LOCAL
INDEPENDENT
COMMUNITY-OWNED

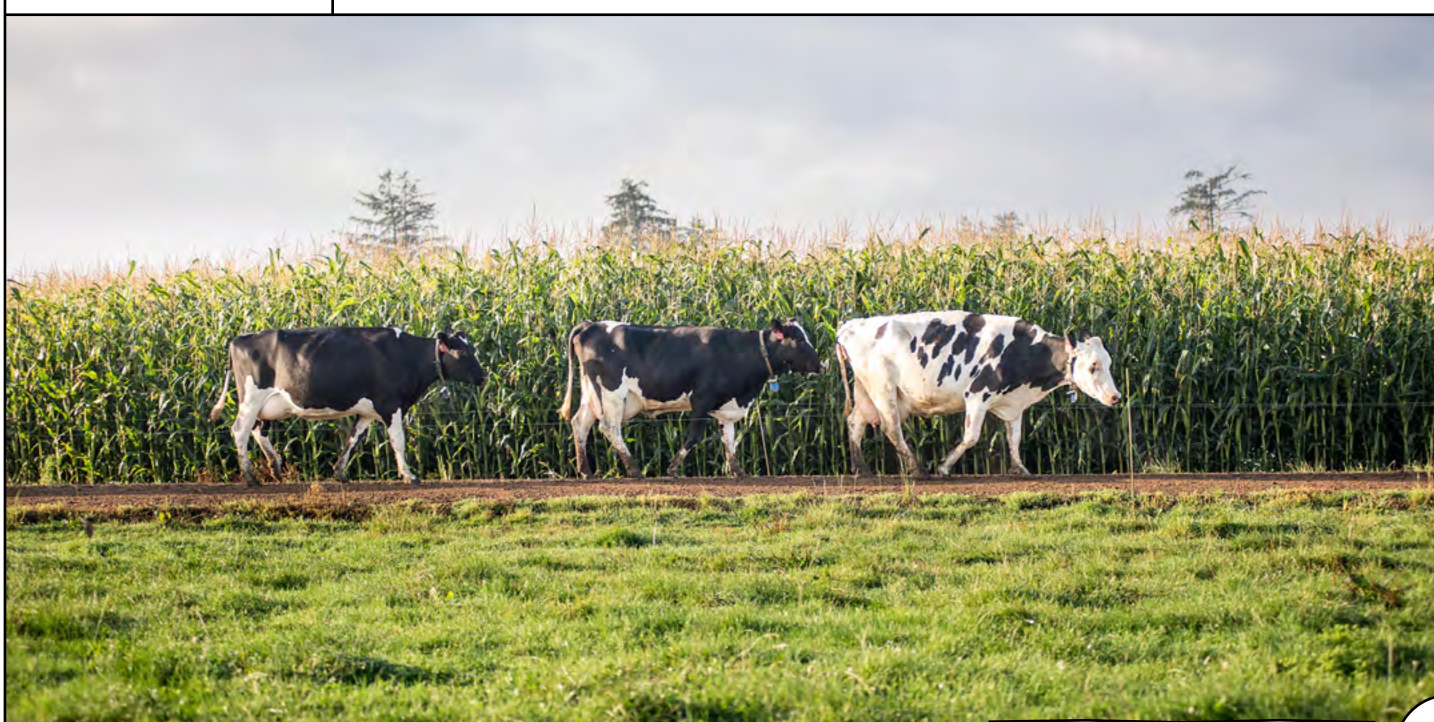
SINCE 1953

PCC COMMUNITY MARKETS

2025 CO-OP PURPOSE REPORT

Published July 2026

TABLE OF CONTENTS



A MESSAGE FROM OUR CEO

DEAR MEMBER,

I am glad to share a midyear update from your local co-op. The first half of the year has been busy and eventful, and this Co-op Purpose Report is a great opportunity to connect with you all.

I am deeply grateful for your patronage of our co-op, and for the belief you show, collectively and every day, in the power of good food to unite and strengthen our community. That belief has never mattered more.

These past few years have tested grocery retailers across this country, especially ones like PCC which are local, independent, and community-owned. The aftermath of the pandemic reshaped our business and community in ways that are still with us today and likely to remain for the foreseeable future – from fragilities in the global supply chain and uncertain food distribution networks to fundamental changes in the way we all eat and shop.

More recently, volatility in global fuel prices – a significant expense in our industry – has become an added factor in rising food inflation and the affordability of everyday groceries; and PCC operates in a region where cost of living increases have outpaced the national average for some time now. Grocery retail, historically a low-margin business catering to the most essential household needs, has felt the squeeze from both sides, as sustained cost pressures have also rippled throughout our communities, households, and local businesses. This too has had a disproportionate impact on local, independent, and mission-led co-ops like us.

Against this backdrop, I am happy to share that we have made real progress toward PCC's sustained long-term financial health, a priority that I have talked about for some time. There are some hard choices we have had to make on this ongoing journey (more on this below), and we are in a stronger place today than we were two years ago in terms of securing the co-op's economic future. We could not have gotten here without your support, thank you! Let me put this progress in some context.

