

GREAT GRIZZLY TIMES



A MESSAGE FROM THE PRESIDENT

2020 - A YEAR TO REMEMBER

Looking back on 2020 it was a year of surprises and a year of change. We started the year with great concerns about production being delayed in China and by spring we had COVID issues to address. By June we were back on track to have a selling season. None of it was easy but we eased

into a season that everyone will talk about for many years.

As I write this article, we will be less than seven months and the 2021 fireworks season will have concluded. We still have some issues to address in China but possibly the end is in sight for the Covid virus. I fully expect that we will get to the sales season with some restrictions in place. Likely we will still have some social distancing and hopefully, the issues of spikes in new infections will be over.

What we can take from 2020 is that people still love fireworks! Likely people will still be wary of crowds and cities will likely not be back to 100% normal. Getting the vaccine out to all the populations will take some time. We stand to have the same type of year in the making as the great 2020 season. This time you will have some warning that it is coming and be prepared to maximize your July 4th sales season. I fully expect the New Year season in the southern states will have convinced fireworks retailers in those areas that 2021 will be another banner year for the fireworks retail business.

Although China's side is experiencing some shipping problems out of the Shanghai port, the factory production seems to be in a much better position than at this same point last season. NCI has a very reliable group of suppliers that we use to make our products. We fully expect to have all the inventory produced and shipped in time for the 2021 season.

As always, we encourage buyers to purchase early to assure themselves of the best selection. We for one will not be understocked as always having a large inventory is one of NCI's strong suits. We will continue to offer new and innovative products for the 2021 season. Hopefully, we will get to resume our demo's in Georgia and Indiana this spring.

Time is marching on. NCI is prepared to offer our huge selection of old and new favorites for 2021. I fully expect a repeat of the 2020 season again in 2021. We'll be prepared and I'm sure our customers are more than ready for another banner year.

Best wishes for a prosperous 2021 season!

Richard B. Shields
President/Owner



NCI

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A YEAR UNLIKE ANY OTHER

Hello to everyone and thanks for taking a look at our Winter Newsletter! I've sat the bench for the last few newsletters in lieu of new players but I am happy to be back in play to share with you some of my thoughts on the recent past and the future of the consumer fireworks industry.



KURT COWGILL

The past 12 months have turned our industry upside down & inside out in more ways than one. NCI had originally scheduled our annual visit to China in middle November of 2019 but had decided to postpone that trip for multiple reasons. Little did we know, at the time, the origination of the COVID-19 virus was developing in Wuhan, a short 4-hour drive from the main production area in Liuyang, Hunan, China. At the turn of the New Year, retailers reported a great selling season which depleted inventories lower than normal. At the same time, production in China was strained firstly due to factory explosions/accidents and secondly due to the onset and initial spread of COVID-19. It was quickly becoming clear that inventory shortages may loom and impact the 2020 US Summer season. Rumors spread quickly through the consumer industry and phones began ringing at the wholesale offices earlier than normal. We were busy pulling and shipping orders from Mid-January to Mid-March, and the fact that we were getting little to no replenishment stock from China was concerning. By that time, China was on mandatory lockdown, and production was halted until after the Chinese New Year.

Then, in mid-March, by order of state and local authority, we closed our office & warehouse. It remained closed for 30 days. Like most businesses in this unprecedented time, we pivoted to arrange for those that could, to work from home. Like a flip of the light suddenly the demand for product eased and the summer selling season was in question. After a month of closure, we called essential employees back to work and started receiving containers as directed by federal authorities. The APA provided information and advisory in which we interpreted to say the department of transportation deemed the movement of hazardous materials essential to the infrastructure of the US. From there, we received roughly 74 containers in the next 60 days. Somehow, our suppliers in China managed to catch up and ship our entire order for the most part, and we ended up receiving the bulk of it with 3-4 weeks left to ship in the summer season. This was even more remarkable considering all the transportation issues on the China side that developed after the Chinese New Year holiday last year. Most restrictions in the US were lifted or eased by late May/early June.

