



MANAGEMENT'S DISCUSSION & ANALYSIS

REPORT TO SHAREHOLDERS

Second 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 August 4, 2022, and is supplementary to, and should be read in conjunction with, Pembina's unaudited condensed consolidated interim financial statements for the three and six months ended June 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 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.

Western Canadian Processing Joint Venture

On March 1, 2022, Pembina announced that it has entered into definitive agreements with affiliates of KKR & Co., Inc. (collectively, "KKR") to combine their respective western Canadian natural gas processing assets into a single, new joint venture entity ("Newco"). Pembina will hold a 60 percent interest in Newco and serve as its operator and manager, while KKR's global infrastructure funds will hold the remaining 40 percent interest in Newco.

Pembina will contribute to Newco its 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, as well as its 45 percent interest in Veresen Midstream. Pembina's Empress, Younger and Burstall assets will be excluded from the transaction and Pembina will retain its current ownership position in respect of such assets.

KKR will contribute its 55 percent interest in Veresen Midstream to Newco, as well as the 49 percent interest in Energy Transfer Canada ULC ("ETC") that it currently owns. Newco has also agreed to acquire the remaining 51 percent interest in ETC from an affiliate of Energy Transfer LP, aligning ownership of those assets and driving additional efficiencies within Newco. The contribution of Pembina's and KKR's assets to Newco, and Newco's acquisition of the remaining 51 percent interest in ETC, are cross-conditional upon each other and will occur concurrently.

On July 27, 2022, the Canadian Competition Bureau issued a no action letter for the joint venture transaction. Issuance of the no action letter allows Pembina and KKR to proceed with next steps on closing the transaction, which is expected to occur in August 2022 subject to the satisfaction of the remaining conditions. Pursuant to an agreement with the Canadian Competition Bureau, and consistent with Pembina and KKR's intention to divest upon announcing their joint venture, Pembina and KKR's global infrastructure funds will divest the 50 percent, non-operated interest in the Key Access Pipeline System which will be contributed into Newco as part of the transaction.

In connection with closing of the transaction, and subject to approval and declaration by its Board of Directors, Pembina also intends to increase its common share dividend upon closing by \$0.0075 per share per month, or 3.6 percent. The increase, if implemented, would reflect the expected immediate cash flow accretion from creation of the joint venture.

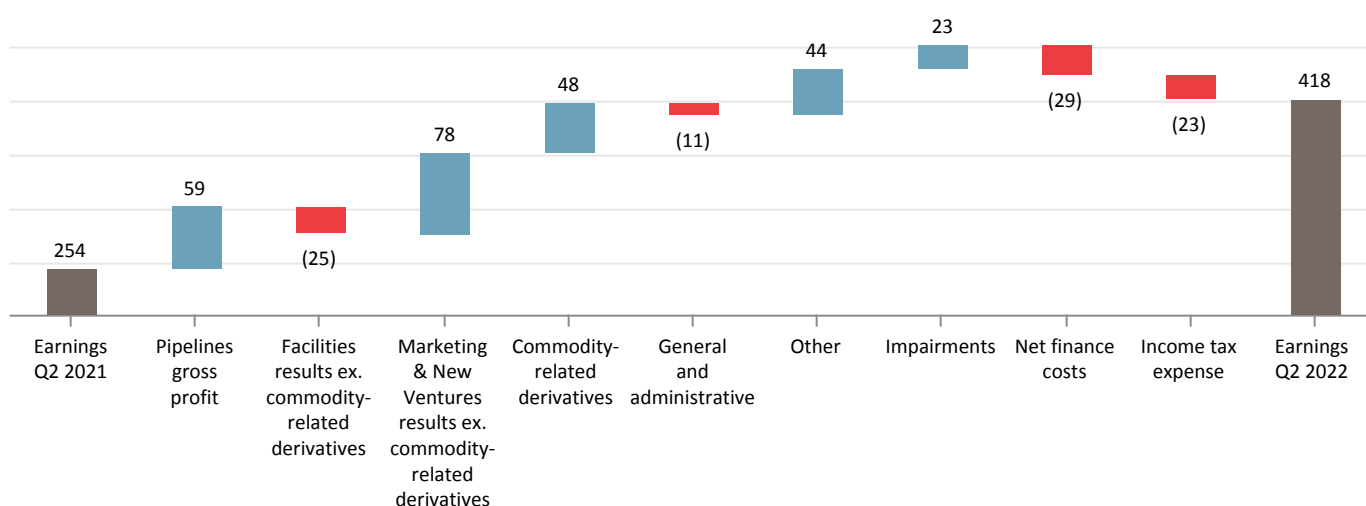
2. FINANCIAL & OPERATING OVERVIEW

Consolidated Financial Overview for the Three Months Ended June 30

Results of Operations

(\$ millions, except where noted)	2022	2021	Change
Revenue	3,095	1,902	1,193
Net revenue ⁽¹⁾	1,020	894	126
Gross profit	711	550	161
Earnings	418	254	164
Earnings per common share – basic (dollars)	0.70	0.39	0.31
Earnings per common share – diluted (dollars)	0.69	0.39	0.30
Cash flow from operating activities	604	584	20
Cash flow from operating activities per common share – basic (dollars)	1.09	1.06	0.03
Adjusted cash flow from operating activities ⁽¹⁾	683	538	145
Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾	1.23	0.98	0.25
Capital expenditures ⁽⁵⁾	152	146	6
Adjusted EBITDA ⁽¹⁾	849	778	71
Total volumes (mboe/d) ⁽²⁾	3,344	3,500	(156)

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



Results Overview

Earnings in the second quarter of 2022 were positively impacted by higher gross profit in Marketing & New Ventures due to higher margins on crude oil and NGL sales, combined with a gain on commodity-related derivatives compared to a loss for the second quarter of 2021. Pipelines gross profit was positively impacted by higher volumes on the Peace Pipeline system and higher tolls due to inflation, combined with a higher contribution from Alliance, partially offset by lower contracted volumes on the Nipisi and Mitsue Pipeline systems due to expiration of contracts. Facilities gross profit was positively impacted by realized gains for certain gas processing fees tied to AECO prices, offset by higher depreciation. Other expense and impairments decreased due to lower acquisition, restructuring costs and impairment charges in the period compared to the second quarter of 2021. Net finance costs increased due to foreign exchange losses compared to gains in the second quarter of 2021. Income tax expense increased as a result of higher earnings in the second quarter of 2022.

Changes in Results for the Three Months Ended June 30

Revenue	▲	\$1.2 billion increase, largely due to an increase in crude oil and NGL market prices, higher volumes on the Peace Pipeline system and higher tolls largely due to inflation, combined with higher recoverable costs, partially offset by lower contracted volumes on the Nipisi and Mitsue Pipeline systems as a result of the expiration of contracts during the fourth quarter of 2021.
Cost of goods sold	▼	\$1.1 billion increase, largely due to higher crude oil and NGL market prices.
Operating expenses	▼	\$25 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 second quarter of 2022, combined with higher integrity costs and higher recoverable geotechnical costs largely related to the Western Pipeline.
Depreciation and amortization included in operations	▼	\$10 million increase, primarily due to asset retirements, partially offset by a smaller asset base in Pipelines resulting from the impairment of the Nipisi and Mitsue Pipeline systems during the fourth quarter of 2021 due to contract expirations.
Share of profit from equity accounted investees	▲	\$22 million increase, largely due to higher share of profit from Alliance as a result of higher volumes driven by a wider AECO-Chicago natural gas price differential, combined with the sale of linepack inventory in the second quarter of 2022.
Realized loss on commodity-related derivatives	▼	\$16 million negative variance, primarily due to realized losses on crude oil- and NGL- based derivative instruments driven by the change in crude oil and NGL market prices during the second quarter of 2022, partially offset by the increase in the AECO price during the period resulting in realized gains for certain gas processing fees tied to AECO prices.
Unrealized gain on commodity-related derivatives	▲	\$64 million positive variance, due to contracts maturing in the period, the change in the forward prices for power and propane during the second quarter of 2022, partially offset by newly added contracts.
General & administrative	▼	\$11 million increase, primarily due to higher incentive costs driven by Pembina's performance relative to peers.
Other income	▲	\$43 million increase, primarily due to lower acquisition costs related to the arrangement agreement with Inter Pipeline Ltd. which was terminated in the third quarter of 2021.
Impairments	▲	\$23 million decrease, primarily due to a \$21 million impairment charge recognized on Pembina's interest in Fort Corp. during the second quarter of 2021 compared to nil recognized in the second quarter of 2022.
Net finance costs	▼	\$29 million increase, primarily driven by foreign exchange losses compared to gains in the second quarter of 2021 as the value of the Canadian dollar relative to the U.S. dollar decreased during the second quarter of 2022.
Current tax expense	●	Consistent with the prior period.
Deferred tax expense	▼	\$25 million increase, primarily due to the growth in earnings during the second quarter of 2022 and the recovery on the impairment expense recognized in the second quarter of 2021.
Cash flow from operating activities	▲	\$20 million increase, primarily driven by an increase in operating results after adjusting for non-cash items, a \$33 million increase in distributions from equity accounted investees, combined with a \$20 million increase in payments collected through contract liabilities, partially offset by a \$105 million change in non-cash working capital, \$17 million increase in taxes paid and a \$12 million increase in net interest paid.
Adjusted cash flow from operating activities⁽¹⁾	▲	\$145 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 and taxes paid.
Adjusted EBITDA⁽¹⁾	▲	\$71 million increase, largely due to higher margins on crude oil and NGL sales, higher volumes on the Peace Pipeline system and higher tolls due to inflation, combined with a higher contribution from Aux Sable and Alliance, partially offset by a lower contribution from Ruby due to Ruby Pipeline, L.L.C ("Ruby Pipeline") filing for bankruptcy protection on March 31, 2022, higher realized losses on commodity-related derivatives, lower contracted volumes on the Nipisi and Mitsue Pipeline systems as a result of the expiration of contracts, and higher general & administrative expense. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. Included in adjusted EBITDA is \$177 million (2021: \$174 million) related to equity accounted investees.
Total volumes (mboe/d)⁽²⁾	▼	156 mboe/d decrease, largely driven by Ruby Pipeline filing for bankruptcy protection on March 31, 2022 and contract expirations on the Nipisi and Mitsue Pipeline systems, combined with lower volumes on the Alberta Ethane Gathering System ("AEGS") due to third party outages and lower volumes at the Saturn Complex due to scheduled maintenance, partially offset by higher volumes on the Peace Pipeline system and on the Drayton Valley Pipeline. Volumes include 231 mboe/d (2021: 321 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.