In June 2026, we ratified a new contract with UFCW 3000, our union partner of more than four decades, representing nearly 1,500 unionized staff members across PCC. We are committed to being an employer of choice, and this contract reflects our continued investment in the people who serve our members and shoppers every day and who make the co-op what it is.

I want to be unambiguous: with this agreement, PCC provides the strongest wages and benefits for union grocery workers in our region. We consistently hear from members about their belief that a stronger workplace is essential to the sustained future of our co-op. We could not agree more. It is one of the many differences you will find at PCC, and one we are extremely proud of.

CONTINUED >>

In recent years, when limited resources required us to choose between investing in staff wages and benefits or issuing a patronage dividend to members, we made the deliberate decision to prioritize our staff. In the face of improving but soft profits (as can be seen in our annual financials), we are making the same call for 2025, and our Board of Trustees has determined that we will not issue a dividend for this past year.

We also recently made a decision to discontinue PCC's culinary education program. While this has been a visible component of our identity for more than four decades, the cost of operating the program has continued to rise in recent years, and classroom participation has declined. As a result, it does not break even, and at the current scale of attendance, is not likely to ever do so. Knowing this, we do not believe that it is in the co-op member community's long-term interests to continue incurring significant financial losses from a program whose trajectory is not likely to change - instead we must, and will, find other avenues to channel PCC's purpose.

We know this is a difficult transition given the program's history and the many people it has inspired, and I want to assure you that engaging with our community about good food and nutrition remains core to our vision. Our team is already exploring new partnerships and opportunities to bring meaningful and inspirational experiences into our stores in ways that reflect our values; and when ready, we will share them with you.

I know that the lack of a dividend and the news of our culinary education program are disappointing, however I also want to be clear and transparent with you all about the considerations that guide these kinds of hard choices at PCC.

I am heartened by hearing from many of you that, rather than receive a modest or nominal dividend, you would prefer that we strengthen our investment in our staff and find other ways to deliver financial value to members. This aligns with our thinking as well, and we have pursued the goal of increased financial value to members through competitive pricing, member-only offers, partner discounts, and other savings opportunities designed to provide meaningful value.

More than 123,000 strong today, members have been the soul of PCC since its inception in 1953, and we would not be who we are today without you all. For this reason, it is important that I reaffirm to you that the value of your co-op membership goes well beyond the potential to earn a patronage dividend.

In addition to being a part of the cooperative movement, your PCC membership gives you access to member-only savings (an aggregate annual value of nearly $200 in 2025 for anyone who redeemed them all - more than three times the one-time cost of a lifetime PCC membership!), opportunities to connect via community events, and a voice in the shared and democratic vision around our food system. That impact extends far beyond the checkout line.

At a time when many in our community are feeling real economic pressure, we remain committed to competitive, transparent pricing. At the same time, PCC has always been about more than price – it is about lasting value. We believe that purpose matters. Mission matters. Quality standards matter. The people who grow and prepare your food matter. Every choice we make – from the wages we pay, to the environmental standards we uphold, to the quality of food we carry – flows from a commitment to our community. It guides the deep partnerships we build with local farmers and suppliers who share our standards and our passion for sustainability, animal welfare, and nutritious food.

CONTINUED >>

All this speaks to the delicate balance that has shaped and guided our co-op for decades - the triple bottom line. PCC operates on a simple principle: that our social, environmental, and economic goals are all equal stakeholders in our future success. We cannot (and do not) choose one at the expense of the others. We must have a financially healthy and profitable co-op to be able to invest in our people and mission. And in turn, taking care of our people and the planet is what makes our co-op thrive. The triple bottom line is a gift of clarity for the choices we make, and we believe in sharing those choices transparently with you, our member-owners.

Thank you for shopping your local neighborhood co-op. Each time you choose to shop at PCC, you are voting – with your wallet and your time – for the kind of grocery culture we members believe in. Every trip helps strengthen this community-owned model.

We know we still have work to do. Thank you for continuing to choose PCC and for being a part of the cooperative movement.

With gratitude,

Krish

Krishan

July 31, 2026

2025 BY THE NUMBERS

What year was PCC founded?

1953

In 2025, we marked our 72nd anniversary

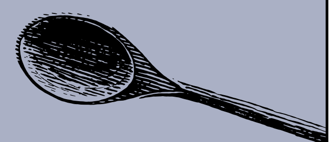
Where was PCC founded?

Seattle, WA

Certified organic retailer since

2003

Number of active member-owners in 2025:



122,757

That's 5,000 new members, a 4% increase since 2024!