The government had approved a stimulus plan for individuals and employers and provided enhanced unemployment benefits to those that were out of work. This is the part where our industry counterparts, the display fireworks companies, and those in the consumer fireworks industry took vastly different paths forward. Although personal restrictions were lifted/eased for the most part, there was still a ban on large gatherings. This meant typical summer activities like festivals, concerts, theme parks, cruises, and fireworks displays were not happening. This has nearly crippled the display industry, having a similar effect of a drought on the consumer industry. The effect on the consumer industry was positive, as those that typically made a tradition of taking their families to view annual fireworks displays now decided that they were going to buy consumer fireworks and celebrate at home.

Retailers and Wholesalers witnessed a year for the record books. Many retailers reported closing on July 3rd or early on the 4th as they did not have any product left to sell and couldn't get any more. I have never seen our warehouses as empty as they were in mid-July, as we probably had around 10% of the carryover inventory that we typically have. We saw the writing on the wall and submitted orders for 2021 in June, and as a result, have had a steady flow of containers arriving this fall. We will continue to receive more containers but due to the unusually high demand for fireworks in 2020, retailers are not only buying what they would typically buy to cover what they project to sell, but they are also buying to fill their empty shelves and stock rooms.

CONTINUED ON PAGE 3...

A YEAR UNLIKE ANY OTHER CONTINUED...

Coming full circle, while many things are vastly different than they were at this time in 2019, some things continue to remain the same. Large scale transportation issues currently exist in the supply chain. As I am writing this article, we had recently received notice from the shipping company that the steamship lines are issuing peak season surcharges (PSS) in excess of \$8,000.00 per container. A typical PSS prior to this year was around \$500.00 and would be implemented in times of high demand. Currently, it is set to expire at the end of December, but I will not be surprised if they extend it indefinitely. As long as the demand is there, they have no reason to change it.

I'd like to say with certainty that the shipping cost will settle back to a reasonable level, but I am afraid the increase I stated above is the new normal.

Beyond transportation issues, the next factory explosion or accident always looms and has proven it can turn everything on its head overnight. Production is beyond capacity for 2021, and many producers are not accepting add on's to current orders or additional new orders. It is fairly common to have the option to add additional quantities to the production schedule for items that have not started yet, but as early as mid-August 2020 some of the best factories were turning those requests down.

A category of consumer fireworks that is currently up in the air for 2021 is the large diameter repeaters. All items with tube diameters of over 30 mm or 1.2 inches are currently forbidden to ship as 1.4G, outside of a temporary exemption that ran through November 30th, 2020. This exemption applies to items 1.2" – 2" tube diameter and the 3"+ tube items are still dead in the water. A coalition group made up of China suppliers/manufacturers, US importers, and others with interest in resolving the issue are still working toward a solution, but currently, there is no agreement.



There is a list of other challenges a mile long on the China side that our suppliers are dealing with every day to produce, load, and ship our precious fireworks. We are confident that our loyalty and long-term relationship with reliable, dependable, and experienced suppliers will always put us in a good position to get merchandise when the market gets tight. Our team at NCI has been around the block a few times and that prior experience will help us to navigate any issue that arises to ultimately provide the fireworks stock our customers need. I am also confident that when faced with new challenges and unprecedented circumstances, we are well equipped to make the right decisions to be in the best position to fill the needs of our customers. It will certainly be interesting to see what the next 12 months hold, but please know we will do everything we can to inform, guide, and prepare you for a successful 2021 fireworks season!

KURT
Kurt Cowgill
Vice President



NEW ITEMS AND EFFECTS FOR 2021

This past season was a record-breaking year for the consumer fireworks industry, which led to extremely fast-selling new items. In some cases, new items were sold out within a couple of days of entering our warehouse. Getting ready for the 2021 season I want to touch on a few items that you may have missed in 2020 and also give you a sneak peek into the 2021 new items.

