course derivative or hedging transactions. Credit ratings are intended to provide investors with an independent measure of the credit quality of any issues of securities. The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, nor do the credit rating agencies comment on the market price or suitability for a particular investor. Any credit rating may not remain in effect for a given period of time or may be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

DBRS Limited ("DBRS") rates Pembina's senior unsecured medium-term notes 'BBB (high)'. DBRS has also assigned a debt rating of 'BBB (low)' to Pembina's Fixed-To-Fixed Rate Subordinated Notes, Series 1 (the "Series 1 Subordinated Notes") Series 1 Subordinated Notes and a rating of 'Pfd-3 (high)' for each issued series of Pembina's Class A Preferred Shares, other than the Class A Preferred Shares, Series 2021-A (the "Series 2021-A Class A Preferred Shares"), which are deliverable to the holders of the Series 1 Subordinated Notes following the occurrence of certain bankruptcy or insolvency events in respect of Pembina.

The long-term corporate credit rating assigned by S&P Global Ratings ("S&P") on Pembina is 'BBB'. S&P has also assigned a debt rating of 'BBB' to Pembina's senior unsecured medium-term notes, a debt rating of 'BB+' to the Series 1 Subordinated Notes, and a rating of 'P-3 (High)' to each issued series of Pembina's Class A Preferred Shares, other than the Series 2021-A Class A Preferred Shares.

Refer to "Description of the Capital Structure of Pembina – Credit Ratings" in the AIF for the year ended December 31, 2021, for further information.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Pembina had the following contractual obligations outstanding as at September 30, 2022:

| Contractual Obligations ⁽¹⁾ (\$ millions) | Payments Due By Period | | | | |
|---|------------------------|------------------|-------------|-------------|---------------|
| | Total | Less than 1 year | 1 – 3 years | 3 – 5 years | After 5 years |
| Leases ⁽²⁾ | 903 | 101 | 174 | 142 | 486 |
| Long-term debt ⁽³⁾ | 16,471 | 1,541 | 2,163 | 1,762 | 11,005 |
| Construction commitments ⁽⁴⁾⁽⁵⁾ | 727 | 399 | 102 | 14 | 212 |
| Other | 617 | 75 | 140 | 92 | 310 |
| Total contractual obligations | 18,718 | 2,116 | 2,579 | 2,010 | 12,013 |

⁽¹⁾ Pembina enters into product purchase agreements and power purchase agreements to secure supply for future operations. Purchase prices of both NGL and power are dependent on current market prices. Volumes and prices for NGL and power contracts cannot be reasonably determined, and therefore, an amount has not been included in the contractual obligations schedule. Product purchase agreements range from one to 9 years and involve the purchase of NGL products from producers. Assuming product is available, Pembina has secured between 45 and 193 mbpd of NGL each year up to and including 2030. Power purchase agreements range from one to 24 years and involve the purchase of power from electrical service providers. Pembina has secured up to 77 megawatts per day each year up to and including 2046.

⁽²⁾ Includes terminals, rail, office space, land and vehicle leases.

⁽³⁾ Includes loans and borrowings, subordinated hybrid notes and interest payments on Pembina's senior unsecured medium-term notes and subordinated hybrid notes. Excludes deferred financing costs.

⁽⁴⁾ Includes required maintenance and/or turnarounds and excludes significant projects that are awaiting regulatory approval, projects which Pembina is not committed to construct, and projects that are executed by equity accounted investees.

⁽⁵⁾ Includes construction commitments related to assets held for sale of \$28 million as at September 30, 2022; \$3 million related to payments due in less than 1 year, and \$25 million after 5 years.

As a result of the disposition of Pembina's Field-based Gas Processing Assets on August 15, 2022, Pembina's construction commitments were reduced by \$264 million.

Off-Balance Sheet Arrangements

As at September 30, 2022, Pembina does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on Pembina's financial condition, results of operations, liquidity or capital expenditures.

Letters of Credit

Pembina has provided letters of credit to various third parties in the normal course of conducting business. The letters of credit include guarantees to counterparties for product purchases and sales, transportation services, utilities, engineering and construction services. The letters of credit have not had and are not expected to have a material impact on Pembina's financial position, earnings, liquidity or capital resources. As at September 30, 2022, Pembina had \$199 million (December 31, 2021: \$135 million) in letters of credit issued.

5. SHARE CAPITAL

Common Shares

On March 8, 2022, the Toronto Stock Exchange ("TSX") accepted the renewal of Pembina's normal course issuer bid (the "NCIB") that allows the Company to repurchase, at its discretion, up to five percent of the Company's outstanding common shares (representing approximately 27.5 million common shares) through the facilities of the TSX, the New York Stock Exchange and/or alternative Canadian trading systems or as otherwise permitted by applicable securities law, subject to certain restrictions on the number of common shares that may be purchased on a single day. Common shares purchased by the Company under the NCIB will be cancelled. The NCIB commenced on March 10, 2022 and will terminate on March 9, 2023 or on such earlier date as the Company has purchased the maximum number of common shares permitted pursuant to the NCIB or at such time Pembina determines to no longer make purchases thereunder.

The following table summarizes Pembina's share repurchases under its NCIB:

| <i>(millions, except as noted)</i> | September 30, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| Number of common shares repurchased for cancellation <i>(thousands)</i> | 5,320 | 450 |
| Average price per share | \$46.76 | \$37.77 |
| Total cost ⁽¹⁾ | 249 | 17 |

⁽¹⁾ Total cost includes \$152 million (2021: \$13 million) charged to share capital and \$97 million (2021: \$4 million) charged to deficit.

Common Share Dividends

Common share dividends are payable if, as and when declared by Pembina's Board of Directors. The amount and frequency of dividends declared and payable is at the discretion of Pembina's Board of Directors, which considers earnings, cash flow, capital requirements, the financial condition of Pembina and other relevant factors when making its dividend determination.

In connection with the closing of the PGI Transaction on August 15, 2022, Pembina's Board of Directors approved a \$0.0075 per common share increase to its monthly common share dividend rate from \$0.21 to \$0.2175 per common share per month, commencing with the dividend paid on October 14, 2022.

Preferred Shares

On August 31, 2022, Pembina announced that it did not intend to exercise its right to redeem the eight million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 15 (the "Series 15 Class A Preferred Shares") outstanding on September 30, 2022. The annual dividend rate for the Series 15 Class A Preferred Shares for the five-year period from and including September 30, 2022 to, but excluding, September 30, 2027 is 6.164 percent.

Subsequent to the end of the third quarter, on October 14, 2022, Pembina announced its intention to redeem all of the 12 million issued and outstanding Cumulative Redeemable Minimum Rate Reset Class A Preferred Shares, Series 23 (the "Series 23 Class A Preferred Shares") on November 15, 2022 for a redemption price equal to \$25.00 per Series 23 Class A Preferred Shares, less taxes required to be deducted or withheld by the Company. The total redemption price for the Series 23 Class A Preferred Shares will be \$300 million.

