LETTER FROM THE CEO & BOARD PRESIDENT

Dear Member-Owners of Valley Natural Foods Co-op,

We continue to be incredibly grateful for your support of Valley Natural Foods Co-op. Your patronage and ownership make it possible for us to provide a great shopping experience, create value for our members, and build a sustainable cooperative for the future. Fiscal Year 2026 was a year of significant investment and change at Valley. We took on several large projects throughout the store and behind the scenes while navigating shifts in the grocery market that required us to adjust our priorities. Through it all, our focus remained the same: strengthening Valley today while positioning the co-op for continued success in the years ahead.

Investing in Our Co-op

It was a busy year of projects that touched nearly every area of the co-op. Behind the scenes, we transitioned several support systems and moved to a new e-commerce platform early in Fiscal Year 2026. The results have been especially encouraging, with e-commerce sales growing more than 300% year-over-year compared with our previous platform. We look forward to building on that momentum in Fiscal Year 2027.

We also made significant investments in our physical space. We remodeled the Mezzanine to improve its flow while addressing longstanding sound, lighting, and climate-control issues. We completed a full replacement of our main Produce cooler, greatly expanding our merchandising capabilities, and closed out the fiscal year with a refresh of our Bulk department. Each project addressed areas that were not included in our previous expansion and represents another step toward creating a better experience for our shoppers and member-owners.

We also continued looking for ways to provide more immediate value to our member-owners. This year, we introduced three monthy member-owner-exclusive discount days in our Bulk, Wellness, and Fresh departments, along with expanded advertising to provide additional savings during sale-changeover periods. We have seen good participation in these programs and encourage our members to take advantage of these opportunities throughout the coming year.

Investing in Our People

While much of our investment this year was visible throughout the store, we also continued to invest in the people who make Valley Natural Foods what it is. We recognize that a great shopping experience starts with a great team, and we remain committed to providing competitive compensation, meaningful benefits, and opportunities for our staff to learn, grow, and build their careers. Our staff took on a tremendous amount of change this year while continuing to serve our shoppers through construction, system changes, and the everyday challenges of operating a grocery store. Their flexibility, commitment, and willingness to step up for one another are a big part of what makes Valley special. We are proud of the team we have built and will continue looking for ways to support their success.

Bakehouse Challenges

Our Bakehouse remained an area of significant focus during Fiscal Year 2026. We invested substantial time and resources into moving the Bakehouse toward greater financial sustainability, including attending trade shows, securing additional sales and brokerage support, expanding our distribution network, and opening new retail doors.

Despite these efforts, Bakehouse growth remains slower than we had hoped, and some investments have not generated the returns we anticipated. We have budgeted the Bakehouse conservatively for the coming year and will continue to monitor its performance while evaluating the best path forward. These decisions are not always easy, but responsible stewardship requires us to be thoughtful about where we invest our resources and how those investments support the long-term health of the co-op.

Performance and Looking Ahead

Fiscal Year 2026 was a transitional year for the co-op. After a strong start, we experienced a softening in sales beginning in the second quarter, largely tracking what we saw across our cooperative network and the broader grocery market. We ultimately finished the year with approximately $17.3 million in total sales, slightly ahead of the prior year. We ended the year with a small book-value loss, partially offset by the receipt of our final Employee Retention Credit payment. While we would always prefer stronger financial results, the co-op remains fiscally sustainable and has the resources necessary to navigate the changing market.

Looking ahead to Fiscal Year 2027, our budget anticipates continued modest sales growth while keeping that growth in line with increases in operating expenses. This represents an intentional shift in focus. Rather than pursuing growth for growth's sake, we are concentrating on refining our operations, improving efficiency, and strengthening the foundation of the co-op.

At the same time, we continue to evaluate opportunities that could strengthen Valley Natural Foods and expand our cooperative community. Our goal is to balance responsible stewardship of the co-op we have today with thoughtful investment in the opportunities of tomorrow. Thank you for your continued support of Valley Natural Foods Co-op. Your ownership and patronage make all of this work possible. We are proud of what our staff and member-owners accomplished together this year and excited about what comes next.

The road ahead will undoubtedly bring new challenges, but Valley remains strong, sustainable, and positioned for the future. As we look forward to the next 50 years of Valley Natural Foods, we are grateful to have you along for the journey.