Let's start with everyone's favorite category - canister shells. In 2020 NCI revamped the Terminator 24pk in a BIG way. They are now 5", hard-hitting, and still at a great price. They are probably the best value in our reloadable category. Speaking of value, we are not giving up on 4" shells just yet. This year we are introducing the Zombie King 28pk. This shell kit will be priced to sit on the shelf with 24pk but offer "4 Free Shells". This concept seems to be a great item to feature in any retail showroom. The most notable change in effects for canister shells is the addition of tails and the factory technicians went all out.



STEVEN IRVIN

We now have tiger, crackling, glittering, whistling, strobing, and 2 stage mines. The Fire Factory 6" Super Stinger 6pk was a great addition with groundbreaking 2 stage mines and killer packaging. Now we have stepped this up into a 24pk with 12 - 2 stage mines, 6 Whistling Tails, and 6 Ring Shells. The most notable and viral of these new shells was Tiki Bombs. These 24 packs feature 8 Tiger, 8 Glittering, and 8 Crackling Tail effects that are beautiful and still have huge breaks. While we have ordered a huge amount of these 24 packs for next season, we also created the Tiki Bomb: Witch Doctor Edition 24pk which features 6 Tiki Bombs, 6 Neon Shells, 6 Nishiki Willows, and 6 Double breaks!

Fire Factory is an NCI exclusive brand that was created in 2019 as a result of a partnership with a group of factories to bring you more high-quality items at very competitive pricing. It is also, by design, a great drop-ship option as many of our customers are discovering. We are careful in growing the brand so that we only have the best quality and prices available. That being said, in 2021 we are expanding the Fire Factory lineup by another 21 new items which bring the brand up to 70+ items! If you are not familiar with this brand it holds at least 25% of NCI's top-selling items.

In total, NCI will have approximately 65 new items for 2021. Included will be two roman candle cakes, a 410 shot 200g, and a 480 shot 500g. New effects will include Red glitter willow, long hanging silver lace, ring/donut breaks in cakes and canister shells, and bright neon orange color stars. The list goes on and on. We can't wait to show all of our customers our new line up in our catalog, showrooms, and IN & GA demos. For the latest product videos and product testing, make sure you follow our YouTube page: NorthCentralFirework.

Steven Irvin
Director of Operations



FIREWORKS - AN ART



AJ BURNS

Fireworks carry a lot of meaning and experiences to the masses around the world. To the families that come together on the holidays to celebrate with small back yard shows, to crowds that line river banks and lake shores for larger professional displays. These shows generate billions of dollars in revenue for thousands of retailers and display companies around the world. On the other hand, there is a facet of our industry not so well known...the artistic side of pyrotechnics.

The artistic side of fireworks often occupies a back seat to the more common displays. However, these creative individuals are the primary catalysts that drive innovation in a 1,000 year-old industry. Steven and I recently had the opportunity to attend the Florida Pyrotechnic Arts Guild Fall Festival near Orlando, Florida. The FPAG members are some of the best pyrotechnic artists in the country, even the world.

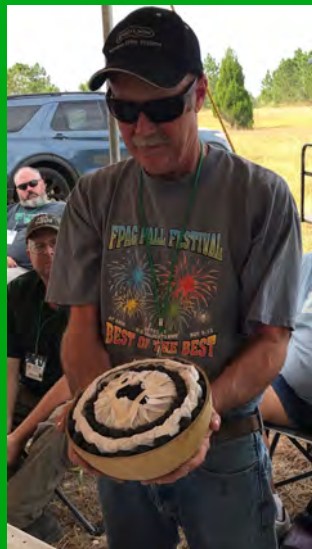
It is this artistry that caught our attention, and the artistry that drove our desire to learn more about fireworks and their baseline construction. Firework guilds like FPAG and PGI have offered several NCI staff members the ability to truly study why fireworks sizzle, bang, burn, and pop. It is this, let us call it, fascination, that allows NCI to continue to progress at the consumer level of fireworks.