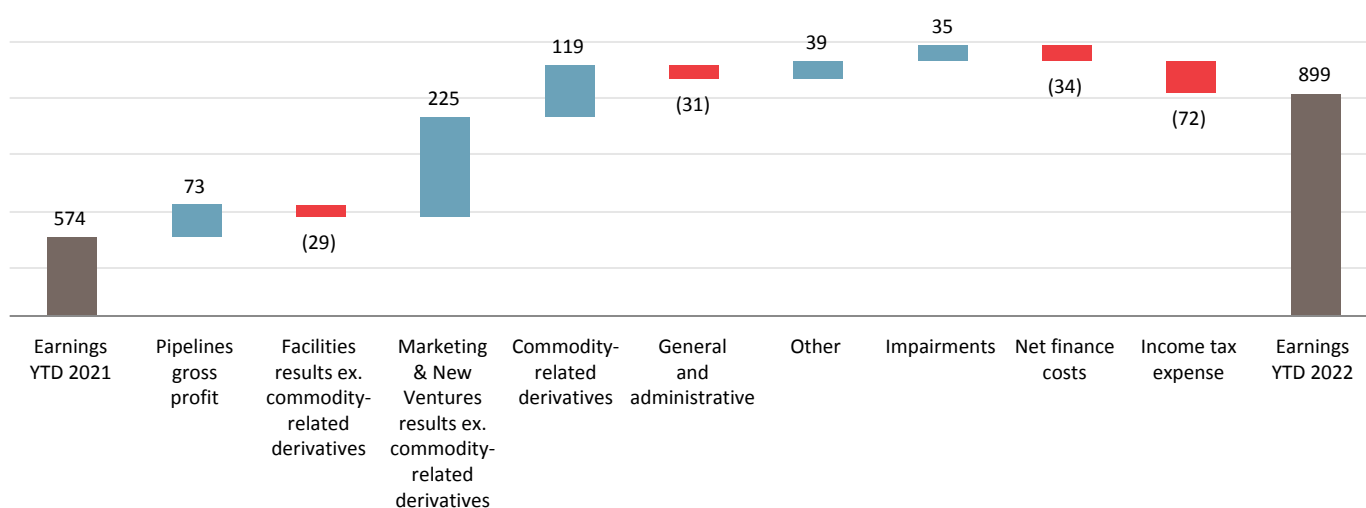
⁽⁵⁾ Includes capital expenditures related to assets held for sale of \$6 million for the three months ended June 30, 2022.

Consolidated Financial Overview for the Six Months Ended June 30

Results of Operations

(\$ millions, except where noted)	2022	2021	Change
Revenue	6,133	3,918	2,215
Net revenue ⁽¹⁾	2,174	1,893	281
Gross profit	1,568	1,180	388
Earnings	899	574	325
Earnings per common share – basic (dollars)	1.51	0.91	0.60
Earnings per common share – diluted (dollars)	1.50	0.91	0.59
Cash flow from operating activities	1,259	1,040	219
Cash flow from operating activities per common share – basic (dollars)	2.28	1.89	0.39
Adjusted cash flow from operating activities ⁽¹⁾	1,383	1,120	263
Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾	2.50	2.04	0.46
Capital expenditures ⁽⁵⁾	331	273	58
Adjusted EBITDA ⁽¹⁾	1,854	1,613	241
Total volumes (mboe/d) ⁽²⁾	3,358	3,491	(133)

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



Results Overview

Results for the first six months ended June 30, 2022 were positively impacted by higher gross profit in Marketing & New Ventures due to higher margins on crude oil and NGL sales, combined with unrealized gains on commodity-related derivatives compared to losses for the first six months of 2021. Pipelines gross profit was positively impacted by higher volumes on the Peace Pipeline system and higher tolls due to inflation, combined with a higher contribution from Alliance, partially offset by lower contracted volumes on the the the Nipisi and Mitsue Pipeline systems due to expiration of contracts and a lower share of profit from Ruby. Facilities gross profit was positively impacted by higher gains on commodity-related derivatives for certain gas processing fees tied to AECO prices, offset by higher depreciation. Other expense and impairments decreased due to lower acquisition, restructuring, and impairment charges in the period compared to 2021. Income tax expense increased as a result of higher earnings for the period. Net finance costs increased due to foreign exchange losses compared to gains in 2021, combined with higher interest expense. General & administrative increased due to higher long-term incentive costs driven by Pembina's performance relative to peers.

Changes in Results for the Six Months Ended June 30

Revenue	▲	\$2.2 billion increase, largely due to an increase in crude oil and NGL market prices, higher volumes on the Peace Pipeline system and higher tolls largely due to inflation, combined with higher recoverable costs, partially offset by lower contracted volumes on the Nipisi and Mitsue Pipeline systems due to expiration of contracts in fourth quarter of 2021.
Cost of goods sold	▼	\$1.9 billion increase, largely due to higher crude oil and NGL market prices.
Operating expenses	▼	\$36 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.
Depreciation and amortization included in operations	▼	\$12 million increase, primarily due to asset retirements, combined with the Prince Rupert Terminal being placed into service in March 2021, partially offset by a smaller asset base in Pipelines resulting from the impairment of certain Oil Sands assets during the fourth quarter of 2021 due to contract expirations.
Share of profit from equity accounted investees	▲	\$36 million increase, primarily due to higher share of profit from Alliance and Aux Sable driven by a wider AECO-Chicago natural gas price differential, combined with the sale of linepack inventory at Alliance in the second quarter of 2022, partially offset by a lower contribution from Ruby due to Ruby Pipeline filing for bankruptcy protection on March 31, 2022, and an unrealized loss on commodity-related derivatives in Aux Sable.
Realized loss on commodity-related derivatives	▲	\$25 million positive variance, largely due to 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 realized losses on crude oil- and NGL- based derivative instruments driven by the change in crude oil and NGL market prices.
Unrealized gain on commodity-related derivatives	▲	\$94 million positive variance, primarily due to contracts maturing in the period, the increase in the forward prices for power and natural gas during the first six months of 2022, combined with 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 newly added contracts.
General & administrative	▼	\$31 million increase largely due to higher long-term incentive costs primarily driven by Pembina's performance relative to peers.
Other income	▲	\$39 million increase, primarily due to lower acquisition costs related to the arrangement agreement with Inter Pipeline Ltd. which was terminated in the third quarter of 2021, combined with lower restructuring costs, and a gain on the initial recognition of a new lease on the Western Pipeline.
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.
Net finance costs	▼	\$34 million increase, primarily driven by foreign exchange losses in the period compared to gains in 2021 as the value of the Canadian dollar relative to the U.S. dollar decreased during 2022, combined with higher interest expense as a result of terming out variable rate debt to fixed rate debt at higher interest rates.
Current tax expense	▼	\$61 million increase, primarily due to higher earnings for the period.
Deferred tax expense	▼	\$11 million increase, primarily due to the growth in earnings for the period and the recovery on the impairment expense recognized in the first six months of 2021.
Cash flow from operating activities	▲	\$219 million increase, primarily driven by an increase in operating results after adjusting for non-cash items, a \$73 million increase in distributions from equity accounted investees, combined with a \$21 million increase in payments collected through contract liabilities, partially offset with a \$65 million change in non-cash working capital, \$42 million increase in taxes paid, \$22 million increase in net interest paid, and a \$13 million increase in share-based compensation payments.
Adjusted cash flow from operating activities⁽¹⁾	▲	\$263 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, partially offset by \$61 million higher current tax expense and \$23 million increase in accrued share-based payments.
Adjusted EBITDA⁽¹⁾	▲	\$241 million increase, primarily due to higher margins on crude oil and NGL sales, higher volumes on the Peace Pipeline system and higher tolls due to inflation, and a higher contribution from Alliance and from Aux Sable, combined with lower losses on commodity-related derivatives and higher recoverable costs from the Horizon Pipeline system, partially offset by lower contribution from Ruby, discussed above, lower contracted volumes on the Nipisi and Mitsue Pipeline systems, and higher general & administrative. Included in adjusted EBITDA is \$355 million (2021: \$358 million) related to equity accounted investees.
Total volumes (mboe/d)⁽²⁾	▼	133 mboe/d decrease, largely driven by lower volumes on the Ruby Pipeline and contract expirations on the Nipisi and Mitsue Pipeline systems, lower volumes on AEGS due to third party outages; lower volumes at the Redwater Complex, and lower volumes at the Saturn Complex due to scheduled maintenance, partially offset by higher volumes on the Peace Pipeline system and Drayton Valley Pipeline due to increased upstream activities, higher volumes on the Dawson Assets and from the Veresen Midstream Hythe Developments that went into service in March 2021 and higher contracted volumes at the Cutbank Complex. Volumes include 262 mboe/d (2021: 328 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.

⁽⁵⁾ Includes capital expenditures related to assets held for sale of \$6 million for the six months ended June 30, 2022.

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. The division manages pipeline transportation capacity of 3.1 mmbbl/d⁽¹⁾, above ground storage capacity of 11 mmbbls⁽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. Pembina's natural gas gathering and processing assets 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 6.1 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 mmbbls⁽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; excludes impact of Newco transaction.