Preferred Share Dividends

Other than in respect of the Series 2021-A Class A Preferred Shares, the holders of Pembina's Class A Preferred Shares are entitled to receive fixed cumulative dividends. Dividends on the Series 1, 3, 5, 7, 9 and 21 Class A Preferred Shares are payable quarterly on the first day of March, June, September and December, if, as and when declared by the Board of Directors of Pembina. Dividends on the Series 15, 17 and 19 Class A Preferred Shares are payable on the last day of March, June, September and December in each year, if, as and when declared by the Board of Directors of Pembina. Dividends on the Series 23 and 25 Class A Preferred Shares are payable on the 15th day of February, May, August and November in each year, if, as and when declared by the Board of Directors of Pembina.

Dividends are not payable on the Series 2021-A Class A Preferred Shares, nor shall any dividends accumulate or accrue, prior to delivery of Series 2021-A Class A Preferred Shares to the holders of the Series 1 Subordinated Notes following the occurrence of certain bankruptcy or insolvency events in respect of Pembina. Thereafter, dividends on the Series 2021-A Class A Preferred Shares are payable on the 25th day of January and July in each year, if, as and when declared by the Board of Directors.

Outstanding Share Data

| Issued and outstanding (<i>thousands</i>) ⁽¹⁾ | October 28, 2022 |
|--|------------------|
| Common shares | 551,564 |
| Stock options | 12,417 |
| Stock options exercisable | 7,143 |
| Series 1 Class A Preferred Shares | 10,000 |
| Series 3 Class A Preferred Shares | 6,000 |
| Series 5 Class A Preferred Shares | 10,000 |
| Series 7 Class A Preferred Shares | 10,000 |
| Series 9 Class A Preferred Shares | 9,000 |
| Series 15 Class A Preferred Shares | 8,000 |
| Series 17 Class A Preferred Shares | 6,000 |
| Series 19 Class A Preferred Shares | 8,000 |
| Series 21 Class A Preferred Shares | 16,000 |
| Series 23 Class A Preferred Shares ⁽²⁾ | 12,000 |
| Series 25 Class A Preferred Shares | 10,000 |

⁽¹⁾ Pembina issued 600,000 Series 2021-A Class A Preferred shares to the Computershare Trust Company of Canada, to be held in trust to satisfy its obligations under the indenture governing the Series 1 Subordinated Notes, in connection with the issuance of the Series 1 Subordinated Notes.

⁽²⁾ Subsequent to the end of the third quarter, on October 14, 2022, Pembina announced its intention to redeem all of the issued and outstanding Series 23 Class A Preferred Shares on November 15, 2022.

6. CAPITAL EXPENDITURES

| (\$ millions) | 3 Months Ended September 30 | | 9 Months Ended September 30 | |
|--|-----------------------------|------|-----------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Pipelines | 75 | 174 | 264 | 352 |
| Facilities | 36 | 26 | 114 | 102 |
| Marketing & New Ventures | 7 | 3 | 53 | 15 |
| Corporate and other projects | 13 | 6 | 31 | 13 |
| Total capital expenditures ⁽¹⁾⁽²⁾ | 131 | 209 | 462 | 482 |

⁽¹⁾ Includes \$25 million for the three months ended September 30, 2022 (2021: \$19 million) and \$122 million for the nine months ended September 30, 2022 (2021: \$49 million) related to non-recoverable sustainment activities.

In both 2022 and 2021, Pipeline capital expenditures continued to be largely related to Pembina's Peace Pipeline system expansion projects. Pipeline capital expenditures in 2022 also included slope mitigation on the Syncrude and Horizon Pipeline systems. In 2022, Facilities capital expenditures were primarily related to continued expansion at the Empress Co-generation Facility. In 2021, Facilities capital expenditures were largely related to the expansion at Empress and the Prince Rupert Terminal. Marketing & New Ventures capital expenditures primarily related to the purchase of linefill for the Phase VII Peace Pipeline expansion in 2022 and development activities at Cedar LNG in 2021 and 2022. Corporate capital expenditures in 2021 and 2022 relate mainly to IT infrastructure and systems development.

Contributions to Equity Accounted Investees

| (\$ millions) | 3 Months Ended September 30 | | 9 Months Ended September 30 | |
|-------------------|-----------------------------|-----------|-----------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Aux Sable | — | — | 2 | 1 |
| Veresen Midstream | — | 18 | 13 | 29 |
| PGI | 17 | — | 17 | — |
| Cedar LNG | 7 | — | 17 | — |
| Total | 24 | 18 | 49 | 30 |

In both 2022 and 2021, contributions made to Veresen Midstream were to fund general capital expenditures. Contributions made to PGI in 2022 were to fund general capital expenditures. Contributions made to Cedar LNG in 2022 were to fund front-end engineering and design capital expenditures.

7. SELECTED QUARTERLY INFORMATION

Selected Quarterly Operating Information

| (mboe/d) | 2022 | | | 2021 | | | | 2020 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Volumes⁽¹⁾⁽²⁾ | | | | | | | | |
| Pipelines | | | | | | | | |
| Conventional Pipelines | 977 | 937 | 897 | 959 | 918 | 892 | 862 | 993 |
| Transmission Pipelines | 577 | 564 | 621 | 616 | 595 | 685 | 674 | 684 |
| Oil Sands Pipelines | 977 | 975 | 975 | 996 | 1,050 | 1,050 | 1,051 | 1,053 |
| Facilities | | | | | | | | |
| Gas Services | 686 | 664 | 675 | 677 | 660 | 662 | 677 | 673 |
| NGL Services | 207 | 204 | 201 | 189 | 188 | 211 | 218 | 211 |
| Total | 3,424 | 3,344 | 3,369 | 3,437 | 3,411 | 3,500 | 3,482 | 3,614 |

⁽¹⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

⁽²⁾ Includes Pembina's proportionate share of volumes from equity accounted investees.

