



# FINANCIAL STATEMENTS & NOTES

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited)

(\$ millions)	September 30, 2022	December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	294	43
Trade receivables and other	892	812
Inventory	276	376
Derivative financial instruments (Note 14)	99	14
Assets held for sale (Note 3)	86	—
	<b>1,647</b>	1,245
<b>Non-current assets</b>		
Property, plant and equipment (Note 3)	15,521	18,193
Intangible assets and goodwill (Note 4)	6,064	6,238
Investments in equity accounted investees (Note 6)	7,498	4,622
Right-of-use assets	507	581
Finance lease receivable	218	211
Deferred tax assets	233	257
Derivative financial instruments (Note 14)	63	81
Other assets	49	28
	<b>30,153</b>	30,211
<b>Total assets</b>	<b>31,800</b>	31,456
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade payables and other	1,022	1,063
Loans and borrowings (Note 7)	1,050	1,000
Dividends payable	120	115
Lease liabilities	77	88
Contract liabilities (Note 10)	70	71
Derivative financial instruments (Note 14)	49	53
	<b>2,388</b>	2,390
<b>Non-current liabilities</b>		
Loans and borrowings (Note 7)	8,976	9,645
Subordinated hybrid notes (Note 7)	595	594
Lease liabilities	591	635
Decommissioning provision (Note 8)	235	412
Contract liabilities (Note 10)	142	220
Deferred tax liabilities	2,366	3,011
Other liabilities	164	186
	<b>13,069</b>	14,703
<b>Total liabilities</b>	<b>15,457</b>	17,093
<b>Equity</b>		
Attributable to shareholders	16,283	14,303
Attributable to non-controlling interest	60	60
<b>Total equity</b>	<b>16,343</b>	14,363
<b>Total liabilities and equity</b>	<b>31,800</b>	31,456

See accompanying notes to the condensed consolidated interim financial statements

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(unaudited)

(\$ millions, except per share amounts)	3 Months Ended September 30		9 Months Ended September 30	
	2022	2021	2022	2021
Revenue (Note 10)	2,779	2,149	8,912	6,067
Cost of sales (Note 12)	2,111	1,546	6,829	4,282
(Gain) Loss on commodity-related derivative financial instruments (Note 14)	(83)	(4)	(77)	121
Share of profit from equity accounted investees (Note 6)	123	75	282	198
<b>Gross profit</b>	<b>874</b>	<b>682</b>	<b>2,442</b>	<b>1,862</b>
General and administrative	76	68	273	234
Other expense (income)	27	(311)	17	(282)
Gain on Pembina Gas Infrastructure Transaction (Note 5)	(1,110)	—	(1,110)	—
Impairment expense	—	—	—	35
<b>Results from operating activities</b>	<b>1,881</b>	<b>925</b>	<b>3,262</b>	<b>1,875</b>
Net finance costs (Note 11)	140	144	373	343
<b>Earnings before income tax</b>	<b>1,741</b>	<b>781</b>	<b>2,889</b>	<b>1,532</b>
Current tax expense	70	141	245	255
Deferred tax (recovery) expense	(158)	52	(84)	115
Income tax (recovery) expense	(88)	193	161	370
<b>Earnings</b>	<b>1,829</b>	<b>588</b>	<b>2,728</b>	<b>1,162</b>
<b>Other comprehensive income (loss), net of tax (Note 13 &amp; 14)</b>				
Exchange gain on translation of foreign operations	271	126	341	4
Impact of hedging activities	(13)	4	(5)	4
<b>Total comprehensive income attributable to shareholders</b>	<b>2,087</b>	<b>718</b>	<b>3,064</b>	<b>1,170</b>
<b>Earnings attributable to common shareholders, net of preferred share dividends</b>	<b>1,795</b>	<b>554</b>	<b>2,628</b>	<b>1,054</b>
<b>Earnings per common share – basic (dollars)</b>	<b>3.24</b>	<b>1.01</b>	<b>4.75</b>	<b>1.92</b>
<b>Earnings per common share – diluted (dollars)</b>	<b>3.23</b>	<b>1.01</b>	<b>4.73</b>	<b>1.91</b>
<b>Weighted average number of common shares (millions)</b>				
Basic	554	550	553	550
Diluted	556	551	555	551

See accompanying notes to the condensed consolidated interim financial statements

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited)

(\$ millions)	Attributable to Shareholders of the Company					Non-Controlling Interest	Total Equity
	Common Share Capital	Preferred Share Capital	Deficit	AOCI <sup>(1)</sup>	Total		
December 31, 2021	15,678	2,517	(3,920)	28	14,303	60	14,363
<b>Total comprehensive income</b>							
Earnings	—	—	2,728	—	2,728	—	2,728
Other comprehensive income (Note 13)	—	—	—	336	336	—	336
Total comprehensive income	—	—	2,728	336	3,064	—	3,064
<b>Transactions with shareholders of the Company (Note 9)</b>							
Part VI.1 tax on preferred shares	—	(7)	—	—	(7)	—	(7)
Repurchase of common shares	(152)	—	(97)	—	(249)	—	(249)
Share-based payment transactions	316	—	—	—	316	—	316
Dividends declared – common	—	—	(1,050)	—	(1,050)	—	(1,050)
Dividends declared – preferred	—	—	(94)	—	(94)	—	(94)
Total transactions with shareholders of the Company	164	(7)	(1,241)	—	(1,084)	—	(1,084)
<b>September 30, 2022</b>	<b>15,842</b>	<b>2,510</b>	<b>(2,433)</b>	<b>364</b>	<b>16,283</b>	<b>60</b>	<b>16,343</b>
December 31, 2020	15,644	2,946	(3,637)	2	14,955	60	15,015
<b>Total comprehensive income</b>							
Earnings	—	—	1,162	—	1,162	—	1,162
Other comprehensive income (Note 13)	—	—	—	8	8	—	8
Total comprehensive income	—	—	1,162	8	1,170	—	1,170
<b>Transactions with shareholders of the Company (Note 9)</b>							
Part VI.1 tax on preferred shares	—	(7)	—	—	(7)	—	(7)
Preferred shares redemption	—	(420)	—	—	(420)	—	(420)
Share-based payment transactions	26	—	—	—	26	—	26
Dividends declared – common	—	—	(1,040)	—	(1,040)	—	(1,040)
Dividends declared – preferred	—	—	(102)	—	(102)	—	(102)
Total transactions with shareholders of the Company	26	(427)	(1,142)	—	(1,543)	—	(1,543)
<b>September 30, 2021</b>	<b>15,670</b>	<b>2,519</b>	<b>(3,617)</b>	<b>10</b>	<b>14,582</b>	<b>60</b>	<b>14,642</b>

<sup>(1)</sup> Accumulated Other Comprehensive Income (loss) ("AOCI").

