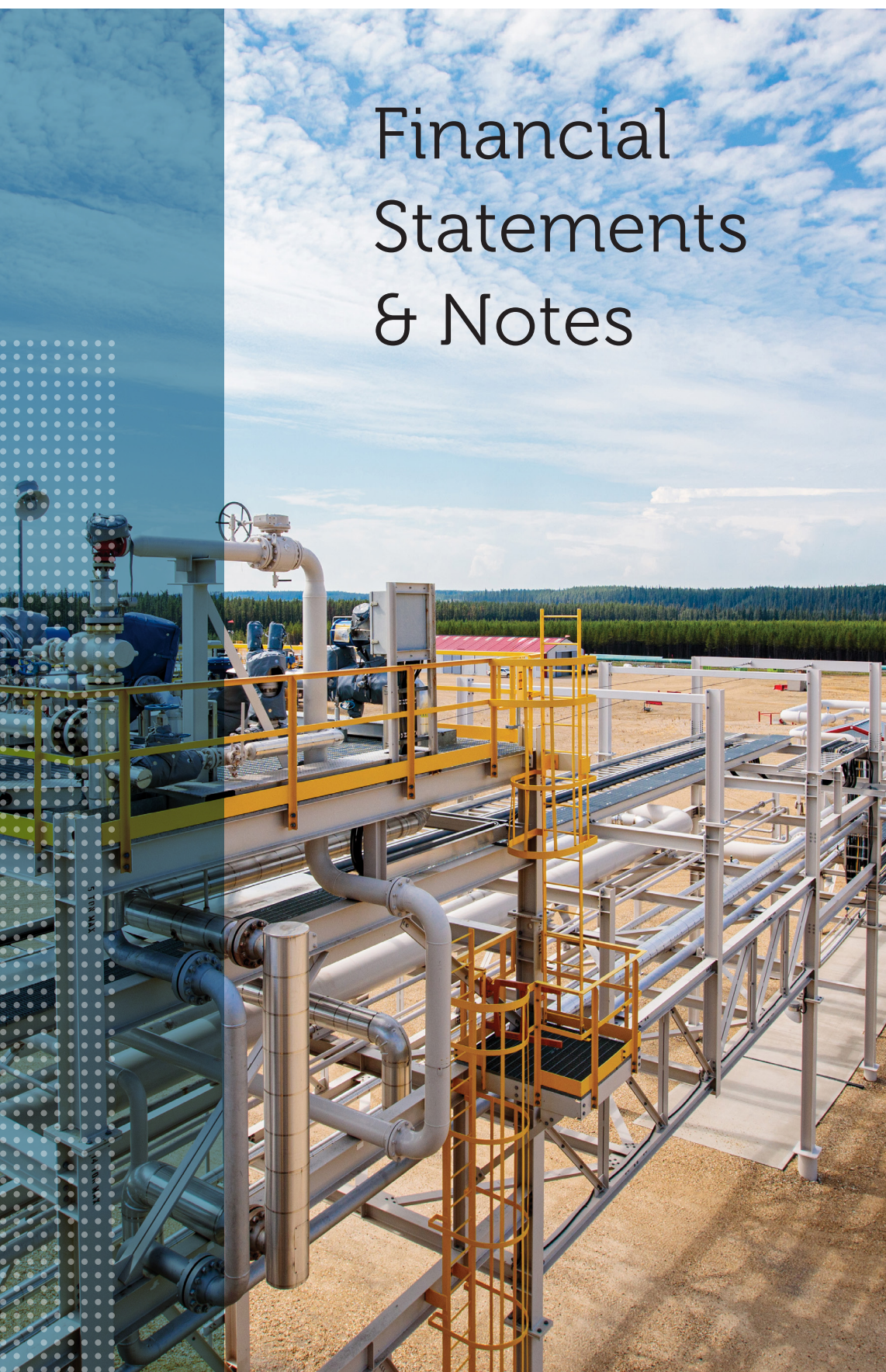


Financial Statements & Notes



CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Table of Contents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	84
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME	85
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	86
CONSOLIDATED STATEMENTS OF CASH FLOWS	87
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	88
1. REPORTING ENTITY	88
2. BASIS OF PREPARATION	88
3. MATERIAL ACCOUNTING POLICIES	90
4. CHANGES IN ACCOUNTING POLICIES	101
5. ACQUISITION	103
6. OPERATING SEGMENTS	105
7. TRADE RECEIVABLES AND OTHER	106
8. INVENTORY	107
9. PROPERTY, PLANT AND EQUIPMENT	107
10. INTANGIBLE ASSETS AND GOODWILL	108
11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES	110
12. INCOME TAXES	114
13. TRADE PAYABLES AND OTHER	115
14. LEASES	116
15. LONG-TERM DEBT	117
16. DECOMMISSIONING PROVISION	120
17. SHARE CAPITAL	121
18. EARNINGS PER COMMON SHARE	124
19. REVENUE	125
20. NET FINANCE COSTS	126
21. PENSION PLAN	126
22. SHARE-BASED PAYMENTS	129
23. ACCUMULATED OTHER COMPREHENSIVE INCOME	131
24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT	131
25. CAPITAL MANAGEMENT	138
26. GROUP ENTITIES	138
27. RELATED PARTIES	139
28. COMMITMENTS AND CONTINGENCIES	141

MANAGEMENT'S REPORT

The audited consolidated financial statements of Pembina Pipeline Corporation (the "Company" or "Pembina") are the responsibility of Pembina's management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgments, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report. In the preparation of these financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management's Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting, as defined in Rule 13a – 15(e) and 15(d) – 15(e) under the United States *Securities Exchange Act of 1934*, as amended (the "Exchange Act") and National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Under the supervision and with the participation of the President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), management has conducted an evaluation of Pembina's internal control over financial reporting based on the framework set forth in Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on management's assessment as at December 31, 2024, the CEO and CFO have concluded that Pembina's internal control over financial reporting is effective.

In accordance with the provisions of NI 52-109 and consistent with SEC guidance, the scope of the evaluation did not include internal controls over financial reporting of Alliance/Aux Sable, which Pembina acquired on April 1, 2024, and were excluded from management's evaluation of the effectiveness of Pembina's internal control over financial reporting as at December 31, 2024. Further details related to the Alliance/Aux Sable Acquisition are disclosed in Note 5 to the Consolidated Financial Statements. As at and for the period ended December 31, 2024, the assets and revenue acquired in the Alliance/Aux Sable Acquisition represented approximately 19 percent and 17 percent of Pembina's total assets and revenue, respectively.

Due to its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of Pembina's financial statements would be prevented or detected. Further, the evaluation of the effectiveness of internal control over financial reporting was made as at a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate.

The Board of Directors of Pembina (the "Board") is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee, which consists of five non-management directors. The Audit Committee meets periodically with management and the internal and external auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

KPMG LLP, the independent auditors, have audited Pembina's consolidated financial statements and the effectiveness of internal control over financial reporting as of December 31, 2024 in accordance with the standards of the Public Company Accounting Oversight Board (United States). The independent auditors have full and unrestricted access to the Audit Committee to discuss their audit and their related findings.

Changes in Internal Control over Financial Reporting

Pembina's internal controls over financial reporting commencing April 1, 2024 include the systems, processes and controls associated with the Alliance/Aux Sable Acquisition, as well as additional controls designed to result in complete and accurate consolidation of the financial information relating to the Alliance/Aux Sable Acquisition.

Other than the Alliance/Aux Sable Acquisition, there has been no change in Pembina's internal control over financial reporting that occurred during the year ended December 31, 2024 that has materially affected, or are reasonably likely to materially affect, Pembina's internal control over financial reporting.

"J. Scott Burrows"

J. Scott Burrows

President and Chief Executive Officer

"Cameron J. Goldade"

Cameron J. Goldade

Senior Vice President and Chief Financial Officer

February 27, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

Pembina Pipeline Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Pembina Pipeline Corporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for each of the years then ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the financial performance and its cash flows for each of the years then ended December 31, 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 4 to the consolidated financial statements, the Company has elected to change its method of accounting for the gains and losses from physically settled commodity derivatives and financial derivatives that economically hedge commodity derivatives to be presented as 'Revenue from risk management and physical derivative contracts' as of January 1, 2023.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the recoverable amount of Pembina Gas Infrastructure Inc.

As discussed in Note 11 to the consolidated financial statements, the Company's equity method investment in Pembina Gas Infrastructure Inc. ("PGI") as of December 31, 2024 was \$3,740 million. As discussed in Note 2, the Company records its share of the investee's profit or loss and comprehensive income, which includes any impairment losses recorded by PGI. As discussed in Note 11 to the consolidated financial statements, PGI is required to estimate the recoverable amount of its goodwill at least annually, or whenever PGI identifies an impairment indicator. PGI calculated the recoverable amount in its annual goodwill impairment test using a fair value less cost to sell approach based on a discounted cash flow model. No impairment loss was recognized by PGI for the year ended December 31, 2024.

We identified the evaluation of the recoverable amount of PGI as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the projected cash flows over the remaining useful life of the assets, and after-tax discount rate assumptions used in the discounted cash flow model. Minor changes to those assumptions could have had a significant impact on the assessment of the recoverable amount of PGI and the share of profit recognized by the Company under the equity method of accounting.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to the determination of the projected cash flows over the remaining useful life of the assets, and after-tax discount rate assumptions used in the calculation of the recoverable amount. We compared PGI's historical projected cash flows over the remaining useful life of the assets to actual historical results to assess PGI's ability to accurately forecast. We evaluated PGI's projected cash flows over the remaining useful life of the assets by comparing to actual historical results. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- testing the recoverable amount for PGI using the investee's projected cash flows over the remaining useful life of the assets and after-tax discount rate, and comparing the result to the investee's calculated recoverable amount
- evaluating the after-tax discount rate used in the valuation by comparing the inputs against publicly available market data for comparable entities and assessing the resulting after-tax discount rate
- evaluating the historical and forecasted cash flow multiples implied in the valuation by comparing them to publicly available historical and forecasted cash flow multiples for comparable entities.

Evaluation of the loss on disposition and consideration paid related to the previous investments under the equity method of accounting

As discussed in Note 5 to the consolidated financial statements, the Company completed its acquisition of Enbridge Inc.'s interest in Alliance, Aux Sable and NRGreen joint ventures for an aggregate purchase price of \$2.8 billion, net of \$327 million of assumed debt. Accounting for the completion of this acquisition resulted in an in-substance disposition at fair value of \$2.6 billion for the Company's previous investments, which were accounted for under the equity method of accounting at \$2.8 billion, as well as allocated goodwill of \$380 million, resulting in a loss on disposition of \$616 million. As discussed in Note 2 b) ii), when the Company acquires control of investees of which it previously had joint control, the previously recorded equity investment is remeasured to fair value and recorded as an in-substance disposition. The fair value of the Company's previous equity investment in the entities was determined based on the negotiated purchase price paid, adjusted for identified control synergies measured using a discounted cash flow model. The control synergies include significant estimates for timing, amount, and likelihood. Changes to the estimates of the timing, amount and likelihood of control synergies could impact the fair value of the previously recorded equity investment and therefore the loss on disposition. In addition, the fair value of the previously held equity investment in the entities is included as a component of the purchase price. Changes to the estimates of the timing, amount and likelihood of control synergies could impact the measurement of property, plant and equipment, other assets, deferred tax liabilities, and non-controlling interest.

We identified the estimate of the control synergies as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the estimates of the timing, amount and likelihood of control synergies. Changes to those estimates could have had a significant impact on the measurement of the consideration paid and the recognized loss on in-substance disposition.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to the determination of the forecasted cash flow assumptions regarding the control synergies, including their amount, timing and likelihood. We assessed the forecasted cash flow assumptions which were used to estimate the value of the control synergies by comparing them to the business forecast approved by the Company's board of directors. We compared the timing, amounts and likelihood of estimated control synergies to historical activities, asset capabilities and existing operations of the acquired entities. We evaluated the amounts of forecasted control synergies by comparing to actual historical results and compared forecasted control synergies to actual control synergies since the date of acquisition to evaluate the amounts and likelihood. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the implied control premium paid to acquire a controlling interest in the previously held equity method investment by comparing publicly available historical control premiums for comparable transactions.

/s/ KPMG LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1997.

Calgary, Canada
February 27, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Pembina Pipeline Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Pembina Pipeline Corporation's and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2024 and 2023, the related consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated February 27, 2025 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Enbridge Inc.'s interests in the Alliance, Aux Sable, and NRGreen joint ventures during 2024, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, Alliance, Aux Sable, and NRGreen's internal control over financial reporting associated with 19% and 17% of total assets and total revenues, respectively, included in the consolidated financial statements of the Company as at and for the year ended December 31, 2024. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Alliance, Aux Sable, and NRGreen.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included under the heading Management's Annual Report on Internal Control over Financial Reporting on page 72 of Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Chartered Professional Accountants

Calgary, Canada

February 27, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 (\$ millions)	2024	2023
Assets		
Current assets		
Cash and cash equivalents	141	137
Trade receivables and other (Note 7)	1,005	852
Subscription receipts (Note 17)	—	1,256
Income tax receivable (Note 12)	113	—
Inventory (Note 8)	301	333
Derivative financial instruments (Note 24)	13	55
	1,573	2,633
Non-current assets		
Property, plant and equipment (Note 9)	22,738	15,798
Intangible assets and goodwill (Note 10)	6,528	6,065
Investments in equity accounted investees (Note 11)	4,267	6,987
Right-of-use assets (Note 14)	530	523
Finance lease receivables (Note 14)	223	230
Deferred tax assets (Note 12)	—	285
Derivative financial instruments (Note 24)	—	25
Other assets	108	72
	34,394	29,985
Total assets	35,967	32,618
Liabilities and equity		
Current liabilities		
Trade payables and other (Note 13)	1,202	1,154
Loans and borrowings (Note 15)	1,525	650
Subscription receipts (Note 17)	—	1,281
Lease liabilities	89	77
Contract liabilities (Note 19)	43	33
Derivative financial instruments (Note 24)	49	26
	2,908	3,221
Non-current liabilities		
Loans and borrowings (Note 15)	10,535	9,253
Subordinated hybrid notes (Note 15)	596	596
Lease liabilities	576	567
Decommissioning provision (Note 16)	426	336
Contract liabilities (Note 19)	255	126
Deferred tax liabilities (Note 12)	2,868	2,623
Derivative financial instruments (Note 24)	110	—
Other liabilities	183	83
	15,549	13,584
Total liabilities	18,457	16,805
Total equity	17,510	15,813
Total liabilities and equity	35,967	32,618

See accompanying notes to the audited consolidated financial statements

Approved on behalf of the Board of Directors:

"Maureen E. Howe"
Maureen E. Howe
Director

"Henry W. Sykes"
Henry W. Sykes
Director

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

For the years ended December 31		
<i>(\$ millions, except per share amounts)</i>	2024	2023 ⁽¹⁾
Revenue (Note 19)	7,384	6,331
Cost of sales (Note 6)	4,396	3,807
Share of profit from equity accounted investees (Note 11)	328	316
Gross profit	3,316	2,840
General and administrative	444	422
Other income	(25)	(6)
Loss on acquisition (Note 5)	616	—
Impairment reversal	—	(231)
Results from operating activities	2,281	2,655
Net finance costs (Note 20)	561	466
Earnings before income tax	1,720	2,189
Current tax expense (Note 12)	261	325
Deferred tax (recovery) expense (Note 12)	(415)	88
Income tax (recovery) expense (Note 12)	(154)	413
Earnings	1,874	1,776
Earnings attributable to:		
Shareholders	1,864	1,776
Non-controlling interest	10	—
Other comprehensive income (loss), net of tax (Note 23)		
Exchange gain (loss) on translation of foreign operations	436	(106)
Impact of hedging activities	(37)	(3)
Re-measurement of defined benefit asset or liability (Note 21)	21	(11)
Other comprehensive income (loss), net of tax	420	(120)
Total comprehensive income	2,294	1,656
Comprehensive income attributable to:		
Shareholders	2,284	1,656
Non-controlling interest	10	—
Earnings attributable to common shareholders, net of preferred share dividends (Note 18)	1,721	1,648
Earnings per common share – basic (dollars) (Note 18)	3.00	3.00
Earnings per common share – diluted (dollars) (Note 18)	3.00	2.99
Weighted average number of common shares (millions)		
Basic	573	550
Diluted	574	551

⁽¹⁾ Comparative 2023 period has been adjusted. See Note 4 *Changes in Accounting Policies*.

See accompanying notes to the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(\$ millions)	Attributable to Shareholders of the Company					Non-Controlling Interest	Total Equity
	Common Share Capital	Preferred Share Capital	Deficit	AOCI ⁽¹⁾	Total		
December 31, 2023	15,765	2,199	(2,372)	221	15,813	—	15,813
Total comprehensive income							
Earnings	—	—	1,864	—	1,864	10	1,874
Other comprehensive income (Note 23)	—	—	—	420	420	—	420
Total comprehensive income	—	—	1,864	420	2,284	10	2,294
Transactions with shareholders of the Company (Note 17)							
Common shares issued, net of issue costs	1,230	—	—	—	1,230	—	1,230
Part VI.1 tax on preferred shares	—	(9)	—	—	(9)	—	(9)
Share-based payment transactions	13	—	—	—	13	—	13
Dividends declared – common	—	—	(1,569)	—	(1,569)	—	(1,569)
Dividends declared – preferred	—	—	(132)	—	(132)	—	(132)
Dividend equivalent payment – subscription receipts	—	—	(20)	—	(20)	—	(20)
Preferred shares reclassified to trade payables and other	—	(26)	—	—	(26)	—	(26)
Distributions to non-controlling interests	—	—	—	—	—	(12)	(12)
Non-controlling interest recognized on acquisition (Note 5)	—	—	—	—	—	148	148
Purchase of non-controlling interest (Note 5)	—	—	(74)	—	(74)	(146)	(220)
Total transactions with shareholders of the Company	1,243	(35)	(1,795)	—	(587)	(10)	(597)
December 31, 2024	17,008	2,164	(2,303)	641	17,510	—	17,510
December 31, 2022	15,793	2,208	(2,613)	341	15,729	60	15,789
Total comprehensive income (loss)							
Earnings	—	—	1,776	—	1,776	—	1,776
Other comprehensive loss (Note 23)	—	—	—	(120)	(120)	—	(120)
Total comprehensive income (loss)	—	—	1,776	(120)	1,656	—	1,656
Transactions with shareholders of the Company (Note 17)							
Part VI.1 tax on preferred shares	—	(9)	—	—	(9)	—	(9)
Repurchase of common shares	(34)	—	(16)	—	(50)	—	(50)
Share-based payment transactions	6	—	—	—	6	—	6
Dividends declared – common	—	—	(1,459)	—	(1,459)	—	(1,459)
Dividends declared – preferred	—	—	(120)	—	(120)	—	(120)
Derecognition of non-controlling interest ⁽²⁾	—	—	60	—	60	(60)	—
Total transactions with shareholders of the Company	(28)	(9)	(1,535)	—	(1,572)	(60)	(1,632)
December 31, 2023	15,765	2,199	(2,372)	221	15,813	—	15,813

⁽¹⁾ Accumulated Other Comprehensive Income ("AOCI").