Number of staff members in 2025:

1,683

Number of local producers in our stores in 2025:

700+

Number of neighborhood stores in 2025:

16

- Ballard
- Bellevue*
- Bothell
- Burien
- Central District*
- Columbia City**
- PCC Corner Market
- Edmonds
- Fremont
- Green Lake Aurora***
- Green Lake Village
- Issaquah
- Kirkland
- Redmond
- View Ridge
- West Seattle

*5th Anniversary in 2025
**10th Anniversary in 2025
***45th Anniversary in 2025

Sales supported by SNAP benefits in 2025:

$4,498,656

Sales of locally sourced products in 2025:

$177,551,932

Sales of certified organic products in 2025:

$212,047,268

In 2025, PCC Community Markets and PCC members and shoppers together contributed

$11,081,162

to the local community

Cash, including round-up: $1,252,230
In-kind donations: $9,988,764

Total number of Inclusive Trade vendors in 2025:

700+

Representing

1,200+

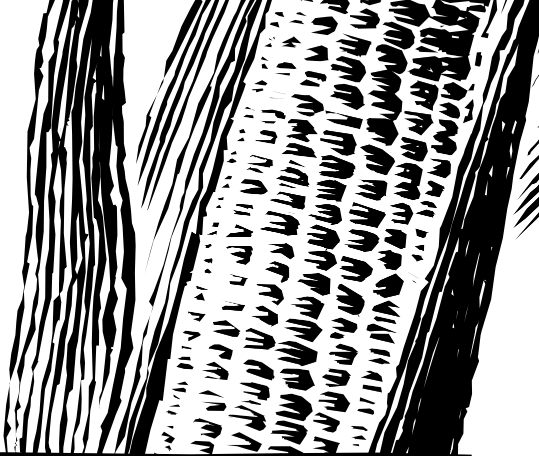
products on our shelves

In 2025, staff training and development totaled nearly

39,000 hrs.

That's up more than 38% from the previous year.

SUSTAINABLE OPERATIONS



As a local and independent grocery co-op, we strive to operate sustainably as part of our responsibility to our neighbors and the planet. This includes working to source thoughtfully, reduce waste, and manage energy use, while continuing to strengthen ethical and transparent practices from farm to shelf.

	2024	2025
ELECTRICITY	15,387,506 kWh	**16,225,381 kWh**
NATURAL GAS	393,285 thm	**417,596 thm**
FLEET FUEL	6,881.94 GALLONS DIESEL	**6,541** GALLONS DIESEL
REFRIGERANTS	2,156 lbs	**1,653 lbs**

SCOPE 1:
4,584.6mt CO_2e

SCOPE 2:
2,126mt CO_2e

WASTE REDUCTION

COMPOSTABLE MESH BAGS: In 2025, PCC adopted compostable mesh produce bags provided by Organically Grown Company (OGC), a Portland-based distributor and major PCC supplier. The bags are made from plant-based fibers, offering a new alternative to traditional plastic packaging. The switch could eliminate more than 100,000 plastic bags annually.

→ LEARN MORE

RECYCLED TWIST TIES: PCC's TagBack pilot collects hard-to-recycle plastics – like twist ties and bread clips – and turns them into durable plastic lumber. It's a simple way to keep everyday waste out of landfills and reduce plastic pollution. In 2025, a pilot recycling program at five PCC store locations collected nearly 280 pounds of plastic products over seven months.

→ LEARN MORE

RESPONSIBLE SOURCING

At PCC, responsible sourcing means choosing products that reflect our co-op's values. Our merchandising team prioritizes items that support human and community health, environmental stewardship, animal welfare, and transparent supply chains.

QUALITY STANDARDS OVERVIEW

Quality standards guide the selection of products we carry and reflect how deeply we care about our impact on people and the planet. As a local retailer in the Pacific Northwest, we are committed to strengthening local, organic supply chains and supporting a vibrant, resilient food system for future generations. Our industry-leading standards help us and our customers navigate an increasingly industrialized food system.

KERNZA: From soil to shelf, Kernza® is transforming the world of grain. This perennial crop stores carbon, improves soil health, and requires fewer inputs than traditional wheat. In 2025, PCC introduced it to our line of everyday baked goods and sold 36,200 Kernza products, totaling $230,539 in sales. The products used 3 tons of flour and sequestered 11 tons of CO2e – that's the equivalent of removing three cars from the road for one year.

→ LEARN MORE

IN 2025, PCC SET GUIDELINES FOR THE REGENERATIVE LABEL: Regenerative Label Guidance helps us address greenwashing and avoid misleading marketing and advertising. Because the term "regenerative" has no official, consistent, or enforceable definition, we review products carefully to ensure the label is used honestly. Regenerative Organic Certification builds on USDA Organic standards with additional requirements for soil health, fair labor, and animal welfare, advancing agricultural practices that benefit both people and the climate.

→ LEARN MORE ABOUT OUR EFFORTS IN 2025

2025 PRODUCER HIGHLIGHTS

MAKINI'S TOFU BY CHEF MAKINI HOWELL: In 2025, PCC began carrying Chef Makini Howell's certified organic tofu, featuring flavors like smoked tofu, "tofu-strami," and ginger-shiitake. This Black- and woman-owned Seattle business is based in Georgetown and brings its local roots and nationally acclaimed vegan food to our community every day.

→ LEARN MORE

GROW BANANAS: Every banana sold at PCC carries the GROW label, a program that supports the well-being of farmworkers and their communities through a small $-per-case-sold contribution. Over the past 20 years, PCC's participation has helped contribute more than $500,000 toward education, health services, and community programs in the regions where these bananas are grown. In 2025, we proudly celebrated both the program's 20th anniversary and our long-standing partnership.

