



FINANCIAL STATEMENTS & NOTES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited)

(\$ millions)	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	71	43
Trade receivables and other	990	812
Inventory	285	376
Derivative financial instruments (Note 12)	55	14
Assets held for sale (Note 14)	3,112	—
	4,513	1,245
Non-current assets		
Property, plant and equipment (Note 3)	15,530	18,193
Intangible assets and goodwill	6,025	6,238
Investments in equity accounted investees (Note 4)	4,538	4,622
Right-of-use assets	521	581
Finance lease receivable	222	211
Deferred tax assets	239	257
Derivative financial instruments and other assets (Note 12)	96	109
	27,171	30,211
Total assets	31,684	31,456
Liabilities and equity		
Current liabilities		
Trade payables and other	1,045	1,063
Loans and borrowings (Note 5)	1,475	1,000
Dividends payable	117	115
Lease liabilities	79	88
Contract liabilities (Note 8)	94	71
Derivative financial instruments (Note 12)	94	53
Liabilities related to assets held for sale (Note 14)	624	—
	3,528	2,390
Non-current liabilities		
Loans and borrowings (Note 5)	9,071	9,645
Subordinated hybrid notes (Note 5)	595	594
Lease liabilities	600	635
Decommissioning provision (Note 6)	233	412
Contract liabilities (Note 8)	132	220
Deferred tax liabilities	2,578	3,011
Other liabilities	158	186
	13,367	14,703
Total liabilities	16,895	17,093
Equity		
Attributable to shareholders	14,729	14,303
Attributable to non-controlling interest	60	60
Total equity	14,789	14,363
Total liabilities and equity	31,684	31,456

Subsequent events (note 5 and 14)

See accompanying notes to the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(unaudited)

	3 Months Ended June 30		6 Months Ended June 30	
	2022	2021 (Restated Note 15)	2022	2021 (Restated Note 15)
<i>(\$ millions, except per share amounts)</i>				
Revenue (Note 8)	3,095	1,902	6,133	3,918
Cost of sales (Note 10)	2,474	1,372	4,718	2,736
(Gain) Loss on commodity-related derivative financial instruments (Note 12)	(16)	32	6	125
Share of profit from equity accounted investees (Note 4)	74	52	159	123
Gross profit	711	550	1,568	1,180
General and administrative	90	79	197	166
Other (income) expense	(18)	25	(10)	29
Impairment expense	—	23	—	35
Results from operating activities	639	423	1,381	950
Net finance costs (Note 9)	124	95	233	199
Earnings before income tax	515	328	1,148	751
Current tax expense	54	56	175	114
Deferred tax expense	43	18	74	63
Income tax expense	97	74	249	177
Earnings	418	254	899	574
Other comprehensive income (loss), net of tax (Note 11 & 12)				
Exchange gain (loss) on translation of foreign operations	116	(59)	70	(122)
Impact of hedging activities	(8)	3	8	11
Total comprehensive income attributable to shareholders	526	198	977	463
Earnings attributable to common shareholders, net of preferred share dividends	385	218	832	499
Earnings per common share – basic (dollars)	0.70	0.39	1.51	0.91
Earnings per common share – diluted (dollars)	0.69	0.39	1.50	0.91
Weighted average number of common shares (millions)				
Basic	554	550	552	550
Diluted	557	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 ⁽¹⁾	Total		
December 31, 2021	15,678	2,517	(3,920)	28	14,303	60	14,363
Total comprehensive income							
Earnings	—	—	899	—	899	—	899
Other comprehensive income (Note 11)	—	—	—	78	78	—	78
Total comprehensive income	—	—	899	78	977	—	977
Transactions with shareholders of the Company (Note 7)							
Part VI.1 tax on preferred shares	—	(5)	—	—	(5)	—	(5)
Repurchase of common shares	(56)	—	(38)	—	(94)	—	(94)
Share-based payment transactions	307	—	—	—	307	—	307
Dividends declared – common	—	—	(696)	—	(696)	—	(696)
Dividends declared – preferred	—	—	(63)	—	(63)	—	(63)
Total transactions with shareholders of the Company	251	(5)	(797)	—	(551)	—	(551)
June 30, 2022	15,929	2,512	(3,818)	106	14,729	60	14,789
December 31, 2020	15,644	2,946	(3,637)	2	14,955	60	15,015
Total comprehensive income (loss)							
Earnings	—	—	574	—	574	—	574
Other comprehensive loss (Note 11)	—	—	—	(111)	(111)	—	(111)
Total comprehensive income (loss)	—	—	574	(111)	463	—	463
Transactions with shareholders of the Company (Note 7)							
Part VI.1 tax on preferred shares	—	(4)	—	—	(4)	—	(4)
Preferred shares redemption	—	(420)	—	—	(420)	—	(420)
Share-based payment transactions	17	—	—	—	17	—	17
Dividends declared – common	—	—	(693)	—	(693)	—	(693)
Dividends declared – preferred	—	—	(71)	—	(71)	—	(71)
Total transactions with shareholders of the Company	17	(424)	(764)	—	(1,171)	—	(1,171)
June 30, 2021	15,661	2,522	(3,827)	(109)	14,247	60	14,307