As Steven has eluded to in his new items articles these past two seasons, it is the new items and the design innovation that keeps NCI on the forefront of consumer fireworks. Items like our 16-shot Brute Force, our 42-shot House Party, and the new best-selling 100 shot Super Finale. Perhaps the fastest-selling item in NCI's 67-year history. Designed by yours truly.

NCI staffers watch thousands of product videos and shoot hundreds of new items each year to find the best of the best. During this process, dozens of emails and messages are exchanged to improve items to a finished, shelf-ready product. Items such as Lightspeed, Brocade Crown Mini Waterfall, Motorhead, and our newest 2021 item, Ben Drankin', all feature unique performances, exclusive to NCI.



STEVEN'S SHELL



It is NCI's attention to detail that continues to drive our excitement and passion for the fireworks industry. The excitement has gone as far as a few of us even building our own hobbyist fireworks. During our recent visit to the FPAG Fall Festival, Steven constructed and successfully shot a 6", 15-pound cylinder shell in the Novice category. Winning 1st place in his first-ever shell building competition! Congrats Steven!

We here at NCI will continue to push for the most exhilarating, the best-selling, and unmatched products to bring to your customers. Watching our items get loaded onto your orders day after day gives us the motivation to spend countless hours brainstorming and creating new designs. From all of us at NCI, to all of you across the country, cheers to the artistry and the majesty of fireworks!

AJ Burns
Area Sales Manager



THAT'S A WRAP!

Wow, what a year! Thank you to all our valued customers for your continued business, and a sincere thank you to the entire NCI team for their countless weeks, hours, and tireless efforts this past summer season.

As early as July 5th we began to receive calls from customers looking for fireworks to start rebuilding their record low inventory levels. We've been pressing along to help our customers restock, absent much downtime, since then.

I am hopeful that we see our supply chain improve after the first of the New Year, and I do expect to see more of our full arsenal of fireworks back in our warehouses come later spring/early summer. Much is out of our hands with various regulations and delays over in China, as you well know. However, our long history and strong relationships with our China partners should help ensure we have ample supply in time for the July 4th selling period.

As I look forward to April and May, I'm optimistic that we can return to holding our annual company product Demo's in Indiana and Georgia. Let's get COVID behind us and back to more normalcy!

As many of our products will likely be sold as quickly as we off-load them in the coming months, please be sure to communicate your needs with us as soon as possible. The more we can know early on about your needs, the better positioned we'll be for servicing you.

Although I don't have a crystal ball to ask, it's my opinion we will see a strong New Year's selling season coupled with a very strong July 4th, 2021 season as well, for the consumer fireworks industry. Many of the stars are still aligned that we saw coming into 2020, as we head into this winter season. So, we should see solid sales in the warmer southern regions that open for New Year's, pending mother nature.

This past September NCI held its 1st annual company BBQ event. A park in Indiana was reserved and some of our Georgia team traveled north to attend. We enjoyed some great food (thank you Steven and family for the BBQ meat) and many thanks to all the NCI family and friends that supported this inaugural event for the NCI team! Steven and AJ spent a lot of time building a flawless fireworks show which included some of their own shells. Everyone had a good time, and this was a great conclusion to wrap the 2020 season!



JEFF BRANDENBURG

Best to you and yours in 2021 and we hope to hear from you soon.

Jeff Brandenburg
Vice President of Sales



**GREAT GRIZZLY
TIMES**

ACH DEBIT AUTHORIZATION OPTION

We are now able to send and receive electronic checks! Many of you know the time lost in mailing in a check or paying expensive overnight fees so that we can release your order. With this new service you may arrange ahead of time for NCI to electronically draft, with your consent, the amount due - instantly. Additionally, if we owe you money for overpayment, damage claims, or any other credit, we can now send you the money electronically the same way with the ease and speed of an electronic check. Contact your sales representative or go to our website and retrieve the

ACH Authorization form and submit securely with your sales representative.

