



Q124 Letter to Shareholders

Nate Skala

CEO, Founder of Skala Industries

Dear Shareholders,

As we reflect on the results of Skala Industries' Q124 performance, it is with pride and pleasure that I share the outstanding progress and successes witnessed during this period. Our dedication to growth, operational excellence, and customer-centricity has fueled unprecedented achievements, setting the stage for a bright future ahead.

Revenue Surge and Operational Strength

In Q124, Skala Industries experienced a massive 345.83% surge in total revenue, driven by the addition of a new high-performing vending location, increased sales between both locations, a new customer item request feature, and the successful introduction of new high-margin products. This phenomenal performance underscores our commitment to expansion, innovation, and strategic expansion.

Financial Stability and Operational Enhancements

Operating income soared by 118.38%, showcasing our operational strength and efficiency. Enhanced cash flow from new locations, improved inventory management practices, and strategic sales expansion initiatives contributed significantly to this remarkable growth. We closed the quarter with a quarter-end cash balance of \$1,067.19, representing a 236.70% increase and highlighting our solid financial standing.

Customer-Centric Approach and Strategic Growth

Our continued focus on enhancing customer satisfaction through a streamlined refund process has yielded positive results, with fewer refund requests, a surge in 5-Star Customer Reviews, and improved service quality. Looking ahead, our strategic growth plans include expanding to new vending locations, doubling our total locations annually, and implementing revenue-focused strategies to drive sustained success.

Investment Focus and Future Expansion

Our commitment to sustainable growth is evident in our planned investments in additional vending machines, inventory management enhancements, and operational efficiency initiatives. By adding new vending locations, maintaining a strong operating margin of 15% or higher, and targeting revenue goals north of \$2,000 per month, we are poised for continued expansion and profitability.

Empowering Operational Excellence

The adoption of Monday.com for automation, inventory tracking, and financial monitoring has revolutionized our operations, leading to improved efficiency, cost savings, and enhanced decision-making capabilities. Our focus on innovation and streamlined processes underscores our dedication to optimizing performance across all aspects of our business.

Looking Ahead

As we set our sights on the future, Skala Industries remains committed to growth, excellence, and creating enduring value for our shareholders. Our vision to expand to five locations by the end of 2024, double our locations annually, and drive revenue and profitability through strategic initiatives positions us for continued success in the quarters to come.

Conclusion

As we reflect on our achievements in Q124, we do so with a sense of pride and optimism for the future. Our journey has been defined by a relentless pursuit of excellence, a firm commitment to innovation, and a deep-rooted dedication to serving our customers and shareholders with consistency and integrity.

The success we have achieved in this quarter is a testament to the collective efforts of our small but powerful team, the trust and support of our shareholders, and the unwavering faith in our vision for growth and sustainability. It is through these collective ambitions that we have been able to surpass expectations, set new benchmarks, and position Skala Industries as a beacon of success in the vending industry and beyond.

As we look ahead, we do so with a sense of excitement and anticipation. Our expansion plans, strategic investments, and focus on operational excellence will continue to drive our momentum forward, propelling us towards greater heights of success and prosperity. With a solid foundation and a clear vision, we are confident in our ability to navigate challenges, seize opportunities, and achieve our ambitious goals.

I extend my gratitude and appreciation to every shareholder, lender, and supporter of our company- and for taking a bet on a young entrepreneur looking to make my presence felt in the business world. Your belief in our mission, your contributions, and your continued trust are the pillars upon which our success rests. Together, we will continue to write the next chapter of our success story. The best is yet to come, and I look forward to embarking on this exciting journey with each and every one of you.

Nate Skala

Founder and CEO

Skala Industries