⁽²⁾ In the fourth quarter of 2023, Williams Partners Operating, LLC provided notice to Pacific Gas Pipeline, LLC of its intent to withdraw from the Limited Partnership, effective December 31, 2023. As a result, the \$60 million originally recognized in non-controlling interest was reclassified to owner's equity on December 31, 2023.

See accompanying notes to the audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (\$ millions)	2024	2023
Cash provided by (used in)		
Operating activities		
Earnings	1,874	1,776
Adjustments for items not involving cash:		
Share of profit from equity accounted investees (Note 11)	(328)	(316)
Depreciation and amortization	862	663
Impairment reversal	—	(231)
Loss on Acquisition (Note 5)	616	—
Unrealized loss from derivative instruments (Note 24)	170	32
Net finance costs (Note 20)	561	466
Share-based compensation expense (Note 22)	84	72
Income tax (recovery) expense (Note 12)	(154)	413
Gain on asset disposal	(27)	(20)
Derecognition of insurance contract provision (Note 11)	(34)	—
Cash items paid or received:		
Distributions from equity accounted investees (Note 11)	626	819
Net interest paid (Note 20)	(502)	(447)
Share-based compensation payment	(91)	(77)
Taxes paid	(404)	(236)
Change in non-cash operating working capital	(43)	(210)
Net change in contract liabilities (Note 19)	(3)	(33)
Other	7	(36)
Cash flow from operating activities	3,214	2,635
Financing activities		
Net (decrease) increase in bank borrowings (Note 15)	(274)	14
Proceeds from issuance of long-term debt, net of issue costs (Note 15)	2,733	490
Proceeds from subscription receipts (Note 17)	1,228	—
Repayment of long-term debt	(1,009)	(600)
Repayment of lease liability	(78)	(76)
Issuance of common shares on exercise of options	11	1
Repurchase of common shares (Note 17)	—	(50)
Common share dividends paid (Note 17)	(1,569)	(1,459)
Preferred share dividends paid (Note 17)	(132)	(120)
Distributions to non-controlling interest	(12)	—
Purchase of non-controlling interest (Note 5)	(220)	—
Cash flow (used in) from financing activities	678	(1,800)
Investing activities		
Capital expenditures	(955)	(606)
Contributions to equity accounted investees (Note 11)	(371)	(265)
Acquisition net of cash acquired (Note 5)	(2,620)	—
Proceeds from sale of assets	38	17
Interest paid during construction (Note 20)	(26)	(15)
Long-term loan receivable on asset	—	(30)
Return of capital from equity accounted investees	63	61
Changes in non-cash investing working capital and other	(42)	49
Cash flow used in investing activities	(3,913)	(789)
Change in cash and cash equivalents	(21)	46
Effect of movement in exchange rates on cash held	11	(2)
Cash and cash equivalents, beginning of period	151	107
Cash and cash equivalents, end of period	141	151
Long-term restricted cash included in other assets	—	14
Short-term cash and cash equivalents, end of period	141	137

See accompanying notes to the audited consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Pembina Pipeline Corporation ("Pembina" or the "Company") is a Calgary-based, leading transportation and midstream service provider serving North America's energy industry. The audited consolidated financial statements ("Consolidated Financial Statements") include the accounts of Pembina, its subsidiary companies, partnerships and any investments in associates and joint arrangements as at and for the year ended December 31, 2024.

Pembina owns an extensive network of strategically located assets which include hydrocarbon liquids and natural gas pipelines, gas gathering and processing facilities, oil and natural gas liquids infrastructure and logistics services, and an export terminals business. Pembina's network of strategically located 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.

2. BASIS OF PREPARATION

The Consolidated Financial Statements are presented in Canadian dollars, Pembina's functional currency, with all values presented in millions, unless otherwise indicated.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The material accounting policies applied in preparation of the Consolidated Financial Statements are set out below in Note 3 and have been applied consistently to all periods presented.

The Consolidated Financial Statements were authorized for issue by Pembina's Board of Directors on February 27, 2025.

a. Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis with some exceptions, as detailed in the accounting policies set out below.

b. Basis of Consolidation

These Consolidated Financial Statements include the results of the Company and its subsidiaries together with its interests in joint arrangements.

i) Subsidiaries

Subsidiaries are entities, including unincorporated entities such as partnerships, controlled by Pembina. The financial results of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date when control ceases. Balances and transactions, including any revenue and expenses, with or between subsidiaries have been eliminated in preparing the Consolidated Financial Statements.

When there is a loss of control of a subsidiary, 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.

Pembina's previous non-controlling interest, which related to the Company's Jordan Cove project, was initially recognized at fair value on the acquisition date. The non-controlling interest was derecognized in 2023 when the related equity interest had expired. The derecognition resulted in a re-classification from non-controlling interest to equity attributable to shareholders.

For the Acquisition (as defined in Note 5), Pembina elected to measure its initial carrying value of the non-controlling interests equal to the proportionate value of the net assets that the non-controlling interests relate to. Non-controlling interests are recognized as a component of equity and are subsequently increased by the proportionate amount of net income or contributions attributable to the non-controlling interest, and decreased by any distributions paid.

After initial recognition, if a non-controlling interest is acquired, the non-controlling interest is derecognized. Differences between the carrying amount of the non-controlling interest and the consideration paid are recognized directly in retained earnings, and are not recognized in earnings. Refer to Note 5 for information on Pembina's acquisition of the remaining 14.6 percent interest in Aux Sable's U.S. operations

ii) Joint Arrangements

Joint arrangements represent arrangements where Pembina has joint control established by a contractual agreement. Joint arrangements give rise to either joint operations or joint ventures. The determination of joint control requires significant judgment about each party's substantive rights, exposure to variability of returns, and the power necessary for the party to affect its respective returns. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Ownership percentage alone may not be a determinant of joint control.

Joint Operations

Pembina recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses from the date that joint control commences until the date that joint control ceases.

Joint Ventures and the Equity Method

Joint ventures are accounted for using the equity method of accounting. The acquisition of interests in a joint venture that is a business are measured and recorded using the acquisition method. Other acquisitions of interests in a joint venture are measured and recorded at cost. Joint ventures are adjusted thereafter for any change in the Company's share of the investees' net assets.

Pembina's Consolidated Financial Statements include its share of the equity accounted investees' profit or loss and comprehensive income until the date that joint control ceases. When Pembina's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that Pembina has an obligation or has made payments on behalf of the investee. Distributions from and contributions to investments in equity accounted investees are recognized when received or paid.

Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of Pembina's interest in the investee. However, unrealized gains that arise in a circumstance where the Company has contributed a business to a joint venture are fully recognized. Losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Business Combinations Achieved in Stages

When Pembina acquires control of investees that it previously had joint control or significant influence of, the previously recognized equity investment is remeasured to fair value and recorded as an in-substance disposition, with a corresponding gain or loss recognized for the difference between the fair value and the carrying value on the acquisition date. An allocation of goodwill is included in the carrying value of the net assets disposed, however, the derecognition of deferred tax liabilities previously recognized by Pembina on its investment in the investees is excluded from the measurement of the gain or loss and presented separately.

When measuring the acquired assets, assumed liabilities, non-controlling interests, and goodwill acquired in a business combination achieved in stages, the fair value of Pembina's ownership in the investees as well as the fair value of the other previous relationships with the investees are included as part of the consideration paid in exchange for the business.

iii) Foreign Currency

For each subsidiary and joint venture, Pembina determines the entity's respective functional currency. The assets and liabilities of these entities, whose functional currencies are other than Canadian dollars, are translated into Canadian dollars at the foreign exchange rate as at the reporting date, while revenues and expenses are translated using average monthly foreign exchange rates. Foreign exchange differences arising on translation of these entities are included in exchange gain (loss) on translation of foreign operations in other comprehensive income. Judgments are required concerning the entity's economic environment in which it operates and the nature of the cash flows that materialize, with consideration given to the currency that influences sales prices, financing activities, the country whose competitive forces and regulatory environment has the most influence, and the currency that most significantly impacts operating costs and economics.

c. Use of Estimates and Judgments

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that are based on facts and circumstances as at the date of the Consolidated Financial Statements, which could affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgments, estimates, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about estimates and judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Judgments

- Note 2(b)(ii): Assessment of joint control for joint arrangements;
- Note 3(f)(ii): The determination of cash generating units ("CGUs") in the assessment of non-financial asset impairments; and
- Note 3(j): Identification of performance obligations in revenue arrangements.

Estimates

- Note 5: Fair value of previously held interest in the Alliance/Aux Sable Acquisition;
- Note 3(f)(ii): Recoverability of non-financial assets; and
- Note 24: Fair value of Level 3 derivative instruments.

3. MATERIAL ACCOUNTING POLICIES

a. Inventories

Inventories are measured at the lower of cost and net realizable value and consist primarily of crude oil, natural gas liquids ("NGL") and spare parts that are expected to be used within one year of the financial reporting date. The cost of inventories is determined using the weighted average costing method and includes direct purchase costs and when applicable, costs of production, extraction, fractionation, and transportation. All changes in the measurement of inventories are reflected in earnings.

b. Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, Pembina has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

i) Non-Derivative Financial Assets

Pembina initially recognizes trade receivables, loan receivables and cash deposits on the date that they are originated. All other financial assets are recognized on the trade date at which Pembina becomes a party to the contractual provisions of the instrument.

Pembina derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows and the related risks and rewards of ownership in a transaction with a third party. Any remaining interest of a transferred financial asset is recognized as a separate asset or liability. On derecognition, the difference between the carrying amount and the consideration received is recognized in earnings.

Pembina classifies non-derivative financial assets into the following categories:

Financial Assets at Amortized Cost

A financial asset is classified in this category if the asset is held for the intention of collecting contractual cash flows on specified dates that are solely payments of principal and interest. At initial recognition, financial assets at amortized cost are recognized at fair value plus directly attributable transaction costs. After initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any expected credit losses and impairment loss allowances. Pembina's non-derivative financial assets measured at amortized cost include cash and cash equivalents, trade receivables and other, and other assets.

Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is classified in this category if the asset is held for the intention of both collecting contractual cash flows and selling financial assets.

ii) Non-Derivative Financial Liabilities

Pembina's non-derivative financial liabilities are comprised of trade payables and other, loans and borrowings, and other liabilities.

Pembina initially recognizes non-derivative financial liabilities at fair value less any directly attributable transaction costs, on the trade date at which Pembina becomes a party to the contractual provisions of the instrument. After initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Pembina derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying value of the liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in earnings.

Pembina records a modification or exchange of an existing liability as a derecognition of the original financial liability if the terms are substantially different, assessing both qualitative and quantitative factors. In doing so, the original instrument is derecognized with any extinguishment gain or loss recognized in net finance expense, and the modified or exchanged instrument is accounted for as a new instrument.

If the expected cashflows of an existing non-derivative liability are modified but the modification is not treated as a derecognition, Pembina adjusts the gross carrying amount of the liability to the present value of the estimated contractual cash flows using the instrument's original effective interest rate, with the difference recorded in earnings. However, if contractual cashflows include variable market interest payments, such as Pembina's revolving credit facilities, the effective interest rate on the instrument is revised at the same time as the revision to the estimated cashflows resulting in no change to the carrying value of the financial liability.

iii) Common Share Capital

Common shares and share options arising from share-based payment transactions are classified as equity. When the company repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. The excess of the purchase price over the average carrying value is recognized as an increase in deficit. Shares are cancelled upon repurchase.

iv) Preferred Share Capital

Preferred shares are classified as equity because they bear discretionary dividends and do not contain any obligations to deliver cash or other financial assets. Pembina's preferred shares include a redemption option that allow Pembina to call the instrument. If Pembina provides a redemption notice to the preferred shareholders, the instrument is reclassified from equity to be a financial liability until the redemption amount is paid and the shares are cancelled.

v) Derivative and Hedge Accounting

Contracts that meet the definition of a derivative instrument are recorded at fair value through earnings. This includes contracts for the physical delivery of commodities under a purchases and or sale contract where the contract or underlying commodity being delivered is net cash settleable, unless the Company has (a) elected to apply the "own use" (or "normal purchase normal sale") scope exemption, or (b) the derivative instrument has formally been designated as a hedging instrument.

To assess whether the own-use scope exemption is appropriate, Pembina uses judgment to evaluate whether (a) the transaction is reasonable in relation to the business needs; and (b) the business has the intent to deliver or take delivery of the underlying item or commodity. Application of the own use scope exemption is reviewed each reporting period to assess whether the qualifying factors continue to be met.

Derivative instruments that arise from financial contracts do not qualify for the own use scope exemption as such transactions do not result in physical settlement or delivery of the underlying item or commodity. Rather, these arrangements form part of Pembina's risk management strategy, whereby derivative instruments are used to assist in managing exposure to commodity prices, interest rates, and foreign exchange rates.

All unrealized and realized gains and losses from physical derivative instruments and commodity-related financial derivative instruments (purchases, sales, and related foreign exchange instruments) are recorded on a net basis in revenue as Revenue from risk management and physical derivative contracts. All unrealized and realized gains and losses from non-commodity related financial instruments (interest rate and foreign exchange instruments) are included in Net finance costs.

Embedded derivatives in other financial instruments or contracts (host instruments) are recorded separately if the following criteria are met: (a) The economic characteristics and risks are not closely related to the host; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and, (c) the host instrument is not measured at fair value through profit or loss. The embedded derivative can be formally designated as a hedging instrument or recorded at fair value, with changes in fair value recorded in earnings.

Derivative instruments executed for risk management purposes may be designated as hedging instruments. At the inception and formal designation of the hedge relationship, Pembina documents the following: The relationship between the hedging instrument and hedged item; the related risk management strategy and objectives; the nature of the risk being hedged; and, how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements on an ongoing basis. Hedge accounting is discontinued prospectively when the hedging relationship no longer qualifies for hedge accounting, or the hedging instrument is sold or terminated.

All derivative instruments that have been formally designated as hedging instruments are accounted for and classified as either: (a) cash flow hedges; or (b) net investment hedges. For both classifications, the effective portion of gains or losses is recognized and accumulated in 'other comprehensive income' ("OCI"), while any ineffective portion is recognized immediately in earnings. For Pembina's current cash flow hedges, the amount accumulated in OCI is reclassified into earnings when the hedged forecasted transaction occurs. For net investment hedges, the amount accumulated in OCI is reclassified to earnings on disposal of the foreign operation.

c. Property, Plant and Equipment

Items of property, plant and equipment are measured initially at cost, or at fair value if acquired as part of a business combination or has been transferred from a customer. Such a fair value is determined using either (a) comparable and observable market values when available, (b) an income approach, or (c) the depreciated replacement cost valuation method.

Depreciation is measured on a straight line or declining balance basis over the useful life of the asset, commencing when an asset is placed into service, and is included in cost of sales and general and administrative expense. Estimated useful lives are based on management's assumptions, such as, an asset's economic life and physical life, which can include the relevant commodity reserves in a particular production area that the asset serves. Assets are also assessed to determine whether they may have significant components with different useful lives. Estimated useful lives and depreciation methods are reviewed annually and are subject to revision based on new or additional information. Pembina has assessed the residual values of depreciable assets to be insignificant.

d. Intangible Assets and Goodwill

Intangible assets that are acquired individually are initially measured at cost or measured at fair value if acquired as part of a business combination. Intangible assets other than goodwill are amortized straight-line over their estimated remaining useful life, based on their remaining carrying value. Amortization expense is included in cost of sales and general and administrative expense. Finite intangible assets include purchase and sales contracts and other, customer relationships and certain software costs.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Goodwill is not amortized.

e. Leases

A specific asset is the subject of a lease if a contract conveys the right to control the use of that identified asset for a period of time in exchange for consideration. This determination is made at inception of a contract, on the acquisition date if acquired as part of a business combination, or when the terms and conditions of the contract are amended.

At inception or on reassessment of a contract that contains a lease component, Pembina allocates contract consideration to the lease and non-lease components based on the components' relative stand-alone prices. The consideration allocated to the lease components is recognized in accordance with the policies for lessee and lessor leases, as described below. The consideration allocated to non-lease components is recognized in accordance with the nature of the non-lease component.

i) Lessee

The lease liability is initially measured at the present value of the lease payments, discounted using the rate Pembina would be required to pay to borrow over a similar term with a similar security to obtain an asset of a similar value to the right-of-use asset, or using the interest rate implicit in the lease if readily determinable. Lease payments used in the calculation of the lease liability exclude variable payments unless those payments are in-substance fixed. Lease payments in an optional renewal period are included in the lease liability if Pembina is reasonably certain to exercise such an option. Management applies its best estimate with respect to the likelihood of exercising renewal, extension and termination options in determining the lease term. The lease liability is subsequently increased by interest expense and decreased by lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a previously-variable payment becoming in-substance fixed, or a change in the assessment of whether a purchase option, extension option or termination option is reasonably certain to be exercised. A corresponding adjustment is made to the right-of-use asset when a liability is remeasured, or the adjustment is recorded in earnings if the right-of-use asset has been reduced to zero. Right-of-use assets are initially recognized at an amount equal to the lease liability, then subsequently depreciated over the lease term on a straight-line basis and adjusted for any lease liability remeasurements. The right-of-use assets are included in the respective CGUs for the purposes of impairment testing.

Pembina has elected to apply the recognition exemptions for short-term and low value leases. Pembina recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Lessor

Lessor leases are classified as either operating leases or finance leases according to the substance of the contract at contract inception. Leases transferring substantially all of the risks incidental to asset ownership are classified as finance leases, while all other leases are classified as operating leases. Subleases are classified as either operating or finance leases in reference to the right-of-use asset arising from the head lease.