Deferred Take-or-pay Revenue

| (\$ millions) | 2022 | | | 2021 | | | | 2020 |
|--|------|------|------|------|------|------|------|------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Pipelines | | | | | | | | |
| Opening balance | 27 | 24 | 3 | 21 | 32 | 22 | 3 | 42 |
| Revenue deferred | 55 | 49 | 47 | 43 | 48 | 45 | 42 | 52 |
| Revenue recognized | (67) | (46) | (26) | (61) | (59) | (35) | (23) | (91) |
| Ending take-or-pay contract liability balance | 15 | 27 | 24 | 3 | 21 | 32 | 22 | 3 |
| Facilities | | | | | | | | |
| Opening balance | — | 1 | — | — | 3 | 1 | — | — |
| Revenue deferred | — | 2 | 1 | — | — | 2 | 1 | — |
| Revenue recognized | (1) | — | — | — | (3) | — | — | — |
| Transfers to liabilities related to assets held for sale | 3 | (3) | — | — | — | — | — | — |
| Disposition (Note 5) | (2) | — | (2) | — | — | — | — | — |
| Ending take-or-pay contract liability balance | — | — | 1 | — | — | 3 | 1 | — |

Quarterly Financial Information

| (\$ millions, except where noted) | 2022 | | | 2021 | | | | 2020 |
|--|-------|-------|-------|-------|-------|-------|-------|---------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Revenue | 2,779 | 3,095 | 3,038 | 2,560 | 2,149 | 1,902 | 2,016 | 1,680 |
| Net revenue ⁽¹⁾ | 1,030 | 1,020 | 1,154 | 1,084 | 961 | 894 | 999 | 954 |
| Operating expenses | 225 | 211 | 193 | 206 | 187 | 186 | 182 | 201 |
| Realized loss on commodity-related derivative financial instruments | 19 | 49 | 47 | 36 | 43 | 33 | 88 | 6 |
| Share of profit (loss) from equity accounted investees | 123 | 74 | 85 | 83 | 75 | 52 | 71 | (244) |
| Gross profit | 874 | 711 | 857 | 785 | 682 | 550 | 630 | 247 |
| Earnings (loss) | 1,829 | 418 | 481 | 80 | 588 | 254 | 320 | (1,216) |
| Earnings (loss) per common share – basic (dollars) | 3.24 | 0.70 | 0.81 | 0.08 | 1.01 | 0.39 | 0.51 | (2.28) |
| Earnings (loss) per common share – diluted (dollars) | 3.23 | 0.69 | 0.81 | 0.08 | 1.01 | 0.39 | 0.51 | (2.28) |
| Cash flow from operating activities | 767 | 604 | 655 | 697 | 913 | 584 | 456 | 766 |
| Cash flow from operating activities per common share – basic (dollars) | 1.38 | 1.09 | 1.19 | 1.27 | 1.66 | 1.06 | 0.83 | 1.39 |
| Adjusted cash flow from operating activities ⁽¹⁾ | 574 | 683 | 700 | 734 | 786 | 538 | 582 | 603 |
| Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾ | 1.04 | 1.23 | 1.27 | 1.33 | 1.43 | 0.98 | 1.06 | 1.10 |
| Common shares outstanding (millions): | | | | | | | | |
| Weighted average – basic | 554 | 554 | 551 | 550 | 550 | 550 | 550 | 550 |
| Weighted average – diluted | 556 | 557 | 552 | 551 | 551 | 551 | 550 | 550 |
| End of period | 552 | 555 | 552 | 550 | 550 | 550 | 550 | 550 |
| Common share dividends declared | 354 | 349 | 347 | 346 | 347 | 347 | 346 | 346 |
| Dividends per common share | 0.64 | 0.63 | 0.63 | 0.63 | 0.63 | 0.63 | 0.63 | 0.63 |
| Preferred share dividends declared | 31 | 32 | 31 | 33 | 31 | 35 | 36 | 38 |
| Capital expenditures | 131 | 152 | 179 | 176 | 209 | 146 | 127 | 161 |
| Contributions to equity accounted investees | 24 | 6 | 19 | 305 | 18 | — | 12 | — |
| Distributions from equity accounted investees | 138 | 145 | 155 | 128 | 106 | 112 | 115 | 109 |
| Adjusted EBITDA ⁽¹⁾ | 967 | 849 | 1,005 | 970 | 850 | 778 | 835 | 866 |

⁽¹⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

During the periods in the table above, Pembina's financial and operating results were impacted by the following factors and trends:

- New large-scale growth projects across Pembina's business being placed into service;
- Volatility in commodity market prices impacting margins within the marketing business, partially offset by Pembina's risk management program;
- Volatility in the AECO-Chicago natural gas price differential, power pool prices, foreign exchange rates, and inflation impacting operating results;
- The COVID-19 pandemic and the resulting decrease in demand for commodities starting in the second quarter of 2020, which led to a significant decline in global energy prices and a reduction in capital spending budgets by Pembina and its customers in 2020, and the subsequent recovery in demand for commodities and global energy prices in 2021, which continued through the first nine months of 2022 in connection with supply concerns associated with the current conflict between Ukraine and Russia;
- Higher net finance costs impacting earnings associated with debt related to financing growth projects, volatility in foreign exchange rates and volatility in Pembina's share price impacting incentive costs;
- Impairments recognized on Pembina's interests in Ruby, CKPC and the assets associated with Jordan Cove in the fourth quarter of 2020 and on certain assets in Pipelines as a result of contract expirations in the fourth quarter of 2021;
- The receipt and associated tax of the \$350 million Arrangement Termination Payment in the third quarter of 2021;
- Higher contributions made to Alliance to redeem all of its issued and outstanding senior notes;
- Higher number of common shares as a result of option exercises, partially offset by share repurchases; and
- The completion of the PGI Transaction, which resulted in a gain recognized by Pembina of \$1.1 billion in the third quarter of 2022 and other impacts to Pembina's earnings.

8. SELECTED EQUITY ACCOUNTED INVESTEE INFORMATION

Loans and Borrowings of Equity Accounted Investees

Under equity accounting, the assets and liabilities of an investment are reported as a single line item in the Consolidated Statement of Financial Position, "Investments in Equity Accounted Investees". To assist readers' understanding and to evaluate the capitalization of Pembina's investments, loans and borrowings associated with investments in equity accounted investees are presented below based on Pembina's proportionate ownership in such investments, as at September 30, 2022. The loans and borrowings are presented and classified by the division in which the results for the investment are reported. Please refer to the "Abbreviations" section for a summary of Pembina's investments in equity accounted investees and the division in which their results are reported.

| (\$ millions) ⁽¹⁾ | September 30, 2022 | December 31, 2021 |
|------------------------------|--------------------|-------------------|
| Pipelines ⁽²⁾ | 678 | 642 |
| Facilities ⁽³⁾ | 2,631 | 1,214 |
| Marketing & New Ventures | — | 1 |
| Total | 3,309 | 1,857 |

⁽¹⁾ Balances reflect Pembina's ownership percentage of the outstanding balance face value.

⁽²⁾ Balance includes \$325 million (2021: \$300 million) of loans and borrowings associated with Ruby Pipeline, L.L.C.. On March 31, 2022, Ruby Pipeline, L.L.C. voluntarily filed for relief under Chapter 11 of the U.S. Bankruptcy Code. Refer to "Financing Activities for Equity Accounted Investees" section below for further details.

