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2025 CEO Letter

If you've been counting (and I realize you haven't), this is my 5th year writing the CEO letter. These letters are a tradition started by my father about 15 years ago as a way to celebrate and acknowledge the great work from the past year. It's incredible to see how much our accomplishments have scaled over the last 15 years. Comparing the achievements noted in that first letter to today is eye opening:

- January 2010: Acknowledging the contributions of our 350 employees
 - Today: We've grown to over 8,000 incredible employees!
- January 2010: Crossing the 20,000 mark of items offered in our catalog
 - Today: We're over 500,000 items strong and still growing!
- January 2010: Adding an additional 95,000 square feet of much needed warehouse space
 - Today: We've added 1.6M square feet over just the last 18 months!

While the numbers are different, there is one very important commonality that hasn't changed. As my dad wrote in 2010, "all of these accomplishments were made possible by the hard work of our 350+ employees." It's amazing where we've gotten with that hard work being put in year after year.

But hard work is ... well, hard! That's why only 1% of those New Year's resolutions we all just made will make it to 12 months and nearly a quarter of them won't even last for 2 weeks! In an instant gratification world, the idea of prolonged hard work just doesn't sound all that appealing. And I think that's one of our secrets at Clark Associates: for years, we've passed over 'shallow wins' to embrace the 'delayed gratification' of doing really hard things.

Shallow wins require little discipline, minimal effort, and are like throwing wood shavings on a fire. You're met with a satisfying flash and then quickly the moment is over. Delayed gratification, on the other hand, requires the discipline to maintain a long-term focus. The result is a greater achievement that stimulates personal growth and improved resilience.



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From my perspective, 2024 was a nose down, grind it out kind of year. The work we put in will pay off in the long run, but we could have made 2024 a lot easier on ourselves by ignoring it all and going for the shallow wins instead. But we've done this before, and we know the payoff is just down the road. That's the nature of delayed gratification.

So, what is some of the hard work we did last year? Here's just a sampling from around the company:

- Clark National Accounts onboarded its largest customer in 2024, but the hard work started in 2022 with 2 solid years of sales calls. It took tremendous effort — fact-finding missions, showing added value, winning their trust — to land the account and then an even bigger lift for a successful launch, including 1,000 item adds and transferring over 20 trucks of inventory across the country. This new partnership has poised Clark National Accounts as an ideal industry partner for innovation in distribution.
- The WebstaurantStore app may have launched in 2023, but its real success came through right before the close of 2024. A proof of concept for this project began in 2021, the project was green-lighted to start building in 2022, launched in May of 2023, and hit \$100M in sales in December of 2024. There is still a lot of work to be done here, but what an exciting journey it's been to serve our customers even better.
- The Restaurant Store opened its first location in Florida last year. However, this initiative began all the way back in 2021. With over 865 miles between this new store and our other Northeast locations, we were excited to not only expand our footprint down the coast but to also add new products in store to cater to the region's distinct cooking style, flavors, and ingredients! Two additional Florida locations - Davie and Jacksonville - are scheduled to open in 2025.
- We also introduced Automation Technology in 4 major warehouses within our network in 2024, with a fifth launching in early 2025! Those involved with this project can attest to the investment of time and resources to make this a reality - from initially vetting technology platforms, to analyzing order patterns, designing warehouse layouts with the constraints of the building, adding infrastructure like racking and pick modules, staffing, and preparing initial shipments. The result? We get our product out the door quickly for a best-in-class customer experience.



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- Business Services has been working on utilizing AI to help Accounts Payable scale invoice processing with company growth — a project that started back in 2023 and launched in the second quarter of 2024. To date, 95% of all drop-ship invoices have been automated and we've reduced all other manual invoicing by 23%. This is a big deal when we process well over 1 million invoices a year! Because of this project's success, we're looking to apply this same technology to other Business Services departments like Treasury and Accounts Receivable.

Beyond these 'big' projects were countless individual and team efforts that were complicated, tedious, arduous and not at all 'easy.' So, yea, the employees at Clark Associates worked hard last year. Really hard. There wasn't always much in the way of instant gratification, but that's because we were doing big things and working hard for the long term. I'm so excited for what 2025 will bring. And 2026! And 2027!! Cheers to hard work, gritty resolve, and the power of delayed gratification.

L. Gene Clark

CEO, Clark Associates, Inc.