Finance lease receivables acquired in a business combination are initially recognized at an amount equal to the fair value of the underlying leased assets. Finance lease receivables outside of a business combination are initially measured at the net present value of the future lease payments and the unguaranteed residual values of the underlying assets, discounted using the interest rate implicit in the lease.

Finance lease income is subsequently recognized using the interest rate implicit in the lease. Operational finance lease income generated from physical assets in the normal course of operations is recorded as a component of revenue. Lease payments received for finance leases include both the finance income and a principal repayment of the finance lease receivable. Payments related to the principal repayment are not recognized in earnings and are classified as investing cashflows in the Consolidated Statements of Cash Flows.

Lease payments from operating leases are recognized in revenue on a straight-line basis and are fully recognized in earnings and operating cash flows in the Consolidated Statements of Cash Flows. Variable lease income represents lease payments that were uncertain and are excluded from measurement of the operating or finance lease and are comprised of non-minimum charges based on customer-usage or on flow-through costs incurred by Pembina in operating the leased assets. Variable lease income is recognized in the period the uncertainty is resolved. When the timing of lease income differs from when Pembina is entitled to the associated lease payment, a receivable or a deferred lease liability is recognized in the Consolidated Statement of Financial Position.

f. Impairment

i) Non-Derivative Financial Assets

Impairment of financial assets carried at amortized cost is assessed using the lifetime expected credit loss of the financial asset at initial recognition and throughout the life of the financial asset. However, if credit risk has not increased significantly since initial recognition, impairment is assessed at the 12-month expected credit loss of the financial asset at the reporting date.

Impairment losses are recognized in earnings and reflected as a reduction in the related financial asset.

ii) Non-Financial Assets

Non-financial assets, other than inventory, assets arising from employee benefits, and deferred tax assets, are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is assessed at each reporting date to determine whether there is any indication of impairment. In addition, goodwill is tested for impairment annually, or more frequently, if an impairment indicator exists.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into CGUs. CGUs are the smallest group of assets that generate cash inflows from the continued use of the related assets, and are largely independent from other assets. CGUs may incorporate integrated assets from multiple operating segments, which reflects the lowest level at which goodwill is monitored for management purposes. Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. In determining CGUs, significant management judgment is required to assess what constitutes independent cash flows. When an impairment test is performed, the carrying value of a CGU or group of CGUs is compared to its recoverable amount. As such, the asset composition of a CGU or group of CGUs directly impacts both the carrying value and recoverability of the assets included therein.

An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its estimated recoverable amount. The estimated recoverable amount is determined as the higher of value in use and fair value less costs of disposal, by using either the income (cash flow) approach or comparable market transactions, if available. When using the income approach, management is required to make significant estimates and assumptions concerning future cash flows, which are impacted by energy transition considerations, access to global markets, and business contracting assumptions. In addition, when determining the appropriate discount rate, management is required to make assumptions concerning the current industry and economic environment, as well as asset and cash-flow specific risk premiums.

These estimates and assumptions are susceptible to change and may differ from actual future developments. This estimation uncertainty could impact quantified recoverable amounts; and therefore, any related impairment charges, which may be material.

Impairment losses are recognized in earnings. Impairment losses recognized in respect of a CGU (group of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

For non-financial assets, excluding goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment reversal is recognized in earnings under impairment (reversal) expense. An impairment loss in respect of goodwill is not reversed.

Goodwill that forms part of the carrying amount of an investment in an equity accounted investee is not recognized separately; and therefore, is not tested for impairment separately. Rather, the investment, including its respective goodwill, is tested for impairment as a single asset when there is objective evidence it may be impaired as a result of one or more events having occurred that could negatively impact the estimated future cash flows from the investment. If the investment does not generate cash flows that are largely independent of those from other Pembina assets, its carrying value is added to a CGU to which the investment relates.

g. Employee Benefits

i) Defined Benefit Pension Plans

Pembina's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value of any plan assets. The discount rate used to determine the present value is established by referencing market yields on high-quality corporate bonds on the measurement date with cash flows that match the timing and amount of expected benefits.

The calculation of the defined benefit obligation is performed each reporting period; however, the calculation of the actuarial funding valuation is performed, at a minimum, every three years by a qualified actuary using the actuarial cost method. The actuarial valuation is prepared using management's best estimates with respect to longevity, discount and inflation rates, compensation increases, market returns on plan assets, retirement and termination rates. When the calculation results in a benefit to Pembina, the recognized asset is limited to the present value of economic benefits available in the form of future expenses payable from the plan, any future refunds from the plan or reductions in future contributions to the plan.

Pembina recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in earnings.

ii) Share-Based Payment Transactions

For equity settled share-based payment plans ("options"), the fair value of the share-based payment at grant date is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date.

The fair value of options are measured using the Black-Scholes formula on grant date. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the option (based on historical experience and general option holder behavior), expected dividends, expected forfeitures and the risk-free interest rate (based on government bonds). Service and performance conditions attached to the transactions are not taken into account in determining fair value. The fair value of the long-term share unit award incentive plan and associated distribution units are measured based on the volume-weighted average price of Pembina's shares for the 20 days ending of the relevant financial year.

For cash settled share-based payment plans, the fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. The fair value is determined by using a model that takes into account the extent to which the employees have rendered services or performance conditions to date, share price volatility assumptions, and other market conditions which may impact the number of awards expected to be earned and vest. Any changes in the fair value of the liability are recognized as an expense in earnings.

h. Provisions

A provision is recognized if, as a result of a past event, Pembina has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. With regards to these potential obligations, Pembina considers environmental laws, regulations and interpretations by regulatory authorities in determining expected cash flows.

Provisions are measured at each reporting date based on the best estimate of the settlement amount. Where the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognized as accretion in finance costs.

i) Decommissioning Provision

Pembina's activities give rise to certain dismantling, decommissioning, environmental reclamation, and remediation obligations at the end of an asset's economic life. Decommissioning costs are recognized as part of the cost of the relevant asset. The unwinding of the discount is expensed as incurred and recognized in net finance costs. To measure the decommissioning provision, estimated future expected cash flows, including assumptions concerning inflation and anticipated changes in environmental laws and regulations, are discounted using a credit-adjusted risk-free rate. Changes in the estimated future expected cash flows used in measuring the decommissioning provision are added to or deducted from the cost of the respective asset to which the decommissioning provision relates.

i. Insurance contracts

Pembina may issue parental guarantees and or letters of credit on behalf of the Company's joint ventures. Under the contracts, Pembina will reimburse the third party beneficiary of the contract in the event that the Company's joint ventures are unable to pay their obligations when due, and as a result are classified as insurance contracts. Pembina does not receive premiums from the counterparties for providing the insurance contract, and as a result the contracts are considered onerous. During 2023 and 2024, insurance contracts were issued on behalf of the Company's joint venture, Cedar LNG, however at as December 31, 2024, all of these contracts had been extinguished.

On initial recognition or when an insurance contract is modified, Pembina recognizes its share of the cost of providing the contract on behalf of the joint venture as an in-substance contribution to the joint venture. All other changes to the insurance liability are recognized in earnings. Pembina applies judgments to determine the future probability and expected cashflows related to its insurance contracts. During 2023 and 2024, these judgments included assessing different scenarios for the likelihood that the Cedar LNG project would reach a positive final investment decision ("FID") and assessing the potential cash outflows that Pembina would have been required to make under the different scenarios. A risk adjustment was then applied to the probability weighted cash outflows for the non-financial risks inherent in the scenarios, and a credit-adjusted discount rate was used to incorporate the financial risks of non-performance. Following positive FID, Cedar replaced the Pembina guarantees and letters of credit with Cedar's own security, Pembina's insurance contract obligations were extinguished, and a corresponding recovery was recognized in net finance costs.

j. Revenue

Pembina recognizes revenue equal to the consideration that it is entitled to for satisfying a performance obligation to a customer.

Performance obligations in Pembina's contracts with customers include:

- promises to perform transportation, gas processing, fractionation, terminalling, and storage services over a specified contractual term and/or for a specified volume of commodities; and
- promises to transfer control of commodities to the customer at a specified time periods and locations.

Certain contracts may arise that require Pembina to apply significant judgment when identifying the contract's performance obligations where (i) Pembina is providing both services and commodities; (ii) Pembina is providing services and purchasing commodities from the same counterparty; or (iii) Pembina is both purchasing and selling commodities from the same counterparty.

In contracts where Pembina performs service-type activities to enhance the value of a product and is either purchasing or selling the product, identification of the performance obligations in the contract will depend on whether Pembina or the customer has control of the product when Pembina performs the service activity. If Pembina controls a product while performing the service activity that enhances the product, the service activity is for Pembina's benefit and is not considered a performance obligation. As a result, any fees that Pembina receives from a supplier for performing a service for Pembina's benefit are treated as a reduction in the purchase price of the product rather than as revenue, or in the case of a product sales contract, any fees related to performing the service are allocated to the product sales revenue rather than separately recognizing service revenues.

Other situations may have Pembina purchasing and subsequently selling a product without ever obtaining control of that product or selling and then subsequently repurchasing a product without ever losing control of the product. In these cases, Management will determine whether the substance of the arrangement is to provide a service to a customer where the net proceeds will be recognized as service revenue, or to receive a service where the net proceeds will be recognized as a cost outside of revenue.

Pembina disaggregates its revenue streams from contracts with customers into three categories based on the nature of the revenue generating activity and the certainty of the associated cashflows to be received from the customer. Information about the nature of the services provided, consideration received, and timing of the satisfaction of performance obligations for each category is discussed below.

i) Take-or-Pay

Transportation, processing, and other services

Pembina provides transportation, gas processing, fractionation, terminalling, and storage services under take-or-pay contracts. In a take-or-pay contract, Pembina is entitled to a minimum fee for the firm service promised to a customer over the contract period, regardless of actual volumes transported, processed, terminalled, or stored. This minimum fee is either a set fee for an annual minimum volume, or an annual minimum revenue requirement. In addition, the minimum fee may include variable consideration for operating or capital costs incurred by Pembina that are recovered from the customer. Estimating the variable consideration to be recognized involves judgment, particularly in assessing the risk of a significant revenue reversal. For contracts where management has identified multiple performance obligations, management estimates the stand-alone selling price of each performance obligation taking into consideration the location and volume of goods and services being provided, the market environment, and customer specific considerations.

Pembina satisfies its performance obligations and recognizes revenue for services under take-or-pay commitments when volumes are transported, processed, terminalled, stored, or capacity utilized. Make-up rights may arise when a customer does not fulfill their minimum volume commitment in a certain period but is allowed to use the delivery of past or future volumes to meet this commitment. These make-up rights are subject to expiry and have varying conditions associated with them. When contract terms allow a customer to exercise their make-up rights using firm volume commitments, revenue is not recognized until these make-up rights are used, expire, or management determines breakage has occurred. If Pembina bills a customer for unused service in an earlier period and the customer utilizes available make-up rights, Pembina records a refund liability for the amount to be returned to the customer through an annual adjustment process. For contracts where no make-up rights exist, revenue is recognized to take-or-pay levels once Pembina has an enforceable right to payment for the take-or-pay volumes. Make-up rights generally expire within a contract year and substantially all the related contract years follow the calendar year.

As a result of deferring revenue related to customer underutilization until the earlier of when the customer uses the volumes or the customers' make-up rights expire, a portion of cashflows received from the customer in early quarters of the year is deferred and not recognized in revenue until later quarters, although there is no impact on cash flows received from the customers.

When up-front payments or non-cash consideration is received in exchange for future services to be performed, revenue is deferred as a contract liability and recognized over the period the performance obligation is expected to be satisfied. Non-cash consideration is measured at fair value when received.

Operating services

When a contract has the effect of providing the customer with a lease over a Pembina-owned processing, transportation, or storage asset, Pembina remains responsible for operating and maintaining the asset over the contract term. Pembina's promise to provide a service of operating a leased asset is a stand-ready performance obligation. Fixed fees earned for operating services are recognized evenly over the contract term and variable flow-through fees, including capital maintenance and turnaround charges, are recognized in the period the services are performed. When the timing of payments received in exchange for the services performed differs from when the work is performed and the revenue recognized, a contract asset or liability is recognized in the Consolidated Statement of Financial Position.

ii) Fee-for-Service

Fee-for-service revenue includes firm contracted revenue that is not subject to take-or-pay commitments and interruptible service. Pembina satisfies its performance obligations for transportation, gas processing, fractionation, terminalling, and storage as volumes of product are transported, processed, fractionated, terminalled, or stored. Revenue is based on a contracted fee and consideration is variable with respect to volumes. Payment is generally due in the month following Pembina's provision of service and revenue is recognized as the performance obligation is satisfied.

iii) Product Sales

Pembina's performance obligation in a product sale is to transfer control of a distinct product or products to the customer. Pembina satisfies its performance obligation on product sales and recognizes the associated revenue when the customer obtains control of the product, which may differ from when legal title or physical custody transfers. The determination of control requires judgments in determining who has the rights to direct the use of and obtain substantially all the remaining economic benefits from the specified product. Such judgments consider the specific nature and purposes of the product in relation to Pembina's operations and business model, the location and point of sale, and what purpose the product serves for the customer.

Product sale contracts that are concluded to be derivative instruments and that settle by physical delivery of the underlying commodity are not accounted for as revenue from contracts with customers. Rather, such derivative instruments are recorded on a net basis in revenue as 'Revenue from risk management and physical derivative contracts'.

k. Income Tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in earnings except to the extent that they relate to a business combination, or items that are recognized directly in equity or in other comprehensive income.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences relating to investments in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future; and,
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which Pembina expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on either: i) the same taxable entity; or ii) different taxable entities where the intent is to settle current tax liabilities and assets on a net basis, or where tax liabilities and assets will be realized simultaneously in each future period.

The calculation of the deferred tax asset or liability is based on assumptions about the timing of many taxable events and the enacted or substantively enacted rates anticipated to be applicable to income in the years in which temporary differences are expected to be realized or reversed. Deferred income tax assets are recognized to the extent that it is probable that the deductible temporary differences will be recoverable in future periods and estimates and judgment are used in assessing the recognition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Estimates including, but not limited to, the timing of reversal and future taxability may differ on actual realization and may result in an income tax charge or credit in future periods.

In determining the amount of current and deferred tax, Pembina considers income tax exposures and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes Pembina to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

As provided in the amendments to IAS 12, Pembina applies the mandatory exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The mandatory exception has been applied retrospectively with no material impact to Pembina's Consolidated Financial Statements.

I. Segment Reporting

An operating segment is a component of Pembina that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by Pembina's President and Chief Executive Officer ("CEO"), Senior Vice President and Chief Financial Officer ("CFO") and other Senior Vice Presidents ("SVPs") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO, CFO and other SVPs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

m. New Standards and Interpretations Adopted in the Current Year

i) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The Company adopted Amendments to IAS 1 *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* effective January 1, 2024. The amendments did not have an impact on Pembina other than additional disclosure related to debt covenants (refer to Note 15 *Long-Term Debt – Covenants* for further information).

n. New Standards and Interpretations Not Yet Adopted

Pembina continually monitors for new accounting standards and amendments to existing accounting standards issued by the IASB. The new standards or amendments are not expected to have a material impact to Pembina's financial statements except for the items outlined below.

i) IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18 was issued in April 2024 and effective January 1, 2027, with early application permitted. The standard introduces key changes to the structure of the statement of earnings and comprehensive income, required disclosures for certain management-defined performance measures, and aggregation and disaggregation of line items in the financial statements. Pembina is currently reviewing the impact of this standard on its Consolidated Financial Statements.

ii) Amendments to IFRS 9 and IFRS 7 - Contracts referencing Nature-dependent Electricity ("Contracts referencing NDE")

Contracts referencing NDE was issued in December 2024 and effective January 1, 2026, with early adoption permitted. The amendments provide relief as it relates to accounting for contracts to purchase or sell electricity from nature-dependent sources such as wind and solar power, including clarifying the application of own-use requirements, permitting hedge accounting if these contracts are used as hedging instruments, and adding new disclosure to enable investors to understand the effect of these contracts to Pembina. Pembina is currently reviewing the impact of this amendment as it relates to Pembina's wind-based power purchase agreements.

4. VOLUNTARY CHANGE IN ACCOUNTING POLICIES

Physical derivative instruments include purchases and sales of commodities (crude, natural gas liquids, natural gas, and others), which are physically settled by receipt or delivery of the commodity. Unrealized gains and losses and the settlement of physical derivative instruments, including any realized gains and losses, have historically been recorded as revenue from contracts with customers and cost of sales for sales and purchases, respectively.

Commodity-related financial derivative instruments include purchases and sales of commodities executed for risk management purposes that are net settled in cash, with no receipt or delivery of the underlying commodity. Unrealized gains and losses and the settlement of commodity-related financial 'sale' and 'purchase' derivative instruments, including any realized gains and losses, have historically been recorded net as 'Loss (gain) on commodity-related derivative financial instruments', which was previously presented separately from the Company's revenue-generating activities.

Foreign exchange and interest rate risk management activities give rise to financial derivative contracts. Unrealized gains and losses for instruments that did not apply hedge accounting and the settlement of other financial derivative instruments, including any realized gains and losses, have historically been recorded as 'Net finance costs'. Consequently, all other non-commodity related financial derivative contracts have been recorded and presented on a net basis in the Consolidated Statements of Earnings and Comprehensive Income.

With respect to the related accounting policies above, Pembina has made the following voluntary changes retrospectively: (a) all unrealized and realized gains and losses and the settlement of physical derivative instruments and commodity-related financial derivative instruments recorded at fair value (purchases and sales) will be recorded on a net basis in revenue as 'Revenue from risk management and physical derivative contracts'; and (b) all unrealized and realized gains and losses and the settlement of foreign exchange-related financial derivative instruments that are executed to economically hedge foreign exchange risk on commodity-related contracts will be recorded on a net basis in revenue as 'Revenue from risk management and physical derivative contracts'. These voluntary changes in accounting policies were made for the following reasons in aid of providing more reliable and relevant information: (a) to better align the related financial reporting with the Company's business model; (b) to provide a more suitable illustration of the Company's use of derivative instruments for the purpose of asset optimization, risk management, and servicing customer needs; and (c) to improve consistency with peer and industry financial reporting and practices.

