



Armstrong Regional Cooperative

Box 250, Armstrong BC

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2023 AGM - General Managers Report

May 2023

Welcome to the 101st Annual General meeting of the Armstrong Regional Cooperative (aka “the ARC”). As many of you know, I had the privilege of serving on the ARC Board of Directors for 3 years and then transitioned into the General Manager role in February of this year. Before focusing on the highlights of the past year, I would like to recognize the efforts of Hugh Chalmers who, upon the retirement of Jeff Payne last summer, stepped in as interim GM and was instrumental in guiding the ARC through this active period. Hugh has been with the ARC since 2014, first as a director and then as president. Hugh will retire from all his duties at the end of May, and we will be forever grateful for his efforts and devotion to the ARC. Thank you, Hugh, and best wishes for your well-earned retirement.

Our 100th year was one of tremendous change and growth for your Co-op. We began the process of taking over 3 new gas stations (one in Vernon, one in Salmon Arm, and one in Cranbrook). As a result, revenues increased to over \$132 Million, and profit increased to \$14 Million. Aside from returning unprecedented levels of patronage to our members, these earnings will help the ARC continue to grow and diversify its holdings to ensure long-term stability and sustainability.

Some quick facts from 2022:

Revenues increase 46% year-on-year

Net earnings increased 103% year-on-year

Fuel volumes increased 5.8% year-on-year

Liquor sales increased 26.5% year-on-year

Membership increased 11.4% year-on-year

When looking at such results, I cannot help but acknowledge the superb efforts of our employees. As I have gotten the chance to meet the staff members at each of our locations, I have been struck by their commitment to serving our members and embodying the Cooperative spirit in everything that they do. It is a privilege to be able to lead such a team and I thank each one of them for the support they have shown me as I have come into this role.

The current fiscal year has seen a flurry of activity thus far. In early March, we added a new liquor store in Kelowna, bringing our total to three. Later that month, we began the conversions of our purchased Husky sites and are happy to report that we now have 6 fully operational Co-op gas bars to serve our ever-growing membership. We are especially excited to add Cranbrook to the list of communities we serve and look forward to growing that market in the years to come.

In terms of charitable giving, in 2022 the ARC donated a total of \$123,000 in the form of school bursaries, charitable donations, and community club support. In addition, our Fuel Good Day in September generated \$11,350 for North Okanagan charities. Our involvement in community events, whether it be Christmas lights-ups, parades or our own Movie Nights continue to be highlights of our year and we look forward to expanding our presence along with our growing scope.

While this period of progress and the opportunities it provides are indeed positive for the overall development of our cooperative, we are facing some headwinds in the near term. A reduction in industrial activity in the North Okanagan, particularly in the forestry sector, is having a negative impact on results. Wholesale and labour costs have continued to rise, squeezing margins, and putting additional pressure on the bottom line. We are also seeing that litres per consumer are decreasing as more and more people transition to EVs and Hybrid vehicles.



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That said, looking forward we are confident that the ARC is on the path to long-term viability, furthering our ability to provide the highest levels of value and service while at the same time providing support to our communities that support us.

For all attending our 101st AGM, thank you very much for your participation and engagement which is essential for maintaining the vitality and success of our Co-op. And to all our members and community stakeholders, please accept our sincere appreciation for your support. With your continued commitment, we are sure to realize our vast potential.

Best regards,

Hans Petersen