See accompanying notes to the condensed consolidated interim financial statements

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited)

(\$ millions)	3 Months Ended September 30		9 Months Ended September 30	
	2022	2021	2022	2021
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Earnings	1,829	588	2,728	1,162
Adjustments for:				
Share of profit from equity accounted investees	(123)	(75)	(282)	(198)
Distributions from equity accounted investees	138	106	438	333
Depreciation and amortization	146	180	521	543
Impairment expense	—	—	—	35
Gain on Pembina Gas Infrastructure Transaction (Note 5)	(1,110)	—	(1,110)	—
Unrealized gain on commodity-related derivative financial instruments	(102)	(47)	(192)	(43)
Net finance costs (Note 11)	140	144	373	343
Net interest paid	(122)	(136)	(341)	(333)
Income tax (recovery) expense	(88)	193	161	370
Taxes paid	(68)	(69)	(306)	(265)
Share-based compensation expense	5	20	77	77
Share-based compensation payment	—	—	(45)	(32)
Net change in contract liabilities	(19)	(9)	21	10
Other	(16)	11	(32)	21
Change in non-cash operating working capital	157	7	15	(70)
<b>Cash flow from operating activities</b>	<b>767</b>	<b>913</b>	<b>2,026</b>	<b>1,953</b>
<b>Financing activities</b>				
Net decrease in bank borrowings	(115)	(278)	(94)	(92)
Proceeds from issuance of long-term debt, net of issue costs	—	—	—	593
Repayment of long-term debt	(425)	—	(550)	(250)
Repayment of lease liability	(20)	(23)	(65)	(64)
Exercise of stock options	7	3	309	6
Repurchase of common shares	(155)	—	(249)	—
Redemption of preferred shares	—	—	—	(420)
Common share dividends paid	(349)	(346)	(1,045)	(1,039)
Preferred share dividends paid	(31)	(31)	(94)	(103)
<b>Cash flow used in financing activities</b>	<b>(1,088)</b>	<b>(675)</b>	<b>(1,788)</b>	<b>(1,369)</b>
<b>Investing activities</b>				
Capital expenditures	(131)	(209)	(462)	(482)
Contributions to equity accounted investees	(17)	(18)	(42)	(30)
Cedar acquisition	—	(4)	—	(41)
Proceeds from disposition (Note 5)	609	—	609	—
Proceeds from sale of assets	1	—	26	12
Receipt of finance lease payments	6	2	12	8
Interest paid during construction	(3)	(5)	(18)	(19)
Advances to related parties	—	1	—	(9)
Changes in non-cash investing working capital and other	(76)	47	(124)	(1)
<b>Cash flow used in investing activities</b>	<b>389</b>	<b>(186)</b>	<b>1</b>	<b>(562)</b>
Change in cash and cash equivalents	68	52	239	22
Effect of movement in exchange rates on cash held	8	3	12	9
Cash and cash equivalents, beginning of period	218	57	43	81
<b>Cash and cash equivalents, end of period</b>	<b>294</b>	<b>112</b>	<b>294</b>	<b>112</b>

See accompanying notes to the condensed consolidated interim financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

Pembina Pipeline Corporation ("Pembina" or the "Company") is a Calgary-based, leading energy transportation and midstream service provider that has served North America's energy industry for more than 65 years. These condensed consolidated unaudited interim financial statements ("Interim Financial Statements") include the accounts of the Company, its subsidiary companies, partnerships and any investments in associates and joint arrangements as at and for the three and nine months ended September 30, 2022.

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. Pembina's integrated assets and commercial operations along the majority of the hydrocarbon value chain allow it to offer a full spectrum of midstream and marketing services to the energy sector.

These Interim Financial Statements and the notes hereto have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. The accounting policies applied are in accordance with International Financial Reporting Standards ("IFRS"), are consistent with the audited annual consolidated financial statements of the Company as at and for the year ended December 31, 2021 ("Consolidated Financial Statements"), except as noted below, and should be read in conjunction with those Consolidated Financial Statements. The Interim Financial Statements were authorized for issue by Pembina's Board of Directors on November 3, 2022.

#### **Assets Held for Sale**

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

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

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

#### **Basis of Consolidation - Loss of Control**

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

## **Use of Estimates and Judgments**

Management is required to make estimates and assumptions and use judgment in the application of accounting policies that could have a significant impact on the amounts recognized in the Interim Financial Statements. Actual results may differ from estimates and those differences may be material. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. There have been no material changes to Pembina's critical accounting estimates and judgments during the three and nine months ended September 30, 2022 except as noted below related to the disposition discussed in Note 5 and the PGI Transaction discussed in Note 6.

## **Acquisition of an interest in a Joint Venture**

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

## **2. DETERMINATION OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods set out in the Consolidated Financial Statements. These methods have been applied consistently to all periods presented in these Interim Financial Statements.

### **Impacts of Geopolitical Events in Eastern Europe and the Ongoing COVID-19 Pandemic**

Measuring fair values using significant unobservable inputs has become more challenging in the current environment, where the geopolitical events in Eastern Europe and continuing events and conditions related to the COVID-19 pandemic are driving significant volatility in commodity prices and currencies, disruption of business operations and a significant increase in economic uncertainty and inflation. Management applied its judgment in determining the impact of the significant uncertainties created by these events and conditions on the assessed fair values of assets and liabilities in the Interim Financial Statements.

### 3. PROPERTY, PLANT AND EQUIPMENT

(\$ millions)	Land and Land Rights	Pipelines	Facilities and Equipment	Cavern Storage and Other	Assets Under Construction	Total
<b>Cost</b>						
Balance at December 31, 2021	456	9,279	9,384	2,084	915	22,118
Additions and transfers	21	620	142	52	(391)	444
Disposition (Note 5)	(1)	(475)	(2,440)	(104)	(20)	(3,040)
Change in decommissioning provision	—	(20)	(100)	(21)	—	(141)
Other	(1)	(55)	(81)	(9)	(14)	(160)
Foreign exchange	6	71	30	—	—	107
Transfers to assets held for sale	—	—	(112)	(1)	(1)	(114)
<b>Balance at September 30, 2022</b>	<b>481</b>	<b>9,420</b>	<b>6,823</b>	<b>2,001</b>	<b>489</b>	<b>19,214</b>
<b>Depreciation</b>						
Balance at December 31, 2021	26	2,015	1,421	463	—	3,925
Depreciation	4	145	167	59	—	375
Disposition (Note 5)	—	(85)	(384)	(38)	—	(507)
Other	—	(36)	(32)	(4)	—	(72)
Transfers to assets held for sale	—	—	(28)	—	—	(28)
<b>Balance at September 30, 2022</b>	<b>30</b>	<b>2,039</b>	<b>1,144</b>	<b>480</b>	<b>—</b>	<b>3,693</b>
<b>Carrying amounts</b>						
Balance at December 31, 2021	430	7,264	7,963	1,621	915	18,193
<b>Balance at September 30, 2022</b>	<b>451</b>	<b>7,381</b>	<b>5,679</b>	<b>1,521</b>	<b>489</b>	<b>15,521</b>

On July 8, 2022, Pembina entered into a purchase and sale agreement with Plains Midstream Canada ULC ("Plains") to sell its interest in the assets comprising the Empress I Plant, Empress I Expansion Plant (collectively, "the E1 assets"), and the Empress VI Plant ("E6 assets") in exchange for a processing agreement that provides Pembina the right to first priority for gas processing at all Plains-operated assets at Empress. As a result, the E1 and E6 assets are presented as a disposal group held for sale as at September 30, 2022. Closing of the transaction occurred on October 1, 2022.