⁽³⁾ Balance includes \$291 million (2021: nil) of loans and borrowings on a PGI credit facility funding the construction of the Key Access Pipeline System project.

Financing Activities for Equity Accounted Investees

Ruby Pipeline, a wholly-owned subsidiary of Ruby, had U.S. \$475 million principal amount of unsecured notes that matured on April 1, 2022 (the "2022 Notes"). Although Ruby Pipeline has sufficient liquidity to operate its business, it lacked sufficient liquidity to satisfy its obligations under the 2022 Notes on the maturity date of April 1, 2022. Accordingly, on March 31, 2022, Ruby Pipeline filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. While a claim has not been filed, management believes that under certain circumstances claims could be advanced in respect of Ruby Pipeline as a result of the voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The final outcome of such claims, if made, is not known or measurable at this time.

On August 15, 2022, PGI closed \$4.75 billion of syndicated credit facilities consisting of a \$3.9 billion unsecured non-revolving term loan facility which matures August 2027, a \$250 million unsecured revolving credit facility, which includes a \$300 million accordion feature and matures August 2025, a \$50 million unsecured operating credit facility which matures August 2024, and a \$550 million unsecured revolving credit facility which matures August 2024 to fund the construction of the KAPS project (collectively, the "PGI Credit Facilities"). There are no mandatory principal repayments due over the term of the PGI Credit Facilities, with the exception of the prepayment of the \$550 million unsecured revolving credit facility in connection with certain specified dispositions. Proceeds of the credit facilities were primarily used to fund a portion of the PGI Transaction including the repayment of credit facilities within Veresen Midstream and ETC.

On August 15, 2022, Veresen Midstream repaid \$2.6 billion of outstanding debt on its syndicated credit facilities. The credit facilities were cancelled upon repayment as part of the PGI Transaction.

Between August 30, 2022, and September 28, 2022, PGI entered into floating-to-fixed interest rate swaps with a notional value of \$1.2 billion. The floating debt is priced at CAD-BA-CDOR. The interest rate swaps mature July 2027.

Subsequent to the end of the third quarter, between October 4, 2022 and October 28, 2022, PGI entered into additional floating-to-fixed interest rate swaps of notional value \$740 million. The floating debt is priced at CAD-BA-CDOR. The interest rate swaps mature July 2027. The weighted average hedge rate for the total notional amount is 3.66 percent.

Commitments to Equity Accounted Investees

Pembina has commitments to provide contributions to certain equity accounted investees based on annual budgets approved by the joint venture partners and contractual agreements.

Credit Risk for Equity Accounted Investees

At September 30, 2022, Pembina's various equity accounted investees held letters of credit totaling \$72 million (December 31, 2021: \$73 million) primarily in respect of customer trade receivables.

9. OTHER

Related Party Transactions

Pembina enters into transactions with related parties including PGI, which became a related party of Pembina on close of the PGI Transaction, in the normal course of business and on terms equivalent to those that prevail in arm's length transactions, unless otherwise noted. Pembina contracts capacity from its equity accounted investees, advances funds to support operations, provides letters of credit, including financial guarantees, and provides services, on a cost recovery basis, to investments in equity accounted investees.

For the three and nine months ended September 30, 2022, Pembina had no other transactions with "related parties" (as defined in IAS 24 *Related Party Disclosures*) except those pertaining to contributions to Pembina's defined benefit pension plan and remuneration of key management personnel and the Board of Directors of Pembina, in the ordinary course of their employment or directorship agreements, respectively.

Risk Management

Pembina's risk management strategies, policies and limits, ensure risks and exposures are aligned to its business strategy and risk tolerance. Pembina's Board of Directors is responsible for providing risk management oversight at Pembina and oversees how management monitors compliance with Pembina's risk management policies and procedures and reviews the adequacy of this risk framework in relation to the risks faced by Pembina.

Pembina has exposure to counterparty credit risk, liquidity risk and market risk. Pembina utilizes derivative instruments to stabilize the results of its marketing business and, as at September 30, 2022, the Company has entered into certain financial derivative contracts in order to manage commodity price, foreign exchange and interest rate risk. These instruments are not used for trading or speculative purposes. Pembina has also entered into power purchase agreements to secure cost-competitive renewable energy, fix the price for a portion of the power Pembina consumes, and reduce its emissions. For more information on Pembina's derivative instruments, refer to Note 14 to the Interim Financial Statements.

Pembina's Canadian dollar drawings on its Credit Facilities have variable rate components that reference the Canadian Dollar Offered Rate ("CDOR"). CDOR rates will cease to be published at the end of June 2024. CDOR is expected to be replaced by the Canadian Overnight Repo Rate Average ("CORRA"). Pembina will continue to monitor developments and the potential impact on the business.

Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR")

Management's Report on Internal Control over Financial Reporting

Pembina's management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting, as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The objective of this instrument is to improve the quality, reliability and transparency of information that is filed or submitted under Canadian securities legislation.

The President and Chief Executive Officer and Senior Vice President and Chief Financial Officer have designed, with the assistance of management, DC&P and ICFR to provide reasonable assurance that material information relating to Pembina's business is made known to them, is reported on a timely basis, that financial reporting is reliable and that financial statements prepared for external purposes are in accordance with IFRS.

Changes in Internal Control Over Financial Reporting

There were no changes in the third quarter of 2022 that had or are likely to have a material impact on Pembina's ICFR.

10. ACCOUNTING POLICIES & ESTIMATES

Changes in Accounting Policies

The accounting policies used in preparing the Interim Financial Statements are described in Note 3 of Pembina's Consolidated Financial Statements and as noted below. There were no new accounting standards or amendments to existing standards adopted in the first nine months of 2022 that have a material impact on Pembina's financial statements.

Assets Held for Sale

Non-current assets, or disposal groups comprising of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in earnings.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

Basis of Consolidation - Loss of Control

When there is a loss of control of a subsidiary in a transaction with a joint venture, the Company derecognizes the assets and liabilities of the subsidiary and other components of equity. However, there is an accounting policy choice to recognize the entirety of any resulting gain or loss in earnings on loss of control or to recognize the gain or loss only to the extent of the unrelated investor's interest in the joint venture. Pembina has elected to recognize the full gain in its entirety. As a result, any interest retained in the former subsidiary is measured at fair value when control is lost.

Critical Accounting Judgments & Estimates

Critical accounting judgments and estimates used in preparing the Interim Financial Statements are described in Note 2 of Pembina's Consolidated Financial Statements. The preparation of consolidated financial statements in conformity with IFRS requires management to make both judgments and estimates that could materially affect the amounts recognized in the financial statements. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. There have been no material changes to Pembina's critical accounting estimates and judgments during the three and nine months ended September 30, 2022 except as noted below related to the PGI Transaction.