The Consolidated Financial Statements have been adjusted to reflect adjustments made as a result of these voluntary changes in accounting policies. There is no impact to the Consolidated Statements of Financial Position, Changes in Equity and Cash Flows for the current or any historic reporting period. The following table presents the impacts of the voluntary changes in accounting policies on the Consolidated Statements of Earnings and Comprehensive Income for each of the line items affected:

Reconciliation of the Consolidated Statements of Earnings and Comprehensive Income

For the year ended December 31, 2023 (\$ millions)	Previously reported	Policy change	Adjusted
Revenue	9,125	(2,794)	6,331
Cost of sales	6,580	(2,773)	3,807
Loss on commodity-related derivative financial instruments	21	(21)	—
Gross profit	2,840	—	2,840
Earnings before income tax	2,189	—	2,189

5. ACQUISITION

On April 1, 2024, Pembina completed the acquisition of Enbridge Inc.'s ("Enbridge") interests in the Alliance, Aux Sable, and NRGreen joint ventures (the "Acquirees") for an aggregate purchase price of \$2.8 billion, net of \$327 million of assumed debt, representing Enbridge's proportionate share of the indebtedness of Alliance (the "Acquisition"). As a result of the Acquisition, Pembina obtained control over the Alliance, Aux Sable, and NRGreen joint ventures (the "Acquirees") and, as such, the accounting for the results of the Acquirees following completion of the Acquisition changed from the equity method of accounting to being fully consolidated and incorporated into Pembina's financial results. Pembina's completion of the Acquisition resulted in an in-substance disposition at fair value of \$2.6 billion for the Company's previous investments, which were accounted for under the equity method of accounting at \$2.8 billion, as well as allocated goodwill of \$380 million, resulting in a loss on disposition of \$616 million. The loss was offset by a deferred tax recovery of \$626 million. The loss on disposition and the deferred tax recovery were recorded in the Consolidated Statement of Earnings and Comprehensive Income for the period ended December 31, 2024. The fair value of the previously held equity investment in the Acquirees is included as a component of the purchase price.

Following the Acquisition, Pembina owned all equity interests in Alliance, Aux Sable's Canadian operations and NRGreen businesses, and an 85.4 percent interest in Aux Sable's U.S. operations. Alliance and NRGreen are fully consolidated into the financial results of the Pipelines Division, while Aux Sable is reported within the Facilities Division and Marketing & New Ventures Division. These assets complement Pembina's strategy of providing access to long-life resources from the Western Canadian Sedimentary Basin to premium end markets and increases exposure to lighter hydrocarbons, including natural gas and NGL.

The Acquisition was accounted for as a business combination using the acquisition method where the acquired tangible and intangible assets and assumed liabilities were recorded at their estimated fair values at the date of acquisition, with the exception of right-of-use assets, deferred tax liabilities, and lease liabilities, which are measured in accordance with Pembina's accounting policies. Pembina elected to take the accounting policy choice to measure the non-controlling interest at the proportionate value of Aux Sable's U.S. operations' net assets.

The purchase price equation, subject to finalization, is based on assessed fair values and is as follows:

As at April 1, 2024 (\$ millions)	Previously reported in Q2 2024	Adjustments	Updated
Purchase Price Consideration			
Cash (net of cash acquired)	2,620	—	2,620
Equity investment in Acquirees	2,562	—	2,562
Other	12	—	12
	5,194	—	5,194
Fair Value of Net Assets Acquired			
Current assets	240	—	240
Property, plant and equipment	6,339	6	6,345
Other long-term assets	38	19	57
Goodwill	805	(2)	803
Current liabilities	(219)	(17)	(236)
Long-term debt	(596)	—	(596)
Deferred tax liabilities	(937)	1	(936)
Provisions	(52)	—	(52)
Other long-term liabilities	(276)	(7)	(283)
Non-controlling interest in Aux Sable's U.S. operations	(148)	—	(148)
	5,194	—	5,194

Pembina engaged an independent valuator to assist with determining the fair value of Pembina's previously held equity investments in the Acquirees, as well as certain tangible and intangible assets within the purchase price equation. The fair value of Pembina's previous equity investment in the Acquirees was determined based on the negotiated purchase price paid to Enbridge, adjusted for identified control synergies measured using a discounted cash flow model. The resulting control premium implied by the control synergies was compared to comparable market transactions. The control synergies include significant estimates for timing, amount, and likelihood. Changes to the estimates of the timing, amount and likelihood of the control synergies could impact the fair value of the previously held equity investments and therefore the loss on disposition. In addition, the fair value of the previously held equity investments is included as a component of the purchase price. Changes to the estimates of the timing, amount and likelihood of the control synergies could impact the measurement of property, plant and equipment, other assets, deferred tax liabilities and non-controlling interest. Property, plant and equipment assets of \$6.3 billion were valued primarily using a cost approach, which includes the determination of the replacement cost for a market participant buyer to acquire or construct a comparable asset, adjusted for external conditions, including physical, functional and economic obsolescence.

Goodwill of \$803 million recognized on the transaction is a result of deferred taxes recognized on the transaction, which are recorded at the Company's effective tax rate without discounting. Pembina recognized \$24 million in acquisition-related expenses. All acquisition-related expenses have been expensed as incurred and are included in other expenses in the Consolidated Financial Statements.

The purchase price allocation is not final, as Pembina continues to obtain and verify information required to determine the acquisition date value of deferred income taxes. During the third and fourth quarters of 2024, Pembina adjusted the preliminary fair value of the identifiable net assets to reflect updated information. This included an increase in the value of right-of-use assets and corresponding lease liabilities, an increase in the value of litigation liabilities, as well as a decrease in the value of long-term contract liabilities, with a corresponding increase in the value of accounts payable. These changes resulted in an increase in the fair value of the property, plant, and equipment and an increase in the value of the deferred tax liabilities, with a corresponding increase in the value of goodwill. Any further adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

Revenue generated by the acquisition for the period from the acquisition date of April 1, 2024 to December 31, 2024 was \$1.3 billion. Earnings for the same period were \$493 million. If the acquisition had occurred on January 1, 2024, management estimates that consolidated revenue would have increased by an additional \$524 million and consolidated earnings for the period would have increased by an additional \$74 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2024.

On August 1, 2024, Pembina acquired the remaining 14.6 percent interest in Aux Sable's U.S. operations from certain subsidiaries of The Williams Companies for U.S. \$160 million. Pembina's subsequent acquisition of the non-controlling interest was recorded directly in equity.

6. OPERATING SEGMENTS

Pembina determines its reportable segments based on the nature of operations and includes three operating segments: Pipelines, Facilities and Marketing & New Ventures.

The Pipelines segment includes conventional, oil sands and transmission pipeline systems, crude oil storage and terminalling business and related infrastructure serving various markets and basins across North America.

The Facilities segment includes processing and fractionation facilities and related infrastructure, and a liquefied propane export facility on Canada's West Coast. In addition, all NGL transported along the Alliance Pipeline are extracted through the Pembina operated Channahon Facility at the terminus. These facilities provide Pembina's customers with natural gas and NGL services that are fully accessible to Pembina's other strategically located assets and pipeline systems. The Facilities segment also includes a bulk marine terminal in the Port of Vancouver, Canada.

The Marketing & New Ventures segment undertakes value-added commodity marketing activities including buying and selling products and optimizing storage opportunities, by contracting capacity on Pembina's and various third-party pipelines and utilizing Pembina's rail fleet and rail logistics capabilities. Marketing activities also include identifying commercial opportunities to further develop other Pembina assets. Pembina's Marketing business also includes sales of products from Aux Sable's NGL extraction facility near Chicago, Illinois and other natural gas and NGL processing facilities, logistics and distribution assets in the United States and Canada.

The financial results of the operating segments are included below. Performance is measured based on results from operating activities, as included in the internal management reports that are reviewed by Pembina's CEO, CFO and other SVPs. These results are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are recorded at market value and eliminated under corporate and inter-segment eliminations.

For the year ended December 31, 2024 (\$ millions)	Pipelines⁽¹⁾	Facilities	Marketing & New Ventures⁽²⁾	Corporate & Inter-segment Eliminations	Total
Revenue from external customers	3,185	358	3,796	45	7,384
Inter-segment revenue	201	769	—	(970)	—
Total revenue⁽³⁾	3,386	1,127	3,796	(925)	7,384
Operating expenses ⁽⁵⁾	832	474	25	(355)	976
Cost of goods sold	40	—	3,198	(630)	2,608
Depreciation and amortization included in gross profit	557	183	64	8	812
Cost of sales	1,429	657	3,287	(977)	4,396
Share of profit from equity accounted investees	42	231	55	—	328
Gross profit	1,999	701	564	52	3,316
Depreciation included in general and administrative	3	—	—	47	50
Other general and administrative ⁽⁵⁾	65	23	48	258	394
Other expense (income)	—	2	(62)	35	(25)
Loss on Acquisition (Note 5)	—	—	—	616	616
Results from operating activities	1,931	676	578	(904)	2,281
Net finance costs	24	10	9	518	561
Earnings (loss) before tax	1,907	666	569	(1,422)	1,720
Income tax recovery	—	—	—	—	(154)
Earnings (loss)	1,907	666	569	(1,422)	1,874
Capital expenditures	539	345	30	41	955
Contributions to equity accounted investees	5	124	242	—	371

For the year ended December 31, 2023 (\$ millions)	Pipelines ⁽¹⁾	Facilities	Marketing & New Ventures ⁽²⁾⁽⁴⁾	Corporate & Inter-segment Eliminations	Total ⁽⁴⁾
Revenue from external customers	2,542	449	3,293	47	6,331
Inter-segment revenue	165	460	—	(625)	—
Total revenue⁽³⁾	2,707	909	3,293	(578)	6,331
Operating expenses ⁽⁵⁾	695	360	7	(237)	825
Cost of goods sold	17	—	2,736	(395)	2,358
Depreciation and amortization included in gross profit	414	159	46	5	624
Cost of sales	1,126	519	2,789	(627)	3,807
Share of profit (loss) from equity accounted investees	109	233	(26)	—	316
Gross profit	1,690	623	478	49	2,840
Depreciation included in general and administrative	—	—	—	39	39
Other general and administrative ⁽⁵⁾	42	23	43	275	383
Other expense (income)	11	(19)	(4)	6	(6)
Impairment reversal	(231)	—	—	—	(231)
Results from operating activities	1,868	619	439	(271)	2,655
Net finance costs	28	9	4	425	466
Earnings (loss) before tax	1,840	610	435	(696)	2,189
Income tax expense	—	—	—	—	413
Earnings (loss)	1,840	610	435	(696)	1,776
Capital expenditures	448	102	10	46	606
Contributions to equity accounted investees	20	33	218	—	271

⁽¹⁾ Pipelines revenue includes \$501 million (2023: \$302 million) associated with U.S. pipeline revenue.

⁽²⁾ Marketing & New Ventures includes revenue of \$845 million (2023: \$186 million) associated with U.S. midstream sales.

⁽³⁾ During 2024 and 2023, no one customer accounted for 10 percent or more of total revenues reported throughout all segments.

⁽⁴⁾ Comparative 2023 period has been adjusted. See Note 4 *Changes in Accounting Policies*.

⁽⁵⁾ Pembina incurred \$576 million (2023: \$486 million) of employee costs, of which \$329 million (2023: \$243 million) was recorded in operating expenses and \$247 million (2023: \$243 million) in general and administrative expenses. Employee costs include salaries, benefits and share-based compensation.

Geographical Information

Non-Current Assets

For the years ended December 31 (\$ millions)	2024	2023
Canada	27,701	25,954
United States	6,685	3,721
Total non-current assets⁽¹⁾	34,386	29,675

⁽¹⁾ Excludes deferred income tax assets, derivative financial instruments, and post-employment benefit assets.

7. TRADE RECEIVABLES AND OTHER

As at December 31 (\$ millions)	2024	2023
Trade and accrued receivables from customers	844	698
Other receivables	89	64
Prepayments	35	28
Prepaid share issuance costs (Note 17)	—	26
Related party receivables (Note 27)	37	36
Total trade receivables and other	1,005	852

8. INVENTORY

As at December 31 (\$ millions)	2024	2023
Crude oil and NGL	149	249
Materials, supplies and other	152	84
Total inventory	301	333

9. PROPERTY, PLANT AND EQUIPMENT

(\$ millions)	Land and Land Rights	Pipelines	Facilities and Equipment	Cavern Storage and Other ⁽¹⁾	Assets Under Construction	Total
Cost						
Balance at December 31, 2022	481	9,495	6,949	2,014	367	19,306
Additions and transfers	—	150	112	81	230	573
Disposition and other	—	(15)	(33)	(76)	(9)	(133)
Change in decommissioning provision	—	4	29	8	—	41
Foreign exchange	(1)	(21)	(9)	—	—	(31)
Balance at December 31, 2023	480	9,613	7,048	2,027	588	19,756
Additions and transfers	4	452	416	141	(79)	934
Change in decommissioning provision	—	8	21	4	—	33
Acquisition (Note 5)	200	4,538	1,509	41	57	6,345
Foreign Exchange	12	216	105	2	5	340
Dispositions and other	(2)	(38)	(4)	(94)	(6)	(144)
Balance at December 31, 2024	694	14,789	9,095	2,121	565	27,264
Depreciation						
Balance at December 31, 2022	32	2,087	1,185	484	—	3,788
Depreciation	6	195	177	75	—	453
Impairment reversal	—	(190)	(35)	(4)	—	(229)
Dispositions and Other	—	(9)	(11)	(34)	—	(54)
Balance at December 31, 2023	38	2,083	1,316	521	—	3,958
Depreciation	8	268	259	92	—	627
Dispositions and other	1	(16)	19	(63)	—	(59)
Balance at December 31, 2024	47	2,335	1,594	550	—	4,526
Carrying amounts						
Balance at December 31, 2023	442	7,530	5,732	1,506	588	15,798
Balance at December 31, 2024	647	12,454	7,501	1,571	565	22,738
Assets subject to operating leases						
Balance at December 31, 2023	39	607	521	119	—	1,286
Balance at December 31, 2024	43	649	564	111	—	1,367

⁽¹⁾ At December 31, 2024, the movement in Cavern Storage and Other includes nil in net assets transferred to finance lease receivables (2023: \$25 million).

Property, Plant and Equipment Under Construction

For the year ended December 31, 2024, included in additions and transfers are capitalized borrowing costs related to the construction of new pipelines or facilities amounting to \$23 million (2023: \$15 million), with capitalization rates ranging from 4.45 percent to 4.75 percent (2023: 4.15 percent to 4.38 percent).

Depreciation

Pipeline assets, facilities and equipment are depreciated using the straight-line method with remaining useful life of one to 75 years with the majority of assets depreciated over 40 years. Cavern storage and other assets are depreciated using the straight-line method over ten to 40 years with the majority of assets depreciated over 40 years. These rates are established to depreciate remaining net book value over the shorter of their useful lives or economic lives.

10. INTANGIBLE ASSETS AND GOODWILL

(\$ millions)	Intangible Assets				Total Goodwill & Intangible Assets
	Goodwill	Purchase and Sale Contracts and Other	Customer Relationships	Total	
Cost					
Balance at December 31, 2022	4,557	404	1,843	2,247	6,804
Additions	—	47	—	47	47
Disposition and other	—	(155)	—	(155)	(155)
Foreign exchange adjustments	(6)	—	(17)	(17)	(23)
Balance at December 31, 2023	4,551	296	1,826	2,122	6,673
Additions	—	30	28	58	58
Acquisition (Note 5)	803	—	—	—	803
Dispositions and other (Note 5)	(380)	(2)	(38)	(40)	(420)
Foreign exchange adjustments	50	—	61	61	111
Balance at December 31, 2024	5,024	324	1,877	2,201	7,225
Amortization					
Balance at December 31, 2022	—	190	483	673	673
Amortization	—	13	81	94	94
Disposition and other	—	(155)	(4)	(159)	(159)
Balance at December 31, 2023	—	48	560	608	608
Amortization	—	17	99	116	116
Dispositions and other	—	—	(27)	(27)	(27)
Balance at December 31, 2024	—	65	632	697	697
Carrying amounts					
Balance at December 31, 2023	4,551	248	1,266	1,514	6,065
Balance at December 31, 2024	5,024	259	1,245	1,504	6,528

Intangible assets have a finite useful life and are amortized using the straight-line method over five to 50 years.

The aggregate carrying amount of goodwill allocated to each operating segment is as follows:

As at December 31	2024	2023
(\$ millions)		
Pipelines	3,089	2,716
Facilities	442	396
Marketing & New Ventures	1,493	1,439
Total goodwill	5,024	4,551

Goodwill Impairment Testing

For the purpose of impairment testing, goodwill is allocated to Pembina's operating segments which represent the groups of CGUs at which goodwill is monitored for management purposes. Annually, impairment testing for goodwill is performed in the fourth quarter.

The goodwill test was performed and no impairment was identified as it was determined that the recoverable amount for each operating segment exceeded the carrying amount, including goodwill. The recoverable amount was determined using a fair value less costs of disposal approach by discounting each operating segment's expected future cash flows (Level 3). The key assumptions that impact the recoverable amount include the following:

- Cash flows for the first five years are projected based on past experience, actual operating results and the business plan approved by management. Cash flows for Pipelines and Facilities incorporate assumptions regarding contracted volumes and rates, which are based on market expectations. In addition, revenue and cost of product projections for Marketing & New Ventures incorporate assumptions regarding commodity volumes and pricing, which are sensitive to changes in the commodity price environment.
- Cash flows for the remaining years of the useful lives of the assets within each operating segment are extrapolated for periods up to 75 years (2023: 60 years) using a long-term growth rate, except where contracted, long-term cash flows indicate that no growth rate should be applied or a specific reduction in cash flows is more appropriate.
- After-tax discount rates are applied in determining the recoverable amount of operating segments. Discount rates are estimated based on the risk free rate and average cost of debt, targeted debt to equity ratio, in addition to estimates of the specific operating segment's equity risk premium, size premium, projection risk, asset risk, and betas.

