

Dear Members,

In 2024, Breadroot Cooperative (“Breadroot”) increased the legal par value of its membership and capital stock. In a cooperative, par value is a bookkeeping measure that records the value of each share of stock. Specifically, Breadroot increased the legal capital stock par value from \$25 to \$100 per share, and the legal membership stock par value from \$10 to \$30 per share. For **accounting** purposes par value should equal consideration given (e.g. payments made by its members). Therefore, this legal change did not impact **existing** par value as stated on the books. After legally changing the par values, the Cooperative subsequently changed its annual membership dues to reflect consistency with the legal change.

Due to limitations experienced in Breadroot’s point of sale (POS) system, it was determined that the POS system does not allow for multiple share prices to be recorded in the POS system without the need for extensive reporting and tracking. In error, historic member records were affected. The management team at Breadroot is working diligently to get this fixed.

Following review and recommendation by Breadroot’s accounting professionals, the Board is requesting that the Cooperative revert the par values of membership and capital stock back to their original values. That is, the par value of the capital stock will again be \$25 per share, and the membership stock par value will again be \$10.

The Board originally increased par values to align with Breadroot’s financial structure and anticipated future capital needs. Specifically, the Board increased the par values in anticipation of new Members and additional capital contributions, with the goal of facilitating a larger influx of capital than would have been possible under the original par values.

For Members who purchased stock at the higher par values after the increase, Breadroot will calculate the difference and issue refunds to ensure their equity reflects the reverted par values. Members who purchased stock prior to the increase are unaffected and do not need refunds. This adjustment does not affect the membership status or voting rights of any Member.

To accomplish this adjustment, we will need to have a vote of the Members. This will be included in the ballot for our upcoming election beginning on April 15, 2026.

We appreciate your understanding and continued support of Breadroot Co-op!

Sincerely,

Breadroot Cooperative Board of Directors