Acquisition of an interest in a Joint Venture

Acquisitions of interests in joint ventures that meet the definition of a business in-substance involve application of the acquisition method of accounting in order to apply the equity method post-acquisition. The determination of fair value often requires management to make judgments about future possible events. The assumptions with respect to the fair value of consideration exchanged and intangible assets require the most judgment. Estimates of future cash flows, forecast revenue, contract renewal rates, and discount rates are made in determining the fair values of the businesses contributed to the joint venture and Pembina's share of the fair value of assets acquired and liabilities assumed. Changes in these assumptions or estimates used in determining the fair values of the businesses contributed or Pembina's share of acquired assets and liabilities could impact the amounts assigned to the investment in PGI, the gain on the disposition, as well as the assets, liabilities, intangible assets, goodwill and deferred taxes in the in-substance purchase price equation for the investment in PGI. Future earnings can be affected as a result of changes in Pembina's share of the joint venture's equity accounted profits or losses due to differences in future depreciation and amortization, asset or goodwill impairment.

11. RISK FACTORS

Management has identified the primary risk factors that could potentially have a material impact on the financial results and operations of Pembina. With the exception of the risks noted below, there have been no material changes to the risk factors presented in Pembina's MD&A and AIF for the year ended December 31, 2021. Pembina's MD&A and AIF are available at www.sedar.com, www.sec.gov and through Pembina's website at www.pembina.com.

Impacts of Geopolitical Events in Eastern Europe

While Pembina's operations, based solely in North America, have not been, and are unlikely to be, directly impacted, the current conflict between Ukraine and Russia and the international response has, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short-, medium- and long-term implications of the conflict in Ukraine are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the conflict on Pembina, and it could have a material and adverse effect on our business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflict, it may have the effect of heightening many of the other risks described in Pembina's AIF for the year ended December 31, 2021, including, without limitation, the risks relating to Pembina's exposure to commodity prices; the successful completion of Pembina's growth and expansion projects, including the expected return on investment thereof; supply chains and Pembina's ability to obtain required equipment, materials or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

12. NON-GAAP & OTHER FINANCIAL MEASURES

Throughout this MD&A, Pembina has disclosed certain financial measures that are not specified, defined or determined in accordance with GAAP and which are not disclosed in Pembina's financial statements. Non-GAAP financial measures either exclude an amount that is included in, or include an amount that is excluded from, the composition of the most directly comparable financial measure specified, defined and determined in accordance with GAAP. These non-GAAP financial measures and ratios, together with financial measures and ratios specified, defined and determined in accordance with GAAP, are used by management to evaluate the performance and cash flows of Pembina and its businesses and to provide additional useful information respecting Pembina's financial performance and cash flows to investors and analysts.

In this MD&A, Pembina has disclosed the following non-GAAP financial measures and non-GAAP ratios: net revenue, adjusted EBITDA from equity accounted investees, adjusted EBITDA, adjusted EBITDA per common share, adjusted cash flow from operating activities and adjusted cash flow from operating activities per common share.

Non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Pembina's financial performance, or cash flows specified, defined or determined in accordance with IFRS, including revenue, earnings before income tax, share of profit from equity accounted investees and cash flow from operating activities.

Except as otherwise described herein, these non-GAAP financial measures and non-GAAP ratios are calculated on a consistent basis from period to period. Specific reconciling items may only be relevant in certain periods.

Below is a description of each non-GAAP financial measure and non-GAAP ratio disclosed in this MD&A, together with, as applicable, disclosure of: the most directly comparable financial measure that is specified, defined and determined in accordance with GAAP to which each non-GAAP financial measure relates; a quantitative reconciliation of each non-GAAP financial measure to such directly comparable GAAP financial measure; the composition of each non-GAAP financial measure and non-GAAP ratio; an explanation of how each non-GAAP financial measure and non-GAAP ratio provides useful information to investors and the additional purposes, if any, for which management uses each non-GAAP financial measure and non-GAAP ratio; and an explanation of the reason for any change in the label or composition of each non-GAAP financial measure and non-GAAP ratio from what was previously disclosed.

Net Revenue

Net revenue is a non-GAAP financial measure which is defined as total revenue less cost of goods sold including product purchases. Management believes that net revenue provides investors with a single measure to indicate the margin on sales before non-product operating expenses that is comparable between periods. Management utilizes net revenue to compare consecutive results in Marketing & New Ventures and Facilities, to aggregate revenue generated by each of the Company's divisions and to set comparable objectives. The most directly comparable financial measure to net revenue that is specified, defined and determined in accordance with GAAP and disclosed in the Pembina's financial statements is revenue.

| 3 Months Ended September 30 | | | | | | | | | | |
|---|-----------|------|------------|------|--------------------------|-------|--|-------|-------|-------|
| (\$ millions) | | | | | | | | | | |
| | Pipelines | | Facilities | | Marketing & New Ventures | | Corporate & Inter-segment Eliminations | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue | 645 | 566 | 314 | 341 | 1,979 | 1,393 | (159) | (151) | 2,779 | 2,149 |
| Cost of goods sold, including product purchases | — | — | 4 | 1 | 1,824 | 1,268 | (79) | (81) | 1,749 | 1,188 |
| Net revenue | 645 | 566 | 310 | 340 | 155 | 125 | (80) | (70) | 1,030 | 961 |

| 9 Months Ended September 30 | | | | | | | Corporate & Inter-segment Eliminations | | Total | |
|---|-----------|-------|------------|-------|--------------------------|-------|--|-------|-------|-------|
| (\$ millions) | | | | | | | | | | |
| | Pipelines | | Facilities | | Marketing & New Ventures | | | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue | 1,822 | 1,673 | 1,031 | 1,014 | 6,550 | 3,827 | (491) | (447) | 8,912 | 6,067 |
| Cost of goods sold, including product purchases | — | — | 6 | 7 | 5,948 | 3,463 | (246) | (257) | 5,708 | 3,213 |
| Net revenue | 1,822 | 1,673 | 1,025 | 1,007 | 602 | 364 | (245) | (190) | 3,204 | 2,854 |

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("adjusted EBITDA") and adjusted EBITDA per Common Share

Adjusted EBITDA is a non-GAAP financial measure and is calculated as earnings before net finance costs, income taxes, depreciation and amortization (included in operations and general and administrative expense) and unrealized gains or losses on commodity-related derivative financial instruments. The exclusion of unrealized gains or losses on commodity-related derivative financial instruments eliminates the non-cash impact of such gains or losses.

Adjusted EBITDA also includes adjustments to earnings for losses (gains) on disposal of assets, transaction costs incurred in respect of acquisitions, dispositions and restructuring, impairment charges or reversals in respect of goodwill, intangible assets, investments in equity accounted investees and property, plant and equipment, certain non-cash provisions and other amounts not reflective of ongoing operations. In addition, Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest. These additional adjustments are made to exclude various non-cash and other items that are not reflective of ongoing operations.