For each operating segment, key assumptions and discount rate sensitivity are presented below:

As at December 31, 2024	Operating Segments		
	Pipelines	Facilities	Marketing & New Ventures
Key assumptions used			
Average annual pre-tax cash flow (\$ millions)	2,170	1,790	719
After-tax discount rate (percent)	6.1	6.0	8.0
Long-term growth rate (percent)	1.6	1.8	2.3
Incremental change in rates that would result in carrying value equal to recoverable amount			
Increase in after-tax discount rate (percent)	3.4	2.8	15.4

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

(\$ millions)	Ownership Interest at December 31 (percent)	Share of Profit from Equity Investments		Investment in Equity Accounted Investees at December 31		
		For the years ended December 31				
	2024	2023	2024	2023	2024	2023
PGI	60	60	227	226	3,740	3,894
Alliance	100	50	42	109	—	2,427
Aux Sable	100	42.7 - 50	33	(16)	—	362
Cedar LNG	49.9	49.9	22	(9)	430	202
Other ⁽¹⁾	50 - 75	50 - 75	4	6	97	102
Total			328	316	4,267	6,987

⁽¹⁾ Other includes Pembina's interest in CKPC, Grand Valley, Fort Corp, and ACG. On December 31, 2023, CKPC was dissolved.

Investments in equity accounted investees include the unamortized differences between the purchase price and the underlying net book value of the investee's assets and liabilities at the purchase date, which is comprised of \$1.1 billion (2023: \$1.1 billion) in goodwill and \$(0.4) billion (2023: \$1.7 billion) in property, plant and equipment and intangible assets.

Alliance/Aux Sable Acquisition

On April 1, 2024, Pembina completed its acquisition of Enbridge's interests in the Alliance, Aux Sable, and NRGreen joint ventures. On August 1, 2024, Pembina acquired the remaining non-controlling interest in Aux Sable's U.S. operations. As a result, Pembina now holds 100 percent equity ownership in all Alliance, Aux Sable, and NRGreen businesses. Refer to Note 5 for further information.

At December 31, 2024, as a result of the Acquisition, Pembina had no investments in equity accounted investees held by entities whose functional currency is the U.S. dollar. Previously recognized foreign exchange gains and losses are included in other comprehensive income. For the year ended December 31, 2024, Pembina recorded a gain of \$38 million (2023: loss of \$41 million).

Distributions and Contributions

The following table summarizes distributions from and contributions to Pembina's investments in equity accounted investees:

For the years ended December 31 (\$ millions)	Distributions ⁽¹⁾		Contributions	
	2024	2023	2024	2023
PGI	505	463	124	33
Alliance	80	279	5	20
Aux Sable	31	70	1	163
Cedar LNG	—	—	241	41
Other ⁽²⁾	10	7	—	14
Total	626	819	371	271

⁽¹⁾ Distributions exclude returns of capital. In 2024, Pembina received an incremental \$63 million from Cedar LNG as a return of capital (2023: \$61 million from PGI).

⁽²⁾ Other includes Pembina's interest in CKPC, Grand Valley, Fort Corp, and ACG. On December 31, 2024, CKPC was dissolved.

Distributions received from equity accounted investees, excluding returns of capital, are included in operating activities in the Consolidated Statement of Cash Flows. Distributions from Alliance are subject to satisfying certain financing conditions including complying with financial covenants.

Contributions made to and returns of capital received from investments in equity accounted investees are included in investing activities in the Consolidated Statement of Cash Flows.

Financing Activities for Equity Accounted Investees

Cedar LNG

On June 25, 2024, Pembina and its partner, the Haisla Nation, announced a positive Final Investment Decision ("FID") on the Cedar LNG Project (the "Project"), a floating liquefied natural gas facility to be located in Kitimat, British Columbia. Cedar LNG expects to use asset-level funding to finance approximately 60 percent of the Project's costs with the remaining 40 percent of the Project's costs expected to be financed through equity contributions from both partners.

In advance of the positive FID, various financing arrangements were established between Pembina, the Haisla Nation, and Cedar LNG, to ensure the joint venture had sufficient and adequate cash-flow for all necessary pre-FID activities. As a result of the positive FID, various provisions within these financing arrangements were triggered, whereby Pembina became entitled to either (a) returns of pre-FID contributions; or (b) principal and interest relating to lending arrangements that had been established.

During the first six months of 2024, Pembina made total pre-FID cash payments of \$446 million to Cedar LNG, with \$241 million as Pembina's equity contributions and \$205 million recognized as a loan receivable from its partner. Following the positive FID, Pembina received full repayment of the loan receivable including accrued interest. In addition, Pembina received \$63 million in equity distributions from Cedar LNG as a return of pre-FID capital that had been provided on behalf of its partner or in support of other pre-FID commitments. On FID, Pembina also recognized a liability for amounts previously recorded as a provision for contingent consideration on acquisition of Cedar LNG in 2021.

Prior to the positive FID, various letters of credit of \$102 million and other parental guarantees were issued by Pembina on behalf of Cedar LNG, which had given rise to an insurance contract liability on Pembina's financial statements. Following the positive FID, the required financial assurances were assumed by Cedar LNG and as a result, Pembina recorded a gain of \$34 million upon the derecognition of the related insurance contract liability in the second quarter of 2024. Cedar LNG secured a letter of credit facility whereby future financial assurances will be provided directly by Cedar LNG.

In connection with the positive FID, Cedar LNG entered into project financing including a U.S. \$2.7 billion senior secured construction/term loan facility ("Cedar Term Loan") and a \$2.6 billion senior secured revolving credit facility ("Cedar Revolving Facility"). The borrowings on the Cedar Term Loan will be used to finance approximately 60 percent of the Cedar LNG Project's costs. The Cedar Revolving Facility will be utilized to provide various letters of credit in support of the Project, including replacing the financial assurances previously issued by Pembina on behalf of Cedar LNG.

Further, during the third quarter of 2024, Cedar LNG also entered into a series of economic interest rate hedges. These hedges, at a weighted average effective rate of 3.84 percent, fix a minimum of 75 percent of Cedar LNG's senior secured debt instruments. The floating debt is priced at USD Secured Overnight Financing Rate ("SOFR").

PGI

In 2024, PGI leveraged its existing credit facilities to finance the previously announced acquisition of midstream assets from Whitecap Resources Inc. and Veren Inc.

Summarized Financial Information

Financial information for Pembina's equity accounted investees is presented (at 100 percent) in the following tables and is prepared under the financial reporting framework adopted by each equity accounted investee (IFRS except for Alliance, Aux Sable, and Grand Valley which are in accordance with U.S. GAAP). Differences between the equity accounted investee's earnings (loss) and earnings attributable to Pembina relate to the different accounting standards applied and amortization of the excess of the purchase price over the underlying net book value of the investee's assets and liabilities at the purchase date.

For the year ended December 31, 2024 <i>(\$ millions)</i>	PGI	Alliance⁽¹⁾	Aux Sable⁽¹⁾	Cedar LNG	Other⁽³⁾
Earnings and Comprehensive Income					
Revenue	1,676	252	329	—	44
Expenses	(522)	(81)	(238)	(3)	(20)
Depreciation and amortization	(368)	(40)	(13)	—	(14)
Interest expense	(253)	(11)	—	—	(1)
Finance costs and other	(39)	2	—	47	(1)
Income tax expense	(122)	—	—	—	—
Earnings	372	122	78	44	8
Earnings attributable to Pembina	227	42	33	22	4

As at December 31, 2024 <i>(\$ millions)</i>	PGI	Alliance⁽²⁾	Aux Sable⁽²⁾	Cedar LNG	Other⁽³⁾
Statements of Financial Position					
Cash and cash equivalents	—	—	—	79	4
Other current assets	501	—	—	3	5
Non-current assets	13,033	—	—	1,665	86
Current trade, other payables and provisions	210	—	—	7	3
Other current liabilities	47	—	—	—	3
Non-current trade, other payables and provisions	129	—	—	—	—
Other non-current liabilities	6,913	—	—	1,048	22

⁽¹⁾ The accounting for the results of all Alliance, Aux Sable, and NRGreen businesses changed from the equity method of accounting to being fully consolidated and incorporated into Pembina's financial results commencing April 1, 2024. As such, the numbers presented reflect only the results for the three months ended March 31, 2024. Refer to Note 5 for further information.

⁽²⁾ As at December 31, 2024, Pembina holds 100 percent equity ownership in all Alliance, Aux Sable, and NRGreen businesses. Refer to Note 5 for further information.

⁽³⁾ Other includes Pembina's interest in Grand Valley, Fort Corp, and ACG.

For the year ended December 31, 2023 <i>(\$ millions)</i>	PGI	Alliance	Aux Sable	Cedar LNG	Other⁽¹⁾
Earnings and Comprehensive Income					
Revenue	1,584	885	798	—	49
Expenses	(547)	(330)	(919)	(17)	(24)
Depreciation and amortization	(356)	(151)	(49)	—	(15)
Interest expense	(259)	(42)	(1)	—	(1)
Finance costs and other	(8)	7	—	—	(3)
Income tax expense	(67)	(1)	—	—	—
Earnings (loss)	347	368	(171)	(17)	6
Earnings (loss) attributable to Pembina	226	109	(16)	(9)	6

As at December 31, 2023 <i>(\$ millions)</i>	PGI	Alliance	Aux Sable	Cedar LNG	Other⁽¹⁾
Statements of Financial Position					
Cash and cash equivalents	8	74	19	—	17
Other current assets	521	112	85	—	5
Non-current assets	12,342	1,532	696	161	92
Current trade, other payables and provisions	199	51	74	64	10
Other current liabilities	39	79	31	1	3
Non-current trade, other payables and provisions	102	8	—	—	—
Other non-current liabilities	6,032	810	123	—	25

⁽¹⁾ Other includes Pembina's interest in Ruby, CKPC, Grand Valley, Fort Corp, and ACG. Pembina owned a 50 percent convertible, cumulative preferred interest in Ruby which it sold on January 13, 2023. On December 31, 2023, CKPC was dissolved.

PGI Goodwill Impairment Testing

At each reporting date, Pembina determines whether there is objective evidence that its equity accounted investments are impaired. For the period ended December 31, 2024, it was determined that there is no objective evidence indicating that Pembina's equity accounted investments are impaired. Pembina's assessment of whether there is objective evidence the equity accounted investment in PGI is impaired requires significant judgment as it is sensitive to a decrease in PGI's projected cash flows, a decrease in the long-term growth rate, or an increase in the after-tax discount rate; any of which could be objective evidence that Pembina's equity accounted investment in PGI is impaired. Pembina also believes an impairment loss recognized by PGI as a result of its annual goodwill impairment test would provide objective evidence that Pembina's equity accounted investment in PGI is impaired.

PGI performed its annual goodwill impairment test in the third quarter of 2024 calculating the recoverable amount based on the fair value less cost to sell. No impairment loss was recognized.

There is measurement uncertainty associated with PGI's annual impairment test. The key assumptions used by PGI that impact the recoverable amount were the projected cash flows for the remaining useful life of the assets, the after-tax discount rate and the long-term growth rate. The following table provides sensitivities to reasonably possible changes in each estimate that could result in an impairment of PGI's goodwill.

	Actual	Change required for impairment (percent)
Key assumptions used		
Average annual pre-tax cash flow (\$ millions) ⁽¹⁾	1,232	6.0
After-tax discount rate (percent)	7.6	0.6
Long-term growth rate (percent)	1.4	0.7

⁽¹⁾ Average annual forecasted pre-tax cash flows represent 100 percent of PGI's forecasted cash flows.

12. INCOME TAXES

The movements in the components of the deferred tax assets and deferred tax liabilities are as follows:

(\$ millions)	Balance at December 31, 2023	Recognized in Earnings	Recognized in Other Comprehensive Income	Acquisition	Other	Balance at December 31, 2024
Deferred income tax assets						
Derivative financial instruments	(19)	39	5	—	—	25
Share-based payments	39	(3)	—	—	—	36
Provisions	84	9	—	13	—	106
Benefit of loss carryforwards	710	(23)	—	—	—	687
Other deductible temporary differences	70	(66)	—	110	(7)	107
Deferred income tax liabilities						
Property, plant and equipment	2,203	85	—	1,038	—	3,326
Employee benefits	(2)	(3)	7	—	—	2
Intangible assets	262	9	—	(2)	—	269
Investments in equity accounted investees	786	(635)	—	—	—	151
Taxable limited partnership income deferral	(27)	85	—	23	—	81
Total net deferred income tax liabilities⁽¹⁾	2,338	(415)	2	936	7	2,868

(\$ millions)	Balance at December 31, 2022	Recognized in Earnings	Recognized in Other Comprehensive Income (Loss)	Disposition	Other	Balance at December 31, 2023
Deferred income tax assets						
Employee benefits	(2)	1	3	—	—	2
Share-based payments	41	(2)	—	—	—	39
Provisions	64	20	—	—	—	84
Benefit of loss carryforwards	450	260	—	—	—	710
Other deductible temporary differences	118	(39)	—	—	(9)	70
Taxable limited partnership income deferral	(68)	95	—	—	—	27
Deferred income tax liabilities						
Property, plant and equipment	2,029	174	—	—	—	2,203
Intangible assets	262	—	—	—	—	262
Investments in equity accounted investees	535	251	—	—	—	786
Derivative financial instruments	23	(2)	(2)	—	—	19
Total net deferred tax liabilities⁽¹⁾	2,246	88	(5)	—	9	2,338

⁽¹⁾ Comprised of deferred tax liabilities of \$2.9 billion (2023: \$2.6 billion) net of deferred tax assets of nil (2023: \$285 million).

Reconciliation of Effective Tax Rate

For the years ended December 31 (\$ millions, except as noted)	2024	2023
Earnings before income tax	1,720	2,189
Canadian statutory tax rate (percent)	23.8	23.6
Income tax at statutory rate	409	517
Tax rate changes and foreign rate differential	4	(20)
Changes in estimate and other	(32)	(4)
Permanent items	7	3
Unrecognized tax benefit	—	(30)
Income in equity accounted investee	(54)	(53)
Acquisition impact	(488)	—
Income tax (recovery) expense	(154)	413

The decrease in the effective tax rate from 18.9 percent to (9.0) percent is primarily due to the deferred tax liability derecognition as a result of the Acquisition.

Under Pillar Two legislation, Pembina is liable to pay a top-up tax for differences between the Company's Global Anti-Base Erosion effective tax rate and the 15.0 percent minimum tax rate. For jurisdictions where Pembina operates that have enacted the Pillar Two legislation, it was determined that there is no material impact to the Company. Pembina also operates in jurisdictions where Pillar Two regime has not been adopted. For these jurisdictions, Pembina has assessed the exposure to the Pillar Two legislation and foresees no material impact to the Company.

The excessive interest and financing expenses limitation regime has been enacted in Canada as of June 20, 2024. Pembina has assessed this limitation and determined that there are no material impacts to the Company as a result of this legislation.

Income Tax Expense

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Current tax expense	261	325
Deferred tax (recovery) expense		
Origination and reversal of temporary differences	(476)	337
Tax rate changes on deferred tax balances	(1)	8
Decrease (Increase) in tax loss carry forward	62	(257)
Total deferred tax (recovery) expense	(415)	88
Total income tax (recovery) expense	(154)	413

Deferred Tax Items Recovered Directly in Equity

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Preferred share issue costs	(1)	—
Other comprehensive (loss) income <i>(Note 23)</i> :		
Change in fair value of net investment hedges	5	2
Remeasurements of defined benefit liability or asset	(7)	3
Deferred tax items recovered directly in equity	(3)	5

Pembina has temporary differences associated with its investments in subsidiaries. At December 31, 2024, Pembina had not recorded a deferred tax asset or liability for these temporary differences (2023: nil) as Pembina controls the timing of the reversal and it is not probable that the temporary differences will reverse in the foreseeable future.

At December 31, 2024, Pembina had U.S. \$1.7 billion (2023: U.S. \$1.8 billion) of U.S. tax losses that do not expire and \$32 million (2023: \$40 million) of Canadian tax losses that will expire after 2035. Pembina has determined that it is probable that future taxable profits will be sufficient to utilize these losses. The gross amount of deductible temporary differences for which no deferred tax asset is recognized as at December 31, 2024 is \$57 million (2023: \$57 million).

13. TRADE PAYABLES AND OTHER

As at December 31 <i>(\$ millions)</i>	2024	2023
Trade payables	530	555
Other payables & accrued liabilities	646	598
Preferred share liability <i>(Note 17)</i>	26	—
Related party payables <i>(Note 27)</i>	—	1
Total trade payables and other	1,202	1,154

14. LEASES

Lessee Leases

Pembina enters into arrangements to secure access to assets necessary for operating the business. Leased (right-of-use) assets include terminals, rail, buildings, land and other assets. Total cash outflows related to leases were \$110 million for the year ended December 31, 2024 (2023: \$106 million).

Right-of-Use Assets

(\$ millions)	Terminals	Rail	Buildings	Land & Other	Total
Balance at January 1, 2022	176	142	127	73	518
Additions and adjustments	—	39	1	40	80
Depreciation	(18)	(35)	(15)	(7)	(75)
Balance at December 31, 2023	158	146	113	106	523
Additions and adjustments	—	32	—	24	56
Acquisition (Note 5)	12	1	—	15	28
Depreciation	(14)	(35)	(15)	(13)	(77)
Balance at December 31, 2024	156	144	98	132	530

Lessor Leases

Pembina has entered into contracts for the use of its assets that have resulted in lease treatment for accounting purposes. Assets under operating leases include pipelines, terminals and storage assets. See Note 9 for carrying value of property, plant and equipment under operating leases. Assets under finance leases include pipelines, terminals, and storage assets.

Maturity of Lease Receivables

As at December 31 (\$ millions)	2024		2023	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Less than one year	186	30	208	39
One to two years	168	31	180	32
Two to three years	160	31	167	31
Three to four years	145	31	158	31
Four to five years	139	32	147	31
More than five years	450	294	687	326
Total undiscounted lease receipts	1,248	449	1,547	490
Unearned finance income on lease receipts		(241)		(266)
Discounted unguaranteed residual value		21		19
Finance lease receivable		229		243
Less current portion ⁽¹⁾		(6)		(13)
Total non-current		223		230

⁽¹⁾ Included in trade receivables and other on the Consolidated Statement of Financial Position.