### 4. INTANGIBLE ASSETS AND GOODWILL

(\$ millions)	Intangible Assets				Total Goodwill & Intangible Assets
	Goodwill	Purchase and Sale Contracts and Other	Customer Relationships <sup>(1)</sup>	Total	
<b>Cost</b>					
Balance at December 31, 2021	4,693	288	1,861	2,149	6,842
Additions	—	38	—	38	38
Disposition (Note 5)	(153)	(23)	(66)	(89)	(242)
Foreign exchange adjustments	20	1	56	57	77
<b>Balance at September 30, 2022</b>	<b>4,560</b>	<b>304</b>	<b>1,851</b>	<b>2,155</b>	<b>6,715</b>
<b>Amortization</b>					
Balance at December 31, 2021	—	189	415	604	604
Amortization	—	6	62	68	68
Disposition (Note 5)	—	(8)	(22)	(30)	(30)
Foreign exchange adjustments	—	1	8	9	9
<b>Balance at September 30, 2022</b>	<b>—</b>	<b>188</b>	<b>463</b>	<b>651</b>	<b>651</b>
<b>Carrying amounts</b>					
Balance at December 31, 2021	4,693	99	1,446	1,545	6,238
<b>Balance at September 30, 2022</b>	<b>4,560</b>	<b>116</b>	<b>1,388</b>	<b>1,504</b>	<b>6,064</b>

## 5. DISPOSITION

On August 15, 2022, Pembina and affiliates of KKR & Co., Inc. (collectively, "KKR") created a new jointly controlled corporation, Pembina Gas Infrastructure Inc. ("PGI"), a western Canadian gas processing entity, incorporated in Alberta (the "PGI Transaction"). Pembina obtained a 60 percent equity interest in the joint venture and will serve as PGI's operator and manager, while KKR obtained the remaining 40 percent equity interest in PGI.

Pembina contributed to PGI a portion of 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 (collectively, the "Disposal Group"), as well as its 45 percent equity interest in Veresen Midstream, which were previously included in Pembina's Facilities operating segment. KKR contributed to PGI its 55 percent equity interest in Veresen Midstream to PGI, as well as its 49 percent common share equity interest and its preferred share interest in PGI Processing ULC (formerly named Energy Transfer Canada ULC) ("ETC"). Concurrently with the closing of the transaction, PGI also acquired the remaining 51 percent common share equity interest in ETC from an affiliate of Energy Transfer LP, aligning ownership of those assets and driving additional efficiencies within PGI.

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

As a result of the disposition of the Disposal Group and acquisition of PGI, management reevaluated Pembina's operating segments and determined there were no changes as a result.

Pembina's contribution of its field-based gas processing assets was accounted for as a disposition given that Pembina changed from control of the assets to joint control through PGI. The contribution of Pembina's interest in Veresen Midstream resulted in Pembina retaining joint control through the newly formed PGI and therefore was not considered a disposition.

The assets and liabilities of the Disposal Group were derecognized at their carrying values as at August 15, 2022 as follows:

(\$ millions)	August 15, 2022
Cash and cash equivalents	167
Trade receivables and other	145
Inventory	18
Property, plant and equipment (Note 3)	2,533
Intangible assets and goodwill (Note 4)	212
Derivative financial instruments (Note 14)	113
<b>Total assets</b>	<b>3,188</b>
Trade payables and other	72
Decommissioning provision (Note 8)	20
Contract liabilities (Note 10)	92
Deferred tax liabilities	514
<b>Total liabilities</b>	<b>698</b>

In exchange for the contribution of the field-based gas processing assets contributed to PGI ("Gas Processing Business"), Pembina received \$776 million cash, a \$12 million contingent related party receivable, and shares of PGI. The \$2.8 billion fair value of the shares of PGI was determined by reference to the \$3.6 billion fair value of the Gas Processing Business, adjusted for cash and the contingent receivable. The resulting gain on disposition recognized by Pembina is \$1.1 billion.

Pembina engaged an independent valuator to assist with determining the preliminary fair value of the Gas Processing Business and the preliminary fair value of PGI using a discounted cash flow model based on significant assumptions including forecasted revenue and the discount rate. Given the complexity of the PGI Transaction, the valuation of the Gas Processing Business and associated PGI purchase price allocation is not final as Pembina is continuing to obtain and verify information required to determine the fair value of certain assets and liabilities and the amount of deferred taxes arising on their recognition, including: property, plant and equipment, intangibles and taxes.

## Effective Tax Rate

The decrease in the effective tax rate from 23.45 percent to 5.5 percent is primarily due to the gain on the PGI Transaction which is not subject to tax and the transfer of the Veresen Midstream tax liability to PGI which is an equity accounted for investment.

## 6. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(\$ millions)	Ownership Interest (percent)		Share of Profit from Equity Accounted Investees		Investments in Equity Accounted Investees	
	September 30, 2022	December 31, 2021	9 Months Ended September 30		September 30, 2022	December 31, 2021
			2022	2021		
Alliance	50	50	125	81	2,673	2,686
Aux Sable	42.7 - 50	42.7 - 50	103	44	405	377
Ruby <sup>(1)</sup>	—	—	—	13	—	—
Veresen Midstream <sup>(2)</sup>	—	45	51	57	—	1,349
PGI <sup>(3)</sup>	60	—	2	—	4,186	—
Cedar LNG	49.9	49.9	—	—	146	130
Other <sup>(4)</sup>	50 - 75	50 - 75	1	3	88	80
			282	198	7,498	4,622

<sup>(1)</sup> Pembina owns a 50 percent convertible preferred interest in Ruby.

<sup>(2)</sup> Pembina owned a 45 percent interest in Veresen Midstream up to the closing of the PGI Transaction on August 15, 2022. As part of the transaction, Pembina contributed its 45 percent interest in Veresen Midstream to PGI.

<sup>(3)</sup> Refer to Note 5 and to the "PGI Acquisition" section of this note for further information on the acquisition of Pembina's interest in PGI.

<sup>(4)</sup> Other includes Pembina's interest in CKPC, Grand Valley and Fort Corp.

At September 30, 2022, Pembina had U.S. \$1.3 billion in investments in equity accounted investees held by entities whose functional currency is the U.S. dollar. The resulting foreign exchange gains and losses are included in other comprehensive income. For the three and nine months ended September 30, 2022, Pembina recognized a gain of \$110 million and a gain of \$139 million (2021: \$48 million gain and \$5 million gain), respectively.