Management believes that adjusted EBITDA provides useful information to investors as it is an important indicator of an issuer's ability to generate liquidity through cash flow from operating activities and equity accounted investees. Management also believes that adjusted EBITDA provides an indicator of operating income generated from capital expenditures, which includes operational finance income and gains from lessor lease arrangements. Adjusted EBITDA is also used by investors and analysts for assessing financial performance and for the purpose of valuing an issuer, including calculating financial and leverage ratios. Management utilizes adjusted EBITDA to set objectives and as a key performance indicator of the Company's success. Pembina presents adjusted EBITDA as management believes it is a measure frequently used by analysts, investors and other stakeholders in evaluating the Company's financial performance.

Adjusted EBITDA per common share is a non-GAAP financial ratio which is calculated by dividing adjusted EBITDA by the weighted average number of common shares outstanding.

| 3 Months Ended September 30 | | | | | | | Corporate & Inter-segment Eliminations | | Total | |
|---|-----------|------|------------|------|--------------------------|------|--|-------|---------|-------|
| (\$ millions, except per share amounts) | | | | | | | | | | |
| | Pipelines | | Facilities | | Marketing & New Ventures | | | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Earnings before income tax | 377 | 329 | 1,270 | 207 | 252 | 91 | (158) | 154 | 1,741 | 781 |
| Adjustments to share of profit from equity accounted investees and other | 40 | 65 | 90 | 33 | (12) | 5 | — | — | 118 | 103 |
| Net finance costs | 7 | 8 | 4 | 12 | 20 | 2 | 109 | 122 | 140 | 144 |
| Depreciation and amortization | 97 | 100 | 27 | 56 | 12 | 13 | 10 | 11 | 146 | 180 |
| Unrealized loss (gain) on commodity-related derivative financial instruments | — | — | 3 | (45) | (105) | (2) | — | — | (102) | (47) |
| Arrangement Termination Payment | — | — | — | — | — | — | — | (350) | — | (350) |
| Gain on Pembina Gas Infrastructure Transaction | — | — | (1,110) | — | — | — | — | — | (1,110) | — |
| Transaction costs incurred in respect of acquisitions | — | — | 5 | — | — | — | — | 8 | 5 | 8 |
| Transformation and restructuring costs, (gain) loss on disposal of assets and non-cash provisions | 14 | 1 | 2 | 10 | 13 | — | — | 20 | 29 | 31 |
| Adjusted EBITDA | 535 | 503 | 291 | 273 | 180 | 109 | (39) | (35) | 967 | 850 |
| Adjusted EBITDA per common share – basic (dollars) | | | | | | | | | 1.74 | 1.55 |

| 9 Months Ended September 30 | | | | | | | | | | |
|--|-----------|-------|------------|------|--------------------------|------|--|-------|---------|-------|
| (\$ millions, except per share amounts) | | | | | | | | | | |
| | Pipelines | | Facilities | | Marketing & New Ventures | | Corporate & Inter-segment Eliminations | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Earnings before income tax | 1,120 | 987 | 1,659 | 555 | 612 | 167 | (502) | (177) | 2,889 | 1,532 |
| Adjustments to share of profit from equity accounted investees and other | 131 | 221 | 158 | 99 | 25 | 18 | — | — | 314 | 338 |
| Net finance costs (income) | 22 | 23 | 21 | 30 | 21 | (7) | 309 | 297 | 373 | 343 |
| Depreciation and amortization | 292 | 312 | 162 | 158 | 34 | 38 | 33 | 35 | 521 | 543 |
| Unrealized (gain) loss on commodity-related derivative financial instruments | — | — | (48) | (62) | (144) | 19 | — | — | (192) | (43) |
| Arrangement Termination Payment | — | — | — | — | — | — | — | (350) | — | (350) |
| Gain on Pembina Gas Infrastructure Transaction | — | — | (1,110) | — | — | — | — | — | (1,110) | — |
| Transaction costs incurred in respect of acquisitions | — | — | 5 | — | — | — | — | 26 | 5 | 26 |
| Transformation and restructuring costs, impairment charges, contract dispute settlement, (gain) loss on disposal of assets and non-cash provisions | 14 | 11 | 2 | 32 | 2 | 2 | 3 | 29 | 21 | 74 |
| Adjusted EBITDA | 1,579 | 1,554 | 849 | 812 | 550 | 237 | (157) | (140) | 2,821 | 2,463 |
| Adjusted EBITDA per common share – basic (dollars) | | | | | | | | | 5.10 | 4.48 |

Adjusted EBITDA from Equity Accounted Investees

In accordance with IFRS, Pembina's jointly controlled investments are accounted for using equity accounting. Under equity accounting, the assets and liabilities of the investment are presented net in a single line item in the Consolidated Statement of Financial Position, "Investments in Equity Accounted Investees". Net earnings from investments in equity accounted investees are recognized in a single line item in the Consolidated Statement of Earnings and Comprehensive Income "Share of Profit from Equity Accounted Investees". The adjustments made to earnings, in adjusted EBITDA above, are also made to share of profit from investments in equity accounted investees. Cash contributions and distributions from investments in equity accounted investees represent Pembina's share paid and received in the period to and from the investments in equity accounted investees.

To assist in understanding and evaluating the performance of these investments, Pembina is supplementing the IFRS disclosure with non-GAAP proportionate consolidation of Pembina's interest in the investments in equity accounted investees. Pembina's proportionate interest in equity accounted investees has been included in adjusted EBITDA.

| 3 Months Ended September 30 | | | | | | | | | | |
|--|-----------|------|------------|------|--------------------------|------|-------|------|------|------|
| (\$ millions) | | | | | | | | | | |
| | Pipelines | | Facilities | | Marketing & New Ventures | | Total | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Share of profit from equity accounted investees | 39 | 21 | 15 | 23 | 69 | 31 | 123 | 75 | | |
| Adjustments to share of profit from equity accounted investees: | | | | | | | | | | |
| Net finance costs | 2 | 13 | 23 | 9 | 2 | 1 | 27 | 23 | | |
| Income tax expense | — | — | 1 | — | — | — | 1 | — | | |
| Depreciation and amortization | 38 | 55 | 50 | 24 | 6 | 4 | 94 | 83 | | |
| Unrealized loss (gain) on commodity-related derivative financial instruments | — | — | 16 | — | (20) | — | (4) | — | | |
| Share of earnings in excess of equity interest ⁽¹⁾ | — | (3) | — | — | — | — | — | (3) | | |
| Total adjustments to share of profit from equity accounted investees | 40 | 65 | 90 | 33 | (12) | 5 | 118 | 103 | | |
| Adjusted EBITDA from equity accounted investees | 79 | 86 | 105 | 56 | 57 | 36 | 241 | 178 | | |