→ LEARN MORE

BAKER RIVER'S LOCAL AND WILD SOCKEYE SALMON: In 2025, PCC expanded its partnership with Lummi Island Wild, a supplier of sustainably harvested wild-caught salmon. Much of the salmon they source is caught using reef netting, a centuries-old Indigenous fishing method. While not the fastest approach, it is among the most sustainable and ethical ways to harvest wild salmon. Lummi Island Wild works directly with tribal, local, and independent fishers who share a commitment to respecting the fish, the water, and the communities that depend on them.

→ LEARN MORE

COMMUNITY & FOOD SYSTEMS

PCC brings co-op principles to life through partnerships with local organizations that improve food access and nutrition, support farmworkers on the path to ownership, restore wild salmon and orca habitat, provide cultural and social services to Native communities, and so much more. Through these long-standing relationships, we help our local community build a more vibrant, equitable, and resilient food system.

GROWING FOR GOOD

- Growing for Good is a collaboration between PCC Community Markets, Harvest Against Hunger, and Neighborhood Farmers Market that links farms and hunger relief organizations statewide.
- The program supports local farmers by providing upfront payments in the spring, giving them the resources to invest in seeds, soil amendments, equipment, and other critical needs before the growing season begins. It also connects hunger relief organizations with farms that grow culturally familiar produce, increasing access to fresh, high-quality, nutrient-dense foods for the communities they serve.
- In 2025, thanks to the generosity of our members and shoppers, we raised ***$726,379*** to support these efforts.
- Growing for Good also received King County's 2025 Green Globe Award for leadership in the local food economy. This is the county's highest honor for environmental stewardship.

→ LEARN MORE

CONTINUED >>

GROWING FOR GOOD BY THE NUMBERS

In 2025, Growing for Good marked its

5th ANNIVERSARY

Growing for Good in-store member and shopper contributions in 2025:

$726,379

In 2025, Growing for Good supported:

20 LOCAL FAMILY FARMS

23 LOCAL HUNGER RELIEF ORGANIZATIONS

Including food banks and pantries

IN THE LAST 5 YEARS

Growing for Good has distributed nearly $1 million to local farmers, strengthening local food systems while helping provide fresh and nutritious food to the communities served by local hunger relief partners.

OTHER 2025 SNAPSHOTS:

UNITED INDIANS OF ALL TRIBES FOUNDATION

Since 2019, PCC has partnered with the United Indians of All Tribes Foundation to support our region's Native community. In 2025, we continued this partnership through storytelling support and financial contributions, donating $15,000 for the second consecutive year during Thanksgiving.

→ LEARN MORE

→ WATCH THIS VIDEO, co-created by PCC

> **"Our long-standing partnership with PCC is a powerful example of what a commitment to supporting Indigenous-led organizations can look like. Since 2019, PCC's advocacy and allyship have significantly broadened our reach, helping us continue to provide vital educational, cultural, and social services to Native peoples of all ages."**
>
> **– Dr. Michael Tulee, CEO of United Indians of All Tribes Foundation**

RAPID RESPONSE EFFORT TO SUPPORT COMMUNITY FOOD SECURITY

As the year came to a close, we saw firsthand the power of cooperation in action. In response to our region's growing food insecurity crisis, we established a $50,000 seed fund and invited fellow local co-ops and industry partners to join us. With operational support from Harvest Against Hunger and a generous $50,000 match from the BECU Foundation and $15,000 and $10,000 donations from Charlie's Produce and Organically Grown Company (OGC) respectively, among many others, this effort raised nearly $600,000 in cash and donated goods, supporting more than 100 hunger relief agencies across Snohomish, Pierce, and King counties, including food banks and pantries. This made a real difference for our neighbors, especially during the holiday season.

→ LEARN MORE

> **"Cooperatives are built on the idea that we can do more together than we can alone."**
>
> **– Jennifer Teunon, Board President of BECU Foundation**

CONTINUED >>

Other 2025 Snapshots continued:

WASHINGTON FARMLAND TRUST'S 25TH ANNIVERSARY

In 2025, Washington Farmland Trust celebrated 25 years of protecting farmland across the state. PCC marked the milestone by supporting the Trust through storytelling, in-store activations, and financial contributions. Originally established by PCC as the PCC Farmland Fund, the Trust is now an independent nonprofit with its own staff and board.

→ WATCH THIS VIDEO, co-created by PCC, to learn more about the Trust's mission and work.

As of 2025: "To date, we've protected 34 farms across Washington, [totaling] 3,747 acres. We're in communication with over 200 current or aspiring farmers who are looking for land and resources, and [we are] currently serving farmers in 24 counties [across Washington]."

– Melissa Campbell, Executive Director at Washington Farmland Trust

RECIPES FOR SUCCESS

In 2025, PCC Community Markets, Solid Ground, Organically Grown Company (OGC), and Interagency Academy piloted Recipes for Success, a collaborative program that provided hands-on cooking classes for students who thrive outside traditional school settings.

