

MOMENTUM

// OUR SUCCESS. >>> OUR FUTURE. ○ OUR CO-OPERATIVE.

2022 UFA MEMBER REPORT



UFA DELIVERED RECORD-BREAKING RESULTS IN 2022 WITH THE STRONGEST FINANCIALS IN OUR HISTORY.



For over 100 years, UFA has focused on building a co-operative that provides undoubted value to our members and the communities we serve. We know that with a strong vision we're able to deliver the kind of growth that benefits everyone.

In 2022, UFA achieved tremendous success and delivered our strongest financial results ever. We know this is due to the unwavering support from members. We thank you for your loyalty and are proud to share the success through a patronage return of \$28 million, a 56 per cent increase over last year, and the sixth consecutive year of growing patronage.

With our exceptional results from 2022, UFA has an eye on investing in a bright future. By expanding into Saskatchewan, we are building a stronger, more dynamic co-operative. Momentum is on our side, and together, we know we can accomplish great things as we continue to grow. / >> ○

FINANCIAL PERFORMANCE

\$**157** M

EBITDA*

Compared to \$74 M in 2021

For more information and to view the 2022 Financial Statements, visit UFA.com/MemberReport

\$**2.4** B

REVENUE

Compared to \$1.6 B in 2021

\$**84** M

NET INCOME

Compared to \$13 M in 2021

\$**324** M

GROSS MARGIN

Compared to \$222 M in 2021

28.1%

ROIC**

Compared to 10.5% in 2021

*Earnings Before Interest, Tax, Depreciation and Amortization ** Return on Invested Capital: an important financial measure that calculates the percentage return UFA earns from capital invested in the business.

// OUR SUCCESS

\$ 28 M

PATRONAGE PAYOUT

For 2022, we've expanded our patronage payout above what we promised.

2023 PAYOUT BASED ON 2022 PURCHASES*

- PLUS⁺ 6 cents per litre on Deselex[®] Gold**
- PLUS⁺ 5 cents per litre on Diesel**
- PLUS⁺ 1 cent per litre on gasoline**
- PLUS⁺ 3% on other purchases****

* Minimum purchase of \$5,000

** Exclusions: Micro Beef, crop nutrition and leased purchases



○ STRENGTHENING OUR COMMUNITIES

UFA is committed to educate, engage and enrich the communities we serve by supporting local initiatives that mean the most to our members.

\$875_K

INVESTED IN

450

COMMUNITY INITIATIVES

// PETROLEUM

1.3_B

LITRES SOLD Compared to 1.1 B in 2021



\$236_M

GROSS MARGIN Compared to \$137 M in 2021

// PETROLEUM

With fuel prices reaching all-time highs in 2022, and media reporting low prices at UFA, we experienced a high volume of requests for new accounts and Fuel Link cards throughout the last half of the year. While the increased volume is ultimately driving positive results for our business, we recognize it created service delays at some of our cardlocks. We want to thank our members for your continued patience as we upgrade the card readers throughout our network to help streamline operations and improve the overall experience.

67_K

// NEW ACCOUNTS

304_K

// FUEL LINK CARDS ISSUED

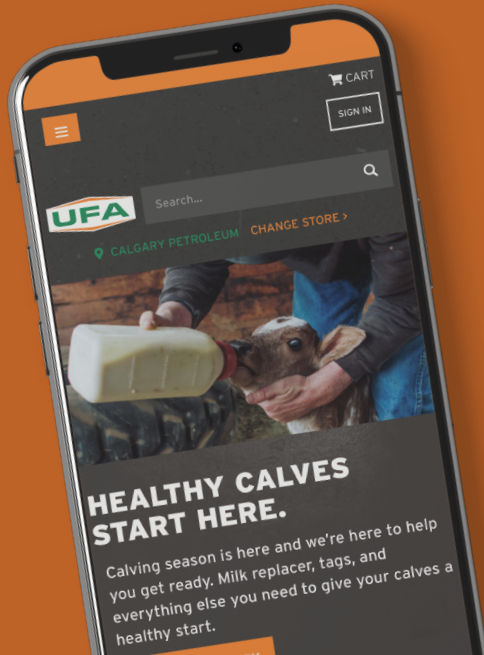
51_K

// CARDLOCK CARDS ISSUED



2,640

Additional products available
on UFA MarketPLACE



In 2022, we continued to enhance the online shopping experience for members. In addition to introducing online discounts and the option to order direct from our distribution centre, we also planned for the 2023 launch of UFA MarketPLACE, providing members with more choices, more brands and more products. Find it online at UFA.com, and have it shipped to your nearest Farm & Ranch Supply store with some vendors even shipping right to our members.