⁽¹⁾ 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 June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Cash provided by (used in)				
Operating activities				
Earnings	418	254	899	574
Adjustments for:				
Share of profit from equity accounted investees	(74)	(52)	(159)	(123)
Distributions from equity accounted investees	145	112	300	227
Depreciation and amortization	198	188	375	363
Impairment expense	—	23	—	35
Unrealized (gain) loss on commodity-related derivative financial instruments	(65)	(1)	(90)	4
Net finance costs (Note 9)	124	95	233	199
Net interest paid	(100)	(88)	(219)	(197)
Income tax expense	97	74	249	177
Taxes paid	(86)	(69)	(238)	(196)
Share-based compensation expense	25	29	72	57
Share-based compensation payment	—	—	(45)	(32)
Net change in contract liabilities	34	14	40	19
Other	(9)	3	(16)	10
Change in non-cash operating working capital	(103)	2	(142)	(77)
Cash flow from operating activities	604	584	1,259	1,040
Financing activities				
Net increase in bank borrowings	105	289	21	186
Proceeds from issuance of long-term debt, net of issue costs	—	—	—	593
Repayment of long-term debt	(75)	—	(125)	(250)
Repayment of lease liability	(22)	(17)	(45)	(41)
Exercise of stock options	205	2	302	3
Repurchase of common shares	(66)	—	(94)	—
Redemption of preferred shares	—	(250)	—	(420)
Common share dividends paid	(349)	(347)	(696)	(693)
Preferred share dividends paid	(32)	(35)	(63)	(72)
Cash flow used in financing activities	(234)	(358)	(700)	(694)
Investing activities				
Capital expenditures	(152)	(146)	(331)	(273)
Contributions to equity accounted investees	(6)	—	(25)	(12)
Acquisitions	—	(37)	—	(37)
Receipt of finance lease payments	3	3	6	6
Interest paid during construction	(7)	(5)	(15)	(14)
Recovery of assets or proceeds from sale of assets	25	12	25	12
Advances to related parties	—	—	—	(10)
Changes in non-cash investing working capital and other	(47)	(46)	(48)	(48)
Cash flow used in investing activities	(184)	(219)	(388)	(376)
Change in cash and cash equivalents	186	7	171	(30)
Cash transferred to assets held for sale (Note 14)	(147)	—	(147)	—
Effect of movement in exchange rates on cash held	4	5	4	6
Cash and cash equivalents, beginning of period	28	45	43	81
Cash and cash equivalents, end of period	71	57	71	57

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 six months ended June 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 August 4, 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 to earnings.

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

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 six months ended June 30, 2022.

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

<i>(\$ millions)</i>	Land and Land Rights	Pipelines	Facilities and Equipment	Cavern Storage and Other	Assets Under Construction	Total
Cost						
Balance at December 31, 2021	456	9,279	9,384	2,084	915	22,118
Additions and transfers	20	605	116	47	(466)	322
Change in decommissioning provision	—	(20)	(100)	(25)	—	(145)
Disposals and other	—	(55)	(79)	(9)	—	(143)
Foreign exchange	1	15	7	—	—	23
Transfers to assets held for sale (<i>Note 14</i>)	(2)	(475)	(2,442)	(104)	(20)	(3,043)
Balance at June 30, 2022	475	9,349	6,886	1,993	429	19,132
Depreciation						
Balance at December 31, 2021	26	2,015	1,421	463	—	3,925
Depreciation	3	96	125	40	—	264
Disposals and other	—	(41)	(36)	(3)	—	(80)
Transfers to assets held for sale (<i>Note 14</i>)	—	(85)	(384)	(38)	—	(507)
Balance at June 30, 2022	29	1,985	1,126	462	—	3,602
Carrying amounts						
Balance at December 31, 2021	430	7,264	7,963	1,621	915	18,193
Balance at June 30, 2022	446	7,364	5,760	1,531	429	15,530

4. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(\$ millions)	Ownership Interest (percent)		Share of Profit from Equity Accounted Investees		Investments in Equity Accounted Investees	
			6 Months Ended June 30			
	June 30, 2022	December 31, 2021	2022	2021	June 30, 2022	December 31, 2021
Alliance	50	50	85	59	2,623	2,686
Aux Sable	42.7 - 50	42.7 - 50	32	13	354	377
Ruby ⁽¹⁾	—	—	—	13	—	—
Veresen Midstream	45	45	39	35	1,335	1,349
Cedar LNG	49.9	49.9	—	—	139	130
Other ⁽²⁾	50 - 75	50 - 75	3	3	87	80
			159	123	4,538	4,622

⁽¹⁾ Pembina owns a 50 percent convertible preferred interest in Ruby.

⁽²⁾ Other includes Pembina's interest in CKPC, Grand Valley and Fort Corp.

At June 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 six months ended June 30, 2022, Pembina recognized a gain of \$48 million and a gain of \$29 million (2021: \$23 million loss and \$43 million loss), respectively.

Financing Activities for Equity Accounted Investees

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. 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.

5. 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 June 30, 2022	Nominal Interest Rate	Year of Maturity	Carrying Value	
				June 30, 2022	December 31, 2021
Loans and borrowings					
Senior unsecured credit facilities ⁽¹⁾⁽³⁾⁽⁴⁾	3,267	2.87 ⁽²⁾	Various ⁽¹⁾	859	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	659	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	597	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
Total loans and borrowings				10,546	10,645
Less current portion loans and borrowings				(1,475)	(1,000)
Total non-current loans and borrowings				9,071	9,645
Subordinated hybrid notes					
Subordinated notes, series 1	600	4.80	2081	595	594

⁽¹⁾ Pembina's unsecured credit facilities include a \$2.5 billion revolving facility that matures in June 2026, a \$425 million non-revolving term loan that matures in August 2022, 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.

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

⁽³⁾ Includes U.S. \$250 million variable rate debt outstanding at June 30, 2022 (December 31, 2021: U.S. \$250 million).

⁽⁴⁾ 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 12 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 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, Pembina's \$2.5 billion unsecured revolving credit facility (the "Revolving Facility") was replaced with two credit facilities: an unsecured \$1.0 billion sustainability linked revolving credit facility (the "SLL Credit Facility") 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. The SLL Credit Facility has a term of four years, maturing June 1, 2026.

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.

6. DECOMMISSIONING PROVISION

<i>(\$ millions)</i>	2022
Balance at January 1	412
Unwinding of discount rate	8
Change in rates	(185)
Transfers to liabilities related to assets held for sale (<i>Note 14</i>)	(20)
Change in cost estimates and other	18
Balance at June 30	233

Pembina's decommissioning provision decreased by \$179 million for the six months ended June 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).

7. 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	307
Repurchased	(2)	(56)
Balance at June 30, 2022	555	15,929

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 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.

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	—	(5)
Balance at June 30, 2022	105	2,512

Dividends

The following dividends were declared by Pembina:

6 Months Ended June 30 <i>(\$ millions)</i>	2022	2021
Common shares		
\$1.26 per common share (2021: \$1.26)	696	693
Class A preferred shares		
\$0.61 per Series 1 Class A Preferred Share (2021: \$0.61)	6	6
\$0.56 per Series 3 Class A Preferred Share (2021: \$0.56)	3	3
\$0.57 per Series 5 Class A Preferred Share (2021: \$0.57)	6	6
\$0.54 per Series 7 Class A Preferred Share (2021: \$0.54)	5	5
\$0.53 per Series 9 Class A Preferred Share (2021: \$0.53)	5	5
nil per Series 11 Class A Preferred Share (2021: \$0.24)	—	2
nil per Series 13 Class A Preferred Share (2021: \$0.59)	—	6
\$0.56 per Series 15 Class A Preferred Share (2021: \$0.56)	4	4
\$0.60 per Series 17 Class A Preferred Share (2021: \$0.60)	4	4
\$0.59 per Series 19 Class A Preferred Share (2021: \$0.59)	5	5
\$0.61 per Series 21 Class A Preferred Share (2021: \$0.61)	10	10
\$0.66 per Series 23 Class A Preferred Share (2021: \$0.66)	8	8
\$0.65 per Series 25 Class A Preferred Share (2021: \$0.65)	7	7
	63	71

On July 6, 2022, Pembina announced that its Board of Directors had declared a dividend of \$0.21 per common share in the total amount of \$117 million, payable on August 15, 2022 to shareholders of record on July 25, 2022.

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

Series	Record Date	Payable Date	Per Share Amount	Dividend Amount (\$ millions)
Series 1	August 2, 2022	September 1, 2022	\$0.306625	3
Series 3	August 2, 2022	September 1, 2022	\$0.279875	2
Series 5	August 2, 2022	September 1, 2022	\$0.285813	3
Series 7	August 2, 2022	September 1, 2022	\$0.273750	3
Series 9	August 2, 2022	September 1, 2022	\$0.268875	2
Series 15	September 15, 2022	October 3, 2022	\$0.279000	2
Series 17	September 15, 2022	October 3, 2022	\$0.301313	2
Series 19	September 15, 2022	October 3, 2022	\$0.292750	2
Series 21	August 2, 2022	September 1, 2022	\$0.306250	5
Series 23	August 2, 2022	August 15, 2022	\$0.328125	4
Series 25	August 2, 2022	August 15, 2022	\$0.325000	3

8. 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 June 30 (\$ millions)	2022				2021			
	Pipelines	Facilities	Marketing & New Ventures	Total	Pipelines	Facilities	Marketing & New Ventures	Total
Take-or-pay ⁽¹⁾	413	195	—	608	389	180	—	569
Fee-for-service ⁽¹⁾	111	32	—	143	93	36	—	129
Product sales ⁽²⁾⁽³⁾	—	—	2,300	2,300	—	—	1,163	1,163
Revenue from contracts with customers	524	227	2,300	3,051	482	216	1,163	1,861
Operational finance lease income	6	—	—	6	4	—	—	4
Fixed operating lease income	29	9	—	38	28	9	—	37
Total external revenue	559	236	2,300	3,095	514	225	1,163	1,902

⁽¹⁾ Revenue recognized over time.

⁽²⁾ Revenue recognized at a point in time.

⁽³⁾ Comparative 2021 period has been restated. See Note 15 to the Interim Financial Statements for further details.

6 Months Ended June 30 (\$ millions)	2022				2021			
	Pipelines	Facilities	Marketing & New Ventures	Total	Pipelines	Facilities	Marketing & New Ventures	Total
Take-or-pay ⁽¹⁾	801	390	—	1,191	788	364	—	1,152
Fee-for-service ⁽¹⁾	216	65	—	281	172	76	—	248
Product sales ⁽²⁾⁽³⁾	—	—	4,571	4,571	—	—	2,434	2,434
Revenue from contracts with customers	1,017	455	4,571	6,043	960	440	2,434	3,834
Operational finance lease income	13	1	—	14	8	—	—	8
Fixed operating lease income	58	18	—	76	58	18	—	76
Total external revenue	1,088	474	4,571	6,133	1,026	458	2,434	3,918

⁽¹⁾ Revenue recognized over time.

⁽²⁾ Revenue recognized at a point in time.

⁽³⁾ Comparative 2021 period has been restated. See Note 15 to the Interim Financial Statements for further details.

b. Contract Liabilities

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

(\$ millions)	6 Months Ended June 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)	27	66	93	—	64	64
Revenue recognized from contract liabilities ⁽¹⁾	—	(63)	(63)	—	(65)	(65)
Transfers to liabilities related to assets held for sale (Note 14)	(3)	(92)	(95)	—	—	—
Closing balance	27	199	226	3	288	291
Less current portion ⁽²⁾	(27)	(67)	(94)	(3)	(68)	(71)
Ending balance	—	132	132	—	220	220

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

⁽²⁾ As at June 30, 2022, the balance includes \$27 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.