Financial and Operational Overview by Division

	3 Months Ended June 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	2,476	382	523	2,627	325	522
Facilities	868	143	277	873	161	270
Marketing & New Ventures ⁽³⁾	—	139	103	—	9	38
Corporate	—	(149)	(54)	—	(167)	(52)
Total	3,344	515	849	3,500	328	778

	6 Months Ended June 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	2,486	743	1,044	2,607	658	1,051
Facilities	872	389	558	884	348	539
Marketing & New Ventures ⁽³⁾	—	360	370	—	76	128
Corporate	—	(344)	(118)	—	(331)	(105)
Total	3,358	1,148	1,854	3,491	751	1,613

⁽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 June 30

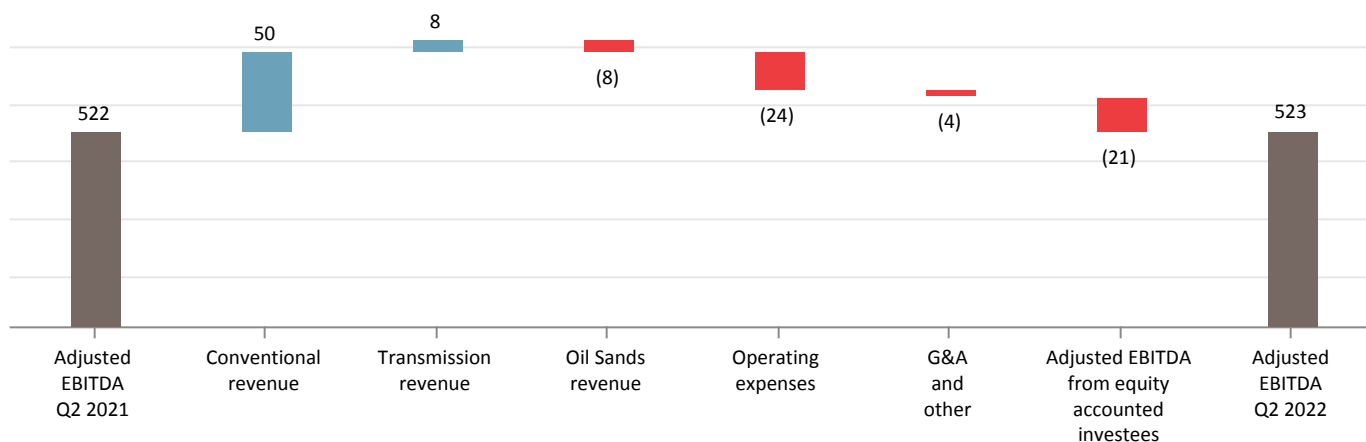
Results of Operations

(\$ millions, except where noted)	2022	2021	Change
Conventional revenue ⁽¹⁾⁽²⁾	392	342	50
Transmission revenue ⁽¹⁾⁽²⁾	118	110	8
Oil Sands revenue ⁽¹⁾⁽²⁾	94	102	(8)
Pipelines revenue ⁽¹⁾	604	554	50
Operating expenses ⁽¹⁾	156	132	24
Depreciation and amortization included in operations	96	108	(12)
Share of profit from equity accounted investees	48	27	21
Gross profit	400	341	59
Reportable segment earnings before tax	382	325	57
Adjusted EBITDA ⁽³⁾	523	522	1
Volumes (mboe/d) ⁽⁴⁾	2,476	2,627	(151)
Distributions from equity accounted investees	83	60	23

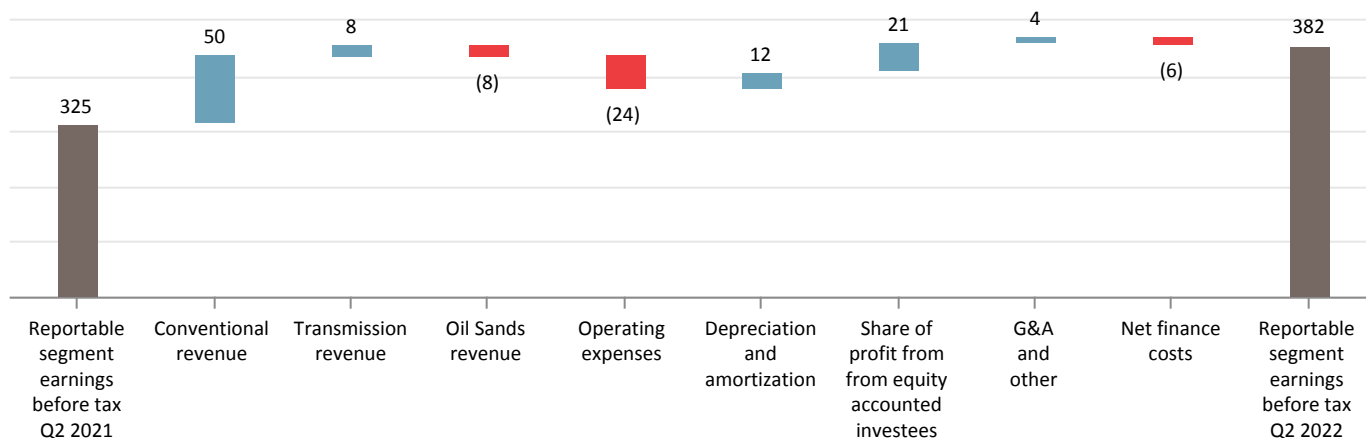
Change in Results

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.
Transmission revenue⁽¹⁾⁽²⁾	▲	Increase primarily due to higher volumes on the Cochin Pipeline, combined with the recognition of deferred revenue volumes on the Vantage Pipeline in the second quarter of 2022 compared to in the third and fourth quarters 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.
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 the second quarter of 2022, combined with higher recoverable geotechnical costs primarily related to the Western Pipeline.
Depreciation and amortization included in operations	▲	Decrease primarily due to fewer asset retirements in the second quarter of 2022 compared to the second quarter 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 volumes driven by a wider AECO-Chicago natural gas price differential, combined with higher revenues at Alliance as a result of the sale of linepack inventory in the second 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 a higher contribution from Alliance, higher volumes on the Vantage Pipeline and lower depreciation, partially offset by the expiration of contracts on the Nipisi and Mitsue Pipeline systems.
Adjusted EBITDA⁽³⁾	●	Consistent with the prior period. Due to the same items impacting reportable segment earnings before tax, discussed above, net of the change in depreciation, largely offset by lower adjusted EBITDA from Ruby due to Ruby Pipeline filing for bankruptcy protection on March 31, 2022. Included in adjusted EBITDA is \$85 million (2021: \$65 million) related to Alliance and nil (2021: \$40 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 Ruby Pipeline filing for bankruptcy protection on March 31, 2022 and contract expirations on the Nipisi and Mitsue Pipeline systems, combined with lower volumes on AEGS due to third party outages, partially offset by higher volumes on the Peace Pipeline system, Drayton Valley Pipeline, Vantage Pipeline, and on the Cochin Pipeline. Refer to the "Selected Equity Accounted Investee Information" section for further details on Ruby. Volumes include 142 mboe/d (2021: 136 mboe/d) related to Alliance and nil (2021: 99 mboe/d) related to Ruby.
Distributions from equity accounted investees	▲	\$83 million (2021: \$60 million) from Alliance. The increase in distributions from Alliance is due to the same factors impacting share of profit from equity accounted investees discussed above, combined with its debt re-financing in the fourth quarter of 2021.

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



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



⁽¹⁾ Includes inter-segment transactions. See Note 10 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 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 Six Months Ended June 30

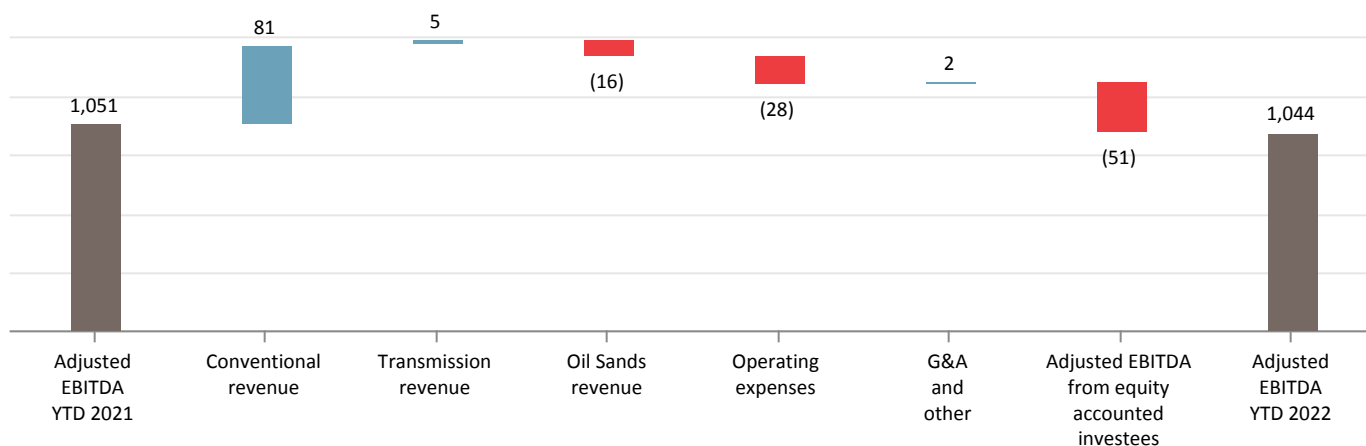
Results of Operations

(\$ millions, except where noted)	2022	2021	Change
Conventional revenue ⁽¹⁾⁽²⁾	752	671	81
Transmission revenue ⁽¹⁾⁽²⁾	223	218	5
Oil Sands revenue ⁽¹⁾⁽²⁾	202	218	(16)
Total revenue ⁽¹⁾	1,177	1,107	70
Operating expenses ⁽¹⁾	297	269	28
Depreciation and amortization included in operations	195	212	(17)
Share of profit from equity accounted investees	88	74	14
Gross profit	773	700	73
Reportable segment earnings before tax	743	658	85
Adjusted EBITDA ⁽³⁾	1,044	1,051	(7)
Volumes (mboe/d) ⁽⁴⁾	2,486	2,607	(121)
Distributions from equity accounted investees	170	128	42

