

GREAT GRIZZLY TIMES



A MESSAGE FROM THE PRESIDENT

THE GOOD, THE BAD, & THE UGLY

After experiencing one of the best years on record in 2020 the fireworks industry is facing new challenges for 2021.

The good news first! After a record season, Chinese suppliers started shipping promptly and things were looking more like a return to normal. Most products were shipping and arriving on a somewhat normal schedule.

The bad. Then in late fall, we started to see shipping schedules tighten very quickly and "Peak Season Surcharges" added to the freight rates. Shipping delivery times were extended then suppliers started to complain about the availability to get shipments booked and merchandise started piling up at the factories. Goods were being warehoused as container deliveries and ship dates were severely impacted.

Now the ugly. Freight charges after the US Christmas season did not get reduced from "Peak Season Charges" like normal. Rates continued to climb and space became an even bigger issue. Add to the dilemma the fact west coast US ports were now unable to move cargo quick enough to keep from huge backlogs at the ports. Add to that now the shipping carriers starting to cancel bookings as they did not want them to sit in the harbor at Long Beach for 30 days or longer. Now US Importers are starting to realize that delays and costs were out of control.

To bring you up to date on the current situation as of the end of March 2021. Things are not improving as fast as factories and importers would like to see. It is becoming a hard reality that goods and suppliers are very likely affected for the 2021 fireworks season. Add the fact that the US\$ is dropping against the RMB and we have another price increase based upon the exchange rate. Just recently one of our bigger factory suppliers is complaining of a shortage of fuse and chemicals in the Liuyang area. By now most factories are back at full production and the rush is on to get as much product to the US market as is humanly possible. Currently, we are watching production and timetables to get product to the US side and it is still disturbing.

President Biden recently advised Americans that he thought that by July 4th enough Americans will be vaccinated to allow backyard celebrations for most of the country. This reaffirms that the 2021 season is likely to mirror last year's records sales. The major uncertainty is whether or not the shipping issues will start to return to normal for booking and delivery schedules.

As of this writing that is far from happening. Shipping prices remain at record levels and if this continues, we will likely have the largest shortage of product that I have seen in my years in the fireworks industry. At this point, it appears that the Chinese producers have done their part but the supply chain to get the goods shipped to the US market and delivered to importer's warehouses is strained and grossly out of whack.

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NCI

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DON'T FORGET TO BREATHE!

A few short months ago I delivered some of the ugliest statistics in terms of import cost increases that seemed unreal at the time. Now, we yearn for those days as the industry has been dealt another large freight surcharge of \$3,600.00 per container, pushing total freight rates to inland warehouses over \$20,000.00. Other fees have mounted to include inland trucking storage, demurrage, and rising fuel surcharges. There are many more questions at the time of this writing than there are answers. Add in another production ban during the March political meetings in China, and all of these factors total up to a shortage of goods for the 2021 US selling seasons. This is to include the 2021 New Year's Eve holiday in which many retailers rely on for a mid-winter bump to their cash flow. If we've learned anything over the last year, it is to look far ahead beyond the upcoming season to ensure that you aren't shutting your doors on July 1st with no product to sell. We've already placed orders for 2022 as waiting to see what you sold and what you have left to order for the following season is a thing of the past for importers.



KURT COWGILL

With all of that in mind, we have still arranged to receive a record number of containers for the 2021 year and will continue to receive new inventory shipments at both our Indiana and Georgia distribution facilities without pause until and after July 4th! We've improved our ability to forecast what is coming and when it will arrive and have implemented fundamental changes to our ordering process to adapt to current market conditions. We take great responsibility in doing everything in our power to have the supply that our customers need. These are challenging times no doubt, but we are here to work on the problems and provide solutions. We have an excellent track record of doing this over the years by going above and beyond to service our customers in a satisfactory manner.

On the bright side, fireworks are in high demand and consumers seem to have developed a new-found love for being the backyard hero! Retailers reported a 30% increase in new customers in 2020 and that average ticket prices soared to new heights. After last season the consensus was that if each location retained 30% of the new customer base and a higher percentage of the regular customer base that 2021 would still be a strong sales year. The southern New Years' eve season proved that consumers were coming back for more and year-round fireworks locations are seeing a shocking amount of off-season sales as we inch closer to summer. So, let's take the good with the bad and be thankful for the root of the problems we are facing today. Fireworks are back baby!



In closing, I wanted to announce my recent marriage to the light of my life, Allyson. We were married on Saturday, March 20th in Yorktown, IN. Allyson is an elementary school teacher about a half-mile from NCI's IN warehouse, and we did meet within the fireworks industry. She deserves a lifetime of happiness for putting up with me and also for waiting almost 7 years to marry her.

Best wishes on a Great Season!