### PGI Acquisition

On August 15, 2022, as part of the PGI Transaction, Pembina acquired a 60 percent equity interest in PGI, a newly formed joint venture that is jointly controlled by Pembina and KKR. Pembina will serve as PGI's operator and manager.

Pembina's investment in PGI of \$4.2 billion at August 15, 2022, includes \$2.8 billion for the value of PGI shares received as consideration for its contribution of the Gas Processing Business (refer to Note 5) and \$1.3 billion for the value of PGI shares received for the contribution of Pembina's 45 percent equity interest in Veresen Midstream, which was recorded at its carrying value at the acquisition date. Pembina's recognized cost of the PGI investment also includes \$9 million in costs directly attributable to the acquisition of the investment.

The cost of Pembina's 60 percent interest in PGI was allocated to PGI's identifiable net assets on the acquisition date as follows:

(\$ millions)	As at August 15, 2022
Current assets	853
Non-current assets	6,648
Current liabilities	1,163
Non-current liabilities	2,483
<b>Allocated to PGI assets and liabilities</b>	<b>3,855</b>
Goodwill	328
<b>Pembina's cost of investment in PGI</b>	<b>4,183</b>

Pembina engaged an independent valuator to assist with determining the preliminary fair value of certain tangible and intangible assets and assumed liabilities of PGI for purposes of the above allocation. Tangible assets were valued primarily using a cost approach. Intangible assets were valued at the acquisition date of the fair value of customer relationships, which was determined using a discounted cash flow model based on significant assumptions including contract renewal rates and the discount rate. Preliminary values for right-of-use assets, deferred tax liabilities, and lease liabilities were measured in accordance with Pembina's accounting policies. Given the complexity of the PGI Transaction, the valuation of the Gas Processing Business and associated PGI purchase price allocation is not final as Pembina is continuing to obtain and verify information required to determine the fair value of certain assets and liabilities and the amount of deferred taxes arising on their recognition, including: property, plant and equipment, intangibles and taxes.

The primary drivers that generated goodwill were synergies and business opportunities from the integration of the three separate gas services businesses into PGI.

Pembina enters into transactions with PGI in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Pembina contracts capacity and provides services on a cost recovery basis to PGI. At September 30, 2022, trade receivables and other included \$45 million receivable from PGI and trade payables and other included \$14 million payable to PGI. Pembina recognized a deferred tax recovery of \$195 million during the third quarter of 2022 as a result of its contribution of its partnership interest in Veresen Midstream for shares of PGI.

#### **Financing Activities for Equity Accounted Investees**

##### *Ruby*

Ruby Pipeline, L.L.C. ("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. Refer to Note 15 for further details.

##### *PGI*

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

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

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

##### *Veresen Midstream*

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

## CKPC

Pembina, along with its joint venture partner, Petrochemical Industries Company K.S.C. have collectively decided to cancel the proposed integrated propane dehydrogenation plant and polypropylene upgrading facility that was to be located in Sturgeon County, Alberta. The project has been in a state of indefinite suspension since late 2020.

### 7. LONG-TERM DEBT

This note provides information about the contractual terms of Pembina's interest-bearing long-term debt, which are measured at amortized cost.

#### Carrying Value, Terms and Conditions, and Debt Maturity Schedule

(\$ millions)	Authorized at September 30, 2022	Nominal Interest Rate	Year of Maturity	Carrying Value	
				September 30, 2022	December 31, 2021
<b>Loans and borrowings</b>					
Senior unsecured credit facilities <sup>(1)(3)(4)</sup>	2,862	4.32 <sup>(2)</sup>	Various <sup>(1)</sup>	339	907
Senior unsecured medium-term notes series 2	450	3.77	2022	450	450
Senior unsecured medium-term notes series 3	450	4.75	2043	447	447
Senior unsecured medium-term notes series 4	600	4.81	2044	597	597
Senior unsecured medium-term notes series 5	450	3.54	2025	449	449
Senior unsecured medium-term notes series 6	500	4.24	2027	499	499
Senior unsecured medium-term notes series 7	600	3.71	2026	602	602
Senior unsecured medium-term notes series 8	650	2.99	2024	649	648
Senior unsecured medium-term notes series 9	550	4.74	2047	542	542
Senior unsecured medium-term notes series 10	650	4.02	2028	658	660
Senior unsecured medium-term notes series 11	800	4.75	2048	840	841
Senior unsecured medium-term notes series 12	650	3.62	2029	653	654
Senior unsecured medium-term notes series 13	700	4.54	2049	712	712
Senior unsecured medium-term notes series 14	600	2.56	2023	600	599
Senior unsecured medium-term notes series 15	600	3.31	2030	598	597
Senior unsecured medium-term notes series 16	400	4.67	2050	397	397
Senior unsecured medium-term notes series 17	500	3.53	2031	497	497
Senior unsecured medium-term notes series 18	500	4.49	2051	497	497
Senior unsecured medium-term notes series 3A	—	5.05	2022	—	50
<b>Total loans and borrowings</b>				<b>10,026</b>	10,645
Less current portion loans and borrowings				<b>(1,050)</b>	(1,000)
<b>Total non-current loans and borrowings</b>				<b>8,976</b>	9,645
<b>Subordinated hybrid notes</b>					
Subordinated notes, series 1	600	4.80	2081	595	594

<sup>(1)</sup> Pembina's unsecured credit facilities include a \$1.5 billion revolving facility that matures in June 2027, a \$1.0 billion sustainability linked revolving facility that matures in June 2026, a U.S. \$250 million non-revolving term loan that matures in May 2025 and a \$20 million operating facility that matures in May 2023, which is typically renewed on an annual basis.

<sup>(2)</sup> The nominal interest rate is the weighted average of all drawn credit facilities based on Pembina's credit rating at September 30, 2022. Borrowings under the credit facilities bear interest at prime, Bankers' Acceptance, or LIBOR rates, plus applicable margins.

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

<sup>(4)</sup> The U.S. dollar denominated non-revolving term loan is designated as a hedge of the Company's net investment in selected foreign operations with a U.S. dollar functional currency. Refer to Note 14 for foreign exchange risk management.

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

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

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

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

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

#### 8. DECOMMISSIONING PROVISION

<i>(\$ millions)</i>	<b>2022</b>
Balance at January 1	<b>412</b>
Unwinding of discount rate	<b>12</b>
Change in rates	<b>(185)</b>
Disposition <i>(Note 5)</i>	<b>(20)</b>
Change in cost estimates and other	<b>16</b>
<b>Balance at September 30</b>	<b>235</b>

Pembina's decommissioning provision decreased by \$177 million for the nine months ended September 30, 2022 primarily due to an increase in the credit-adjusted risk-free rates of 5.8 percent to 6.8 percent (December 31, 2021: 3.3 percent to 4.7 percent) and a change to inflation of 2.0 percent (December 31, 2021: 1.8 percent).