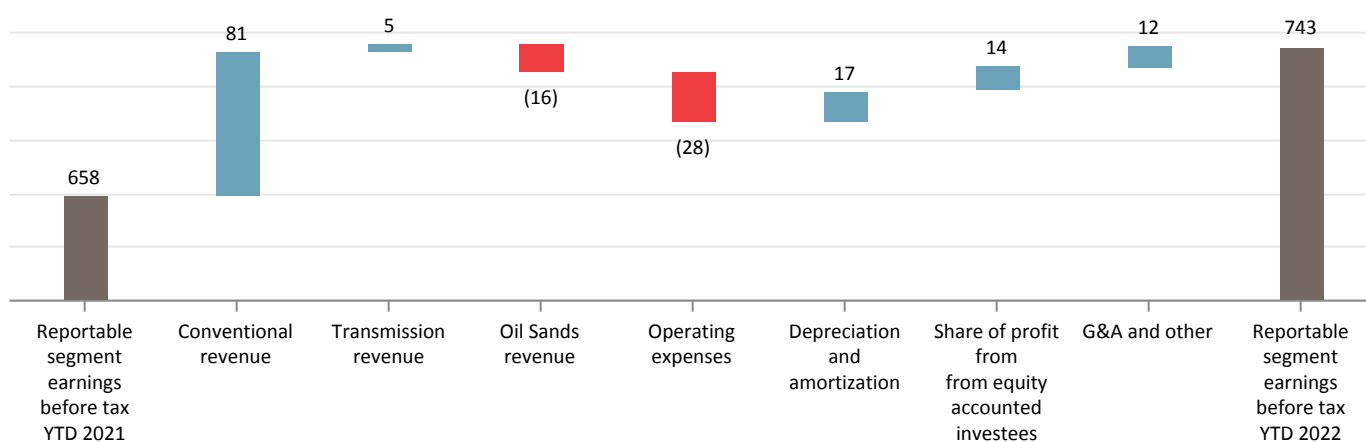
Change in Results

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.
Transmission revenue ⁽¹⁾⁽²⁾	●	Consistent with the prior period. Higher volumes on the Cochin Pipeline were largely offset by lower volumes on AEGS due to third party outages.
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 \$13 million in higher recoverable costs on the Horizon Pipeline system related to extensive slope mitigation.
Operating expenses ⁽¹⁾	▼	Increase largely due to higher recoverable geotechnical costs primarily related to the Western Pipeline, combined with an increase in power costs, the majority of which are recovered in revenue, as a result of the higher power pool price during the first six months of 2022, 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 six months of 2022 compared to the first six 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 share of profit from Alliance as a result of higher volumes driven by a wider AECO-Chicago natural gas price differential, combined with the sale of linepack inventory in the second quarter 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 contribution from Alliance, higher recoverable costs from the Horizon Pipeline system, lower depreciation and a \$10 million impairment charge recognized during the first quarter of 2021 associated with an advance made to Ruby compared to nil recognized in the first six months of 2022, partially offset by a lower contribution from Ruby and the expiration of contracts on the Nipisi and Mitsue Pipeline systems.
Adjusted EBITDA ⁽³⁾	▼	Decrease primarily due to lower adjusted EBITDA from Ruby, combined with the same items impacting reportable segment earnings before tax, net of the change in impairments and depreciation. Included in adjusted EBITDA is \$161 million (2021: \$140 million) related to Alliance and \$15 million (2021: \$87 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 Ruby Pipeline filing for bankruptcy protection on March 31, 2022 and contract expirations on the Nipisi and Mitsue Pipeline systems, combined with lower volumes on AEGS due to third party outages, 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 volumes on the Cochin Pipeline. Volumes include 144 mboe/d (2021: 142 mboe/d) related to Alliance and 28 mboe/d (2021: 102 mboe/d) related to Ruby.
Distributions from equity accounted investees	▲	\$170 million (2021: \$115 million) from Alliance and nil (2021: \$13 million) from Ruby. The change 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⁾



⁽¹⁾ Includes inter-segment transactions. See Note 10 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 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 June 30						6 Months Ended June 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	937	254	298	892	220	269	917	499	584	877	419	521
Transmission	564	102	168	685	69	185	593	187	334	680	156	388
Oil Sands	975	27	58	1,050	36	68	976	64	133	1,050	83	142
General & administrative ⁽⁴⁾	—	(1)	(1)	—	—	—	—	(7)	(7)	—	—	—
Total	2,476	382	523	2,627	325	522	2,486	743	1,044	2,607	658	1,051

⁽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 operating segment. 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 Pipeline 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⁾

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 VII was completed approximately \$150 million under budget and was placed into service June 1, 2022. Phase VII was constructed to provide transportation for the growing condensate supply in the WCSB and will divert condensate off of the existing LaGlance-Kakwa-Fox Creek corridor, creating additional firm capacity for Pembina's customers.

Pembina has now executed the previously referenced long-term agreements with a third leading NEBC Montney producer, Tourmaline Oil Corp. ("Tourmaline"), which include the commitment of significant volumes from another multi-phase NEBC Montney development. The agreements allow Tourmaline to call for future firm transportation and fractionation services on a take-or-pay basis as the acreage is developed. This most recent agreement, together with two other previously executed NEBC Montney service agreements, provide three leading Montney producers with certainty of transportation egress from this key area for their future development and access to the remainder of Pembina's integrated value chain, including fractionation and marketing services.

The contracting of Alliance Pipeline continues to progress very well, highlighting the strong AECO-Chicago price differential and the value of Alliance's reliable and highly competitive access to mid-western U.S. gas markets, and as a conduit to the Gulf Coast and its robust LNG market. During the second quarter of 2022, Alliance offered three open seasons to the market. The largest of the open seasons resulted in approximately 270 mmcf/d of incremental long-term firm service, with a volume weighted average term of 15 years, commencing in November 2022. The other two open seasons were for short-term firm service. Recent open seasons have resulted in Alliance being contracted over 90 percent for both the current gas year ending October 31, 2022 and next gas year, ending October 31, 2023.

Phase VIII Peace Pipeline Expansion

Capital Budget: \$530 million**In-service Date:** First half of 2024**Status:** On time, trending on budget

During the second quarter, Pembina reactivated the previously deferred Phase VIII Peace Pipeline Expansion. Phase VIII 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.

The project has an estimated cost of approximately \$530 million, which relative to the original \$500 million cost estimate, reflects additional capital compared to the original scope, including \$90 million of infrastructure previously removed out of Phase VII. Further, the revised cost estimate reflects the net positive effect of cost savings arising from contracting strategies and value engineering over cost increases due to market factors. Approximately \$75 million had been spent on this project at the end of 2021, with an incremental \$65 million expected to be spent in 2022. Engineering and procurement activities are underway.

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. Further, clearing activities are complete and mainline pipeline construction commenced in June as planned.

⁽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 June 30

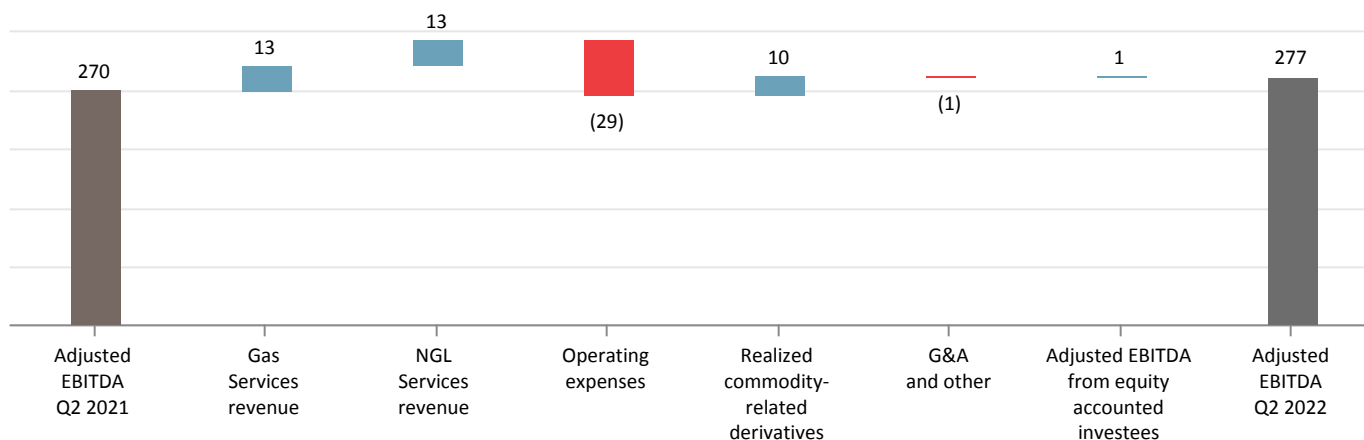
Results of Operations⁽¹⁾

(\$ millions, except where noted)	2022	2021	Change
Gas Services revenue ⁽²⁾⁽³⁾	176	163	13
NGL Services revenue ⁽²⁾⁽³⁾	184	171	13
Facilities revenue ⁽²⁾	360	334	26
Operating expenses ⁽²⁾	141	112	29
Cost of goods sold ⁽²⁾	2	2	—
Depreciation and amortization included in operations	80	56	24
Realized gain on commodity-related derivative financial instruments	(10)	—	(10)
Unrealized loss (gain) on commodity-related derivative financial instruments	9	(16)	25
Share of profit from equity accounted investees	20	18	2
Gross profit	158	198	(40)
Reportable segment earnings before tax	143	161	(18)
Adjusted EBITDA ⁽⁴⁾	277	270	7
Volumes (mboe/d) ⁽⁵⁾	868	873	(5)
Distributions from equity accounted investees	33	34	(1)

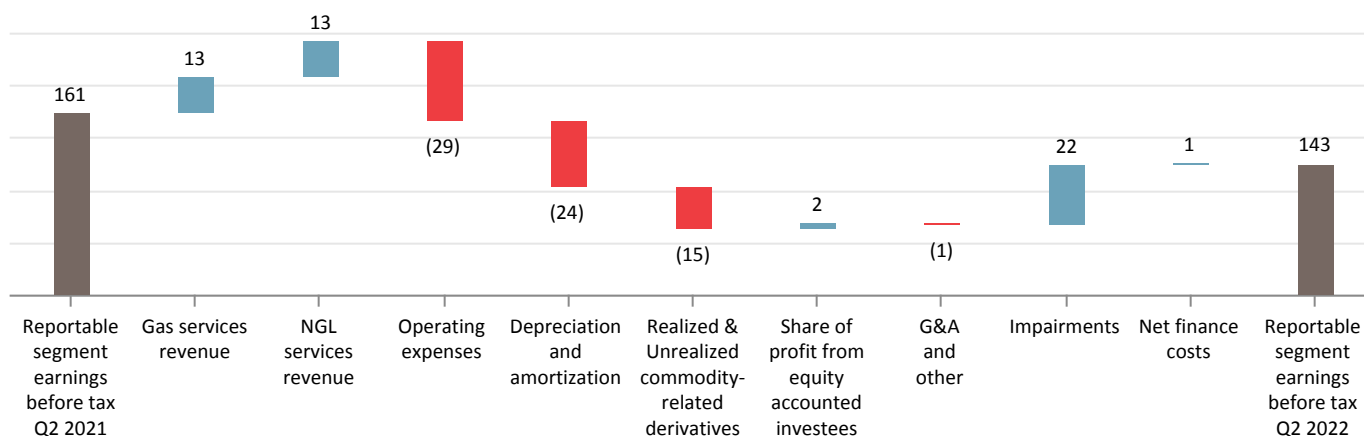
Changes in Results

Gas Services revenue⁽²⁾⁽³⁾	▲	Increase largely due to higher contracted volumes at the Cutbank Complex and higher recoveries as a result of higher power and fuel costs.
NGL Services revenue⁽²⁾⁽³⁾	▲	Increase primarily due to higher recoveries at the Redwater Complex as a result of higher power and fuel costs.
Operating expenses⁽²⁾	▼	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 the second quarter of 2022, combined with higher integrity costs.
Depreciation and amortization included in operations	▼	Increase primarily due to asset retirements in the second quarter of 2022.
Realized gain on commodity-related derivatives	▲	Certain gas processing fees are tied to AECO prices and the increase in the AECO price has resulted in a realized gain for the second quarter of 2022.
Unrealized loss (gain) on commodity-related derivatives	▼	Unrealized loss on commodity-related derivatives primarily due to contracts maturing in the period.
Share of profit from equity accounted investees	●	Consistent with the prior period.
Reportable segment earnings before tax	▼	Decrease primarily due to the unrealized loss on commodity-related derivatives in the second quarter of 2022 compared to gains in the second quarter of 2021 and higher depreciation, partially offset by a \$21 million impairment charge recognized on Pembina's interest in Fort Corp. during the second quarter of 2021 compared to nil recognized in the second quarter of 2022, combined with a realized gain on commodity-related derivatives recognized in the first quarter of 2022 and higher contracted volumes at the Cutbank Complex.
Adjusted EBITDA⁽⁴⁾	▲	Increase primarily due to the realized gain on commodity-related derivatives recognized in the second quarter of 2022 and higher contracted volumes at the Cutbank Complex. Included in adjusted EBITDA is \$50 million (2021: \$50 million) related to Veresen Midstream.
Volumes (mboe/d)⁽⁵⁾	●	Consistent with the prior period. Lower volumes at the Saturn Complex due to scheduled maintenance, largely offset by higher contracted volumes at the Cutbank Complex. Volumes include 89 mboe/d (2021: 86 mboe/d) related to Veresen Midstream.
Distributions from equity accounted investees	●	Consistent with the prior period. \$32 million (2021: \$33 million) from Veresen Midstream and \$1 million (2021: \$1 million) from Fort Corp.