9. NET FINANCE COSTS

(\$ millions)	3 Months Ended June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Interest expense on financial liabilities measured at amortized cost:				
Loans and borrowings	95	91	189	182
Subordinated hybrid notes	8	8	15	13
Leases	8	9	16	18
Unwinding of discount rate	4	4	8	8
Loss in fair value of non-commodity-related derivative financial instruments	8	4	3	8
Foreign exchange losses (gains) and other	1	(21)	2	(30)
Net finance costs	124	95	233	199

10. OPERATING SEGMENTS

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

3 Months Ended June 30, 2022					
<i>(\$ millions)</i>	Pipelines⁽¹⁾	Facilities	Marketing & New Ventures⁽²⁾	Corporate & Inter-segment Eliminations	Total
Revenue from external customers	559	236	2,300	—	3,095
Inter-segment revenue	45	124	—	(169)	—
Total revenue⁽³⁾	604	360	2,300	(169)	3,095
Operating expenses	156	141	—	(86)	211
Cost of goods sold, including product purchases	—	2	2,157	(84)	2,075
Depreciation and amortization included in operations	96	80	11	1	188
Cost of sales	252	223	2,168	(169)	2,474
Realized (gain) loss on commodity-related derivative financial instruments	—	(10)	59	—	49
Share of profit from equity accounted investees	48	20	6	—	74
Unrealized loss (gain) on commodity-related derivative financial instruments	—	9	(74)	—	(65)
Gross profit	400	158	153	—	711
Depreciation included in general and administrative	—	—	—	10	10
Other general and administrative	10	5	10	55	80
Other income	—	(1)	(3)	(14)	(18)
Reportable segment results from operating activities	390	154	146	(51)	639
Net finance costs	8	11	7	98	124
Reportable segment earnings (loss) before tax	382	143	139	(149)	515
Capital expenditures ⁽⁴⁾	75	48	17	12	152
Contributions to equity accounted investees	—	—	6	—	6
3 Months Ended June 30, 2021					
<i>(Restated Note 15)</i>					
<i>(\$ millions)</i>	Pipelines⁽¹⁾	Facilities	Marketing & New Ventures⁽²⁾	Corporate & Inter-segment Eliminations	Total
Revenue from external customers	514	225	1,163	—	1,902
Inter-segment revenue	40	109	—	(149)	—
Total revenue⁽³⁾	554	334	1,163	(149)	1,902
Operating expenses	132	112	—	(58)	186
Cost of goods sold, including product purchases	—	2	1,098	(92)	1,008
Depreciation and amortization included in operations	108	56	12	2	178
Cost of sales	240	170	1,110	(148)	1,372
Realized loss on commodity-related derivative financial instruments	—	—	33	—	33
Share of profit from equity accounted investees	27	18	7	—	52
Unrealized (gain) loss on commodity-related derivative financial instruments	—	(16)	15	—	(1)
Gross profit	341	198	12	(1)	550
Depreciation included in general and administrative	—	—	—	10	10
Other general and administrative	7	2	8	52	69
Other expense (income)	7	1	(1)	18	25
Impairment expense	—	22	1	—	23
Reportable segment results from operating activities	327	173	4	(81)	423
Net finance costs (income)	2	12	(5)	86	95
Reportable segment earnings (loss) before tax	325	161	9	(167)	328
Capital expenditures	95	36	10	5	146
Contributions to equity accounted investees	—	—	—	—	—

⁽¹⁾ Pipelines transportation revenue includes \$55 million (2021: \$55 million) associated with U.S. pipeline revenue.

⁽²⁾ Marketing & New Ventures includes revenue of \$89 million (2021: \$40 million) associated with U.S. midstream sales.

⁽³⁾ During 2022 and 2021, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.

⁽⁴⁾ Includes capital expenditures related to assets held for sale of \$6 million.