KURT

Kurt Cowgill
Vice President

Congratulations
Kurt & Allyson

A MESSAGE FROM THE PRESIDENT

Continued from page 1

We will continue to monitor the situation daily. Our old method of stopping shipments around May 10th so that product will not arrive mid-June is out the door. We will advise shippers to continue to ship even if it is obvious that the goods will arrive just before July 4th or even if it misses the Independence Day holiday we will gladly take the goods as shortages will likely loom for the year-end Christmas / New Year holiday.

Producers in China and US importers are aware that we have no control over when or if this situation will rectify itself in 2021 or if we are in for a long-hall correction in the fireworks supply chain. NCI is currently visiting the idea of going back to some other countries that haven't been in the US market for a while but maybe have some capacity to fill orders. We cannot afford to leave any stone unturned in our efforts to get enough product to meet our customer's demands. It is a little perplexing to be in this situation, as like others, I am sure no one saw this coming!

Yes, this business is crazy at times. And yes, sometimes things happen with no rhyme or reason. And yes, we are knee-deep in a situation that has no immediate remedy.

There is no gloom and doom forecast just facts and circumstances that have to be worked around. I fear none of this is going to happen to save the imminent shortages for the 2021 summer season. We intend to get ahead of the curve, using any and all means available. The only winner to this situation will be to the companies and suppliers who figure it out first. NCI intends to be one of those companies.

Until then, we will do everything to help the longtime customers that are the basis for our success. Changes are coming and those companies that do it sooner will be the better for it.

Buckle up as we forecast a wild ride into the 2021 July 4th season. For sure the season will be excellent! That much we can be thankful for. We'll get there somehow!

For some better news, we have a lot of great new items and at some point, they will get here. Here's to wishing you all the best season possible!



Richard B. Shields
President/NCI



DEMO NIGHT 2021

SATURDAY MAY 15TH

North Central Industries
1500 E. Washington Street
Muncie, IN 47305

WHOLESALE ORDER PICK UP: 3-6PM
FREE DINNER: 7PM
FIREWORKS: 9PM

ORDERING TIPS

HOW CAN YOU HELP THE ORDER PROCESS?

1. HAVE YOUR ORDER COMPLETE WHEN PLACING YOUR ORDER
2. HAVE ITEM NUMBERS FOR EACH ITEM
3. THE EARLIER IN THE DAY YOU PLACE YOUR ORDER THE BETTER
4. WAIT FOR YOUR ORDER TO BE PULLED FOR ADD ONS
5. UNDERSTAND ORDERS CANNOT BE PULLED IN ADVANCE
6. EMAILING YOUR ORDER IS THE EASIEST WAY TO SUBMIT YOUR ORDER
7. IF WE ARE SHIPPING YOUR ORDER, PLEASE VERIFY YOUR SHIPPING ADDRESS
8. TRY TO ONLY TALK WITH ONE NCI EMPLOYEE FOR YOUR ORDER TO AVOID MISTAKES AND MISCOMMUNICATION
9. THE MINIMUM ORDER HAS CHANGED TO \$5,000.00 THIS YEAR



CHIP OFF THE OLD BLOCK

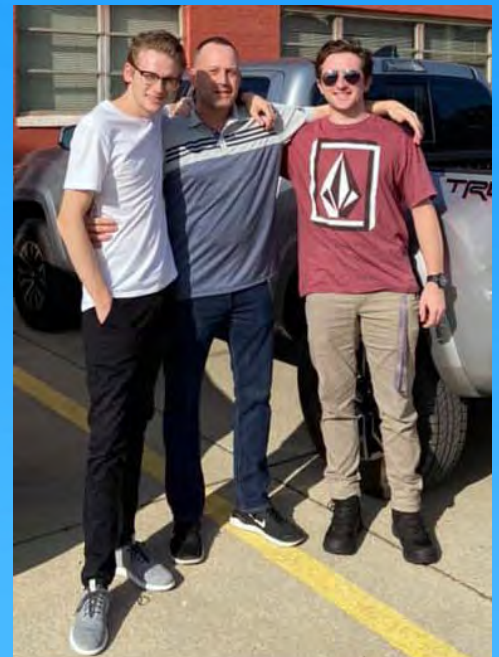
In my latest article for our winter newsletter, I touched on the December 2020 selling season likely being a strong one. It was great to see the continued record-buying over that sales period for all our customers, and hearing of their many successes. Hopefully, we can all maintain a good portion of that momentum as we dive into the 2021 summer selling season, just around the corner.

I urge you to please work with us as early as possible to begin planning your inventory supply needs. This will help us in monitoring inbound containers against your orders to ensure you are in the best position to receive stock. We will do our absolute best to share all we can to help ensure you receive everything we can supply on your order. 2021 will continue to be a very tight market for consumer fireworks. Fireworks do not sell sitting in our warehouses so please be assured we are doing all we can to fill your orders, as quickly and efficiently as possible. Plan ahead for a lot of inventory to arrive very late this year. I expect we will need to work around the clock to off-load many containers in June, then pull-and-ship at a record pace to help ensure our valued customers have their inventory in time for this July 4th holiday.