⁽¹⁾ Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest.

| 9 Months Ended September 30 | | | | | | | | |
|---|-----------|------|------------|------|--------------------------|------|-------|------|
| (\$ millions) | Pipelines | | Facilities | | Marketing & New Ventures | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Share of profit from equity accounted investees | 127 | 95 | 59 | 59 | 96 | 44 | 282 | 198 |
| Adjustments to share of profit from equity accounted investees: | | | | | | | | |
| Net finance costs | 16 | 46 | 42 | 24 | 1 | 2 | 59 | 72 |
| Income tax expense | — | — | 1 | — | — | — | 1 | — |
| Depreciation and amortization | 113 | 160 | 99 | 75 | 18 | 16 | 230 | 251 |
| Unrealized loss on commodity-related derivative financial instruments | — | — | 16 | — | 6 | — | 22 | — |
| Share of earnings in excess of equity interest ⁽¹⁾ | 2 | 15 | — | — | — | — | 2 | 15 |
| Total adjustments to share of profit from equity accounted investees | 131 | 221 | 158 | 99 | 25 | 18 | 314 | 338 |
| Adjusted EBITDA from equity accounted investees | 258 | 316 | 217 | 158 | 121 | 62 | 596 | 536 |

⁽¹⁾ Pembina's proportionate share of results from investments in equity accounted investees with a preferred interest is presented in adjusted EBITDA as a 50 percent common interest.

Adjusted Cash Flow from Operating Activities and Adjusted Cash Flow from Operating Activities per Common Share

Adjusted cash flow from operating activities is a non-GAAP measure which is defined as cash flow from operating activities adjusting for the change in non-cash operating working capital, adjusting for current tax and share-based compensation payment, and deducting preferred share dividends paid. Adjusted cash flow from operating activities deducts preferred share dividends paid because they are not attributable to common shareholders. The calculation has been modified to include current tax and share-based compensation payment as it allows management to better assess the obligations discussed below. Management believes that adjusted cash flow from operating activities provides comparable information to investors for assessing financial performance during each reporting period. Management utilizes adjusted cash flow from operating activities to set objectives and as a key performance indicator of the Company's ability to meet interest obligations, dividend payments and other commitments. Adjusted cash flow from operating activities per common share is a non-GAAP financial ratio which is calculated by dividing adjusted cash flow from operating activities by the weighted average number of common shares outstanding.

| | 3 Months Ended September 30 | | 9 Months Ended September 30 | |
|---|-----------------------------|-------|-----------------------------|-------|
| (\$ millions, except per share amounts) | 2022 | 2021 | 2022 | 2021 |
| Cash flow from operating activities | 767 | 913 | 2,026 | 1,953 |
| Cash flow from operating activities per common share – basic (dollars) | 1.38 | 1.66 | 3.66 | 3.55 |
| Add (deduct): | | | | |
| Change in non-cash operating working capital | (157) | (7) | (15) | 70 |
| Current tax expense | (70) | (141) | (245) | (255) |
| Taxes paid, net of foreign exchange | 68 | 68 | 306 | 265 |
| Accrued share-based payment expense | (3) | (16) | (66) | (56) |
| Share-based compensation payment | — | — | 45 | 32 |
| Preferred share dividends paid | (31) | (31) | (94) | (103) |
| Adjusted cash flow from operating activities | 574 | 786 | 1,957 | 1,906 |
| Adjusted cash flow from operating activities per common share – basic (dollars) | 1.04 | 1.43 | 3.54 | 3.47 |

13. ABBREVIATIONS

The following is a list of abbreviations that may be used in this MD&A:

| Other | |
|-------------|---|
| AECO | Alberta Energy Company benchmark price for natural gas |
| B.C. | British Columbia |
| GAAP | Canadian generally accepted accounting principles |
| IFRS | International Financial Reporting Standards |
| NGL | Natural gas liquids |
| U.S. | United States |
| WCSB | Western Canadian Sedimentary Basin |
| Deep cut | Ethane-plus capacity extraction gas processing capabilities |
| Shallow cut | Sweet gas processing with propane and/or condensate-plus extraction capabilities |
| Volumes | Volumes for Pipelines and Facilities are revenue volumes, defined as physical volumes plus volumes recognized from take-or-pay commitments. Volumes for Marketing & New Ventures are marketed NGL volumes. Volumes are stated in mboe/d, with natural gas volumes converted to mboe/d from MMcf/d at a 6:1 ratio. |

| Measurement | | Regulators & Acts | |
|-------------|--|-------------------|--|
| bpd | barrels per day | ABCA | <i>Business Corporations Act</i> (Alberta) |
| mmbbls | thousands of barrels | AER | Alberta Energy Regulator |
| mbpd | thousands of barrels per day | BCEAO | British Columbia Environmental Assessment Office |
| mmbpd | millions of barrels per day | BCOGC | British Columbia Oil and Gas Commission |
| mmbbls | millions of barrels | BCUC | British Columbia Utilities Commission |
| mboe/d | thousands of barrels of oil equivalent per day | CER | Canadian Energy Regulator |
| mmboe/d | millions of barrels of oil equivalent per day | FERC | United States Federal Energy Regulatory Commission |
| MMcf/d | millions of cubic feet per day | ICA | <i>Interstate Commerce Act of 1887</i> (United States) |
| bcf/d | billions of cubic feet per day | NEB | National Energy Board |
| km | kilometer | NGA | <i>Natural Gas Act of 1938</i> (United States) |
| | | PHMSA | Pipeline and Hazardous Material Safety Administration |
| | | IAAC | Impact Assessment Agency of Canada |

| Investments in Equity Accounted Investees | |
|---|--|
| Pipelines: | |
| Alliance | 50 percent interest in both Alliance Pipeline Limited Partnership and Alliance Pipeline L.P. |
| Ruby | 50 percent convertible, cumulative preferred interest in Ruby Pipeline Holding Company L.L.C. |
| Grand Valley | 75 percent jointly controlled interest in Grand Valley 1 Limited Partnership wind farm ("Grand Valley") |
| Facilities: | |
| PGI | 60 percent interest in Pembina Gas Infrastructure Inc., a premier gas processing entity in Western Canada serving customers throughout the Montney and Duvernay trends from central Alberta to northeast British Columbia. |
| Veresen Midstream | Prior to August 15, 2022, Pembina owned a 45 percent interest in Veresen Midstream Limited Partnership, which owns assets in western Canada serving the Montney geological play in northwestern Alberta and northeastern B.C. including gas processing plants and gas gathering pipelines and compression. On August 15, 2022, Pembina contributed its equity interest in Veresen Midstream to PGI, resulting in Pembina holding a 60 percent interest indirectly through its investment in PGI. |
| Fort Corp | 50 percent interest in Fort Saskatchewan Ethylene Storage Limited Partnership and Fort Saskatchewan Ethylene Corporation |
| Marketing & New Ventures: | |
| Aux Sable | An ownership interest in Aux Sable (approximately 42.7 percent in Aux Sable U.S. and 50 percent in Aux Sable Canada), which includes an NGL fractionation facility and gas processing capacity near Chicago, Illinois and other natural gas and NGL processing facilities, logistics and distribution assets in the U.S. and Canada, as well as transportation contracts on Alliance |
| CKPC | 50 percent interest in the PDH/PP Facility |
| Cedar LNG | 49.9 percent interest in the proposed floating LNG facility in Kitimat, British Columbia, Canada |

Readers are referred to the AIF dated February 24, 2022 on www.sedar.com for additional descriptions.