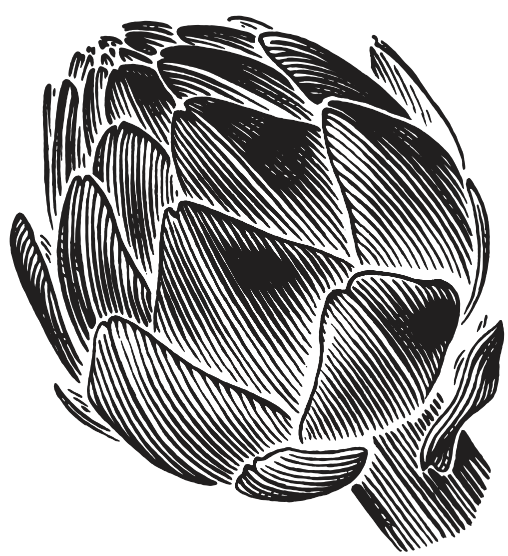
- PCC contributed staff time, classroom space, and funding for ingredients and student gift cards.
- OGC provided funding for ingredients.
- Solid Ground developed and led the curriculum and instruction.
- Interagency Academy recruited students and helped ensure the curriculum met academic requirements and counted toward school credit.

→ LEARN MORE

→ WATCH THIS VIDEO

"Things like cooking classes aren't equitably available to all kids. So being able to provide these classes for students who maybe otherwise wouldn't be able to access them feels like a really unique and exciting opportunity."

– Bela Sanchez, Youth Food Educator at Solid Ground



ADVOCACY

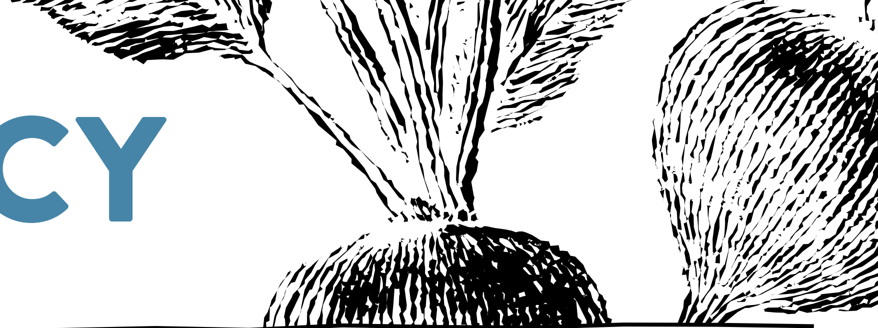
As a local, community-owned grocery co-op, we advocate for policies that strengthen equitable and resilient food systems. Our efforts range from supporting organic agriculture and local farmers to advancing climate action and expanding access to nutritious food for all.

NATIONAL ORGANIC COALITION (NOC) FLY-IN

In 2025, PCC joined the National Organic Coalition's Fly-In to Washington, D.C., alongside farmer Sam Lucy of the Methow Valley's Bluebird Grain Farms. NOC members, including PCC, met with 11 congressional offices to advocate for organic agriculture and rural resilience.

> "Thanks to this direct advocacy, several lawmakers expressed support for the Honor Farmer Contracts Act and efforts to protect the integrity of the USDA Organic label."
>
> – Mike Wenrick, Director of Purpose at PCC Community Markets

PCC Director of Purpose, Mike Wenrick with Sam Lucy of the Methow Valley's Bluebird Grain Farms at the NOC Fly-In.



KEY WINS FOR WASHINGTON STATE IN 2025

→ LEARN MORE

More than $93 MILLION secured for food banks and pantries

$6 MILLION invested to expand fruit and vegetable incentives

More than $11 MILLION in ongoing funding for SUN Bucks, ensuring kids who rely on school meals don't go hungry during the summer months

Passed major environmental policies:

- HB 1462 to phase out high-global warming potential refrigerants
- Recycling Reform Act (SB 5284 / HB 1150) to modernize recycling and hold producers accountable for packaging waste

PCC'S STAFFING GOALS, COMPENSATION STRUCTURE AND PHILOSOPHY

PCC is guided by cooperative principles, including openness, transparency and accountability. In the spirit of those principles, the Management Development and Compensation Committee (MDCC) of PCC's Board of Trustees provides disclosures about PCC's staffing goals, compensation philosophy and structure.

As of January 1, 2026, PCC had 1,671 total employees, of which 1,443, or 86.36%, are unionized store staff. When discussing PCC's compensation structure for our staff, it's easiest to break out the total co-op staff into three distinct compensation groups: unionized store staff, non-union staff (office store support staff and store leadership), and managerial staff (which includes store leadership and office store support management).

STAFFING GOALS AT PCC

PCC seeks to attract and retain competent, qualified and diverse staff in our stores and store support office. PCC seeks employees who are passionate about the products PCC sells and the co-op's social and environmental goals. We are an employer of choice and aim to be the best grocery employer in the Pacific Northwest by offering good compensation and benefits and fulfilling and robust career opportunities.

Hiring and Retention

PCC continues to maintain programs to bolster our attractiveness as an employer in the Seattle metropolitan area, including $300 bonuses for referring job applicants; the PCC Learning Fund to cover staff costs of programs to advance their knowledge; staff recognition and anniversary bonuses; and an on-call translation service to assist with staff communication. Given that it is estimated that each new employee costs an average of $1,400 to hire and train, an increase in

CONTINUED >>

Celebration for Green Lake Aurora PCC's 45th Anniversary employee retention rates is important both for the co-op's financial health and its operational efficiencies. In 2025, PCC's turnover rate remained the same as 2024's 35% turnover rate.