If there was ever a year we needed to count on everyone possible to help facilitate such unprecedented business in a most challenging time, this past 2020 was it! It was "all hands on deck" and "get it done" time, no doubt. This was a year I was glad to have additional support from my two sons, Tyler and Trevor. I'm proud to say that the apple does not fall far from the tree. I recall them both enjoying fireworks for as long as I can remember. I also recall them offering to help me anytime they could as they grew up around the business. Who would have known they would grow to find the same drive and love for the business as their dad! I am proud and honored to work with Tyler and Trevor on a daily basis. They are a true asset to our southern operations out of Forest Park, Georgia. I wanted to take this opportunity to thank them for all they do!

Wishing you good health and success in 2021,

Jeff Brandenburg
Vice President of Sales



THE BRANDENBURG'S

CHIP OFF THE OLD BLOCK, CONT.

My name is Trevor Brandenburg, District Sales Manager for NCI based at the Forest Park, Georgia division. I have been with NCI for over three years now. I help with wholesale sales, customer service, warehouse, distribution, and other duties in-between. Fireworks have always been a big part of my life. I have enjoyed every single day working in the business. The best part is that I get to work with my family, and that is something you do not find everywhere!

One of my favorite NCI products is our 500 gram Great Grizzly cake called Two Minute Warning! Super Finale 63-shot. It is the best value for money in my opinion. It lasts for two minutes while having a great variety of effects.

One of my favorite NCI canister shells is our 60 Gram Neon Predators. Every shell is a different effect! I love the size and sound of each shot, as well as the unique and bright neon colors.

I look forward to meeting more of our customers in the near future and wish you all the best this July 4th season!



Trevor
District Sales Manager
Forest Park, GA



TREVOR & TYLER BRANDENBURG



TREVOR & TYLER BRANDENBURG

My name is Tyler Brandenburg, Warehouse Manager at the Forest Park, Georgia location. I have been with the company for 3 years now. I've grown up in the fireworks business and it is fun to learn about more of the working parts of the business as I get older. I take pride in the orders we fill here in the warehouse and work to make sure they are correct, stacked well, and arrive to you on time, and ready to be sold to all of your customers. We put a lot of thought into what we do and work to be the best in the business so that when a tough year comes around we are prepared to work as hard as we can to make sure we maintain our very high standards. I get the opportunity to work with my family here, and we are quite the team! There is nothing we can't find a solution for, and we can always rely on each other when it gets really busy and it feels like there isn't enough time in the day. Nothing is boring about the fireworks business, there is always some new challenge to overcome, great new people to meet, and great memories to be gained (and we sell explosives, nothing is boring about that!).

One of my favorite products is Alpha King because its effects make it the best large-diameter repeater. Another new favorite of mine is Taste the Rainbow because I've never seen a 500gram fan-shaped cake that has what seems to be every possible color they can make into a firework. It's a great addition to any show.

I'm grateful to our customers for choosing us, and I promise we won't let you down!



Tyler Brandenburg
Warehouse Manager
Forest Park, GA

PATIENCE, THE VIRTUE



AJ BURNS

We have officially entered uncharted territory. A fireworks blackhole in which no one knows what is on the other side. Another year for breaking records, and maybe not for the better this time. A record number of first-time customers, a record low amount of product to hit US soil. An actual product shortage, not like the speculation of recent years leading up to the season. Although this is not the best scenario, I do think there is a small amount of silver lining within the industry. And that is, we are all circling the black hole, together.

There is a tremendous amount of uncertainty surrounding products from all aspects. From consolidating products and filling containers to getting them moved out of the factories. To booking space on cargo ships that sell out within hours on an announced sailing. To finding a US port able to receive the shipment in a timely manner. And finally finding a freight motor carrier that is capable of moving containers quickly to avoid demurrage and additional storage or holding fees. All of these add up, not only from a monetary standpoint but from a mental and physical aspect as well.

How do these take a mental and physical toll? I am glad you asked!! Your sales reps are already pulling long days and often long nights, 12+ hour days, working for answers. We are constantly tracking dozens of containers. We can provide an educated guess when certain products might arrive, only to find out those containers were buried in a backlog at the port. Once containers are buried in port, it may be weeks before they see the light of day again. Newly arriving containers are leapfrogging others that have been on US soil for as long as 4-6 weeks.

Couple the container best guesses with dozens and dozens of retailers scrambling for products. On average, each of our sales reps will receive 8 new customer requests PER DAY, weekends included. It takes time to properly service a customer. Time to set up each account, time to research a new customer, time to learn about their business, and time to learn how we can best serve their needs. All the while working with hundreds of current NCI customers who are facing the same challenges. The seasonal stress-induced eye twitch is in full effect!