15. LONG-TERM DEBT

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

Carrying Value, Terms and Conditions, and Debt Maturity Schedule

(\$ millions)	Authorized at December 31, 2024	Nominal Interest Rate	Year of Maturity	Carrying Value	
				December 31, 2024	December 31, 2023
Variable rate debt					
Senior unsecured credit facilities ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	3,525	5.35 ⁽⁵⁾	Various ⁽¹⁾⁽²⁾	1,148	778
Fixed rate debt					
Senior unsecured medium-term notes series 3	450	4.75	2043	450	450
Senior unsecured medium-term notes series 4	600	4.81	2044	600	600
Senior unsecured medium-term notes series 5	550	3.54	2025	550	550
Senior unsecured medium-term notes series 6	600	4.24	2027	600	600
Senior unsecured medium-term notes series 7	600	3.71	2026	600	600
Senior unsecured medium-term notes series 8	—	2.99	2024	—	650
Senior unsecured medium-term notes series 9	550	4.74	2047	550	550
Senior unsecured medium-term notes series 10	650	4.02	2028	650	650
Senior unsecured medium-term notes series 11	800	4.75	2048	800	800
Senior unsecured medium-term notes series 12	650	3.62	2029	650	650
Senior unsecured medium-term notes series 13	700	4.54	2049	700	700
Senior unsecured medium-term notes series 15	600	3.31	2030	600	600
Senior unsecured medium-term notes series 16	400	4.67	2050	400	400
Senior unsecured medium-term notes series 17	500	3.53	2031	500	500
Senior unsecured medium-term notes series 18	500	4.49	2051	500	500
Senior unsecured medium-term notes series 19	—	5.72	2026	—	300
Senior unsecured medium-term notes series 20	750	5.02	2032	750	—
Senior unsecured medium-term notes series 21	600	5.21	2034	600	—
Senior unsecured medium-term notes series 22	750	5.67	2054	750	—
Senior unsecured medium-term notes series 23	650	5.22	2033	650	—
Total fixed rate loans and borrowings outstanding				10,900	9,100
Deferred financing costs				12	25
Total loans and borrowings				12,060	9,903
Less current portion loans and borrowings				(1,525)	(650)
Total non-current loans and borrowings				10,535	9,253
Subordinated hybrid notes					
Subordinated notes, series 1	600	4.80	2081	596	596

⁽¹⁾ Pembina's unsecured credit facilities include a \$1.5 billion revolving facility that matures in June 2029, a \$1.0 billion sustainability linked revolving facility that matures in June 2027, a U.S. \$250 million non-revolving term loan that matures in May 2025 and a \$50 million operating facility that matures in June 2025, which is typically renewed on an annual basis.

⁽²⁾ Alliance's unsecured credit facilities include a \$270 million term loan, and a U.S. \$240 million term loan, both of which mature in December 2025.

⁽³⁾ Includes U.S. \$250 million variable rate debt outstanding at December 31, 2024 (2023: U.S. \$250 million), with the full notional amount hedged using an interest rate swap at 1.47 percent.

⁽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.

⁽⁵⁾ The nominal interest rate is the weighted average of all drawn credit facilities based on Pembina's credit rating at December 31, 2024. Borrowings under the credit facilities bear interest at prime rates, the Canadian Overnight Repo Rate Average ("CORRA"), or the USD Secured Overnight Financing Rate ("SOFR"), plus applicable margins. The impact of interest rate hedges described in the footnote above are not reflected in this figure.

On January 12, 2024, Pembina closed an offering of \$1.8 billion aggregate principal amount of senior unsecured medium-term notes (the "January MTN Offering"). The January MTN Offering was conducted in three tranches, consisting of the issuance of \$600 million aggregate principal amount of senior unsecured medium-term notes, series 20 (the "Series 20 notes"), having a fixed coupon of 5.02 percent per annum, payable semi-annually and maturing on January 12, 2032; \$600 million aggregate principal amount of senior unsecured medium-term notes, series 21, having a fixed coupon of 5.21 percent per annum, payable semi-annually and maturing on January 12, 2034; and \$600 million aggregate principal amount of senior unsecured medium-term notes, series 22 (the "Series 22 notes"), having a fixed coupon of 5.67 percent per annum, payable semi-annually and maturing on January 12, 2054.

Pembina used a portion of the net proceeds of the January MTN Offering to repay indebtedness of the Company under the Revolving Facility and for general corporate purposes. Pembina used the remaining net proceeds of the January MTN Offering to fund a portion of the purchase price for the Acquisition.

On January 22, 2024, Pembina's \$650 million aggregate principal amount of senior unsecured medium-term notes, series 8, matured and were fully repaid.

On April 18, 2024, Pembina completed an extension on its \$1.5 billion Revolving Facility, which now matures on June 1, 2029, and an extension on its \$50 million operating facility, which now matures on June 1, 2025.

On June 28, 2024, Pembina closed an offering of \$950 million aggregate principal amount of senior unsecured medium-term notes (the "June MTN Offering"). The June MTN Offering was conducted in three tranches, consisting of the issuance of \$650 million aggregate principal amount of senior unsecured medium-term notes, series 23 (the "Series 23 notes") having a fixed coupon of 5.22 percent per annum, payable semi-annually and maturing on June 28, 2033; \$150 million aggregate principal amount issued through a re-opening of the Series 20 notes; and \$150 million aggregate principal amount issued through a re-opening of the Series 22 notes. The net proceeds of the June MTN Offering were used to repay indebtedness of the Company under the Revolving Facility, to fund the partial redemption of the Series 19 notes (as defined below), and for general corporate purposes.

On July 6, 2024, Pembina completed the redemption of \$150 million aggregate principal amount of its outstanding \$300 million aggregate principal amount of senior unsecured medium-term notes, series 19 (the "Series 19 notes") due June 22, 2026 for cash. The Series 19 notes were redeemed at a redemption price of approximately \$1,002 for each \$1,000 principal amount of Series 19 notes, being equal to the outstanding principal amount, plus accrued but unpaid interest up until, but excluding, July 6, 2024. Pembina funded the redemption of the Series 19 notes through a portion of the net proceeds of the June MTN Offering.

On November 17, 2024, Pembina completed the redemption of its remaining outstanding \$150 million aggregate principal amount of the Series 19 notes due June 22, 2026, for cash. The Series 19 notes were redeemed at a redemption price of approximately \$1,023 for each \$1,000 principal amount of Series 19 notes, being equal to the outstanding principal amount, plus accrued but unpaid interest up until, but excluding, November 17, 2024. The redemption was funded through a combination of cash on hand and the use of Pembina's credit facility.

For more information about Pembina's exposure to interest rate, foreign currency and liquidity risk, see Note 24 *Financial Instruments & Risk Management*.

Covenants

Pembina is subject to certain financial covenants under its medium-term note indentures and credit facilities agreements and complies with all financial covenants as of December 31, 2024. Pembina's financial covenants under the indenture governing its medium-term notes and the agreements governing the credit facilities include the following:

Debt	Financial Covenant⁽¹⁾	Ratio
Senior unsecured medium-term notes	Funded Debt to Capitalization	Maximum 0.70 ⁽²⁾
Credit facilities	Debt to Capital	Maximum 0.70 ⁽³⁾

⁽¹⁾ Terms as defined in relevant agreements.

⁽²⁾ Covenant must be met at the reporting date and filed within 90 days after the end of each fiscal year and within 10 business days after filing of the Consolidated Financial Statements.

⁽³⁾ Covenant must be met at the reporting date and filed within 120 days after the end of each fiscal year and 60 days after each quarter.

16. DECOMMISSIONING PROVISION

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission Pembina's pipeline systems, gas processing and fractionation plants, storage and terminalling hubs, including estimated environmental reclamation and remediation costs.

The undiscounted cash flows at the time of decommissioning are calculated using an estimated timing of economic outflows ranging from one to 83 years, with the majority estimated at 50 years. The estimated economic lives of the underlying assets form the basis for determining the timing of economic outflows. Pembina applied credit-adjusted risk-free rates of 4.6 percent to 5.5 percent (2023: 5.0 percent to 5.8 percent) and an inflation rate of 2.3 percent (2023: 2.3 percent).

<i>(\$ millions)</i>	2024	2023
Balance at January 1	342	261
Unwinding of discount rate	20	16
Change in rates	49	65
Acquisition <i>(Note 5)</i>	52	—
Disposition	(17)	—
Change in cost estimates and other	(14)	—
Total	432	342
Current portion of provision ⁽¹⁾	6	6
Balance at December 31	426	336

⁽¹⁾ Included in trade payables and other on the Consolidated Statement of Financial Position.

Pembina collects funds from shippers for future abandonment costs for Canada Energy Regulator ("CER") pipelines. Funds collected from shippers are set aside in trusts and are eligible to be withdrawn for abandonment activities related to the applicable CER pipelines. The funds collected from shippers are reported within revenue and a reimbursement right is recorded within other assets. As at December 31, 2024, Pembina's reimbursement right is valued at \$20 million (2023: \$5 million).

17. SHARE CAPITAL

Pembina is authorized to issue an unlimited number of common shares, without par value, 254,850,850 Class A preferred shares, issuable in series and an unlimited number of Class B preferred shares. The holders of the common shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of Pembina, receive dividends declared and share in the remaining property of Pembina upon distribution of the assets of Pembina among its shareholders for the purpose of winding-up its affairs.

Common Share Capital

<i>(\$ millions, except as noted)</i>	Number of Common Shares (millions)	Common Share Capital
Balance at December 31, 2022	550	15,793
Share-based payment transactions ⁽¹⁾	—	6
Repurchased	(1)	(34)
Balance at December 31, 2023	549	15,765
Issued in connection with subscription receipts conversion, net of issue costs	30	1,230
Share-based payment transactions ⁽¹⁾	2	13
Balance at December 31, 2024	581	17,008

⁽¹⁾ Exercised options are settled by issuing the net number of common shares equivalent to the gain upon exercise.

Share Repurchase Program

On May 13, 2024, the Toronto Stock Exchange ("TSX") accepted the renewal of Pembina's normal course issuer bid (the "NCIB") that allowed the Company to repurchase, at its discretion, up to five percent of the Company's outstanding common shares (representing approximately 29 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. The NCIB commenced on May 16, 2024 and will expire on the earlier of May 15, 2025 and the date on which Pembina has acquired the maximum number of common shares allowable under the NCIB or the date on which Pembina otherwise decides not to make any further repurchases under the NCIB. No common shares were purchased by Pembina during the year ended December 31, 2024. During the year ended December 31, 2023, 1 million common shares were repurchased and cancelled at an average price of \$41.76 per share, for a total cost of \$50 million.

Subscription Receipts

In connection with the Acquisition, on December 19, 2023, Pembina closed its offering of 29.9 million subscription receipts (including 3.9 million subscription receipts issued pursuant to the exercise in full by the underwriters for the offering of the over-allotment option granted to them by Pembina) at a price of \$42.85 per subscription receipt for total gross proceeds of \$1.3 billion (the "Subscription Receipt Offering").

Pursuant to the terms of the subscription receipts, on March 28, 2024, a payment of \$0.6675 per subscription receipt (a "Dividend Equivalent Payment") was made to the holders of subscription receipts of record as of March 15, 2024. The amount of the Dividend Equivalent Payment was equivalent to the dividend paid per common share on the same date to the holders of common shares.

After accounting for the Dividend Equivalent Payment, the underwriter fees, other expenses, and interest income related to the Subscription Receipt Offering, net proceeds were \$1.2 billion. The net proceeds of the Subscription Receipt Offering were received by Pembina on March 27, 2024 and were used to fund a portion of the purchase price of the Acquisition which closed on April 1, 2024. Concurrent with the closing of the Acquisition, each holder of subscription receipts received, automatically and without additional consideration or further action on the part of the holder, one common share of the Company.

Preferred Share Capital

<i>(\$ millions, except as noted)</i>	Number of Preferred Shares <i>(millions)</i>	Preferred Share Capital
Balance at December 31, 2022	93	2,208
Part VI.1 tax	—	(9)
Balance at December 31, 2023	93	2,199
Class A, Series 22 Preferred shares reclassification	—	(26)
Part VI.1 tax	—	(9)
Balance at December 31, 2024	93	2,164

On February 15, 2024, Pembina announced that none of the six million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 3 ("Series 3 Class A Preferred Shares") outstanding were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 4. The annual dividend rate for the Series 3 Class A Preferred Shares for the five-year period from and including March 1, 2024 to, but excluding, March 1, 2029 will be 6.019 percent.

On March 18, 2024, Pembina announced that none of the six million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 17 ("Series 17 Class A Preferred Shares") outstanding were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 18. The annual dividend rate for the Series 17 Class A Preferred Shares for the five-year period from and including March 31, 2024 to, but excluding, March 31, 2029 will be 6.605 percent.

On May 17, 2024, Pembina announced that none of the ten million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 5 ("Series 5 Class A Preferred Shares") outstanding were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 6. The annual dividend rate for the Series 5 Class A Preferred Shares for the five-year period from and including June 1, 2024 to, but excluding, June 1, 2029 will be 6.814 percent.

On November 18, 2024, Pembina announced that none of the ten million Cumulative Redeemable Rate Reset Class A Preferred Shares, Series 7 ("Series 7 Class A Preferred Shares") outstanding were converted into Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 8. The annual dividend rate for the Series 7 Class A Preferred Shares for the five-year period from and including December 1, 2024 to, but excluding, December 1, 2029 will be 5.953 percent.

On December 9, 2024, Pembina announced its intention to redeem its issued and outstanding Cumulative Redeemable Floating Rate Class A Preferred Shares, Series 22 ("Series 22 Class A Preferred Shares") for a redemption price equal to \$25.50 per Series 22 Class A Preferred Share. Subsequent to the end of the year, on January 8, 2025, Pembina redeemed all of the approximately one million issued and outstanding Series 22 Class A Preferred Shares. Accordingly, Pembina recognized a financial liability of approximately \$26 million for the total redemption price of the Series 22 Class A Preferred Shares.

Dividends

The following dividends were declared and paid by Pembina:

For the years ended December 31		
<i>(\$ millions)</i>	2024	2023
Common shares		
\$2.74 per common share (2023: \$2.66)	1,569	1,459
Class A preferred shares		
\$1.63 per Series 1 Class A Preferred Share (2023: \$1.23)	16	12
\$1.41 per Series 3 Class A Preferred Share (2023: \$1.12)	8	7
\$1.42 per Series 5 Class A Preferred Share (2023: \$1.14)	14	11
\$1.10 per Series 7 Class A Preferred Share (2023: \$1.10)	11	11
\$1.08 per Series 9 Class A Preferred Share (2023: \$1.08)	10	10
\$1.54 per Series 15 Class A Preferred Share (2023: \$1.54)	12	12
\$1.54 per Series 17 Class A Preferred Share (2023: \$1.21)	9	7
\$1.17 per Series 19 Class A Preferred Share (2023: \$1.17)	9	9
\$1.58 per Series 21 Class A Preferred Share (2023: \$1.49)	24	23
\$2.04 per Series 22 Class A Preferred Share (2023: \$1.49)	3	2
\$1.62 per Series 25 Class A Preferred Share (2023: \$1.54)	16	16
	132	120

On February 27, 2025, Pembina announced that its Board of Directors had declared a common share cash dividend for the first quarter of 2025 of \$0.69 per share to be paid on March 27, 2025, to shareholders of record on March 17, 2025.

Pembina's Board of Directors also declared quarterly dividends for Pembina's Class A preferred shares on January 8, 2025 as outlined in the following table:

Series	Record Date	Payable Date	Per Share Amount	Dividend Amount (\$ millions)
Series 1	February 3, 2025	March 3, 2025	\$0.407813	4
Series 3	February 3, 2025	March 3, 2025	\$0.376188	2
Series 5	February 3, 2025	March 3, 2025	\$0.425875	4
Series 7	February 3, 2025	March 3, 2025	\$0.372063	4
Series 9	February 3, 2025	March 3, 2025	\$0.268875	2
Series 15	March 17, 2025	March 31, 2025	\$0.385250	3
Series 17	March 17, 2025	March 31, 2025	\$0.412813	2
Series 19	March 17, 2025	March 31, 2025	\$0.292750	2
Series 21	February 3, 2025	March 3, 2025	\$0.393875	6
Series 25	January 31, 2025	February 17, 2025	\$0.405063	4

18. EARNINGS PER COMMON SHARE

Basic Earnings Per Common Share

The calculation of basic earnings per common share at December 31, 2024 was based on the earnings attributable to common shareholders of \$1.7 billion (2023: \$1.6 billion) and a weighted average number of common shares outstanding of 573 million (2023: 550 million).

Diluted Earnings Per Common Share

The calculation of diluted earnings per common share at December 31, 2024 was based on earnings attributable to common shareholders of \$1.7 billion⁽¹⁾ (2023: \$1.6 billion⁽¹⁾), and a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 574 million (2023: 551 million).

Earnings Attributable to Common Shareholders

For the years ended December 31		
<i>(\$ millions)</i>	2024	2023
Earnings attributable to common shareholders	1,864	1,776
Dividends on preferred shares	(143)	(128)
Basic and diluted earnings attributable to common shareholders	1,721	1,648

Weighted Average Number of Common Shares

<i>(In millions of shares, except as noted)</i>		
	2024	2023
Issued common shares at January 1	549	550
Effect of shares repurchased	—	(1)
Effect of shares issued on exercise of options	1	1
Effect of subscription receipt issuance	23	—
Basic weighted average number of common shares at December 31	573	550
Dilutive effect of share options on issue ⁽¹⁾	1	1
Diluted weighted average number of common shares at December 31	574	551
Basic earnings per common share (dollars)	3.00	3.00
Diluted earnings per common share (dollars)	3.00	2.99

⁽¹⁾ The average market value of Pembina's shares for purposes of calculating the dilutive effect of share options for the years ended December 31, 2024 and 2023 was based on quoted market prices for the period during which the options were outstanding.

19. 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

For the years ended December 31	2024					2023				
	Pipelines	Facilities	Marketing & New Ventures	Corporate	Total	Pipelines	Facilities	Marketing & New Ventures	Corporate	Total
(\$ millions)										
Take-or-pay ⁽¹⁾	2,422	209	5	—	2,636	1,816	273	—	—	2,089
Fee-for-service ⁽¹⁾	512	85	138	—	735	490	120	62	—	672
Product sales ⁽²⁾⁽³⁾	2	—	3,569	—	3,571	—	—	2,948	—	2,948
Revenue from contracts with customers	2,936	294	3,712	—	6,942	2,306	393	3,010	—	5,709
Realized gain from derivative instruments	—	—	241	—	241	—	—	315	—	315
Unrealized loss from derivative instruments	—	—	(170)	—	(170)	—	—	(32)	—	(32)
Revenue from risk management and physical derivative contracts⁽³⁾	—	—	71	—	71	—	—	283	—	283
Lease income	223	40	4	—	267	225	39	—	—	264
Shared service revenue ⁽⁴⁾ and other	26	24	9	45	104	11	17	—	47	75
Total external revenue	3,185	358	3,796	45	7,384	2,542	449	3,293	47	6,331

⁽¹⁾ Revenue recognized over time.