\$445 M

SALES Compared to \$414 M in 2021

\$88 M

GROSS MARGIN Compared to \$85 M in 2021



In the Spring of 2022, UFA celebrated the Grand Re-opening of our Lethbridge Farm & Ranch Supply store, featuring a drive-through office, a new building supplies area and a convenient eCommerce pick-up desk. And our investment did not stop there. Construction began on a Microbeef warehouse which will be complete in the second quarter of 2023.



Additional investments include the remodel of Farm & Ranch Supply store locations across the network including Airdrie, Fort Saskatchewan and Stettler, which will be completed in Spring of 2023. Upgrades to the stores will include LED lighting that will reduce energy consumption and a refresh of the fixtures, doors, paint and flooring. In addition, the Customer Service Desks will be moved to the front of each store.



// SAFETY

HEALTH AND SAFETY IS A KEY PRIORITY AND FOCUS FOR UFA.

Every three years, UFA undergoes an audit to maintain our Alberta Certificate of Recognition (COR) by meeting provincial safety standards. The high score we achieved in 2022 was due to the robust Environment, Health and Safety Management System we have in place which includes committees, internal teams, support systems and safety programs.

Thanks to the dedicated efforts of our team, we delivered some of our strongest safety results ever in 2022, significantly reducing overall injuries and frequency rates within the team.

We are pleased to announce that UFA received an impressive final score of 96% in our 2022 COR Audit.

96%

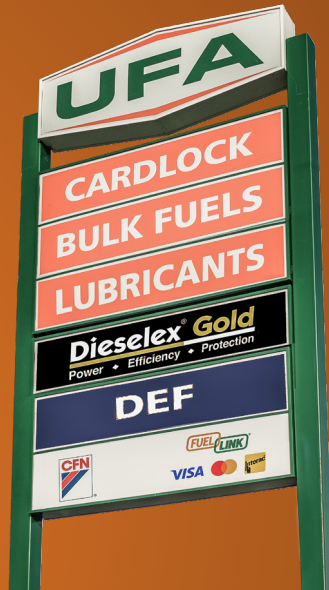
OUR FUTURE
IN MAY, UFA ANNOUNCED PLANS TO EXPAND
OUR COVERAGE ACROSS SASKATCHEWAN.





INTRODUCING NEW SITES IN WEYBURN AND YORKTON.

In 2022, UFA began building our first set of new Petroleum cardlock and bulk distribution locations in Weyburn and Yorkton, SK, which opened in February of 2023. Both sites are key markets that service major agribusiness, industrial centres, and oil and gas throughout the province. These two new sites, which complement our existing offerings in Kindersley, Macklin and Swift Current, are the first of a multi-phased petroleum expansion for UFA, which will see the introduction of additional locations in new regions and markets, part of a concerted strategy to grow from being an Alberta-focused fuel and agribusiness co-operative to a western-Canadian service leader.



>> WILDWOOD AGENCY RELOCATION

In 2022, construction began on a new petroleum location in Wildwood, Alberta, conveniently located by the highway, allowing customers to access the site more efficiently to take advantage of improved product offerings. After serving the hamlet for 60 years, we knew it was time to move and upgrade the site, doubling the product offering to include the addition of Dieselelex® Gold and expanding the site from two lanes to five. Understanding that businesses are critical to small, rural communities, UFA remains committed to serving the community of Wildwood and is proud to open our new site that makes it easier and safer for our members to do business.



TELL US YOUR THOUGHTS ON THIS YEAR'S MEMBER REPORT FOR A CHANCE TO WIN!