Change in Adjusted EBITDA (\$ millions)⁽³⁾⁽⁴⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽³⁾



⁽¹⁾ At June 30, 2022, Pembina reclassified all of the assets and liabilities associated with the gas processing assets that will be disposed of as part of the Newco transaction to Assets and Liabilities Held for Sale on its Statement of Financial Position. There was no impact to Pembina's operating results or cash flows for the second quarter of 2022. Closing is expected to occur in August 2022.

⁽²⁾ Includes inter-segment transactions. See Note 10 to the Interim Financial Statements.

⁽³⁾ 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.

⁽⁴⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁵⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

Financial Overview for the Six Months Ended June 30

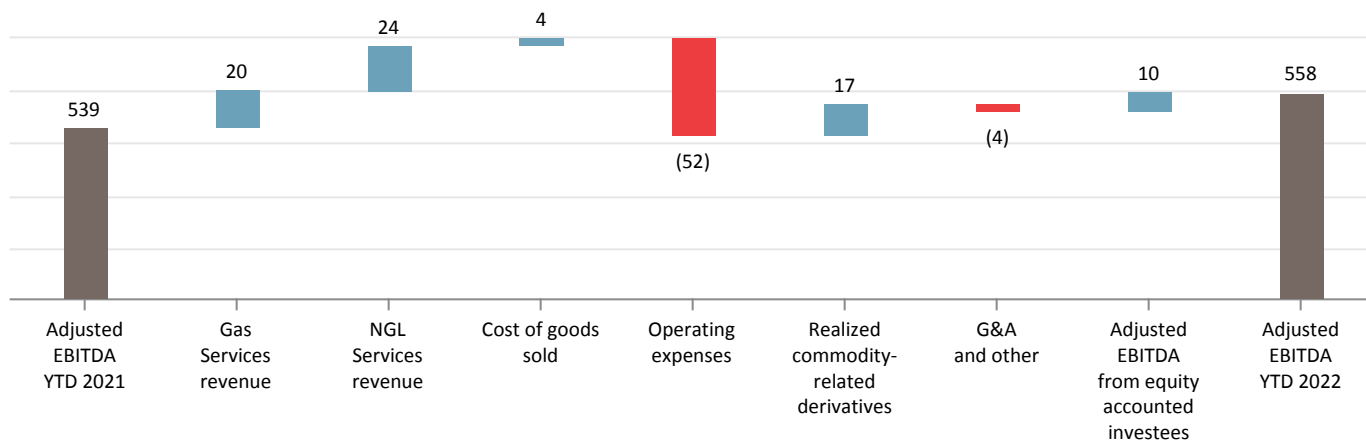
Results of Operations⁽¹⁾

(\$ millions, except where noted)	2022	2021	Change
Gas Services revenue ⁽²⁾⁽³⁾	351	331	20
NGL Services revenue ⁽²⁾⁽³⁾	366	342	24
Facilities revenue ⁽²⁾	717	673	44
Operating expenses ⁽²⁾	275	223	52
Cost of goods sold ⁽²⁾	2	6	(4)
Depreciation and amortization included in operations	135	102	33
Realized gain on commodity-related derivative financial instruments	(17)	—	(17)
Unrealized gain on commodity-related derivative financial instruments	(51)	(17)	(34)
Share of profit from equity accounted investees	44	36	8
Gross profit	417	395	22
Reportable segment earnings before tax	389	348	41
Adjusted EBITDA ⁽⁴⁾	558	539	19
Volumes (mboe/d) ⁽⁵⁾	872	884	(12)
Distributions from equity accounted investees	68	63	5

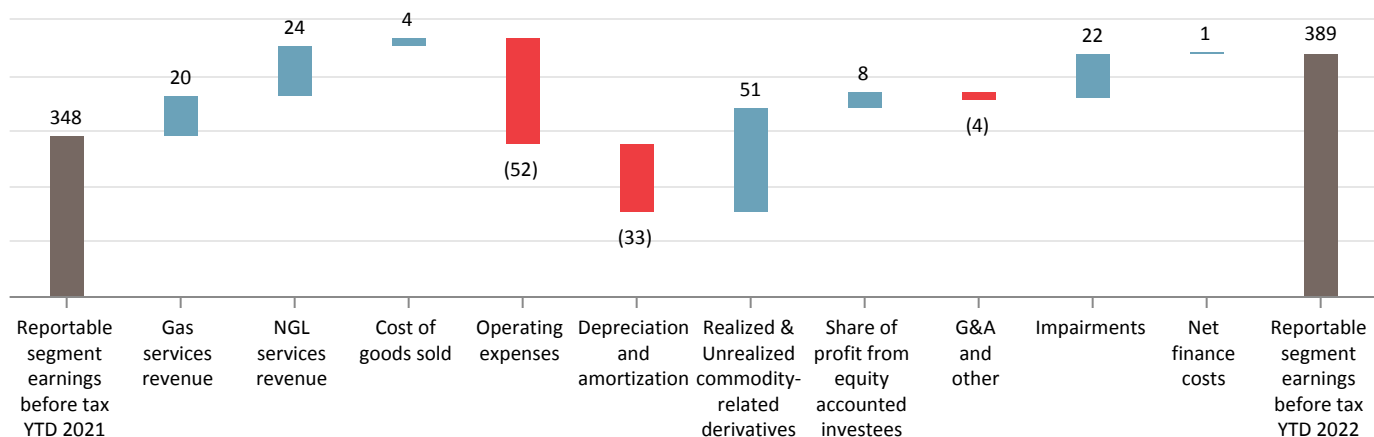
Changes in Results

Gas Services revenue⁽²⁾⁽³⁾	▲	Increase largely due to higher contracted volumes at the Cutbank Complex and higher recoveries as a result of higher power and fuel costs.
NGL Services revenue⁽²⁾⁽³⁾	▲	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⁽²⁾	▼	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 the first six months of 2022, combined with higher integrity costs.
Depreciation and amortization included in operations	▼	Increase primarily due to asset retirements in the first six months of 2022, combined with the Prince Rupert Terminal being placed into service in March 2021.
Realized & unrealized gain on commodity-related derivatives	▲	Certain gas processing fees are tied to AECO prices and the significant increase in the AECO price resulted in higher unrealized and realized gains during the first six months of 2022.
Share of profit from equity accounted investees	▲	Increase primarily due to higher volumes on the Dawson Assets and from the Veresen Midstream Hythe Developments going into service in March 2021.
Reportable segment earnings before tax	▲	Increase primarily due to the higher gains on commodity-related derivatives recognized during the first six months of 2022, combined with a \$21 million impairment charge recognized on Pembina's interest in Fort Corp. during the second quarter of 2021 compared to nil recognized in the second quarter of 2022, higher contracted volumes at the Cutbank Complex and higher contribution from Veresen Midstream, partially offset by higher depreciation and higher integrity costs.
Adjusted EBITDA⁽⁴⁾	▲	Increase primarily due to the realized gain on commodity-related derivatives recognized during the first six months of 2022, higher contracted volumes at the Cutbank Complex and higher contribution from Veresen Midstream, partially offset by higher integrity costs. Included in adjusted EBITDA is \$104 million (2021: \$96 million) related to Veresen Midstream.
Volumes (mboe/d)⁽⁵⁾	▼	Decrease largely due to lower volumes at the Redwater Complex, combined with, lower volumes at the Saturn Complex due to scheduled maintenance, partially offset by higher volumes on the Dawson Assets and from the Veresen Midstream Hythe Developments going into service in March 2021 and higher contracted volumes at the Cutbank Complex. Volumes include 90 mboe/d (2021: 84 mboe/d) related to Veresen Midstream.
Distributions from equity accounted investees	●	Consistent with the prior period. \$66 million (2021: \$61 million) from Veresen Midstream and \$2 million (2021: \$2 million) from Fort Corp.

Change in Adjusted EBITDA (\$ millions)⁽³⁾⁽⁴⁾



Change in Reportable Segment Earnings Before Tax (\$ millions)⁽³⁾



⁽¹⁾ At June 30, 2022, Pembina reclassified all of the assets and liabilities associated with the gas processing assets that will be disposed of as part of the Newco transaction to Assets and Liabilities Held for Sale on its Statement of Financial Position. There was no impact to Pembina's operating results or cash flows for the second quarter of 2022. Closing is expected to occur in August 2022.

⁽²⁾ Includes inter-segment transactions. See Note 10 to the Interim Financial Statements.

⁽³⁾ 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.

⁽⁴⁾ Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.

⁽⁵⁾ Revenue volumes. See the "Abbreviations" section of this MD&A for definition.

Financial and Operational Overview

(\$ millions, except where noted)	3 Months Ended June 30						6 Months Ended June 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	664	71	171	662	101	155	669	238	341	669	193	308
NGL Services	204	73	107	211	60	115	203	156	222	215	155	231
General & administrative ⁽⁴⁾	—	(1)	(1)	—	—	—	—	(5)	(5)	—	—	—
Total	868	143	277	873	161	270	872	389	558	884	348	539

⁽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
Veresen Midstream⁽²⁾	
Hythe Developments	March 2021

The following outlines the projects and new developments within Facilities:

Empress Cogeneration Facility		
Capital Budget: \$120 million	In-service Date: Third quarter of 2022	Status: Ahead of schedule, on budget
The Empress Cogeneration 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. Pembina anticipates a reduction of approximately 90,000 tonnes of carbon dioxide equivalent per year based on the current energy demand of the Empress NGL Extraction Facility. The electrical contractor is finishing their scope of work and commissioning activities are underway.		