Placing orders early is not a bad idea, however, it will often not guarantee everything you have on order. It is extremely difficult to make guarantees or promises on products that may not be in stock for months! Believe me, it is our mission to provide top-level customer service and we are working tirelessly to make that happen. Patience will be key this season for all parties involved. Inventory continues to build slowly, and we continue to push to service everyone in a timely and fair manner. We REALLY appreciate everyone's patience as we navigate these uncharted times in our industry.

AJ Burns
Area Sales Manager



Hi!!! I am Jackie, the new Office Manager here at NCI. Some of you have spoken to me on the phone or I may have helped you with your order last season. What a season it was!!! I am about to start my second year with NCI, and I have been told some do not know who Jackie is. When I started last April, a lot was happening in the world. The Covid-19 virus had reached the United States, our state went on lockdown and I was starting a new job. Once we returned to the office, I had a lot to learn in a short amount of time. The fireworks industry is all new to me and boy did I jump in with both feet. I have 35 years of experience in the accounting/managerial field. I have worked manufacturing to not-for-profit and I have loved it all.



JACKIE RETZ

I was born and raised in Muncie and have lived in Yorktown most of my grown life. I am a proud single mom of 2 boys, Jeffrey 22, and Robbie 28 but my best role is being a Grandma to 2 wonderful grandkids, Daniel 9, and Hadleigh 7. They are my world. In my spare time, you will see me at the bowling alley watching my son Jeffrey bowl in tournaments or on the soccer field and baseball field watching my grandkids wow me. My house is where the kids gather. We have cookouts, for which my son Robbie is the master of the grill or smoker. I love going to fall festivals with my family or hitting a pond with a fishing pole. There is always something fun to do!

As the Office Manager for NCI, I have a wide range of duties. I am covering basic accounting needs such as invoicing and accounts receivable. Working with customers to meet their needs and maintaining the basic office management duties to prepare for the new season. I want to thank our wonderful customers who I worked with last season and who gave me the encouragement to hang in there to accomplish my first season. I am sure I will be talking to more of you over the coming months and now you will have a face to match the voice. Have a Great Season!!!

Jackie
Jackie
Office Manager

CREDIT CARD AUTHORIZATION POLICY

North Central Industries, Inc. will be enforcing our credit card authorization policy in order to protect our customers as well as ourselves from fraudulent transactions. For in person transactions be prepared to show ID. Phone transactions will require a Credit Card Authorization Form as well as a copy of your ID. These can be faxed or emailed. If you have any questions prior to ordering please contact the office in order to prevent a delay in shipment.

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.



ARE YOU COVERED?

NCI OFFERS ADDITIONAL INSURED CERTIFICATES
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INDIANA FIREWORKS DISTRIBUTORS ASSOCIATION

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STEVE GRAVES (800)535-7477
WWW.FRIENDOFFIREWORKS.COM

PYROTECHNICS GUILD INTERNATIONAL

2021 CONVENTION
AUG 7-13TH, 2021
FARGO, ND
FOR MORE INFORMATION ON PGI:
WWW.PGI.ORG

NATIONAL FIREWORKS ASSOCIATION

NFA FALL EXPO, ERIE, PA
DATE: SEPT 13-17TH
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
WWW.AMERICANPYRO.COM

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PRESIDENT/OWNER - 45TH SEASON

KURT COWGILL
VICE PRESIDENT - 15TH SEASON

STEVEN IRVIN
DIRECTOR OF OPERATIONS - 6TH SEASON

AJ BURNS
AREA SALES MANAGER - 5TH SEASON

ANGELIC WOOD
ACCOUNTS PAYABLE - 7TH SEASON

JACKIE RETZ
OFFICE MANAGER - 2ND SEASON

SEAN ALEXANDER
WAREHOUSE MANAGER - 23RD SEASON

JERRY WALKER
ASST. WAREHOUSE MANAGER - 19TH SEASON

JACK MILLER
PRODUCTION MANAGER - 33RD SEASON

BRENDA SAID
ASST. PRODUCTION MANAGER - 24TH SEASON

JON SULTEEN
LEAD TRUCK DRIVER - 13TH SEASON

GEORGIA DIVISION

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VICE PRESIDENT OF SALES - 5TH SEASON

SANDRA JIMENEZ
ACCOUNTING CLERK - 3RD SEASON

ANGELA BRANDENBURG
REGIONAL MANAGER - 4TH SEASON

TYLER BRANDENBURG
WAREHOUSE & FACILITIES MANAGER - 4TH SEASON

TREVOR BRANDENBURG
DISTRICT SALES MANAGER - 4TH SEASON