6 Months Ended June 30, 2022					
<i>(\$ millions)</i>	Pipelines⁽¹⁾	Facilities	Marketing & New Ventures⁽²⁾	Corporate & Inter-segment Eliminations	Total
Revenue from external customers	1,088	474	4,571	—	6,133
Inter-segment revenue	89	243	—	(332)	—
Total revenue⁽³⁾	1,177	717	4,571	(332)	6,133
Operating expenses	297	275	—	(168)	404
Cost of goods sold, including product purchases	—	2	4,124	(167)	3,959
Depreciation and amortization included in operations	195	135	22	3	355
Cost of sales	492	412	4,146	(332)	4,718
Realized (gain) loss on commodity-related derivative financial instruments	—	(17)	113	—	96
Unrealized gain on commodity-related derivative financial instruments	—	(51)	(39)	—	(90)
Share of profit from equity accounted investees	88	44	27	—	159
Gross profit	773	417	378	—	1,568
Depreciation included in general and administrative	—	—	—	20	20
Other general and administrative	24	12	20	121	177
Other (income) expense	(9)	(1)	(3)	3	(10)
Reportable segment results from operating activities	758	406	361	(144)	1,381
Net finance costs	15	17	1	200	233
Reportable segment earnings (loss) before tax	743	389	360	(344)	1,148
Capital expenditures ⁽⁴⁾	189	78	46	18	331
Contributions to equity accounted investees	—	13	12	—	25
6 Months Ended June 30, 2021					
<i>(Restated Note 15)</i>					
<i>(\$ millions)</i>					
	Pipelines⁽¹⁾	Facilities	Marketing & New Ventures⁽²⁾	Corporate & Inter-segment Eliminations	Total
Revenue from external customers	1,026	458	2,434	—	3,918
Inter-segment revenue	81	215	—	(296)	—
Total revenue⁽³⁾	1,107	673	2,434	(296)	3,918
Operating expenses	269	223	—	(124)	368
Cost of goods sold, including product purchases	—	6	2,195	(176)	2,025
Depreciation and amortization included in operations	212	102	25	4	343
Cost of sales	481	331	2,220	(296)	2,736
Realized loss on commodity-related derivative financial instruments	—	—	121	—	121
Unrealized (gain) loss on commodity-related derivative financial instruments	—	(17)	21	—	4
Share of profit from equity accounted investees	74	36	13	—	123
Gross profit	700	395	85	—	1,180
Depreciation included in general and administrative	—	—	—	20	20
Other general and administrative	16	7	15	108	146
Other expense	1	—	—	28	29
Impairment expense	10	22	3	—	35
Reportable segment results from operating activities	673	366	67	(156)	950
Net finance costs (income)	15	18	(9)	175	199
Reportable segment earnings (loss) before tax	658	348	76	(331)	751
Capital expenditures	178	76	12	7	273
Contributions to equity accounted investees	—	11	1	—	12

⁽¹⁾ Pipelines transportation revenue includes \$107 million (2021: \$106 million) associated with U.S. pipeline revenue.

⁽²⁾ Marketing & New Ventures includes revenue of \$177 million (2021: \$123 million) associated with U.S. midstream sales.

⁽³⁾ During 2022 and 2021, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.

⁽⁴⁾ Includes capital expenditures related to assets held for sale of \$6 million.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

<i>(\$ millions)</i>	Currency Translation Reserve	Cash Flow Hedge Reserve	Pension and other Post- Retirement Benefit Plan Adjustments ⁽²⁾	Total
Balance at December 31, 2020	48	—	(46)	2
Other comprehensive loss before hedging activities	(122)	—	—	(122)
Other comprehensive gain resulting from hedging activities ⁽¹⁾	7	4	—	11
Balance at June 30, 2021	(67)	4	(46)	(109)
Balance at December 31, 2021	32	8	(12)	28
Other comprehensive gain before hedging activities	70	—	—	70
Other comprehensive (loss) gain resulting from hedging activities ⁽¹⁾	(6)	14	—	8
Balance at June 30, 2022	96	22	(12)	106

⁽¹⁾ 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 12).

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

12. 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 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.

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)	June 30, 2022				December 31, 2021			
	Carrying Value	Fair Value ⁽¹⁾			Carrying Value	Fair Value ⁽¹⁾		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets carried at fair value								
Derivative financial instruments ⁽³⁾⁽⁴⁾	232	—	184	48	95	—	84	11
Financial liabilities carried at fair value								
Derivative financial instruments ⁽³⁾	96	—	96	—	59	—	59	—
Contingent consideration ⁽⁵⁾	61	—	26	35	70	—	35	35
Financial liabilities carried at amortized cost								
Long-term debt ⁽²⁾	11,141	—	9,983	—	11,239	—	11,814	—

⁽¹⁾ The basis for determining fair value is disclosed in Note 2.