⁽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.

⁽²⁾ Veresen Midstream is an equity accounted investee, in which Pembina had a 45 percent interest in as of June 30, 2022. Results from Veresen Midstream impact share of profit from equity accounted investees and proportionally consolidated metrics. See Note 4 to the Interim Financial Statements.

Marketing & New Ventures

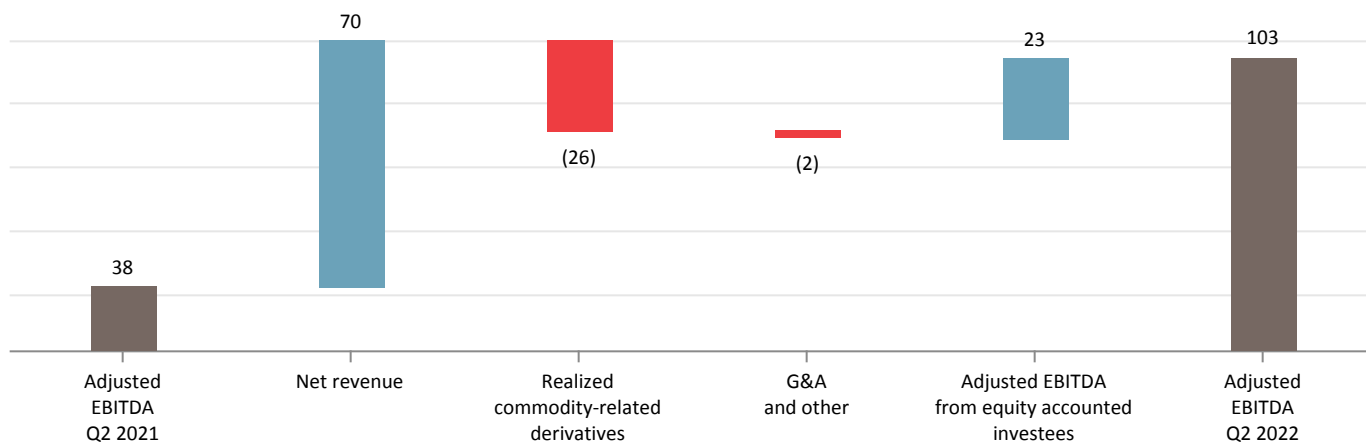
Financial Overview for the Three Months Ended June 30

Results of Operations

(\$ millions, except where noted)	2022	2021 ⁽¹⁾	Change
Marketing revenue ⁽²⁾	2,300	1,163	1,137
Cost of goods sold ⁽²⁾	2,157	1,098	1,059
Net revenue ⁽²⁾⁽³⁾	143	65	78
Depreciation and amortization included in operations	11	12	(1)
Realized loss on commodity-related derivative financial instruments	59	33	26
Unrealized (gain) loss on commodity-related derivative financial instruments	(74)	15	(89)
Share of profit from equity accounted investees	6	7	(1)
Gross profit	153	12	141
Reportable segment earnings before tax	139	9	130
Adjusted EBITDA ⁽³⁾	103	38	65
Volumes (mboe/d) ⁽⁴⁾	176	173	3
Distributions from equity accounted investees	29	18	11

Change in Results	
Net revenue⁽²⁾⁽³⁾	▲ Higher margins on crude oil and NGL sales as a result of the increased crude oil and NGL market price environment contributed to a significant quarter-over-quarter increase for the marketing business.
Realized loss on commodity-related derivatives	▼ Realized loss primarily due to higher crude oil and NGL market prices during the second quarter of 2022, which also drove higher margins on crude oil and NGL sales, resulting in a realized loss on crude oil- and NGL- based derivative instruments for the period.
Unrealized (gain) loss on commodity-related derivatives	▲ Unrealized gain on commodity-related derivatives primarily due to contracts maturing in the period, the change in the forward prices for power and propane during the second quarter of 2022, partially offset by newly added contracts.
Share of profit from equity accounted investees	● Consistent with the prior period. Higher revenues at Aux Sable as a result of a wider AECO-Chicago natural gas price differential and higher NGL margins were largely offset by an unrealized loss on commodity-related derivatives.
Reportable segment earnings before tax	▲ Increase largely due to higher margins on crude oil and NGL sales, discussed above, combined with a gain on commodity-related derivatives for the second quarter of 2022 compared to the second quarter of 2021.
Adjusted EBITDA⁽³⁾	▲ Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized gain on commodity-related derivatives, combined with higher adjusted EBITDA from Aux Sable due to a wider AECO-Chicago natural gas price differential and higher NGL margins. Included in adjusted EBITDA is \$41 million (2021: \$14 million) related to Aux Sable.
Volumes (mboe/d)⁽⁴⁾	● Consistent with the prior period. Revenue volumes includes 39 mboe/d (2021: 36 mboe/d) related to Aux Sable.
Distributions from equity accounted investees	▲ \$29 million (2021: \$18 million) from Aux Sable. Increase largely due to higher revenues at Aux Sable as a result of a wider AECO-Chicago natural gas price differential and higher NGL margins.

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



Change in Reportable Segment Earnings Before Tax⁽¹⁾⁽⁵⁾ (\$ millions)



⁽¹⁾ Comparative 2021 period has been restated. See "Accounting Policies & Estimates - Restatement of Revenue and Cost of Goods Sold" section of this MD&A and Note 15 to the Interim Financial Statements for further details.

⁽²⁾ Includes inter-segment transactions. See Note 10 to the Interim Financial Statements.

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

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

⁽⁵⁾ Other includes depreciation & amortization, impairment expense and net finance costs.

Financial Overview for the Six Months Ended June 30

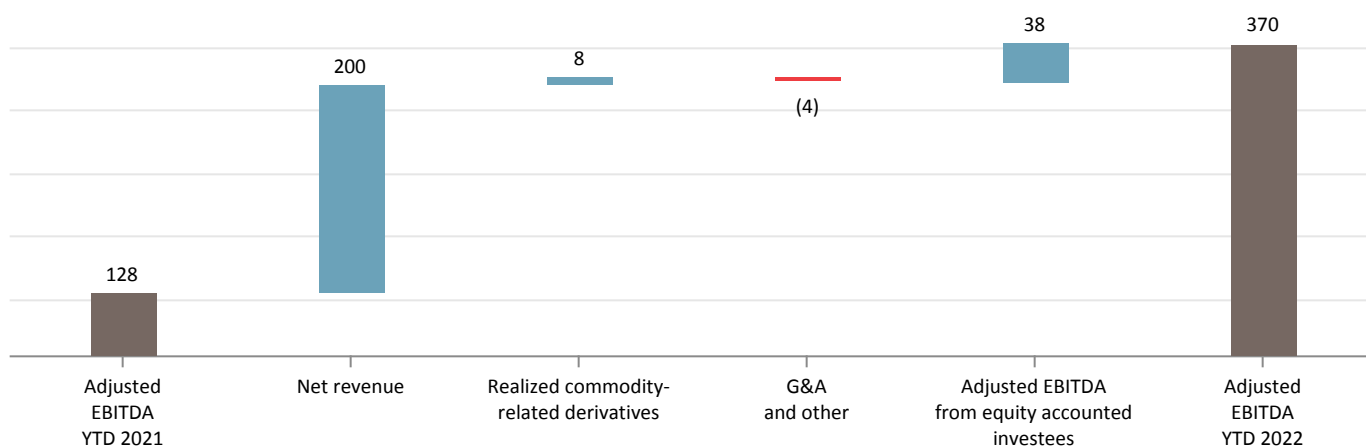
Results of Operations

(\$ millions, except where noted)	2022	2021 ⁽¹⁾	Change
Marketing revenue ⁽²⁾	4,571	2,434	2,137
Cost of goods sold ⁽²⁾	4,124	2,195	1,929
Net revenue ⁽²⁾⁽³⁾	447	239	208
Depreciation and amortization included in operations	22	25	(3)
Realized loss on commodity-related derivative financial instruments	113	121	(8)
Unrealized (gain) loss on commodity-related derivative financial instruments	(39)	21	(60)
Share of profit from equity accounted investees	27	13	14
Gross profit	378	85	293
Reportable segment earnings before tax	360	76	284
Adjusted EBITDA ⁽³⁾	370	128	242
Volumes (mboe/d) ⁽⁴⁾	191	197	(6)
Distributions from equity accounted investees	62	36	26

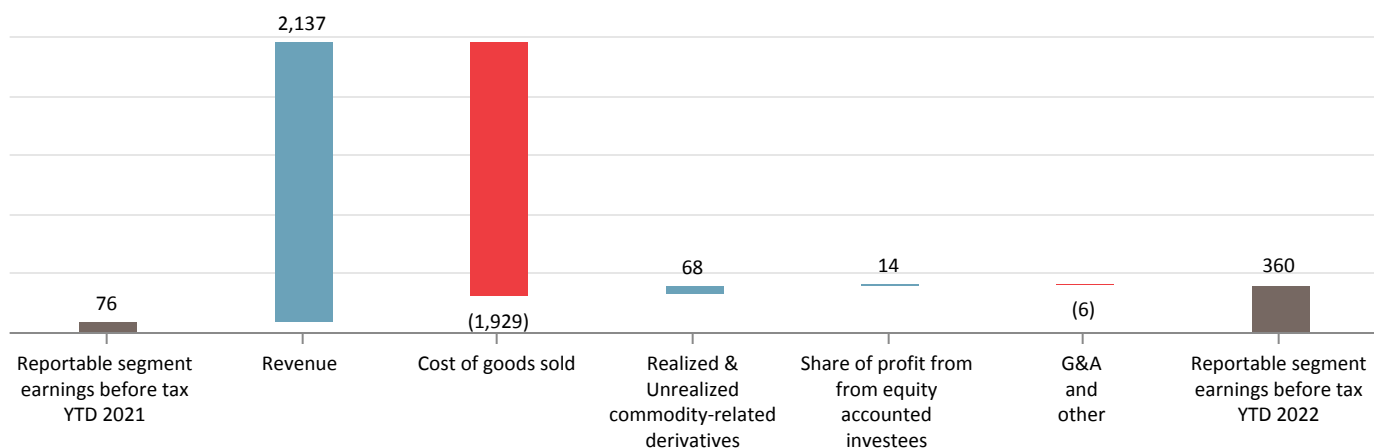
Change in Results

Net revenue⁽²⁾⁽³⁾	▲	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.
Realized loss on commodity-related derivatives	▲	Realized loss primarily due to higher crude oil and NGL market prices during the first six months of 2022, which also drove higher margins on crude oil and NGL sales, resulting in a realized loss on crude oil- and NGL- based derivative instruments for the period.
Unrealized (gain) loss on commodity-related derivatives	▲	Unrealized gain on commodity-related derivatives primarily due to contracts maturing in the period, combined with the increase in the forward prices for power and natural gas during the first six months of 2022, partially offset by newly added contracts.
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 the majority of the first six months of 2022 and higher NGL margins, partially offset by an unrealized loss on commodity-related derivatives.
Reportable segment earnings before tax	▲	Increase largely due to higher margins on crude oil and NGL sales as a result of the higher crude oil and NGL prices, combined with the unrealized gain on commodity-related derivatives for the first six months of 2022 compared to the first six months of 2021, a higher contribution from Aux Sable, discussed above, and a lower realized loss on commodity-related derivatives for the first six months of 2022 compared to the first six months of 2021.
Adjusted EBITDA⁽³⁾	▲	Increase largely due to the same items impacting reportable segment earnings before tax, discussed above, net of the unrealized gain on commodity-related derivatives, combined with higher adjusted EBITDA from Aux Sable due to a wider AECO-Chicago natural gas price differential during the majority of the first six months of 2022 and higher NGL margins. Included in adjusted EBITDA is \$69 million (2021: \$26 million) related to Aux Sable.
Volumes (mboe/d)⁽⁴⁾	●	Consistent with the prior period. Revenue volumes includes 36 mboe/d (2021: 36 mboe/d) related to Aux Sable.
Distributions from equity accounted investees	▲	\$62 million (2021: \$36 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)⁽³⁾