⁽²⁾ Revenue recognized at a point in time.

⁽³⁾ Comparative 2023 period has been adjusted. See Note 4 *Changes in Accounting Policies*.

⁽⁴⁾ Includes \$58 million of fixed fee income (2023: \$63 million) related to shared service agreements with joint ventures.

b. Contract Liabilities

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

For the years ended December 31	2024			2023		
	Take-or-Pay	Other Contract Liabilities	Total Contract Liabilities	Take-or-Pay	Other Contract Liabilities	Total Contract Liabilities
(\$ millions)						
Opening balance	1	158	159	3	191	194
Additions (net in the period)	—	49	49	(2)	21	19
Acquisition	—	144	144	—	—	—
Revenue recognized from contract liabilities ⁽¹⁾	—	(44)	(44)	—	(54)	(54)
Disposition	—	(10)	(10)	—	—	—
Closing balance	1	297	298	1	158	159
Less current portion ⁽²⁾	(1)	(42)	(43)	(1)	(32)	(33)
Ending balance	—	255	255	—	126	126

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

⁽²⁾ Represents 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, gas processing, terminalling, 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 totaling \$17.9 billion (2023: \$11.7 billion). Over the next five years, these remaining performance obligations will be recognized annually ranging from \$2.3 billion (2023: \$1.7 billion) declining to \$1.5 billion (2023: \$1.0 billion). Subsequently, up to 2049 (2023: 2047), Pembina will recognize \$1.3 billion (2023: \$955 million) declining to \$563 million (2023: \$3 million) per year.

In preparing the above figures, Pembina has taken the practical expedient to exclude contracts that have original expected durations of one year or less. Variable consideration relating to flow through costs are not included in the amounts presented. These flow through costs do not impact net income or cash flow, and due to the long-term nature of the contracts there is significant uncertainty in estimating these amounts. In addition, Pembina excludes contracted revenue amounts for assets not yet in-service unless both Board of Directors approval and regulatory approval for the asset has been obtained.

20. NET FINANCE COSTS

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Interest expense on financial liabilities measured at amortized cost:		
Loans and borrowings	514	395
Subordinated hybrid notes	29	29
Leases	32	30
Interest income	(46)	(7)
Unwinding of discount rate	20	16
Gain in fair value of non-commodity-related derivative financial instruments	—	(19)
Foreign exchange losses and other	12	22
Net finance costs	561	466

Net interest paid of \$528 million (2023: \$462 million) includes interest paid during construction and capitalized of \$26 million (2023: \$15 million).

21. PENSION PLAN

As at December 31 <i>(\$ millions)</i>	2024	2023
Registered defined benefit net asset	(23)	(5)
Supplemental defined benefit net obligation	15	14
Net employee benefit (assets) obligations	(8)	9

Pembina maintains defined contribution plans and non-contributory defined benefit pension plans covering its employees. Pembina contributes five to 10 percent of an employee's salary to the defined contribution plan, until the employee's age plus years of service equals 50, at which time they become eligible for the defined benefit plans. Pembina has ended eligibility for new entrants to the defined benefit plan as of January 1, 2021. Pembina recognized \$16 million in expense for the defined contribution plan during the year (2023: \$14 million). The defined benefit plans include a funded registered plan for all eligible employees and an unfunded supplemental retirement plan for those employees affected by the Canada Revenue Agency maximum pension limits. The defined benefit plans are administered by separate pension funds that are legally separated from Pembina. Benefits under the plans are based on the length of service and the annual average best three years of earnings during the last 10 years of service of the employee. Benefits paid out of the plans are not indexed. Pembina measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial funding valuation was at December 31, 2022. The defined benefit plans expose Pembina to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Defined Benefit Obligations

As at December 31 (\$ millions)	2024		2023	
	Registered Plans	Supplemental Plan	Registered Plan	Supplemental Plan
Present value of unfunded obligations	—	15	—	14
Present value of funded obligations	269	—	250	—
Total present value of obligations	269	15	250	14
Fair value of plan assets	292	—	255	—
Recognized defined benefit assets (obligations)	23	(15)	5	(14)

Pembina funds the defined benefit obligation plans in accordance with government regulations by contributing to trust funds administered by an independent trustee. The funds are invested primarily in equities and bonds. Defined benefit plan contributions totaled \$18 million for the year ended December 31, 2024 (2023: \$17 million).

Pembina has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements of the plans, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at December 31, 2024 (2023: nil).

Registered Defined Benefit Pension Plan Assets Comprise

As at December 31 (Percent)	2024	2023
Equity securities	61	59
Debt	34	35
Other	5	6
	100	100

Movement in the Present Value of the Defined Benefit Pension Obligation

(\$ millions)	2024		2023	
	Registered Plans	Supplemental Plan	Registered Plan	Supplemental Plan
Defined benefits obligations at January 1	250	14	207	11
Benefits paid by the plan	(15)	(1)	(11)	(1)
Current service costs	28	1	18	1
Interest expense	11	1	11	1
Actuarial (gains) losses in other comprehensive income	(5)	—	25	2
Defined benefit obligations at December 31	269	15	250	14

Movement in the Present Value of Registered Defined Benefit Pension Plan Assets

(\$ millions)	2024	2023
Fair value of plan assets at January 1	255	224
Contributions paid into the plan	18	17
Benefits paid by the plan	(15)	(11)
Return on plan assets	22	13
Interest income	12	12
Fair value of registered plan assets at December 31	292	255

Expense Recognition in Earnings

For the years ended December 31 (<i>\$ millions</i>)	2024	2023
Registered Plan		
Current service costs	29	19
Interest on obligation	11	11
Interest on plan assets	(12)	(12)
	28	18

The expense is recognized in the following line items in the Consolidated Statement of Comprehensive Income:

For the years ended December 31 (<i>\$ millions</i>)	2024	2023
Registered Plan		
Operating expenses	15	8
General and administrative expense	13	10
	28	18

Expense recognized for the Supplemental Plan was less than \$2 million for each of the years ended December 31, 2024 and 2023.

Actuarial Gains and Losses Recognized in Other Comprehensive Income

<i>(\$ millions)</i>	2024			2023		
	Registered Plans	Supplemental Plan	Total	Registered Plan	Supplemental Plan	Total
Balance at January 1	(8)	1	(7)	1	3	4
Remeasurements:						
Financial assumptions	2	—	2	(16)	(1)	(17)
Experience adjustments	2	—	2	(3)	(1)	(4)
Return on plan assets excluding interest income	17	—	17	10	—	10
Recognized gain (loss) during the period after tax	21	—	21	(9)	(2)	(11)
Balance at December 31	13	1	14	(8)	1	(7)

Principal actuarial assumptions used:

As at December 31 (<i>weighted average percent</i>)	2024	2023
Discount rate	4.7	4.6
Future pension earning increases	4.0	4.0

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevity assumptions underlying the values of the liabilities in the defined plans are as follows:

As at December 31 (<i>years</i>)	2024	2023
Longevity at age 65 for current pensioners		
Males	22.1	22.1
Females	24.4	24.4
Longevity at age 65 for current member aged 45		
Males	23.0	23.0
Females	25.4	25.4

The calculation of the defined benefit obligation is sensitive to the discount rate, compensation increases, retirements and termination rates as set out above. A change in the estimated discount rate of 4.7 percent by 100 basis points at December 31, 2024 is considered reasonably possible in the next financial year. An increase by 100 basis points would result in a \$31 million reduction to the obligation whereas, a decrease would lead to a \$38 million increase to the obligation.

Pembina expects to contribute \$20 million to the defined benefit plans in 2025.

22. SHARE-BASED PAYMENTS

At December 31, 2024, Pembina has the following share-based payment arrangements:

Share Option Plan (Equity-Settled)

Pembina has a share option plan under which employees are eligible to receive options to purchase shares in Pembina.

Long-Term Share Unit Award Incentive Plan (Cash-Settled)

Pembina has a long-term share unit award incentive plan. Under the share-based compensation plan, awards of restricted ("RSU") and performance ("PSU") share units are made to officers and employees. The plan results in participants receiving cash compensation based on the value of the underlying notional shares granted under the plan. Payments are based on the trading value of Pembina's common shares plus notional dividends and performance of Pembina.

Pembina also has a deferred share unit ("DSU") plan. Under the DSU plan, directors are required to take at least 50 percent of total director compensation as DSUs, until such time that they have met certain share ownership guidelines. A DSU is a notional share that has the same value as one Pembina common share. Its value changes with Pembina's share price. DSUs do not have voting rights but they accrue dividends as additional DSU units, at the same rate as dividends paid on Pembina's common shares. DSUs are paid out when a director retires from the board and are redeemed for cash using the weighted average trading price of common shares on the Toronto Stock Exchange ("TSX") for the last five trading days before the redemption date, multiplied by the number of DSUs the director holds.

Terms and Conditions of Share Option Plan and Share Unit Award Incentive Plan

Share Option Plan

Share options vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date and have a contractual life of seven years. In 2021, Pembina granted select executive officers and non-officers stock options that vest after a four-year period and expire seven years after issuance.

Long-Term Share Unit Award Incentive Plan⁽¹⁾

Grant date RSUs, PSUs and DSUs to Officers, Employees and Directors (thousands of units)	PSUs ⁽²⁾	RSUs ⁽²⁾	DSUs	Total
2023	626	1,217	34	1,877
2024	780	1,359	32	2,171

⁽¹⁾ Distribution units are granted in addition to RSU and PSU grants based on notional accrued dividends.

⁽²⁾ Contractual life of 3 years.

PSUs vest on the third anniversary of the grant date. RSUs vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. Actual units awarded are based on the trading value of the shares and performance of Pembina.

Disclosure of Share Option Plan

The number and weighted average exercise prices of share options is as follows:

<i>(thousands of options, except as noted)</i>	Number of Options	Weighted Average Exercise Price (dollars)
Balance at December 31, 2022	12,085	\$41.56
Granted	577	\$45.37
Exercised ⁽¹⁾	(1,412)	\$36.24
Forfeited	(181)	\$39.85
Expired	(387)	\$44.80
Balance at December 31, 2023	10,682	\$42.38
Granted	165	\$50.46
Exercised ⁽¹⁾	(6,519)	\$42.90
Forfeited	(37)	\$46.02
Expired	(119)	\$44.80
Balance at December 31, 2024	4,172	\$41.78

⁽¹⁾ Exercise represents the net number of common shares equivalent to the employee's gain upon exercise.

As of December 31, 2024, the following options are outstanding:

<i>(thousands of options, except as noted)</i> Exercise Price (dollars)	Options Outstanding at December 31, 2024	Options Exercisable	Weighted Average Remaining Life (years)
\$26.83 – \$37.03	563	563	3
\$37.04 – \$37.50	1,200	—	3
\$37.51 – \$45.50	973	781	3
\$45.51 – \$47.71	726	382	4
\$47.72 – \$50.46	710	546	3
Total	4,172	2,272	3

Options are exercised regularly throughout the year. Therefore, the weighted average share price during the year of \$51.47 (2023: \$44.68) is representative of the weighted average share price at the date of exercise.

Expected volatility is estimated by considering historic average share price volatility. The weighted average inputs used in the measurement of the fair values at grant date of share options are the following:

Share Options Granted

For the years ended December 31 <i>(dollars, except as noted)</i>	2024	2023
Weighted average		
Fair value at grant date	6.96	8.96
Expected volatility (percent)	25.1	35.7
Expected option life (years)	3.67	3.67
Expected annual dividends per option	2.74	2.66
Expected forfeitures (percent)	7.2	7.4
Risk-free interest rate (based on government bonds) (percent)	3.9	3.9

Disclosure of Long-Term Share Unit Award Incentive Plan

The long-term share unit award incentive plans were valued using the volume weighted average price for the 20 days ending December 31, 2024 of \$54.05 (2023: \$45.13). Actual payment may differ from the amount valued based on market price and company performance.

Employee Expenses

For the years ended December 31		
(\$ millions)	2024	2023
Share option plan, equity settled	3	5
Long-term share unit award incentive plan	81	67
Share-based compensation expense	84	72
Total carrying amount of liabilities for cash settled arrangements	158	163
Total intrinsic value of liability for vested benefits	105	108

23. ACCUMULATED OTHER COMPREHENSIVE INCOME

(\$ millions)	Currency Translation Reserve	Cash Flow Hedge Reserve	Pension and other Post-Retirement Benefit Plan Adjustments ⁽²⁾	Total
Balance at December 31, 2022	307	31	3	341
Other comprehensive loss before hedging activities	(106)	—	(11)	(117)
Other comprehensive gain (loss) resulting from hedging activities ⁽¹⁾	10	(13)	—	(3)
Balance at December 31, 2023	211	18	(8)	221
Other comprehensive gain before hedging activities	436	—	21	457
Other comprehensive loss resulting from hedging activities ⁽¹⁾	(27)	(10)	—	(37)
Balance at December 31, 2024	620	8	13	641

⁽¹⁾ Amounts relate to hedges of the Company's net investment in foreign operations (reported in Currency Translation Reserve) and interest rate forward swaps (reported in Cash Flow Hedge Reserve) (Note 24). At December 31, 2024, the other comprehensive loss resulting from hedging activities for interest rate forward swaps includes a realized gain of \$17 million that was reclassified to net finance costs (2023: \$16 million realized gain).

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

24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Risk Management Overview

Pembina has exposure to counterparty credit risk, liquidity risk, and market risk. Pembina recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value.

Risk management strategies, policies, and limits ensure risks and exposures are aligned to Pembina's business strategy and risk tolerance. Pembina's Board of Directors is responsible for providing risk management oversight and oversees how management monitors compliance with the organization's risk management policies and procedures. In addition, the Board of Directors reviews the adequacy of this risk framework in relation to the risks faced by Pembina. Internal audit personnel assist the Board of Directors in its oversight role by monitoring and evaluating the effectiveness of the organization's risk management system.

Counterparty Credit Risk

Counterparty credit risk represents the financial loss Pembina may experience if a counterparty to a financial instrument or commercial agreement fails to meet its contractual obligations to Pembina in accordance with the terms and conditions of such instruments or agreements with Pembina. Counterparty credit risk arises primarily from Pembina's short-term investments, trade and other receivables, advances to related parties and from counterparties to its derivative financial instruments.

Pembina manages counterparty credit risk through established credit management techniques. These techniques include conducting comprehensive financial and other assessments for new high exposure counterparties, regular reviews of existing counterparties to monitor a counterparty's creditworthiness, setting exposure limits, monitoring exposures against these limits, entering into master netting arrangements, and obtaining financial assurances where warranted. Pembina utilizes various sources of financial, credit and business information in assessing the creditworthiness of a counterparty. This information includes external credit ratings, where available, and in other cases, detailed financial statement analysis in order to generate an internal credit rating based on quantitative and qualitative factors. The Board of Directors has approved a counterparty exposure limit matrix which establishes the maximum exposure that can be approved for a counterparty based on debt rating. Pembina continues to closely monitor and reassess the creditworthiness of its counterparties, which has resulted in Pembina reducing or mitigating its exposure to certain counterparties where it was deemed warranted and permitted under contractual terms.

Financial assurances from counterparties may include guarantees, letters of credit and cash. As at December 31, 2024, letters of credit totaling approximately \$276 million (2023: \$124 million) were held primarily in respect of customer trade receivables.

Pembina typically has collected its trade receivables in full and at December 31, 2024, 99 percent were current (2023: 98 percent). Management defines current as outstanding accounts receivable under 30 days past due. Pembina has a general lien and a continuing and first priority security interest in, and a secured charge on, all of a shipper's petroleum products in its custody.

At December 31, the aging of past due trade and other receivables was as follows:

<i>(\$ millions)</i>	2024	2023
31-60 days past due	1	2
Greater than 61 days past due	2	3
	3	5

Pembina uses a loss allowance matrix to measure lifetime expected credit losses at initial recognition and throughout the life of the receivable. The loss allowance matrix is determined based on Pembina's historical default rates over the expected life of trade receivables, adjusted for forward-looking estimates. Management believes the unimpaired amounts that are past due by greater than 30 days are fully collectible based on historical default rates of customers and management's assessment of counterparty credit risk through established credit management techniques as discussed above.

Expected credit losses on trade and other receivables related to leases are determined using a probability-weighted estimate of credit losses, measured as the present value of all expected cash shortfalls, discounted at the interest rates implicit in the leases, using reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. Pembina considers the risk of default relating to lease receivables low based on Pembina's assessment of individual counterparty credit risk through established credit management techniques as discussed above.

Pembina monitors and manages its concentration of counterparty credit risk on an ongoing basis. Pembina believes these measures minimize its counterparty credit risk, but there is no certainty that they will protect it against all material losses. As part of its ongoing operations, Pembina must balance its market and counterparty credit risks when making business decisions.

Liquidity Risk

Liquidity risk is the risk Pembina will not be able to meet its financial obligations as they come due. The following are the contractual maturities of financial liabilities, including estimated interest payments.

As at December 31, 2024 (\$ millions)	Carrying Amount	Expected Cash Flows	Outstanding Balances Due by Period			
			Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Trade payables and other	1,202	1,202	1,202	—	—	—
Loans and borrowings	12,060	18,882	1,994	2,090	2,249	12,549
Subordinated hybrid notes	596	776	29	58	58	631
Derivative financial liabilities	159	159	49	20	16	74
Lease liabilities	665	867	113	201	160	393

Pembina manages its liquidity risk by forecasting cash flows over a 12-month rolling time period to identify financing requirements. These financing requirements are then addressed through a combination of credit facilities and through access to capital markets, if required.

Market Risk

Pembina's results are subject to movements in commodity prices, foreign exchange, and interest rates. A formal Risk Management Program, which includes policies and procedures, has been designed to mitigate these risks.

a. Commodity Price Risk

Certain of the transportation contracts or tolling arrangements with respect to Pembina's pipeline assets do not include take-or-pay commitments from crude oil and natural gas producers and, as a result, Pembina is exposed to volume risk with respect to those assets. A decrease in volumes transported can directly and adversely affect Pembina's revenues and earnings. The demand for, and utilization of, Pembina's pipeline assets may be impacted by factors such as changing market fundamentals, capacity bottlenecks, operational incidents, regulatory restrictions, system maintenance, weather and increased competition. Market fundamentals, such as commodity prices and price differentials, natural gas and gasoline consumption, alternative energy sources and global supply disruptions outside of Pembina's control can impact both the supply of and demand for the commodities transported on Pembina's pipelines, which can, in turn, impact the demand for, and utilization of, Pembina's pipeline assets.