Contest open April 3-May 19, 2023

Details at UFA.com/MemberReport

*NO PURCHASE NECESSARY TO ENTER OR WIN. VOID WHERE PROHIBITED BY LAW. UFA member only, who are legal Canadian residents (excludes QC) of majority age at time of entry in resident province. Contest begins 12:00AM MT on April 3, 2023 and closes at 11:59PM MT on May 19, 2023. To enter, complete and submit online survey (limit of one entry per person), or mail in (limit of 1 entry per mail piece), as detailed in Official Rules. 3 prizes available to be won, consisting of UFA Gift Cards for the following amounts (CDN) with equivalent approx. retail value: (1) \$2,500; (2) \$1,500; (3) \$1,000. Odds of winning depend on total number of entries. Potential winner subject to eligibility verification and must correctly answer mathematical skill-testing question to be eligible to win. See Official Rules at coop.UFA.com/MemberReport. SPONSOR: United Farmers of Alberta Co-operative Limited, Suite 700, 4838 Richard Road SW, Calgary AB T3E 6L1. UFA reserves right to cancel, rescind, modify or extend this offer without notice.

APPROXIMATELY

\$60_k

FUNDED

200

CLUBS

UFA Funds 4-H Alberta

As part of our annual \$100,000 commitment, UFA provides an opportunity for 4-H Alberta Clubs and Districts to apply to receive \$300 in funding. In 2022, the funding supported a number of local 4-H initiatives including equine first aid, robot coding, archery and more. Additional funding was provided to support the financial assistance pilot (supporting families with limited financial resources to join 4-H Alberta).



LOCAL RODEOS

We're proud to be behind those who are behind the scenes, supporting something we're all passionate about. That passion isn't just about rodeo, it's about community. It brings us all together and that's why we're all here. From Grande Prairie to Lethbridge, and everywhere in between, we are committed to supporting local rodeos.

80+

LOCAL RODEOS
SPONSORED

OUR CO-OPERATIVE



BUILDING NEW PARTNERSHIPS



UFA and the Rural Communities Foundation (RCF) are proud to support the growth and sustainability of agri-food and agri-business, especially in Western Canada, through a four-year funding commitment to The Simpson Centre, at the University of Calgary's School of Public Policy. The Centre focuses on numerous social and economic factors that facilitate the success of the agriculture industry. The funding provided by UFA and RCF has supported the development of the Public Education Series, a series of webinars focused on topics ranging from the Carbon Program to regenerative agriculture.

Our new 3-year strategic engagement with SVG Ventures | THRIVE, a leading global investment and innovation platform, will help to address key innovation gaps our members face by providing a pipeline to startup solutions. As part of this engagement, UFA has the opportunity to partner in key industry and technology events promoting cross-collaboration for innovation and deeper relationships with industry peers.



EMPOWERING THE TEAM

I BELONG

At our core, UFA believes that celebrating the diversity of our people represents our strength. From our valued members to our inspiring team, we are certain that what makes us all unique is what really bonds us. We know creating a culture that inspires everyone to be their authentic selves, without compromise, can inspire a powerful feeling of belonging. Belonging cannot be forced. But if the conditions are right, it cannot be denied.

In 2022, UFA celebrated the diversity of our co-operative with the launch of I Belong. Each of us has a story to share.

Visit UFA.com/Belong to learn more about the UFA team members that serve you.



EMPOWERING THE TEAM

INFLATION PAYMENT PROGRAM

At UFA, we recognize the value of our team and how each individual contributes to the overall success of our co-operative. The results of these efforts were prominent in 2022 as we delivered record-breaking results in sales, margins, and profitability across our business. While some results can be attributed to market conditions, a key component was the significant efforts of our team to serve our members and customers.

We also recognized that 2022 brought new challenges to the personal lives of our people with rising costs of living, including fuel, groceries and other necessities. That's why we introduced an inflation payment program to assist our team in dealing with inflationary challenges. The two \$1,000 payments were paid in July and December to eligible employees who were not in senior level positions and acknowledge the results of their tremendous efforts in serving our members and customers.

UFA OVERVIEW

122,000 UFA Members

108 Communities served

3 Provinces: Alberta, British Columbia and Saskatchewan

113 Petroleum Agency & Cardlock locations



34 Farm & Ranch Supply stores



6 Fertilizer Plants



GOVERNANCE

44 k Approximate number of eligible voting members who elect Delegates.

44 Delegates represent members across 44 geographical regions

12 Directors serve on UFA's Board and are elected by Delegates