PCC as a Career

PCC provides career opportunities for store and store support staff to advance within the co-op. To ensure staff are successful, PCC provides a variety of position-specific and general training programs and offers classes.

PCC's success in offering career opportunities is reflected in the following statistics: In 2025, 51% of our open store management positions were filled by promotions of internal candidates, and 24% of our store support staff started their careers at PCC stores, and PCC's median tenure is 3.92 years, compared to the national median tenure for food service workers of 2.0 years.

COMPENSATION PHILOSOPHY

PCC's overall compensation philosophy is to offer total compensation (wages, benefits and incentive pay) that is at or above the median compensation within the grocery industry and the Puget Sound region in which our stores and store support office operate. This means that prevailing compensation levels in the broader Seattle market are an important factor in how PCC establishes wages and benefits for all employees. Compensation philosophy, the components of compensation at PCC, and how the philosophy is applied are overseen by the MDCC on behalf of the Board of Trustees. The elements of compensation that differ between our unionized store staff, managerial staff and store support staff are outlined below.

Staff Compensation at PCC

Shared Benefits. In addition to wages, the various compensation groups (unionized, store support and managerial staff) receive or can elect to receive certain benefits that are a part of PCC's overall compensation packages. Each group receives additional benefits that are unique to that group (outlined in the group-by-group discussions below). Shared benefits include a 15% discount on all PCC purchases made by staff or members of their household, free membership to the co-op (and access to member-only benefits) for the duration of their employment, participation in a subsidized bus pass program and the PCC Learning Fund, and free mental health counseling, financial advice and family services through PCC's Employee Assistance Program.

Medical, Dental and Vision Coverage. All full-time staff and their dependents are eligible to participate in PCC's medical, dental and vision plans (MDV) at premiums that are heavily subsidized by PCC. Those who enroll in MDV coverage also receive short- and long-term disability coverage and life insurance at no additional cost. The MDV coverage PCC offers is generally broader than equivalent coverage offered to other regional grocery employees through union-sponsored medical plans. Additionally, PCC subsidizes a greater portion of the monthly premiums, so the cost to our store staff is equal to or lower than the cost of coverage offered to other unionized grocery employees in the region. The approximate value of PCC's MDV coverage to an individual staff member who enrolls is estimated at $10,684.10 per year, with the value of coverage for a family estimated at over $29,915 per year.

CONTINUED >>

Wages and Other Monetary Compensation.

Unionized Store Staff. Unionized store staff are members of the United Food and Commercial Workers Union (UFCW 3000) and are compensated in accordance with collective bargaining agreements negotiated between PCC and UFCW 3000 and ratified by our unionized staff.

PCC provided unionized store staff with the following elements of monetary compensation in addition to wages and the shared benefits outlined above:

- A “thank you” gift card in November 2025
- Contributions to staff pension plans administered by UFCW 3000 – total aggregate contributions in 2025 to staff pension plans were $4.96 million, or about $3,242 per staff member.
- Recognition bonuses for milestone work anniversaries.

Store Support Staff. PCC’s store support staff (which includes both managerial and non-managerial staff in the Finance and Accounting, Human Resources, Information Technology, Legal, Marketing + Purpose, Merchandising, Operations, and Store Development departments) are primarily salaried employees.

Based on recent compensation studies, overall compensation for the co-op’s store support staff is currently at or slightly below the median for comparable positions in the Puget Sound region.

In addition to wages, in the past year, PCC provided all store support staff with the following elements of monetary compensation:

- A “thank you” gift card in November 2025.
- Contributions to PCC’s 401(k) Retirement Plan (whether or not the staff member contributes). In 2025, total aggregate contributions were $1.45 million or about $7,302.15 per staff member.
- Recognition bonuses for milestone work anniversaries.

Managerial Staff. Managerial staff include office and store leaders and bonus-eligible store support staff. Managerial staff are salaried and not eligible for overtime compensation but are eligible for MDV coverage and receive the same shared benefits and other elements of monetary compensation as received by non-managerial store support staff. Based on compensation studies, compensation for managerial staff is slightly below the median for the Puget Sound region.

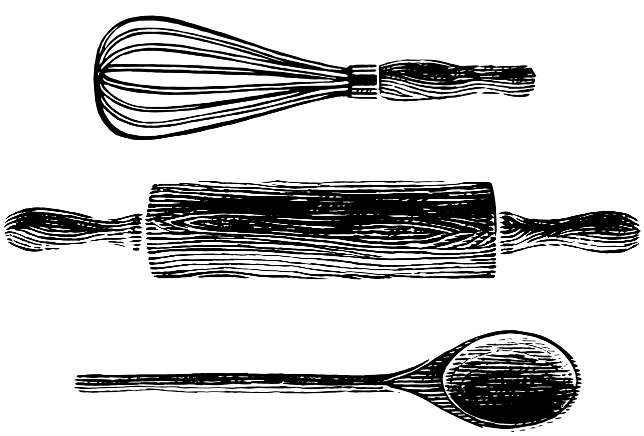
PCC competes with other employers in the Seattle market for talented managerial staff. Larger competitors routinely offer stock, stock options or long-term equity-based compensation as part of their overall compensation packages, which can represent significant additional compensation value to recruited employees. PCC, as a cooperative, does not have the