14. FORWARD-LOOKING STATEMENTS & INFORMATION

In the interest of providing Pembina's security holders and potential investors with information regarding Pembina, including management's assessment of the Company's future plans and operations, certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "purpose", "goal" and similar expressions suggesting future events or future performance.

By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Pembina believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of the MD&A.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- future levels and sustainability of cash dividends that Pembina intends to pay to its shareholders and the dividend payment dates;
- planning, construction, locations, capital expenditure estimates, schedules, regulatory and environmental applications and anticipated approvals, expected capacity, incremental volumes, completion and in-service dates, rights, sources of product, activities, benefits and operations with respect to new construction of, or expansions on existing, pipelines, systems, gas services facilities, processing and fractionation facilities, terminalling, storage and hub facilities and other facilities or energy infrastructure, as well as the impact of Pembina's new projects on its future financial performance;
- future pipeline, processing, fractionation and storage facility and system operations and throughput levels;
- Pembina's commitment to, and the effectiveness and impact of, its risk management policies;
- expected reductions in carbon dioxide levels;
- treatment under existing and proposed governmental regulatory regimes, including taxes, competition, environmental, project assessment and GHG laws and regulations
- Pembina's strategy and the development and expected timing of new business; initiatives and growth opportunities and the impact thereof;
- increased throughput potential, processing capacity and fractionation capacity due to increased oil and gas industry activity and new connections and other initiatives on Pembina's pipelines and at Pembina's facilities;
- expected future cash flows and the sufficiency thereof, financial strength, sources of and access to funds at acceptable rates, future contractual obligations, future financing options, availability of capital for capital expenditures, operating obligations, dividends, debt maturities and the use of proceeds from financings;
- Pembina's capital structure, including the sufficiency of the amount of leverage employed therein and future actions that may be taken with respect thereto, including expectations regarding the repurchase or redemption of common shares, repayments of existing debt, new borrowings, equity or hybrid securities issuances and the timing thereof;
- Pembina's expectations regarding the creditworthiness of its counterparties;
- tolls and tariffs and processing, transportation, fractionation, storage and services commitments and contracts;
- the outcomes and effectiveness of Pembina's DC&P;
- operating risks, including the amount of future liabilities related to pipelines spills and other environmental incidents;
- management's belief regarding certain claims against Pembina;
- the expected demand for, and prices and inventory levels of, crude oil and other petroleum products, including NGL;
- the development and anticipated benefits of Pembina's new projects and developments, including the Cedar LNG Project and the Alberta Carbon Grid; and
- the impact of current market conditions on Pembina.

Various factors or assumptions are typically applied by Pembina in drawing conclusions or making the forecasts, projections, predictions or estimations set out in forward-looking statements based on information currently available to Pembina. These factors and assumptions include, but are not limited to:

- oil and gas industry exploration and development activity levels and the geographic region of such activity;
- the success of Pembina's operations;
- prevailing commodity prices, interest rates, carbon prices, tax rates and exchange rates;
- the ability of Pembina to maintain current credit ratings;
- the availability of capital to fund future capital requirements relating to existing assets and projects;
- expectations regarding Pembina's pension plan;
- future operating costs including geotechnical and integrity costs being consistent with historical costs;
- oil and gas industry compensation levels remaining consistent;

- in respect of current developments, expansions, planned capital expenditures, completion dates and capacity expectations: that third parties will provide any necessary support; that any third-party projects relating to growth projects will be sanctioned and completed as expected; that any required commercial agreements can be reached; that all required regulatory and environmental approvals can be obtained on the necessary terms in a timely manner; that counterparties will comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities, and that there are no unforeseen material costs relating to the facilities which are not recoverable from customers;
- in respect of the stability of Pembina's dividends: prevailing commodity prices, margins and exchange rates; that Pembina's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at acceptable prices to fund future capital requirements relating to existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects and new developments; future operating costs; that counterparties to agreements will continue to perform their obligations in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects or current operations;
- prevailing regulatory regimes, including with respect to taxes, competition, environmental, project assessment and GHG laws and regulations and tax pool utilization; and
- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under Pembina's insurance policies (including in respect of Pembina's business interruption insurance policy).

The actual results of Pembina could differ materially from those anticipated in these forward-looking statements as a result of the material risk factors set forth below:

- the regulatory environment and decisions and Indigenous and landowner consultation requirements;
- the impact of competitive entities and pricing;
- labour and material shortages;
- reliance on third parties to successfully operate and maintain certain assets;
- reliance on key relationships, joint venture partners, and agreements and the outcome of stakeholder engagement;
- the strength and operations of the oil and natural gas production industry and related commodity prices;
- non-performance or default by counterparties to agreements which Pembina or one or more of its subsidiaries has entered into in respect of its business;
- actions by joint venture partners or other partners which hold interests in certain of Pembina's assets;
- adverse actions by governmental or regulatory authorities including changes in tax laws and treatment, changes in project assessment regulations, royalty rates, climate change initiatives or policies or increased environmental regulation;
- fluctuations in operating results;
- adverse changes in general economic and market conditions in Canada, North America and Internationally, including changes, or prolonged weakness, as applicable, in interest rates, foreign currency exchange rates, commodity prices, supply/demand trends and overall industry activity levels;
- risks related to the current and potential adverse impacts of geopolitical events in Eastern Europe;
- risks related to the current and potential adverse impacts of the COVID-19 pandemic;
- constraints on, or the unavailability of adequate infrastructure;
- the political environment, in Canada, North America and Internationally, and public opinion;
- ability to access various sources of debt and equity capital, and on acceptable terms;
- adverse changes in credit ratings;
- technology and security risks;
- natural catastrophes; and
- the other factors discussed under "Risk Factors" herein and in Pembina's MD&A and AIF for the year ended December 31, 2021, which are available at www.sedar.com, www.sec.gov and through Pembina's website at www.pembina.com.

These factors should not be construed as exhaustive. Unless required by law, Pembina does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.