## 9. SHARE CAPITAL

### Common Share Capital

<i>(\$ millions, except as noted)</i>	Number of Common Shares <i>(millions)</i>	Common Share Capital
Balance at December 31, 2021	550	15,678
Share-based payment transactions	7	316
Repurchased	(5)	(152)
<b>Balance at September 30, 2022</b>	<b>552</b>	<b>15,842</b>

### Share Repurchase Program

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

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

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

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

### Preferred Share Capital

<i>(\$ millions, except as noted)</i>	Number of Preferred Shares <i>(millions)</i>	Preferred Share Capital
Balance at December 31, 2021	105	2,517
Part VI.1 tax	—	(7)
<b>Balance at September 30, 2022</b>	<b>105</b>	<b>2,510</b>

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

## Dividends

The following dividends were declared by Pembina:

<b>9 Months Ended September 30</b>		
<i>(\$ millions)</i>	<b>2022</b>	2021
Common shares		
\$1.90 per common share (2021: \$1.89)	<b>1,050</b>	1,040
Class A preferred shares		
\$0.92 per Series 1 Class A Preferred Share (2021: \$0.92)	<b>9</b>	9
\$0.84 per Series 3 Class A Preferred Share (2021: \$0.84)	<b>5</b>	5
\$0.85 per Series 5 Class A Preferred Share (2021: \$0.85)	<b>9</b>	9
\$0.82 per Series 7 Class A Preferred Share (2021: \$0.82)	<b>8</b>	8
\$0.80 per Series 9 Class A Preferred Share (2021: \$0.80)	<b>7</b>	7
nil per Series 11 Class A Preferred Share (2021: \$0.24)	<b>—</b>	2
nil per Series 13 Class A Preferred Share (2021: \$0.59)	<b>—</b>	6
\$0.84 per Series 15 Class A Preferred Share (2021: \$0.84)	<b>7</b>	7
\$0.90 per Series 17 Class A Preferred Share (2021: \$0.90)	<b>5</b>	5
\$0.88 per Series 19 Class A Preferred Share (2021: \$0.88)	<b>7</b>	7
\$0.91 per Series 21 Class A Preferred Share (2021: \$0.91)	<b>15</b>	15
\$0.98 per Series 23 Class A Preferred Share (2021: \$0.98)	<b>12</b>	12
\$0.98 per Series 25 Class A Preferred Share (2021: \$0.98)	<b>10</b>	10
	<b>94</b>	102

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

On August 31, 2022, Pembina announced that it did not intend to exercise its right to redeem the eight million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 15 shares outstanding on September 30, 2022.

On October 6, 2022, Pembina announced that its Board of Directors had declared a dividend of \$0.2175 per common share in the total amount of \$120 million, payable on November 15, 2022 to shareholders of record on October 25, 2022.

Pembina's Board of Directors also declared quarterly dividends for Pembina's Class A preferred shares on October 6, 2022 as outlined in the following table:

<b>Series</b>	<b>Record Date</b>	<b>Payable Date</b>	<b>Per Share Amount</b>	<b>Dividend Amount (\$ millions)</b>
Series 1	November 1, 2022	December 1, 2022	\$0.306625	3
Series 3	November 1, 2022	December 1, 2022	\$0.279875	2
Series 5	November 1, 2022	December 1, 2022	\$0.285813	3
Series 7	November 1, 2022	December 1, 2022	\$0.273750	3
Series 9	November 1, 2022	December 1, 2022	\$0.268875	2
Series 15	December 15, 2022	January 3, 2023	\$0.385250	3
Series 17	December 15, 2022	January 3, 2023	\$0.301313	2
Series 19	December 15, 2022	January 3, 2023	\$0.292750	2
Series 21	November 1, 2022	December 1, 2022	\$0.306250	5
Series 23	October 31, 2022	November 15, 2022	\$0.328125	4
Series 25	October 31, 2022	November 15, 2022	\$0.325000	3

## 10. REVENUE

Revenue has been disaggregated into categories to reflect how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

### a. Revenue Disaggregation

3 Months Ended September 30 (\$ millions)	2022				2021			
	Pipelines	Facilities	Marketing & New Ventures	Total	Pipelines	Facilities	Marketing & New Ventures	Total
Take-or-pay <sup>(1)</sup>	457	147	—	604	419	183	—	602
Fee-for-service <sup>(1)</sup>	114	36	—	150	76	36	—	112
Product sales <sup>(2)</sup>	—	—	1,979	1,979	—	—	1,393	1,393
<b>Revenue from contracts with customers</b>	<b>571</b>	<b>183</b>	<b>1,979</b>	<b>2,733</b>	<b>495</b>	<b>219</b>	<b>1,393</b>	<b>2,107</b>
Operational finance lease income	7	1	—	8	5	1	—	6
Fixed operating lease income	30	8	—	38	27	9	—	36
<b>Total external revenue</b>	<b>608</b>	<b>192</b>	<b>1,979</b>	<b>2,779</b>	<b>527</b>	<b>229</b>	<b>1,393</b>	<b>2,149</b>

<sup>(1)</sup> Revenue recognized over time.

<sup>(2)</sup> Revenue recognized at a point in time.

9 Months Ended September 30 (\$ millions)	2022				2021			
	Pipelines	Facilities	Marketing & New Ventures	Total	Pipelines	Facilities	Marketing & New Ventures	Total
Take-or-pay <sup>(1)</sup>	1,258	537	—	1,795	1,207	547	—	1,754
Fee-for-service <sup>(1)</sup>	330	101	—	431	248	112	—	360
Product sales <sup>(2)</sup>	—	—	6,550	6,550	—	—	3,827	3,827
<b>Revenue from contracts with customers</b>	<b>1,588</b>	<b>638</b>	<b>6,550</b>	<b>8,776</b>	<b>1,455</b>	<b>659</b>	<b>3,827</b>	<b>5,941</b>
Operational finance lease income	20	2	—	22	13	1	—	14
Fixed operating lease income	88	26	—	114	85	27	—	112
<b>Total external revenue</b>	<b>1,696</b>	<b>666</b>	<b>6,550</b>	<b>8,912</b>	<b>1,553</b>	<b>687</b>	<b>3,827</b>	<b>6,067</b>

<sup>(1)</sup> Revenue recognized over time.

<sup>(2)</sup> Revenue recognized at a point in time.

### b. Contract Liabilities

Significant changes in the contract liabilities balances during the period are as follows:

(\$ millions)	9 Months Ended September 30, 2022			12 Months Ended December 31, 2021		
	Take-or-Pay	Other Contract Liabilities	Total Contract Liabilities	Take-or-Pay	Other Contract Liabilities	Total Contract Liabilities
Opening balance	3	288	291	3	289	292
Additions (net in the period)	14	60	74	—	64	64
Disposition (Note 5)	(2)	(90)	(92)	—	—	—
Revenue recognized from contract liabilities <sup>(1)</sup>	—	(61)	(61)	—	(65)	(65)
Closing balance	15	197	212	3	288	291
Less current portion <sup>(2)</sup>	(15)	(55)	(70)	(3)	(68)	(71)
<b>Ending balance</b>	<b>—</b>	<b>142</b>	<b>142</b>	<b>—</b>	<b>220</b>	<b>220</b>

<sup>(1)</sup> Recognition of revenue related to performance obligations satisfied in the current period that were included in the opening balance of contract liabilities.