In Cooperation,

Matt Kappra, CEO
Sarah Johannson,
Board President

Matt Kappra

Sarah Johannson

Valley NATURAL FOODS™

2026 ANNUAL REPORT

FINANCIAL REPORT

FISCAL YEAR 2025/2026

INCOME STATEMENT	2025/2026	2024/2025
Revenue		
GROSS SALES	$17,310,606	$17,173,790
COMMISSIONS	$25,578	$20,405
PROGRAM DISCOUNTS	($270,633)	($274,949)
49990-000 - INTRA COMPANY SLS	($37,170)	($53,044)
Total Revenue	**$17,028,381**	**$16,866,201**
Cost of Goods Sold		
COST OF GOODS SOLD	$10,470,520	$10,273,784
59900-000 - INTRACO COGS ELIM	($37,170)	($53,044)
E-COMMERCE	$13,562	$6,131
Total Cost of Goods Sold	**$10,446,912**	**$10,226,870**
Gross Profit Before Depreciation	**$6,581,469**	**$6,639,331**
Gross Profit Before Depreciation Margin (%)	**38.65%**	**39.36%**
Expenses		
PERSONNEL	$4,437,805	$4,110,180
OCCUPANCY	$603,329	$559,143
OPERATING EXPENSES	$679,328	$622,229
ADMINISTRATIVE	$347,266	$276,462
MARKETING	$303,314	$210,147
GOVERNANCE	$38,354	$36,586
	$6,409,397	**$5,814,748**
Total Expenses	**$172,072**	**$824,583**
Operating Profit Before Depn & Amort.		
Other Income		
DIVIDENDS RECEIVED	$55,200	$44,853
OTHER INCOME & EXPENSES	$203,891	$1,022,143
Other Expenses		
71310-700 - BAD DEBT:VO	$967	$0
99000-010 - OTHER EXPENSE MISC:VNF BV	$419	$10
EBITDA	**$429,778**	**$1,891,569**
EBITDA Margin (%)	**2.52%**	**11.22%**
Depreciation and Amortization	$446,192	$520,604
Earnings Before Interest & Tax	**($16,414)**	**$1,370,965**
Interest Income		
80600-010 - INTEREST INCOME:VNF BV	$158,491	$275,793
Interest Expenses		
90200-010 - INTEREST EXPENSE	$0	$158
90210-010 - INT EXPENSE MEMBER:VNF BV	($2)	$2,093
90220-010 - LOAN INTEREST EXP:VNF BV	$188,089	$198,307
Earnings Before Tax	**($46,010)**	**$1,446,199**
Tax Expenses		
90610-000 - FEDERAL TAX	$0	$34,082
90620-000 - STATE TAX	$0	$10,462
90650-000 - DEFERRED TAX CHANGE	$0	$237,000
Earnings After Tax	**($46,010)**	**$1,164,655**
Net Income	**($46,010)**	**$1,164,655**
Net Income Margin (%)	**-0.27%**	**6.91%**

BALANCE SHEET	2025/2026	2024/2025
ASSETS		
Cash & Equivalents	$3,908,874	$3,895,307
Accounts Receivable	$51,301	$367,142
Inventory	$826,872	$803,171
Other Current Assets	$209,400	$291,786
Total Current Assets	**$4,996,447**	**$5,357,406**
Fixed Assets	$8,343,263	$8,243,666
Intangible Assets	$21,723	$34,124
Investments or Other Non-Current Assets	$687,679	$730,779
Total Non-Current Assets	**$9,052,664**	**$9,008,569**
Total Assets	**$14,049,111**	**$14,365,975**
LIABILITIES		
Accounts Payable	$718,104	$653,832
Other Current Liabilities	$847,148	$957,634
Total Current Liabilities	**$1,565,252**	**$1,611,466**
Long Term Debt	$3,481,745	$3,746,183
Deferred Taxes	$491,000	$491,000
Total Non-Current Liabilities	**$3,972,745**	**$4,237,183**
Total Liabilities	**$5,537,997**	**$5,848,649**
EQUITY		
Retained Earnings	$2,317,840	$1,153,429
Current Earnings	($46,009)	$1,163,415
Other Equity	$6,239,283	$6,200,482
Total Equity	**$8,511,113**	**$8,517,326**
Total Liabilities & Equity	**$14,049,111**	**$14,365,975**

CASH FLOW STATEMENT		
OPERATING ACTIVITIES		
Net Income	($46,010)	$1,142,378
Depreciation and Amortization	$446,192	$561,348
Change in Accounts Payable	$64,272	
Change in Other Current Liabilities	($110,486)	$11,066
Change in Accounts Receivable	$315,841	$36,394
Change in Inventory	($23,701)	($61,174)
Change in Other Current Assets	$82,386	($136,839)
Cash Flow from Operating Activities	**$728,494**	**(1,518,575)**
INVESTING ACTIVITIES		
Change in FixedAssets(ex.Depn and Amort)	($545,789)	(355,753)
Change in Intangible Assets	$12,401	3,340
Change in Investments or Other Non-Current Assets	43,100	
Cash Flow from Investing Activities	**($490,287)**	**(352,413)**
FINANCING ACTIVITIES		
Change in Other Equity	$38,801	$63,166
Change in Earnings not attributable to Retained Income	$997	$3,895,306
Change in Long Term Debt	($264,438)	($279,983
Cash Flow from Financing Activities	**($224,641)**	(216,817)
Change in Cash & Equivalents	**$13,567**	**$949,345**
Cash & Equivalents, Opening Balance	$3,895,307	$2,945,961
Cash & Equivalents, Closing Balance	$3,908,874	$3,895,306

COMMUNITY IMPACT

July 1, 2025 - June 30 2026

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NEW MEMBER-OWNERS JOINED THE CO-OP

WELCOME TO OUR CO-OP COMMUNITY!

OUR DONATION FOOD BINS CONTINUE TO FILL UP ON A WEEKLY BASIS, AND PICKED UP BY TWO ALTERNATING RECIPIENTS EACH QUARTER.

RECIPIENTS:
The Open Door Pantry and
360 Communities Food Shelf

$28,963

COMBINED ROUNDED-UP CONTRIBUTIONS & REUSABLE BAG REDEMPTIONS AT THE REGISTERS, DONATED BY VALLEY NATURAL FOODS SHOPPERS

RECIPIENTS: Midwest Food Connection, BrainPower in a BackPack, Every Meal, VNF Cooperative Community Fund, Division of Indian Work, Kaitlyn's Kloset, Urban Ventures, 360 Communities, Open Door, Sustainable Farming Association, MSS, Open Arms

THANK YOU MEMBER-OWNERS AND SHOPPERS FOR YOUR GENEROSITY AT THE REGISTERS AND FOOD DONATION BIN!