

January 1, 2022

President's Letter

Happy New Year!

2022 is shaping up to be another great year for our company. These past two years, as a new ESOP organization, have set us well on this path.

Let me take this time to discuss with you our company's over-arching purpose. Simply stated, we provide affordable food to the communities we serve. Without this directive, our organization would not exist.

Understand that PAQ runs two formats, Food 4 Less and Rancho San Miguel Markets. Both are run as price-impact / low-cost grocery stores. Our stores are located in demographically lower-income neighborhoods. So, by design, our primary function is to operate our stores as efficiently and without added costs or frills in order to pass those savings on to our customers. We want them to feel good about feeding their family with the affordable food that we provide.

Yes, we are organized as an employee-owned company, an ESOP. The work we do provides us, as employee owners, an income, possibly a career path, a retirement, medical coverage, sick time, vacations, etc. But know that the work we do every day provides a bigger role in our communities-more than just our jobs. If we don't provide affordable food for our customers, they will no longer shop with us. And without these customers-we would all be out of jobs. Our stores, and thereby each of us work to provide affordable food to enable so many in our community that are price conscious to get by in their life. We sometimes miss this point of our work.

Our new store that we plan to open in early 2022 in the Oak Park Area of Sacramento, is a prime example of this. This site is commonly referred to as a "food desert". There are no low-cost grocery store options in the Oak Park, Tahoe Park and Elmhurst neighborhoods. Our Rancho San Miguel Market will proudly provide fresh fruits and vegetables, a Carniceria stocked full with meat & cheeses, a full-service bakery and a Cocina with authentic Hispanic dishes that is currently not available locally. We sometimes take it for granted that we are just opening "another one of our stores". This particular store is a godsend to this community

as they lost their local grocery store in 2020. They can't wait for the return of another low-cost grocery store where they can have access to fresh foods at affordable prices. I have spoken with many of the local and city leaders who are partnering with us to help the community we will be serving. I am confident we will make them proud, but we must stay mindful our purpose-providing affordable food.

Let me say, I am personally proud to be a grocer. Proud that what we do provides jobs for the local community, and careers for those that choose this life. I am also proud that we are in the business of providing affordable foods to our local communities. Please recognize this as you go about your day-to-day job duties. Know that the efficiencies you create do help the company overall to become financially secure and strengthen our ESOP value. But it also helps us keep our prices low, which in turn helps to provide our communities with the affordable food they so desperately need.

In closing, I would like to again thank you all for your hard work and service. Let's continue to make PAQ, Inc. a great employee-owned company.

Thank you,

Bill Cote
President & CEO