Pembina's Marketing business includes activities related to product storage, terminalling, and hub services. These activities expose Pembina to certain risks relating to fluctuations in commodity prices and, as a result, Pembina may experience volatility in revenue and impairments related to the book value of stored product with respect to these activities. Primarily, Pembina enters into contracts to purchase and sell crude oil, condensate, NGL, power and natural gas at floating market prices. As a result, the prices of products that are marketed by Pembina are subject to volatility due to factors such as seasonal demand changes, extreme weather conditions, market inventory levels, general economic conditions, changes in global markets and other factors. Pembina manages its risk exposure by balancing purchases and sales to secure less volatile margins. Notwithstanding Pembina's management of price and quality risk, marketing margins for commodities can vary and have varied significantly from period to period in the past. This variability could have an adverse effect on the results of Pembina's Marketing business and its overall results of operations. To assist in reducing this inherent variability in its Marketing business, Pembina has invested, and will continue to invest, in assets that have a fee-based revenue component.

Pembina is also exposed to potential price declines and decreasing frac spreads between the time Pembina purchases NGL feedstock and sells NGL products. Frac spread is the difference between the revenue from the sale of NGL if removed from a gas stream and the value such NGL would have had if left in the gas stream and sold at natural gas prices. Frac spreads can change significantly from period to period depending on the relationship between NGL and natural gas prices (the "frac spread ratio"), absolute commodity prices, transport differentials and changes in the Canadian to U.S. dollar exchange rate. In addition to the frac spread ratio changes, there is also a differential between NGL product prices and crude oil prices which can change margins realized for midstream products. The amount of profit or loss made on the extraction portion of the business will generally increase or decrease with frac spreads. This exposure could result in variability of cash flow generated by the Marketing business.

Pembina utilizes financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, interest rate, cost of power, and foreign exchange risk. As an example of commodity price mitigation, Pembina actively fixes a portion of its exposure to frac spread margins through the use of derivative financial instruments. 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 Marketing business is exposed to variability in quality, time and location differentials for various products, and financial instruments may be used to offset Pembina's exposures to these differentials.

The following table shows the impact on earnings if the underlying forward commodity prices of the derivative financial instruments increased or decreased by 15 percent, with other variables held constant.

As at December 31, 2024 <i>(\$ millions)</i>	15 Percent Price Increase	15 Percent Price Decrease
Crude oil ⁽¹⁾	(12)	12
Natural gas	12	(12)
NGL ⁽²⁾	(46)	46

⁽¹⁾ Includes condensate.

⁽²⁾ Includes propane and butane.

b. Foreign Exchange Risk

Certain of Pembina's cash flows, namely a portion of its commodity-related cash flows, certain cash flows from U.S.-based infrastructure assets and distributions from U.S.-based investments in equity accounted investees, are subject to currency risk, arising from the denomination of specific cash flows in U.S. dollars. Additionally, a portion of Pembina's capital expenditures and contributions or loans to Pembina's U.S.-based investments in equity accounted investees, may be denominated in U.S. dollars. Furthermore, the value of the investment in U.S. dollar denominated subsidiaries will fluctuate with changes in exchange rates when translated into Pembina's functional currency.

Pembina monitors, assesses and responds to these foreign currency risks using an active risk management program, which may include the issuance of U.S. dollar debt, and exchange of foreign currency for domestic currency at a fixed rate.

The following table shows the impact on earnings⁽¹⁾ if the underlying foreign exchange risk rate of the derivative financial instruments increased or decreased by \$0.10, with other variables held constant.

As at December 31, 2024 <i>(\$ millions)</i>	\$0.10 Rate Increase	\$0.10 Rate Decrease
U.S. to Canadian dollars	(22)	22

⁽¹⁾ Based on the U.S. to Canadian dollar exchange rate.

c. Interest Rate Risk

Interest bearing financial liabilities include Pembina's debt and lease liabilities. Pembina has floating interest rate debt in the form of its Credit Facilities, which subjects Pembina to interest rate risk. Pembina monitors and assesses variable interest rate risk and responds to this risk by issuing long-term debt with fixed interest rates or by entering into interest rate swaps.

Pembina's U.S. drawings on its Credit Facilities and Pembina's interest rate swaps have variable rate components that reference the U.S. SOFR. Pembina's Canadian dollar drawings on its Credit Facilities have variable rate components that reference the CORRA.

At the reporting date, the interest rate profile of Pembina's interest-bearing financial instruments was:

As at December 31 <i>(\$ millions)</i>	2024	2023
Carrying amounts of financial liability		
Fixed rate instruments ⁽¹⁾	12,173	10,365
Variable rate instruments ⁽²⁾	1,148	778
	13,321	11,143

⁽¹⁾ Includes lease liabilities and subordinated hybrid notes.

⁽²⁾ Includes financial derivative contracts designated as cash flow hedging instruments, fixing the interest rates on U.S. \$250 million of variable rate debt as at December 31, 2024 (2023: U.S. \$250 million).

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The following table shows the impact on earnings if interest rates at the reporting date would have increased or decreased by 100 basis points, with other variables held constant.

As at December 31, 2024 <i>(\$ millions)</i>	100 Basis Point Increase	100 Basis Point Decrease
Variable rate instruments	(8)	8

Fair Values

The fair value of financial instruments utilizes a variety of valuation inputs. When measuring fair value, Pembina uses observable market data to the greatest extent possible. Depending on the nature of these valuation inputs, financial instruments are categorized as follows:

a. Level 1

Level 1 fair values are based on inputs that are unadjusted observable quoted prices from active markets for identical assets or liabilities as at the measurement date.

b. Level 2

Level 2 fair values are based on inputs, other than quoted market prices included in Level 1, that are either directly or indirectly observable. Level 2 fair value inputs include quoted forward market prices, time value, and broker quotes that are observable for the duration of the financial instrument's contractual term. These inputs are often adjusted for factors specific to the asset or liability, such as, location differentials and credit risk.

Financial instruments that utilize Level 2 fair valuation inputs, include derivatives arising from physical commodity forward contracts, commodity swaps and options, and forward interest rate and foreign-exchange swaps. In addition, Pembina's loans and borrowings utilize Level 2 fair valuation inputs, whereby the valuation technique is based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

c. Level 3

Level 3 fair values utilize inputs that are not based on observable market data. Rather, various valuation techniques are used to develop inputs.

Financial instruments that utilize Level 3 fair valuation inputs include embedded derivative instruments arising from long-term power purchase agreements. The fair value of long-term power purchase agreements is measured using a pricing and cash flow model that accounts for forward power prices, renewable wind power pricing discounts and differentials, and inflationary metrics. The rate used to discount the respective estimated cash flows is a government risk-free interest rate that is adjusted for an appropriate credit spread. The fair valuation of the embedded derivative instruments is judged to be a significant management estimate. These assumptions and inputs are susceptible to change and may differ from actual future developments. This estimation uncertainty could materially impact the quantified fair value; and therefore, the gains and losses on commodity-related derivative financial instruments.

As at December 31, 2024, a ten percent increase or decrease of wind power pricing discounts and forward power prices would increase or decrease earnings by \$53 million (2023: \$80 million) due to the resulting unrealized mark-to-market adjustment.

The carrying values of financial assets and liabilities in relation to their respective fair values, together with their appropriate fair value categorization are illustrated in the table below. Certain other non-derivative financial instruments measured at amortized cost, including cash and cash equivalents, trade receivables and other, trade payables and other, and other liabilities have been excluded since their carrying values are judged to approximate their fair values due to their nature and short maturity. These instruments would be categorized as Level 2 in the fair value hierarchy.

As at December 31 (\$ millions)	2024				2023			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets carried at fair value								
Derivative financial instruments ⁽¹⁾	13	—	13	—	80	—	51	29
Financial liabilities carried at fair value								
Derivative financial instruments ⁽¹⁾	159	—	42	117	40	—	26	14
Contingent consideration ⁽²⁾	—	—	—	—	39	—	—	39
Financial liabilities carried at amortized cost								
Long-term debt ⁽³⁾	12,656	—	12,649	—	10,499	—	9,989	—

⁽¹⁾ At December 31, 2024, all derivative financial instruments are carried at fair value through earnings, except for \$5 million in interest rate derivative financial assets that have been designated as cash flow hedges (2023: \$18 million).

⁽²⁾ Under the terms of the agreements on Pembina's investment in the Cedar LNG Project, Pembina had committed to make additional payments on a positive FID. Following the positive FID outcome in June 2024, the consideration payable is no longer contingent in nature.

⁽³⁾ Carrying value of current and non-current balances. Includes loans and borrowings and subordinated hybrid notes.

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

For the year ended December 31 (\$ millions)	2024	2023
Level 3 derivative net asset at January 1	15	30
Loss included in revenue from risk management and physical derivative contracts	(132)	(15)
Level 3 derivative net (liability) asset at December 31	(117)	15

There were no transfers into or out of Level 3 during the year ended December 31, 2024.

Hedge Accounting

a. 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. This hedging activity is in aid of Pembina's risk management strategy for foreign exchange risk. The designated debt has been assessed as having no ineffectiveness as the U.S. dollar denominated debt has an equal and opposite exposure to U.S. dollar fluctuations. The designated debt is recorded in loans and borrowings on the Consolidated Statements of Financial Position and all related gains and losses are recorded directly in other comprehensive income.

The details of the U.S. dollar denominated debt are as follows:

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Notional amount of U.S. debt designated <i>(in U.S. dollars)</i>	250	250
Carrying value of U.S. debt designated	360	330
Maturity date	2025	2025

b. Cash Flow Hedges

Pembina has designated interest rate forward swaps as hedging instruments to manage interest rate risk exposure related to Credit Facilities. The designated interest rate forward swaps are recorded in derivative financial instruments on the Consolidated Statements of Financial Position and all related gains or losses are recorded directly in other comprehensive income, with realized gains or losses reclassified to net finance costs.

The details of the interest rate forward swap derivative instruments are as follows:

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Notional amount of interest rate forward swaps	360	331
Carrying value of interest rate forward swaps	5	18
Maturity date	2025	2025

Gains and Losses from Derivative Instruments

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Derivative instruments held at fair value through earnings		
Realized (gain) loss		
Commodity-related gain recorded in revenue from risk management and physical derivative contracts ⁽¹⁾	(241)	(315)
Foreign exchange loss recorded in net finance costs	—	15
Unrealized loss (gain)		
Commodity-related loss recorded in revenue from risk management and physical derivative contracts ⁽¹⁾	170	32
Foreign exchange gain recorded in net finance costs	—	(18)
Derivative instruments in hedging relationships		
Interest rate loss recorded in other comprehensive income ⁽²⁾	10	13

⁽¹⁾ Comparative 2023 period has been adjusted. See Note 4 *Changes in Accounting Policies*.

⁽²⁾ Unrealized losses or gains for designated cash flow hedges are recognized in impact of hedging activities in the Consolidated Statements of Earnings and Comprehensive Income, with realized losses or gains being reclassified to net finance costs. As at December 31, 2024 the movement in other comprehensive income includes a realized gain of \$17 million (2023: \$16 million realized gain). No losses or gains have been recognized in net income relating to discontinued cash flow hedges.

25. CAPITAL MANAGEMENT

Pembina's objective when managing capital is to ensure a strong financial position and a stable stream of dividends to shareholders that is sustainable over the long-term. Pembina manages its capital structure based on requirements arising from significant capital development activities, the risk characteristics of its underlying asset base and changes in economic conditions. Pembina manages its capital structure and short-term financing requirements using non-GAAP measures, including the ratios of debt to adjusted EBITDA, debt to total enterprise value, adjusted cash flow to debt, debt to equity, and rating agency metrics such as funds from operations to debt. The metrics are used to measure Pembina's financial leverage and measure the strength of Pembina's balance sheet. Pembina remains satisfied that the leverage currently employed in its capital structure is appropriate given the characteristics and operations of the underlying asset base.

Pembina maintains a conservative capital structure that allows it to finance its day-to-day cash requirements through its operations, without requiring external sources of capital. Pembina funds its operating commitments, short-term capital spending as well as its dividends to shareholders through this cash flow, while new borrowing and equity issuances are primarily reserved for the support of specific significant development activities. The capital structure of Pembina consists of shareholder's equity, comprised of common and preferred equity, and long-term debt. Long-term debt is comprised of bank credit facilities, unsecured notes, and subordinated hybrid notes.

Note 17 of these financial statements shows the change in share capital for the year ended December 31, 2024.

26. GROUP ENTITIES

Significant Subsidiaries

As at December 31 (percentages)	Jurisdiction	Ownership Interest	
		2024	2023
Pembina Pipeline	Alberta	100	100
Pembina Empress NGL Partnership	Alberta	100	100
Pembina Holding Canada L.P.	Alberta	100	100
Pembina Infrastructure and Logistics L.P.	Alberta	100	100
Pembina Midstream Limited Partnership	Alberta	100	100
Pembina Oil Sands Pipeline L.P.	Alberta	100	100
Pembina West Limited Partnership	Alberta	100	100
Alliance Pipeline Limited Partnership	Alberta	100	50
Alliance Pipeline L.P.	Delaware U.S.	100	50
Pembina Cochin LLC	Delaware U.S.	100	100

27. RELATED PARTIES

Pembina enters into transactions with related parties in the normal course of business and all transactions are measured at their exchange amount, unless otherwise noted. Pembina provides management and operational oversight services, on a fixed fee and cost recovery basis, to certain equity accounted investees. Pembina also contracts for services and capacity from certain of its equity accounted investees, advances funds to support operations and provides letters of credit, including financial guarantees.

A summary of the significant related party transactions and balances are as follows:

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Services provided ⁽¹⁾		
PGI	242	272
Aux Sable ⁽²⁾	32	132
Alliance ⁽²⁾	4	15
Cedar LNG	26	12
Other ⁽³⁾	2	2
Total services provided	306	433
Services received		
PGI	8	12
Alliance ⁽²⁾	3	12
Total services received	11	24
As at December 31 <i>(\$ millions)</i>	2024	2023
Trade receivables and other ⁽⁴⁾	37	36
Trade payables and other	—	1

⁽¹⁾ Services provided by Pembina include payments made by Pembina on behalf of related parties.

⁽²⁾ Prior to the Acquisition, Pembina held a joint control equity interest in Aux Sable and Alliance. As of April 1, 2024, following the completion of the Acquisition, Alliance and Aux Sable became consolidated subsidiaries of Pembina and, as such, are no longer related parties. Refer to Note 5 for more information.

⁽³⁾ Other includes transactions with Grand Valley and ACG.

⁽⁴⁾ As at December 31, 2024, trade receivables and other includes \$34 million due from PGI (2023: \$33 million), and \$2 million due from Cedar LNG (2023: \$2 million).

Key Management Personnel and Director Compensation

Key management consists of Pembina's directors and certain key officers.

Compensation

In addition to short-term employee benefits, including salaries, director fees and short-term incentives, Pembina also provides key management personnel with share-based compensation, contributes to post employment pension plans and provides car allowances, parking and business club memberships.

Key management personnel compensation comprised:

For the years ended December 31 <i>(\$ millions)</i>	2024	2023
Short-term employee benefits	11	16
Share-based compensation and other ⁽¹⁾	13	13
Total compensation of key management	24	29

⁽¹⁾ Includes termination benefits.

Transactions

Key management personnel and directors of Pembina control less than one percent of the voting common shares of Pembina (consistent with the prior year). Certain directors and key management personnel also hold Pembina preferred shares. Dividend payments received for the common and preferred shares held are commensurate with other non-related holders of those instruments.

Certain officers are subject to employment agreements in the event of termination without just cause or change of control.

Post-Employment Benefit Plans

Pembina has significant influence over the pension plans for the benefit of their respective employees. No balance payable is outstanding at December 31, 2024 (2023: nil).

<i>(\$ millions)</i>		Transaction Value	
		Years Ended December 31	
Post-employment benefit plan	Transaction	2024	2023
Defined benefit plan	Funding	18	17

28. COMMITMENTS AND CONTINGENCIES

Commitments

Pembina was committed for the following amounts under its contracts and arrangements as at December 31, 2024:

Contractual Obligations ⁽¹⁾ (\$ millions)	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	After 5 years
Transportation and processing ⁽²⁾	10,766	83	81	565	10,037
Construction commitments ⁽³⁾	409	396	13	—	—
Other commitments related to lease contracts ⁽⁴⁾	430	43	83	78	226
Funding commitments, software, and other	46	14	24	8	—
Total contractual obligations	11,651	536	201	651	10,263

- ⁽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 17 years and involve the purchase of NGL products from producers. Assuming product is available, Pembina has secured between 16 and 148 mbpd of NGL each year up to and including 2041. Power purchase agreements range from one to 25 years and involve the purchase of power from electrical service providers. Pembina has secured up to 76 megawatts per day each year up to and including 2050.
- ⁽²⁾ Pembina signed two agreements relating to the Cedar LNG Project: (a) Liquefaction Tolling Services Agreement ("LTSA"); and, (b) Gas Supply Agreement ("GSA"). The LTSA is a 20-year take-or-pay fixed toll contract for 1.5 million tonnes per annum, while the GSA will allow for transport on the Coastal GasLink pipeline approximately 200 million cubic feet per day of Canadian natural gas to Cedar LNG. These commercial agreements account for approximately 50 percent of Cedar LNG's operating capacity and a total commitment of approximately \$10.5 billion. These commitments are expected to commence upon the anticipated in-service date of the Cedar LNG Project in late 2028.
- ⁽³⁾ 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.
- ⁽⁴⁾ Relates to expected variable lease payments excluded from the measurement of the lease liability, payments under lease contracts which have not yet commenced, and payments related to non-lease components in lessee lease contracts.

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. Pembina represents its interests vigorously in all proceedings in which it is involved. Legal and administrative proceedings involving possible losses are inherently complex, and the Company applies significant judgment in estimating probable outcomes. As at December 31, 2024, there were no significant claims filed against Pembina for which management believes the resolution of any such actions or proceedings would 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 December 31, 2024, Pembina had \$209 million (2023: \$201 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.PF.A, and PPL.PF.E

New York Stock Exchange listing symbol for:

COMMON SHARES PBA

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