Change in Reportable Segment Earnings Before Tax⁽¹⁾⁽⁵⁾ (\$ millions)



⁽¹⁾ Comparative 2021 period has been restated. See "Accounting Policies & Estimates - Restatement of Revenue and Cost of Goods Sold" section of this MD&A and Note 15 to the Interim Financial Statements for further details.

⁽²⁾ Includes inter-segment transactions. See Note 10 to the Interim Financial Statements.

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

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

⁽⁵⁾ Other includes depreciation & amortization, impairment expense and net finance costs.

Financial and Operational Overview

(\$ millions, except where noted)	3 Months Ended June 30						6 Months Ended June 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⁾
Marketing & New Ventures⁽³⁾												
Marketing	176	146	111	173	13	42	191	371	382	197	85	135
New Ventures ⁽⁴⁾	—	(7)	(8)	—	(4)	(4)	—	(11)	(12)	—	(9)	(7)
Total	176	139	103	173	9	38	191	360	370	197	76	128

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

⁽⁴⁾ 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 has formed a partnership with the Haisla First Nation to develop the proposed 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, low-cost 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. Front End Engineering Design activities and commercial discussions with a diverse group of potential customers are both underway.

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 quarter, Pembina and TC Energy progressed discussions with the Government of Alberta, surface and sub-surface engineering and planning, and engagement with customers and stakeholders. 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 June 30

Results of Operations⁽¹⁾

<i>(\$ millions, except where noted)</i>	2022	2021	Change
General and administrative	65	62	3
Other (income) expense	(14)	18	(32)
Net finance costs	98	86	12
Reportable segment loss before tax	(149)	(167)	18
Adjusted EBITDA ⁽²⁾	(54)	(52)	(2)

Change in Results

General & administrative	●	Consistent with the prior period.
Other (income) expense	▲	Decrease primarily due to lower acquisition costs related to the arrangement agreement with Inter Pipeline Ltd. which was terminated in the third quarter of 2021.
Net finance costs	▼	Increase primarily driven by foreign exchange losses compared to gains in the second quarter of 2021 as the value of the Canadian dollar relative to the U.S. dollar decreased during the second quarter of 2022.
Reportable segment loss before tax	▲	Increase primarily due to lower acquisition costs, discussed above, partially offset by foreign exchange losses in the second quarter of 2022.
Adjusted EBITDA⁽²⁾	●	Consistent with the prior period.

⁽¹⁾ Includes inter-segment eliminations.

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

Financial Overview for the Six Months Ended June 30

Results of Operations⁽¹⁾

<i>(\$ millions, except where noted)</i>	2022	2021	Change
General and administrative	141	128	13
Other expense	3	28	(25)
Net finance costs	200	175	25
Reportable segment loss before tax	(344)	(331)	(13)
Adjusted EBITDA ⁽²⁾	(118)	(105)	(13)

Change in Results

General & administrative	▼	Increase primarily due to higher long-term incentive costs driven by Pembina's performance relative to peers.
Other expense	▲	Decrease primarily due to lower acquisition costs related to the arrangement agreement with Inter Pipeline Ltd. which was terminated in the third quarter of 2021 and lower restructuring costs.
Net finance costs	▼	Increase primarily driven by foreign exchange losses in the period compared to gains in the first six months of 2021 as the value of the Canadian dollar relative to the U.S. dollar decreased in the period, combined with higher interest expense as a result of terming out variable rate debt to fixed rate debt at higher interest rates.
Reportable segment loss before tax	▼	Decrease primarily due to foreign exchange losses in the first six months of 2022, combined with higher long-term incentive costs and interest expense, discussed above, partially offset by lower acquisition costs and lower restructuring costs, discussed above.
Adjusted EBITDA⁽²⁾	▼	Decrease primarily due to higher long-term incentive 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)	June 30, 2022	December 31, 2021
Working capital ⁽¹⁾	985	(1,145)
Variable rate debt ⁽²⁾⁽³⁾		
Senior unsecured credit facilities	862	910
Variable rate bank debt swapped to fixed	(322)	(316)
Total variable rate loans and borrowings outstanding (weighted average interest rate of 2.9% (2021: 1.1%))	540	594
Fixed rate debt ⁽²⁾		
Senior unsecured medium-term notes	9,650	9,700
Variable rate bank debt swapped to fixed	322	316
Total fixed rate loans and borrowings outstanding (weighted average interest rate of 3.9% (2021: 3.9%))	9,972	10,016
Total loans and borrowings outstanding	10,512	10,610
Cash and unutilized debt facilities	2,476	2,469
Subordinated hybrid notes (weighted average interest rate of 4.8% (2021: 4.8%))	600	600

⁽¹⁾ As at June 30, 2022, working capital included \$1.5 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 June 30, 2022 (December 31, 2021: U.S. \$250 million).

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 situation 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 additional common or preferred shares.

As at June 30, 2022, Pembina's credit facilities consisted of: an unsecured \$2.5 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 2026 (the "Revolving Facility"); an unsecured \$425 million (December 31, 2021: \$500 million) non-revolving term loan, which matures in August 2022; 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 June 24, 2022, Pembina repaid \$75 million on its non-revolving term loan. As at June 30, 2022 the non-revolving term loan has an outstanding balance of \$425 million.

Following the second quarter of 2022, on July 27, 2022, the Revolving Facility was replaced with two credit facilities: an unsecured \$1.0 billion sustainability linked revolving credit facility (the "SLL Credit Facility") that has a term of four years, maturing June 2026 and an amendment and restatement of the Revolving Facility into an unsecured \$1.5 billion revolving credit facility, which includes a \$750 million accordion feature and matures in June 2027 (the "New 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 goal.

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

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 June 30, 2022
Senior unsecured medium-term notes	Funded Debt to Capitalization	Maximum 0.70	0.41
Credit Facilities	Debt to Capital	Maximum 0.70	0.42

⁽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 June 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 \$175 million (December 31, 2021: \$100 million) were held as at June 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 ratings 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 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 June 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⁾	920	102	174	143	501
Long-term debt ⁽³⁾	17,103	1,983	2,151	1,888	11,081
Construction commitments ⁽⁴⁾⁽⁵⁾	1,205	372	265	37	531
Other	538	81	121	75	261
Total contractual obligations	19,766	2,538	2,711	2,143	12,374

⁽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 40 and 190 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 78 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⁾ Excluding 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 \$264 million as at June 30, 2022; \$6 million related to payments due in less than 1 year, \$15 million 1–3 years, \$12 million 3–5 years, and \$231 million after 5 years.

Off-Balance Sheet Arrangements

As at June 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 June 30, 2022, Pembina had \$173 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 notice of intention under 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>	June 30, 2022	December 31, 2021
Number of common shares repurchased for cancellation <i>(thousands)</i>	1,975	450
Average price per share	\$47.73	\$37.77
Total cost ⁽¹⁾	94	17

⁽¹⁾ Total cost includes \$56 million (2021: \$13 million) charged to share capital and \$38 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.

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 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⁾	July 29, 2022
Common shares	554,975
Stock options	12,668
Stock options exercisable	6,570
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	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.

6. CAPITAL EXPENDITURES

(\$ millions)	3 Months Ended June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Pipelines	75	95	189	178
Facilities	48	36	78	76
Marketing & New Ventures	17	10	46	12
Corporate and other projects	12	5	18	7
Total capital expenditures ⁽¹⁾⁽²⁾	152	146	331	273

⁽¹⁾ Includes \$48 million for the three months ended June 30, 2022 (2021: \$17 million) and \$97 million for the six months ended June 30, 2022 (2021: \$30 million) related to non-recoverable sustainment activities.

⁽²⁾ Includes capital expenditures related to assets held for sale of \$6 million for the three and six months ended June 30, 2022.

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 to IT infrastructure and systems development.