CONTINUED >>

ability to offer equity-based compensation. Under PCC's Short Term Incentive Program (STIP), when all the requisite conditions to bonus payment are met, eligible managerial staff may earn a percentage of their base compensation if PCC achieves certain co-op-wide financial targets set by the Board of Trustees, and where applicable, for achievement of store or departmental financial performance metrics. In addition, eligible staff may receive a percentage of their base compensation as an Individual Performance bonus if they achieve individual performance goals agreed to at the start of the year by the staff member and their supervisor.

CEO Compensation

PCC's operations and business are overseen by our Leadership Team, which is in turn supervised by the co-op's Chief Executive Officer, Krishnan Srinivasan. Mr. Srinivasan also sits on the co-op's Board of



Trustees, participates in all Board and committee meetings, and serves as the primary liaison between the co-op and other local businesses, governmental and community leaders, and PCC members. Mr. Srinivasan receives or may elect to receive the same additional compensation benefits made available to all store support and managerial staff. Mr. Srinivasan was hired as the CEO of PCC in January of 2022, and his annual base salary was set by the Board of Trustees at that time. Based on several 2025 national and Pacific Northwest executive compensation studies, Mr. Srinivasan's base salary in 2025 was approximately 34% below the median base salary for CEOs of similarly sized companies. Mr. Srinivasan does not receive equity compensation, such as stock or stock options – a standard piece of executive compensation in the United States.

In 2025, Mr. Srinivasan's annual base salary, as set by the PCC Board of Trustees, was $530,400, and he has the opportunity, conditioned upon PCC's achievement of certain financial goals established annually by the Board of Trustees, to earn an STIP bonus of up to 55% of his base salary. The co-op achieved the financial performance required to partially fund STIP bonuses in 2025; the partial amounts were accrued in 2025, and bonuses were paid at the reduced levels following completion of the annual financial audit. Mr. Srinivasan does not receive additional compensation for his participation as a trustee on the PCC Board of Trustees.

Board of Trustees Composition and Compensation

PCC's Board of Trustees oversees the setting of strategic financial, social and environmental goals for the co-op and monitors performance to such goals. The Board is made up of 11 members: eight "outside" trustees (i.e., not employed by PCC); two trustees who are unionized store staff members; and PCC's CEO, who is an ex officio (automatically appointed) member of the Board. To ensure representation of unionized staff on the Board, if Board seats currently occupied by unionized staff members become vacant, the Governance Committee will select, from a list supplied by unionized staff, the candidates to be placed on the ballot in the next election for a vote by PCC's membership. The Board has three standing committees, each with either three or four trustees as members, to whom the Board has delegated the oversight on specific areas of PCC's business. Trustees participate in a minimum of four to five full-day Board meetings each year as well as a one- or two-day strategic meeting, and each trustee sits on one or

CONTINUED >>

more committees (each of which holds an additional five or more one- to two-hour committee meetings each year), reviews a substantial volume of written materials and financial statements and may be called upon to participate in special task forces formed from time to time

PCC competes with other businesses in the Seattle area for qualified and competent individuals willing to devote the time and effort required to serve on our Board of Trustees. PCC does not offer the mix of cash and equity-based compensation (stock or stock options) that other companies offer their directors for their service on the board. All trustees other than the CEO (who receives no compensation for their participation on the Board and its committees) receive a stipend of $30,000 per year for their service to the co-op, the chair of the Board receives an additional $12,500 stipend per year, and the chairs of the three standing committees each receive an additional $7,500 per year for their services. The Board and committee chair roles rotate every few years.

Based on third-party compensation studies of board compensation levels from similarly sized private and public companies, the stipends paid to members of PCC's Board of Trustees are roughly 75% below the total median compensation (both cash and equity) paid to directors on boards of similarly sized companies (based on annual revenues), and between 25% to 55% below the median cash-only compensation paid to directors of public and private companies, respectively, of similar size.

2025 PCC Board of Trustees.

Redmond PCC meat & seafood department staff.

Celebration outside Green Lake Aurora PCC

FINANCIALS

PCC Community Markets is the country's largest cooperative grocery retailer, and we measure our success through the achievement of a triple bottom line: people, profit, and planet. Our goal is to operate a sustainably profitable business while serving the co-op's mission – to staff, co-op members, the broader communities we serve, and the partners whose products fill our stores. For PCC, purpose and profit will always go hand in hand, and this is what sets us apart from conventional grocery retailers. 2025 was a year in which the co-op made significant strides on both measures – purpose and profit, and what follows is a summary of our financial performance in 2025.