<sup>(2)</sup> As at September 30, 2022, the balance includes \$15 million of cash collected under take-or-pay contracts which will be recognized within one year as the customer chooses to ship, process, or otherwise forego the associated service.

Contract liabilities depict Pembina's obligation to perform services in the future for cash and non-cash consideration which have been received from customers. Contract liabilities include up-front payments or non-cash consideration received from customers for future transportation, processing and storage services. Contract liabilities also include consideration received from customers for take-or-pay commitments where the customer has a make-up right to ship or process future volumes under a firm contract. These amounts are non-refundable should the customer not use its make-up rights.

In all instances where goods or services have been transferred to a customer in advance of the receipt of customer consideration, Pembina's right to consideration is unconditional and has therefore been presented as a receivable.

### c. Revenue Allocated to Remaining Performance Obligations

Pembina expects to recognize revenue in future periods that includes current unsatisfied remaining performance obligations. As a result of the disposition of Pembina's field-based gas processing assets on August 15, 2022 (see Note 5 for further details), Pembina's unsatisfied remaining performance obligations and expected revenue recognition from these obligations as at September 30, 2022 decreased by \$2.6 billion compared to December 31, 2021.

## 11. NET FINANCE COSTS

(\$ millions)	3 Months Ended September 30		9 Months Ended September 30	
	2022	2021	2022	2021
Interest expense on financial liabilities measured at amortized cost:				
Loans and borrowings	98	90	287	272
Subordinated hybrid notes	7	7	22	20
Leases	8	9	24	27
Unwinding of discount rate	4	4	12	12
Loss in fair value of non-commodity-related derivative financial instruments	21	8	24	16
Foreign exchange losses (gains) and other	2	26	4	(4)
Net finance costs	140	144	373	343

## 12. OPERATING SEGMENTS

Pembina's operating segments are organized by three divisions: Pipelines, Facilities and Marketing & New Ventures.

<b>3 Months Ended September 30, 2022</b> (\$ millions)	<b>Pipelines<sup>(1)</sup></b>	<b>Facilities</b>	<b>Marketing &amp; New Ventures<sup>(2)</sup></b>	<b>Corporate &amp; Inter-segment Eliminations</b>	<b>Total</b>
Revenue from external customers	608	192	1,979	—	2,779
Inter-segment revenue	37	122	—	(159)	—
<b>Total revenue<sup>(3)</sup></b>	<b>645</b>	<b>314</b>	<b>1,979</b>	<b>(159)</b>	<b>2,779</b>
Operating expenses	175	132	—	(82)	225
Cost of goods sold, including product purchases	—	4	1,824	(79)	1,749
Depreciation and amortization included in operations	97	27	12	1	137
<b>Cost of sales</b>	<b>272</b>	<b>163</b>	<b>1,836</b>	<b>(160)</b>	<b>2,111</b>
Realized (gain) loss on commodity-related derivative financial instruments	—	(3)	22	—	19
Share of profit from equity accounted investees	39	15	69	—	123
Unrealized loss (gain) on commodity-related derivative financial instruments	—	3	(105)	—	(102)
<b>Gross profit</b>	<b>412</b>	<b>166</b>	<b>295</b>	<b>1</b>	<b>874</b>
Depreciation included in general and administrative	—	—	—	9	9
Other general and administrative	15	1	9	42	67
Other expense (income)	13	1	14	(1)	27
Gain on Pembina Gas Infrastructure Transaction (Note 5)	—	(1,110)	—	—	(1,110)
<b>Reportable segment results from operating activities</b>	<b>384</b>	<b>1,274</b>	<b>272</b>	<b>(49)</b>	<b>1,881</b>
Net finance costs	7	4	20	109	140
<b>Reportable segment earnings (loss) before tax</b>	<b>377</b>	<b>1,270</b>	<b>252</b>	<b>(158)</b>	<b>1,741</b>
Capital expenditures	75	36	7	13	131
Contributions to equity accounted investees	—	17	7	—	24
<b>3 Months Ended September 30, 2021</b> (\$ millions)	<b>Pipelines<sup>(1)</sup></b>	<b>Facilities</b>	<b>Marketing &amp; New Ventures<sup>(2)</sup></b>	<b>Corporate &amp; Inter-segment Eliminations</b>	<b>Total</b>
Revenue from external customers	527	229	1,393	—	2,149
Inter-segment revenue	39	112	—	(151)	—
<b>Total revenue<sup>(3)</sup></b>	<b>566</b>	<b>341</b>	<b>1,393</b>	<b>(151)</b>	<b>2,149</b>
Operating expenses	140	121	—	(74)	187
Cost of goods sold, including product purchases	—	1	1,268	(81)	1,188
Depreciation and amortization included in operations	100	56	13	2	171
<b>Cost of sales</b>	<b>240</b>	<b>178</b>	<b>1,281</b>	<b>(153)</b>	<b>1,546</b>
Realized (gain) loss on commodity-related derivative financial instruments	—	(2)	45	—	43
Share of profit from equity accounted investees	21	23	31	—	75
Unrealized gain on commodity-related derivative financial instruments	—	(45)	(2)	—	(47)
<b>Gross profit</b>	<b>347</b>	<b>233</b>	<b>100</b>	<b>2</b>	<b>682</b>
Depreciation included in general and administrative	—	—	—	9	9
Other general and administrative	9	4	7	39	59
Other expense (income)	1	10	—	(322)	(311)
<b>Reportable segment results from operating activities</b>	<b>337</b>	<b>219</b>	<b>93</b>	<b>276</b>	<b>925</b>
Net finance costs	8	12	2	122	144
<b>Reportable segment earnings before tax</b>	<b>329</b>	<b>207</b>	<b>91</b>	<b>154</b>	<b>781</b>
Capital expenditures	174	26	3	6	209
Contributions to equity accounted investees	—	18	—	—	18

<sup>(1)</sup> Pipelines transportation revenue includes \$69 million (2021: \$48 million) associated with U.S. pipeline revenue.

<sup>(2)</sup> Marketing & New Ventures includes revenue of \$112 million (2021: \$57 million) associated with U.S. midstream sales.

<sup>(3)</sup> During the three months ended September 30, 2022 and 2021, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.