Contributions to Equity Accounted Investees

(\$ millions)	3 Months Ended June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Aux Sable	1	—	2	1
Veresen Midstream	—	—	13	11
Cedar LNG	5	—	10	—
Total	6	—	25	12

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

7. SELECTED QUARTERLY INFORMATION

Selected Quarterly Operating Information

<i>(mboe/d)</i>	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Volumes⁽¹⁾⁽²⁾								
Pipelines								
Conventional Pipelines	937	897	959	918	892	862	993	863
Transmission Pipelines	564	621	616	595	685	674	684	661
Oil Sands Pipelines	975	975	996	1,050	1,050	1,051	1,053	1,056
Facilities								
Gas Services	664	675	677	660	662	677	673	657
NGL Services	204	201	189	188	211	218	211	214
Total	3,344	3,369	3,437	3,411	3,500	3,482	3,614	3,451

⁽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

<i>(\$ millions)</i>	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pipelines								
Opening balance	24	3	21	32	22	3	42	45
Revenue deferred	49	47	43	48	45	42	52	66
Revenue recognized	(46)	(26)	(61)	(59)	(35)	(23)	(91)	(69)
Ending take-or-pay contract liability balance	27	24	3	21	32	22	3	42
Facilities								
Opening balance	1	—	—	3	1	—	—	2
Revenue deferred	2	1	—	—	2	1	—	1
Revenue recognized	—	—	—	(3)	—	—	—	(3)
Transfers to liabilities related to assets held for sale (Note 14)	(3)	—	—	—	—	—	—	—
Ending take-or-pay contract liability balance	—	1	—	—	3	1	—	—

Quarterly Financial Information

(\$ millions, except where noted)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	3,095	3,038	2,560	2,149	1,902	2,016	1,680	1,496
Net revenue ⁽¹⁾	1,020	1,154	1,084	961	894	999	954	849
Operating expenses	211	193	206	187	186	182	201	178
Realized loss (gain) on commodity-related derivative financial instruments	49	47	36	43	33	88	6	(7)
Share of profit (loss) from equity accounted investees	74	85	83	75	52	71	(244)	62
Gross profit	711	857	785	682	550	630	247	568
Earnings (loss)	418	481	80	588	254	320	(1,216)	323
Earnings (loss) per common share – basic (dollars)	0.70	0.81	0.08	1.01	0.39	0.51	(2.28)	0.52
Earnings (loss) per common share – diluted (dollars)	0.69	0.81	0.08	1.01	0.39	0.51	(2.28)	0.52
Cash flow from operating activities	604	655	697	913	584	456	766	434
Cash flow from operating activities per common share – basic (dollars)	1.09	1.19	1.27	1.66	1.06	0.83	1.39	0.78
Adjusted cash flow from operating activities ⁽¹⁾	683	700	734	786	538	582	603	524
Adjusted cash flow from operating activities per common share – basic (dollars) ⁽¹⁾	1.23	1.27	1.33	1.43	0.98	1.06	1.10	0.95
Common shares outstanding (millions):								
Weighted average – basic	554	551	550	550	550	550	550	550
Weighted average – diluted	557	552	551	551	551	550	550	550
End of period	555	552	550	550	550	550	550	550
Common share dividends declared	349	347	346	347	347	346	346	346
Dividends per common share	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Preferred share dividends declared	32	31	33	31	35	36	38	38
Capital expenditures ⁽²⁾	152	179	176	209	146	127	161	174
Contributions to equity accounted investees	6	19	305	18	—	12	—	28
Distributions from equity accounted investees	145	155	128	106	112	115	109	111
Adjusted EBITDA ⁽¹⁾	849	1,005	970	850	778	835	866	796

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

⁽²⁾ Includes capital expenditures related to assets held for sale of \$6 million for the three and six months ended June 30, 2022.

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 mitigated through 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 six 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;
- Contract expiries on certain assets;
- The receipt and associated tax of the \$350 million termination fee in connection with the termination of the arrangement agreement with Inter Pipeline Ltd. received in the third quarter of 2021;
- Higher contributions made to Alliance to redeem all of its issued and outstanding senior notes; and
- Higher number of common shares as a result of option exercises, partially offset by share repurchases.

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 June 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.

<i>(\$ millions)</i> ⁽¹⁾	June 30, 2022	December 31, 2021
Pipelines ⁽²⁾	649	642
Facilities	1,190	1,214
Marketing & New Ventures	2	1
Total	1,841	1,857

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

⁽²⁾ Balance includes \$306 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.

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. The risks and uncertainties surrounding the Chapter 11 proceedings raise substantial doubt as to Ruby Pipeline's ability to continue as a going concern.

Pembina does not have any financial commitments or obligations in respect of the debts or obligations of Ruby Pipeline, including in respect of the 2022 Notes, nor is Pembina contractually obligated to provide any further contributions or funding to Ruby.

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 June 30, 2022, Pembina's various equity accounted investees held letters of credit totaling \$69 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 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 six months ended June 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 June 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. For more information on Pembina's derivative instruments, refer to Note 12 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 interim 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 second 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. Except as noted below, there were no new accounting standards or amendments to existing standards adopted in the first six 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 to earnings.

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

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 six months ended June 30, 2022.

Restatement of Revenue and Cost of Goods Sold

During the third quarter of 2021 Pembina identified certain crude contracts that were recorded incorrectly within Marketing & New Ventures. Revenue and cost of goods sold associated with the contracts were recorded on a gross basis but should have been recorded on a net basis. The restatement reduced revenue and cost of goods sold for the three and six months ended June 30, 2021 by \$52 million and \$81 million, respectively, with no impact on earnings, cash flows or financial position.

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 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 June 30										
(\$ millions)										
	Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
	2022	2021	2022	2021	2022	2021 ⁽¹⁾	2022	2021	2022	2021 ⁽¹⁾
Revenue	604	554	360	334	2,300	1,163	(169)	(149)	3,095	1,902
Cost of goods sold, including product purchases	—	—	2	2	2,157	1,098	(84)	(92)	2,075	1,008
Net revenue	604	554	358	332	143	65	(85)	(57)	1,020	894

⁽¹⁾ Comparative 2021 period has been restated. See "Accounting Policies & Estimates - Restatement of Revenue and Cost of Goods Sold" section of this MD&A and Note 15 to the Interim Financial Statements for further details.

6 Months Ended June 30 (\$ millions)	Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
	2022	2021	2022	2021	2022	2021 ⁽¹⁾	2022	2021	2022	2021 ⁽¹⁾
	Revenue	1,177	1,107	717	673	4,571	2,434	(332)	(296)	6,133
Cost of goods sold, including product purchases	—	—	2	6	4,124	2,195	(167)	(176)	3,959	2,025
Net revenue	1,177	1,107	715	667	447	239	(165)	(120)	2,174	1,893

⁽¹⁾ Comparative 2021 period has been restated. See "Accounting Policies & Estimates - Restatement of Revenue and Cost of Goods Sold" section of this MD&A and Note 15 to the Interim Financial Statements for further details.

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 June 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	382	325	143	161	139	9	(149)	(167)	515
Adjustments to share of profit from equity accounted investees and other	38	80	34	35	31	7	—	—	103	122
Net finance costs (income)	8	2	11	12	7	(5)	98	86	124	95
Depreciation and amortization	96	108	80	56	11	12	11	12	198	188
Unrealized loss (gain) on commodity-related derivative financial instruments	—	—	9	(16)	(74)	15	—	—	(65)	(1)
Transaction costs incurred in respect of acquisitions	—	—	—	—	—	—	(12)	17	(12)	17
Impairment charges	—	—	—	22	—	1	—	—	—	23
Transformation and restructuring costs, contract dispute settlement, (gain) loss on disposal of assets and non-cash provisions	(1)	7	—	—	(11)	(1)	(2)	—	(14)	6
Adjusted EBITDA	523	522	277	270	103	38	(54)	(52)	849	778
Adjusted EBITDA per common share – basic (dollars)									1.53	1.41

6 Months Ended June 30		Pipelines		Facilities		Marketing & New Ventures		Corporate & Inter-segment Eliminations		Total	
<i>(\$ millions, except per share amounts)</i>		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Earnings before income tax		743	658	389	348	360	76	(344)	(331)	1,148	751
Adjustments to share of profit from equity accounted investees and other		91	156	68	66	37	13	—	—	196	235
Net finance costs (income)		15	15	17	18	1	(9)	200	175	233	199
Depreciation and amortization		195	212	135	102	22	25	23	24	375	363
Unrealized (gain) loss on commodity-related derivative financial instruments		—	—	(51)	(17)	(39)	21	—	—	(90)	4
Transaction costs incurred in respect of acquisitions		—	—	—	—	—	—	—	18	—	18
Impairment charges		—	10	—	22	—	3	—	—	—	35
Transformation and restructuring costs, contract dispute settlement, (gain) loss on disposal of assets and non-cash provisions		—	—	—	—	(11)	(1)	3	9	(8)	8
Adjusted EBITDA		1,044	1,051	558	539	370	128	(118)	(105)	1,854	1,613
Adjusted EBITDA per common share – basic <i>(dollars)</i>										3.36	2.93

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 June 30		Pipelines		Facilities		Marketing & New Ventures		Total	
<i>(\$ millions)</i>		2022	2021	2022	2021	2022	2021	2022	2021
Share of profit from equity accounted investees		48	27	20	18	6	7	74	52
Adjustments to share of profit from equity accounted investees:									
Net finance costs (income)		3	16	11	7	(1)	1	13	24
Depreciation and amortization		35	51	23	28	6	6	64	85
Unrealized loss on commodity-related derivative financial instruments		—	—	—	—	26	—	26	—
Share of earnings in excess of equity interest ⁽¹⁾		—	13	—	—	—	—	—	13
Total adjustments to share of profit from equity accounted investees		38	80	34	35	31	7	103	122
Adjusted EBITDA from equity accounted investees		86	107	54	53	37	14	177	174

⁽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.

6 Months Ended June 30		Pipelines		Facilities		Marketing & New Ventures		Total	
(\$ millions)		2022	2021	2022	2021	2022	2021	2022	2021
Share of profit from equity accounted investees		88	74	44	36	27	13	159	123
Adjustments to share of profit from equity accounted investees:									
Net finance costs (income)		14	33	19	15	(1)	1	32	49
Depreciation and amortization		75	105	49	51	12	12	136	168
Unrealized loss on commodity-related derivative financial instruments		—	—	—	—	26	—	26	—
Share of earnings in excess of equity interest ⁽¹⁾		2	18	—	—	—	—	2	18
Total adjustments to share of profit from equity accounted investees		91	156	68	66	37	13	196	235
Adjusted EBITDA from equity accounted investees		179	230	112	102	64	26	355	358

⁽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.

(\$ millions, except per share amounts)	3 Months Ended June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Cash flow from operating activities	604	584	1,259	1,040
Cash flow from operating activities per common share – basic (dollars)	1.09	1.06	2.28	1.89
Add (deduct):				
Change in non-cash operating working capital	103	(2)	142	77
Current tax expense	(54)	(56)	(175)	(114)
Taxes paid, net of foreign exchange	86	69	238	197
Accrued share-based payment expense	(24)	(22)	(63)	(40)
Share-based compensation payment	—	—	45	32
Preferred share dividends paid	(32)	(35)	(63)	(72)
Adjusted cash flow from operating activities	683	538	1,383	1,120
Adjusted cash flow from operating activities per common share – basic (dollars)	1.23	0.98	2.50	2.04

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:	
Veresen Midstream	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
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;
- Pembina's intention to increase its common share dividend upon closing of the joint venture transaction with KKR, including the amount and timing thereof;
- 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;
- the expected demand for, and prices and inventory levels of, crude oil and other petroleum products, including NGL;
- the anticipated closing of the joint venture with KKR and the timing thereof, including the receipt of regulatory approvals and satisfaction of closing conditions, the resultant business and assets of Newco and the cash flow accretion created by the joint venture;
- 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.