Net Sales

The co-op posted $487.8 million in net sales for 2025, growing 8.4% year over year. PCC's fiscal year ends on the Saturday closest to December 31, where every 5-6 years the co-op's financial results includes one additional week of activity. Fiscal 2025 consisted of 53 weeks, while fiscal 2024 consisted of 52 weeks. The 53rd week added approximately $9.1 million to 2025 net sales. Excluding the additional week, net sales increased 6.4% compared to 2024. Growth in both transactions and units was driven by continued customer demand and strategic pricing actions. Growth moderated later in the year, impacted by a combination of competitive pricing dynamics and ongoing inflationary pressures.

In 2025, close to two-thirds of total co-op gross sales came from purchases by our member-owners. PCC's membership program provides exclusive access to free or discounted product offers, events, and partner discounts from a selection of local, like-minded businesses. Member-only offers in 2025 amounted to an aggregate $165 in value for those who redeemed them all.

Operating Expenses

While operating expenses for the co-op increased 5.4% compared to the prior year, disciplined expense management improved operating expense leverage to 38.7% of net sales (as compared to 39.8% for 2024) and helped mitigate gross margin pressure.

Wages, benefits and tax expenses increased in 2025 compared to 2024, primarily driven by wage increases for all staff members and rising medical costs.

Other operating expenses, including occupancy, marketing, and general and administrative costs increased from 2024 due to general cost inflation affecting both services and supplies. Even in a higher-cost environment, the co-op continued to fund key initiatives aimed at strengthening operations and supporting members over the long term.

Income (before provision for income taxes)

We ended 2025 with income from operations before taxes of $2,820,261, representing meaningful progress in PCC's journey to sustain a healthy triple bottom line. While we were pleased to deliver positive income for the year, the co-op's Board of Trustees determined that, in order to safeguard the co-op against economic uncertainty, meet our financial obligations, and support long-term sustainability, retaining earnings rather than issuing a patronage dividend for 2025 was the most responsible course of action.

Cash

Cash was $37.4 million at the end of 2025. In addition to the positive sales results discussed above, the co-op benefits from strategic money market investments contributing to the overall growth in our cash and cash equivalents balance. The co-op plans to invest between $17-18 million in capital during 2026, primarily for opening a new location in Madison Valley and funding strategic initiatives.

CONSOLIDATED INCOME STATEMENT

	2025	2024
SALES, NET	$487,808,306	$449,904,724
COST OF GOODS SOLD	298,270,808	272,157,111
Gross profit	189,537,498	177,747,613
% of Sales	38.9%	39.5%
OPERATING EXPENSES		
Wages, benefits and taxes	128,488,238	120,803,616
General and administrative expenses	21,391,439	19,494,936
Occupancy expenses	36,389,583	35,743,198
Marketing and outreach expenses	2,829,368	2,716,642
Loss on disposal of assets	186,063	128,622
Gain on lease modifications	(647,328)	-
Impairment charge and closing expense	-	33,293
Total operating expenses	188,637,363	178,920,307
Income (loss) from operations	900,135	(1,172,694)
OTHER INCOME (EXPENSE)		
Interest income	1,061,879	720,039
Interest expense	(23,602)	(59,563)
Investment income	608,985	711,048
Other income (expense)	272,864	286,240
Total other income, net	1,920,126	1,657,764
Income before patronage dividends and provision for income taxes	2,820,261	485,070
PATRONAGE DIVIDENDS	-	-
Income before provision for income taxes	2,820,261	485,070
PROVISION FOR INCOME TAXES		
Current benefit (expense)	(946,563)	(2,084,446)
Deferred tax benefit (expense)	491,580	1,990,869
NET INCOME	$2,365,278	$391,493
% of Sales	0.5%	0.1%

CONTINUED >>

CONSOLIDATED BALANCE SHEET

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$37,429,959	$35,468,271
Receivables, net	3,678,069	2,599,648
Inventories	10,583,947	10,656,504
Prepaid expenses and other assets	2,117,952	2,383,730
Income tax receivable	2,435,356	1,652,071
Total current assets	56,245,283	52,760,224
PROPERTY AND EQUIPMENT, net	60,794,489	62,427,030
LONG-TERM ASSETS		
Operating lease right-of-use assets	90,315,563	98,146,455
Other assets	127,758	178,278
Investments	3,949,039	3,683,421
Total long-term assets	155,186,849	164,435,184
Total assets	$211,432,132	$217,195,408

LIABILITIES AND MEMBERSHIP EQUITY

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$17,270,996	$13,625,147
Accrued wages and benefits	9,896,834	11,605,696
Other accrued expenses	4,260,135	3,592,298
Contract liabilities	1,067,038	1,045,948
Income tax liability	-	1,471,205
Patronage dividends payable	-	-
Current portion of operating lease liabilities	7,531,907	8,428,388
Total current liabilities	40,026,910	39,768,682
LONG-TERM LIABILITIES		
Deferred income taxes	1,487,742	1,979,322
Operating lease liabilities, net of current portion	104,005,617	112,436,491
Total long-term liabilities	105,493,359	114,415,813
MEMBERSHIP EQUITY		
Membership certificates	13,193,410	12,657,738
Retained earnings	52,718,453	50,353,175
Total membership equity	65,911,863	63,010,913
Total liabilities and membership equity	$211,432,132	$217,195,408