<b>9 Months Ended September 30, 2022</b>					
<i>(\$ millions)</i>	<b>Pipelines<sup>(1)</sup></b>	<b>Facilities</b>	<b>Marketing &amp; New Ventures<sup>(2)</sup></b>	<b>Corporate &amp; Inter-segment Eliminations</b>	<b>Total</b>
Revenue from external customers	1,696	666	6,550	—	8,912
Inter-segment revenue	126	365	—	(491)	—
<b>Total revenue<sup>(3)</sup></b>	<b>1,822</b>	<b>1,031</b>	<b>6,550</b>	<b>(491)</b>	<b>8,912</b>
Operating expenses	472	407	—	(250)	629
Cost of goods sold, including product purchases	—	6	5,948	(246)	5,708
Depreciation and amortization included in operations	292	162	34	4	492
Cost of sales	764	575	5,982	(492)	6,829
Realized (gain) loss on commodity-related derivative financial instruments	—	(20)	135	—	115
Unrealized gain on commodity-related derivative financial instruments	—	(48)	(144)	—	(192)
Share of profit from equity accounted investees	127	59	96	—	282
<b>Gross profit</b>	<b>1,185</b>	<b>583</b>	<b>673</b>	<b>1</b>	<b>2,442</b>
Depreciation included in general and administrative	—	—	—	29	29
Other general and administrative	39	13	29	163	244
Other expense	4	—	11	2	17
Gain on Pembina Gas Infrastructure Transaction (Note 5)	—	(1,110)	—	—	(1,110)
<b>Reportable segment results from operating activities</b>	<b>1,142</b>	<b>1,680</b>	<b>633</b>	<b>(193)</b>	<b>3,262</b>
Net finance costs	22	21	21	309	373
<b>Reportable segment earnings (loss) before tax</b>	<b>1,120</b>	<b>1,659</b>	<b>612</b>	<b>(502)</b>	<b>2,889</b>
Capital expenditures	264	114	53	31	462
Contributions to equity accounted investees	—	30	19	—	49
<b>9 Months Ended September 30, 2021</b>					
<i>(\$ millions)</i>	<b>Pipelines<sup>(1)</sup></b>	<b>Facilities</b>	<b>Marketing &amp; New Ventures<sup>(2)</sup></b>	<b>Corporate &amp; Inter-segment Eliminations</b>	<b>Total</b>
Revenue from external customers	1,553	687	3,827	—	6,067
Inter-segment revenue	120	327	—	(447)	—
<b>Total revenue<sup>(3)</sup></b>	<b>1,673</b>	<b>1,014</b>	<b>3,827</b>	<b>(447)</b>	<b>6,067</b>
Operating expenses	409	344	—	(198)	555
Cost of goods sold, including product purchases	—	7	3,463	(257)	3,213
Depreciation and amortization included in operations	312	158	38	6	514
Cost of sales	721	509	3,501	(449)	4,282
Realized (gain) loss on commodity-related derivative financial instruments	—	(2)	166	—	164
Unrealized (gain) loss on commodity-related derivative financial instruments	—	(62)	19	—	(43)
Share of profit from equity accounted investees	95	59	44	—	198
<b>Gross profit</b>	<b>1,047</b>	<b>628</b>	<b>185</b>	<b>2</b>	<b>1,862</b>
Depreciation included in general and administrative	—	—	—	29	29
Other general and administrative	25	11	22	147	205
Other expense (income)	2	10	—	(294)	(282)
Impairment expense	10	22	3	—	35
<b>Reportable segment results from operating activities</b>	<b>1,010</b>	<b>585</b>	<b>160</b>	<b>120</b>	<b>1,875</b>
Net finance costs (income)	23	30	(7)	297	343
<b>Reportable segment earnings (loss) before tax</b>	<b>987</b>	<b>555</b>	<b>167</b>	<b>(177)</b>	<b>1,532</b>
Capital expenditures	352	102	15	13	482
Contributions to equity accounted investees	—	29	1	—	30

<sup>(1)</sup> Pipelines transportation revenue includes \$175 million (2021: \$154 million) associated with U.S. pipeline revenue.

<sup>(2)</sup> Marketing & New Ventures includes revenue of \$290 million (2021: \$181 million) associated with U.S. midstream sales.

<sup>(3)</sup> During the nine months ended September 30, 2022 and 2021, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.

### 13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

<i>(\$ millions)</i>	Currency Translation Reserve	Cash Flow Hedge Reserve	Pension and other Post- Retirement Benefit Plan Adjustments <sup>(2)</sup>	Total
Balance at December 31, 2020	48	—	(46)	2
Other comprehensive gain before hedging activities	4	—	—	4
Other comprehensive gain (loss) resulting from hedging activities <sup>(1)</sup>	(1)	5	—	4
Balance at September 30, 2021	51	5	(46)	10
Balance at December 31, 2021	32	8	(12)	28
Other comprehensive gain before hedging activities	341	—	—	341
Other comprehensive gain (loss) resulting from hedging activities <sup>(1)</sup>	(23)	18	—	(5)
Balance at September 30, 2022	350	26	(12)	364

<sup>(1)</sup> Amounts relate to hedges of the Company's net investment in foreign operations (reported in Currency Translation Reserve) and interest rate derivatives designated as cash flow hedges (reported in Cash Flow Hedge Reserve) (Note 14).

<sup>(2)</sup> Pension and other Post-Retirement Benefit Plan Adjustments will not be reclassified into earnings.

### 14. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

#### Risk Management

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

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

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.

#### Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim statements of financial position, are shown in the table below. Certain non-derivative financial instruments measured at amortized cost including cash and cash equivalents, trade receivables and other, finance lease receivables, advances to related parties, trade payables and other, and other liabilities have been excluded because they have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity. These instruments would be classified in Level 2 of the fair value hierarchy.

(\$ millions)	September 30, 2022				December 31, 2021			
	Carrying Value	Fair Value <sup>(1)</sup>			Carrying Value	Fair Value <sup>(1)</sup>		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets carried at fair value</b>								
Derivative financial instruments <sup>(3)</sup>	162	—	115	47	95	—	84	11
<b>Financial liabilities carried at fair value</b>								
Derivative financial instruments <sup>(3)</sup>	52	—	52	—	59	—	59	—
Contingent consideration <sup>(4)</sup>	59	—	21	38	70	—	35	35
<b>Financial liabilities carried at amortized cost</b>								
Long-term debt <sup>(2)</sup>	10,621	—	9,481	—	11,239	—	11,814	—

<sup>(1)</sup> The basis for determining fair value is disclosed in Note 2.

<sup>(2)</sup> Carrying value of current and non-current balances. Includes loans and borrowings and subordinated hybrid notes.

<sup>(3)</sup> At September 30, 2022 all derivative financial instruments are carried at fair value through earnings, except for \$26 million in interest rate derivative financial assets that have been designated as cash flow hedges.

<sup>(4)</sup> Included in trade payables and other and other liabilities. Under the terms of the agreements on Pembina's investment in the Cedar LNG Project, Pembina has commitments to make additional payments on a positive final investment decision as well as contributions to fund development costs and annual operating budgets.