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

⁽³⁾ At June 30, 2022 all derivative financial instruments are carried at fair value through earnings, except for \$22 million in interest rate derivative financial assets that have been designated as cash flow hedges.

⁽⁴⁾ Includes \$115 million transferred to assets held for sale for the six months ended June 30, 2022.

⁽⁵⁾ 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 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 (loss):	
Included in earnings	37
Level 3 derivative asset at June 30	48

There were no transfers into or out of Level 3 during the three and six months ended June 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)	June 30, 2022					December 31, 2021				
	Current Asset ⁽¹⁾	Non-Current Asset ⁽²⁾	Current Liability ⁽¹⁾	Non-Current Liability	Total	Current Asset ⁽¹⁾	Non-Current Asset	Current Liability ⁽¹⁾	Non-Current Liability	Total
Commodity financial instruments	47	163	(86)	(3)	121	13	73	(48)	(6)	32
Interest rate	8	14	—	—	22	1	8	—	—	9
Foreign exchange	—	—	(8)	—	(8)	—	—	(5)	—	(5)
Net derivative financial instruments	55	177	(94)	(3)	135	14	81	(53)	(6)	36

⁽¹⁾ At June 30, 2022 the derivative financial instruments were offset by \$3 million (2021: \$11 million) when determining the net amounts presented on the condensed consolidated interim statement of financial position.

⁽²⁾ Includes \$115 million transferred to assets held for sale for the six months ended June 30, 2022.

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
As at June 30, 2022					
Purchases ⁽¹⁾	326	73,958	11,340	—	—
Sales ⁽¹⁾	16,693	—	—	—	—
Millions of U.S. dollars	—	—	—	309	250
Maturity dates	2023	2023	2040	2023	2025
As at December 31, 2021					
Purchases ⁽¹⁾	—	62,615	6,166	—	—
Sales ⁽¹⁾	16,550	—	—	—	—
Millions of U.S. dollars	—	—	—	272	250
Maturity dates	2022	2022	2040	2022	2025

⁽¹⁾ 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 June 30		6 Months Ended June 30	
	2022	2021	2022	2021
Derivative instruments held at FVTPL⁽¹⁾				
Realized (gain) loss				
Commodity-related	49	33	96	121
Foreign exchange	2	(3)	3	(8)
Unrealized (gain) loss				
Commodity-related	(65)	(1)	(90)	4
Foreign exchange	8	4	3	8
Derivative instruments in hedging relationships⁽²⁾				
Unrealized gain				
Interest rate	(2)	1	(14)	(4)

⁽¹⁾ 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.

⁽²⁾ 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 11 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)	June 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	321	316
Maturity date	2025	2025

13. COMMITMENTS AND CONTINGENCIES

Commitments

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.

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 most 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.

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 June 30, 2022, Pembina had \$173 million (December 31, 2021: \$135 million) in letters of credit issued.

14. ASSETS HELD FOR SALE

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 committed to a plan to sell 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, which are all reported within the Facilities operating segment. Based on facts and circumstances, management has determined that these assets should be presented as a disposal group held for sale as at June 30, 2022. Pembina will retain its 45 percent interest in Veresen Midstream post transaction and as such Pembina's carrying amount for Veresen Midstream will continue to be recovered through continuing use and no reclassification to held for sale is required.

The table below details the assets and liabilities held for sale measured at their carrying amount as at June 30, 2022:

<i>(\$ millions)</i>	June 30, 2022
Cash and cash equivalents	147
Trade receivables and other	91
Inventory	18
Property, plant and equipment <i>(Note 3)</i>	2,536
Intangible assets and goodwill	205
Derivative financial instruments <i>(Note 12)</i>	115
Total assets held for sale	3,112
Trade payables and other	26
Decommissioning provision <i>(Note 6)</i>	20
Contract liabilities <i>(Note 8)</i>	95
Deferred tax liabilities	483
Total liabilities related to assets held for sale	624

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.

15. RESTATEMENT

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.

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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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