2021 NEW PRODUCTS



#492 - BROCADE CROWN 146 SHOT: INTRODUCING, THE LATEST IN THE MAJESTIC BROCADE CROWN WATERFALL LINE UP. 146 SHOTS MIXED OF DAZZLING BROCADE CROWN WATERFALL EFFECTS, COLORFUL GO-GETTER COMETS, AND LOUD REPORTS. A TRUE MASTERPIECE WORTHY OF THE CROWN.



#2204 - BEN DRANKIN': CHILL OUT WITH UNCLE BENNY. A FOUNDING FATHER, AN AMERICAN PATRIOT, THE...OG. THIS 500G CAKE LIVES UP TO THE MAN BEN DRANKIN' FRANKLIN. 30 SHOTS OF SKY SLAPPING RED WHITE AND BLUE FOR OLD GLORY. BLUE MINES TO NON-STOP ACTION OF RED STARS AND WHITE STROBES. CHEERS UNCLE BENNY!

#2202 - WHITE WALKERS: THE WHITE WALKERS ARE COMING AS WINTER GROWS LONGER. THIS CHILLING CAKE WILL MAKE YOUR SPINE TINGLE AND MAKE YOUR SKIN CRAWL. 30 SCREAMING SHOTS WITH BRIGHT WHITE TAILS CLIMB HIGHER THAN THE WALL. EACH TAIL EXPLODES TO MULTI-COLOR BROCADES AND MULTI-COLOR STROBES PIERCE THE NIGHT. A SCREAMING SIX-SHOT FINALE SOUNDS LIKE THE CRY OF DRAGONS!



#2201 - ATOMIC WILLOWS: ATOMIC WILLOWS WILL TAKE YOU BACK TO HIGH SCHOOL CHEMISTRY. THIS SPECIALTY WILLOW CAKE HAS AN EXTRA DASH OF ATOMIC ELEMENT 22. TITANIUM! FOR THE LONGEST HANGING WILLOW, THE PUREST GOLD GLITTER, THE ULTIMATE SHOW TOPPER, TAKES ME BACK TO 2ND BASE...

#2566 - THE KILLER: SLEEP WITH ONE EYE OPEN WITH THIS SCARY 200G, THE KILLER! SHOTS OF WHITE STROBE AND RED STARS, FLYING FISH, AND STROBES TO CRACKLE WILL GIVE YOU CHILLS DOWN THE SPINE!



#390 - THOR'S HAMMER: SUMMON THE GODS WITH THE MOST POWERFUL WEAPON IN THE PYRO UNIVERSE! SHOWERS OF PURE GOLD AND SILVER SPARKS EMIT FROM THE HAMMER IN THIS LONG DURATION ITEM. A FINALE OF LOUD WHISTLE AND WHITE BURSTS OF CHRYSANTHEMUM BANISH LOKI! THOR'S HAMMER WILL REIGN OVER ALL OTHER FOUNTAINS.



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PYROTECHNICS GUILD INTERNATIONAL

2021 CONVENTION

AUG 7-13TH, 2021

FARGO, ND

FOR MORE INFORMATION ON PGI:

WWW.PGI.ORG

NATIONAL FIREWORKS ASSOCIATION

NFA SPRING EXPO, MOBILE, AL

DATE: TO BE DETERMINED

FOR INFORMATION ON NFA'S EXPO:

WWW.NATIONALFIREWORKS.ORG

AMERICAN PYROTECHNICS ASSOCIATION (APA)

2021 WINTER CONFERENCE

SEPTEMBER 21-24TH, 2021

HYATT REGENCY, SAN ANTONIO, TX

FOR MORE INFORMATION CALL (301) 907-8181 OR

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ROLL CALL!

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AREA SALES MANAGER - 4TH SEASON

ANGELIC WOOD

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