### Level 2

Pembina's Level 2 financial instruments carried at fair value are valued using inputs that include quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Instruments in this category include non-exchange traded derivatives such as over-the-counter physical forwards and options, including those that have prices similar to quoted market prices. Pembina obtains quoted market prices for its inputs from information sources including banks, Bloomberg Terminals, EDC Associates Ltd., and Natural Gas Exchange.

### Level 3

Changes in fair value of the derivative assets classified as Level 3 in the fair value hierarchy were as follows:

(\$ millions)	2022
Level 3 derivative asset at January 1	11
Total gain:	
Included in earnings	36
Level 3 derivative asset at September 30	47

There were no transfers into or out of Level 3 during the nine months ended September 30, 2022.

### Derivative instruments

Pembina enters into derivative instruments to hedge future cash flows associated with interest rate, commodity, and foreign exchange exposures. Derivatives are considered effective hedges to the extent that they offset the changes in value of the hedged item or transaction resulting from a specified risk factor. In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment and are classified as held at fair value through profit or loss ("FVTPL").

The following table is a summary of the net derivative financial instruments:

(\$ millions)	September 30, 2022					December 31, 2021				
	Current Asset <sup>(1)</sup>	Non-Current Asset	Current Liability <sup>(1)</sup>	Non-Current Liability	Total	Current Asset <sup>(1)</sup>	Non-Current Asset	Current Liability <sup>(1)</sup>	Non-Current Liability	Total
Commodity financial instruments	87	49	(22)	(2)	112	13	73	(48)	(6)	32
Interest rate	12	14	—	—	26	1	8	—	—	9
Foreign exchange	—	—	(27)	(1)	(28)	—	—	(5)	—	(5)
<b>Net derivative financial instruments</b>	<b>99</b>	<b>63</b>	<b>(49)</b>	<b>(3)</b>	<b>110</b>	<b>14</b>	<b>81</b>	<b>(53)</b>	<b>(6)</b>	<b>36</b>

<sup>(1)</sup> At September 30, 2022 the derivative financial instruments were offset by \$7 million (2021: \$11 million) when determining the net amounts presented on the condensed consolidated interim statement of financial position.

## Notional and Maturity Summary

The maturity and notional amount or quantity outstanding related to Pembina's derivative instruments are as follows:

(\$ millions)	Liquids (bpd)	Natural Gas (GJ/d)	Power (GWh)	Foreign Exchange	Interest Rate
<b>As at September 30, 2022</b>					
Purchases <sup>(1)</sup>	639	71,017	11,303	—	—
Sales <sup>(1)</sup>	19,022	—	—	—	—
Millions of U.S. dollars	—	—	—	382	250
Maturity dates	2023	2023	2040	2023	2025
<b>As at December 31, 2021</b>					
Purchases <sup>(1)</sup>	—	62,615	6,166	—	—
Sales <sup>(1)</sup>	16,550	—	—	—	—
Millions of U.S. dollars	—	—	—	272	250
Maturity dates	2022	2022	2040	2022	2025

<sup>(1)</sup> Barrels per day ("bpd"), gigajoules per day ("GJ/d") and gigawatt hours ("GWh").

## Gains and Losses on Derivative Instruments

Realized and unrealized losses (gains) on derivative instruments are as follows:

(\$ millions)	3 Months Ended September 30		9 Months Ended September 30	
	2022	2021	2022	2021
<b>Derivative instruments held at FVTPL<sup>(1)</sup></b>				
Realized (gain) loss				
Commodity-related	19	43	115	164
Foreign exchange	4	(2)	7	(10)
Unrealized (gain) loss				
Commodity-related	(102)	(47)	(192)	(43)
Foreign exchange	21	8	24	16
<b>Derivative instruments in hedging relationships<sup>(2)</sup></b>				
Unrealized gain				
Interest rate	(4)	(1)	(18)	(5)

<sup>(1)</sup> Realized and unrealized losses (gains) on commodity derivative instruments held at FVTPL are included in loss (gain) on commodity-related derivative financial instruments in the Interim Financial Statements. Realized and unrealized losses (gains) on foreign exchange derivative instruments held at FVTPL are included in net finance costs in the Interim Financial Statements.

<sup>(2)</sup> Unrealized gains on derivatives in designated cash flow hedging relationships are recognized in the cash flow hedge reserve in accumulated other comprehensive income, with realized (gains) losses being reclassified to net finance costs. Refer to Note 13 for amounts reclassified. No (gains) losses have been recognized in net income relating to discontinued cash flow hedges.

## Non-Derivative Instruments Designated as Net Investment Hedges

Pembina has designated certain U.S. dollar denominated debt as a hedge of the Company's net investment in U.S. dollar denominated subsidiaries and investments in equity accounted investees. The designated debt has been assessed as having no ineffectiveness as the U.S. dollar debt has an equal and opposite exposure to U.S. dollar fluctuations. As a result, all foreign exchange gains or losses on the debt are reported directly in other comprehensive income.

The following balances of U.S. dollar debt had been designated as hedges:

(\$ millions)	September 30, 2022	December 31, 2021
Notional amount of U.S. debt designated (in U.S. dollars)	250	250
Carrying value of U.S. debt designated	342	316
Maturity date	2025	2025

## 15. COMMITMENTS AND CONTINGENCIES

### Commitments

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

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

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

<sup>(2)</sup> Includes terminals, rail, office space, land and vehicle leases.

<sup>(3)</sup> 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.

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

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

As a result of the disposition of Pembina's field-based gas processing assets on August 15, 2022 (see Note 5 for further details), Pembina's construction commitments were reduced by \$264 million.

### 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.

### Contingencies

Pembina, including its subsidiaries and its investments in equity accounted investees, are subject to various legal and regulatory and tax proceedings, actions and audits arising in the normal course of business. We represent our interests vigorously in all proceedings in which we are involved. Legal and administrative proceedings involving possible losses are inherently complex, and we apply significant judgment in estimating probable outcomes. Of significance is a claim filed against Aux Sable by a counterparty to an NGL supply agreement. Aux Sable has filed Statements of Defense responding to the claim. While the final outcome of such actions and proceedings cannot be predicted with certainty, at this time management believes that the resolutions of such actions and proceedings will not have a material impact on Pembina's financial position or results of operations. While a claim has not been filed, management believes that under certain circumstances claims could be advanced in respect of Ruby Pipeline as a result of the voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The final outcome of such claims, if made, is not known or measurable at this time.

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

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## STOCK EXCHANGE

Pembina Pipeline Corporation

### Toronto Stock Exchange listing symbols for:

COMMON SHARES PPL  
PREFERRED SHARES PPL.PR.A, PPL.PR.C, PPL.PR.E, PPL.PR.G,  
PPL.PR.I, PPL.PR.O, PPL.PR.Q, PPL.PR.S, PPL.PFA, PPL.PFC  
and PPL.PFE

### New York Stock Exchange listing symbol for:

COMMON SHARES PBA

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