



Q224 Letter to Shareholders

Nate Skala

CEO, Founder of Skala Industries

Dear Shareholders,

I am thrilled to report on Skala Industries' journey in Q224, marked by outstanding growth and financial success. This period has been a testament to our unwavering commitment to excellence, innovation, and customer satisfaction, driving us towards a bright and prosperous future.

Incredible Growth and Financial Stability

During Q224, Skala Industries experienced a substantial 32.80% increase in total revenue, propelled by our updated pricing strategies, heightened sales across our existing locations, and the introduction of new high-margin products. This surge reflects our relentless pursuit of growth and profitability, positioning us for further success in the upcoming quarters.

Strategic Developments and Operational Enhancements

While our operating income saw a decrease of 18.49%, primarily due to initial inventory costs for client upgrades and moving expenses for new equipment, our focus on operational efficiency and strategic investments remains steadfast. We closed the quarter with a strong quarter-end cash balance of \$3,311.21, showcasing our solid financial standing and commitment to long-term stability.

Customer-Centric Innovations and Strategic Growth Plans

Our dedication to enhancing the customer experience has led to exciting initiatives, such as the introduction of a gift card incentive for customers, adding an element of fun and surprise to their vending machine visits by hiding a gift card on one random snack item per week at each vending location. Furthermore, we completed the placement of a high-capacity beverage machine at an existing client location, with preparations underway to expand to our third vending location by early July and add a fourth location by the end of Q324.

Future Expansion and Financial Goals

Looking ahead, Skala Industries remains focused on expanding our reach and driving sustained growth. With plans to add new vending machines, prioritize inventory management, and optimize operational efficiency, we are committed to generating \$12,000-\$15,000 in revenue for the upcoming quarter, maintaining a 15% operating margin, and achieving monthly revenue targets of at least \$4,000. These strategic steps align with our vision of building wealth and solidifying our position as a key player in the vending and service industry.

Gratitude and Optimism

As we celebrate the milestones achieved in Q224, I extend my deepest gratitude to each shareholder, lender, and supporter of Skala Industries. Together, we are shaping a future filled with growth, resilience, and achievements. The journey ahead is one filled with excitement, challenges, and endless possibilities. With visionary leadership, and the ongoing support of our valued shareholders, we stand poised to embrace the opportunities that lie ahead. Thank you for your continued trust and partnership on this remarkable journey.

Nate Skala

*Founder and CEO
Skala Industries*