

GREAT GRIZZLY TIMES



A MESSAGE FROM THE PRESIDENT

2022 - FIREWORKS ISSUES IN MAINLAND CHINA

Once again since my last newsletter, things have continued to evolve in China. China suppliers have told us about shortages and price increases for their chemical production supplies. Much like our market, certain chemicals have become hard to obtain, or their costs have suddenly tripled. Some factories are in better shape than others. Some

reported that those factories with the biggest problems had stopped production until these issues could be resolved.

They still report that containers and sailing are not keeping up with production. It seems, from our review, that generic-type products are still at the end of the line for the producers. These goods are the cheapest products commonly used in assortments, etc. and they also yield the factories the smallest profit. This has been commonplace the past couple of seasons, and it appears those products will continue to be in short supply.

If you have been following the news, it appears that China and the US government are at ever-increasing odds against each other. Even though I don't think we are in danger of tariffs or other penalties with China suppliers, we are looking long-term at other fireworks producers in Asia, South America, and Mexico. During my time in the business, I have bought products from Brazil, Mexico, and Taiwan. We have discussed new sources made in countries such as Thailand and other countries in Asia.

At some point, there will be some new suppliers to this market. Trust me, I am not the only US Importer looking to shore up his import sources outside of China.

I have already replaced a source for one China product that is no longer available to us with a new supplier in India. Shipping has been as big an issue with these suppliers as Covid has got all the shipping lanes and steamship lines disrupted. Costs are crazy high, and availability is still very limited. I expect in the next year some of the shipping issues will start to be resolved.

Supply and demand to the US Market is an ongoing issue. Normally we would be excited to think that we can sell all the inventory that we can import. Yet costs are ridiculously high and no particular relief is in sight.



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A MESSAGE FROM THE PRESIDENT

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There are rumors that factories will be closed during the Beijing Winter Olympic games starting around February 1st. If this happens before the Chinese New Year, it will strain an already tight supply chain. Likely goods made after factories reopen may not make it to the importers' warehouses in time for the 2022 July 4th timetable. We are crossing our fingers that all Chinese factories can stay open and that no factory explosions or closures will happen in the second half of the production season.

We expect to have more challenges ahead. NCI intends to have backup plans in place for both inventory sources and supply chain issues, not only now but looking ahead to what issues may be on the horizon. Now is not the time to sit back and wait and see. This market has always changed the import scenario and 2022 will be no different.

We haven't stayed in business since 1955 because we are afraid to make changes. 2022 will be another year of change, but with the holiday on a Monday, there is still much to look forward to.

Best wishes for a prosperous 2022 season.



Richard B. Shields
President/NCI

SUMMARY OF OHIO LAW CHANGES



PERMITS THE "USE" OF FIREWORKS
BY OHIO RESIDENTS ON CERTAIN
"KEY" HOLIDAYS

BECOMES EFFECTIVE JULY 1, 2022

4% GROSS RECEIPTS FEE ON ALL
RETAIL SALES

ONLY OHIO FIREWORKS LICENSEES
THAT EXISTED, IN GOOD STANDING, AS
OF JUNE 29, 2021, CAN RELOCATE OR
ADD ANY NEW FACILITIES

NOTE: YOU CAN VIEW THE LAW BY VISITING
WWW.CODES.OHIO.COM AND SEARCHING "FIREWORKS"
UNDER THE "REVISED CODE" BROWSER LINK.

SAVE THE DATES

APRIL
23

MAY
14

DEMO
NIGHT
GEORGIA

DEMO
NIGHT
INDIANA

ATLANTA
MOTOR
SPEEDWAY

NCI
CORPORATE
OFFICE

ANOTHER RECORD RETAIL SEASON IS UPON US

Hello to everyone and thank you for taking the time to review our semi-annual newsletter. As 2021 comes to a close, I think most can reflect positively as it has been good to most in the industry business-wise. With the huge upside that some experienced, there were many challenges that we faced and needed to work through, but that adaptation has helped to reshape the business. I'd like to share some of my insight on the supply chain and what you should expect for 2022.



KURT COWGILL

As I reviewed the last few updates that I shared last winter and earlier this spring, I feel that NCI has made great progress in getting a handle on the unpredictable supply chain issues that have been at the forefront for over a year now. This time last year, freight was spiking in what we had hoped was a temporary market correction but turned out to be the beginning of a more long-term shift in higher costs associated with imported goods. In the spring and early summer freight continued to rise. Even with the increases in prices demand for all consumer goods and imports continued to pile up. Traditional routing became unavailable and those that wanted goods had to accept bookings to coastal ports and fend for ourselves to arrange our own inland transportation. There is a high amount of risk to do this as we were at the mercy of the equipment that is available and 3rd party vendors to move our shipments. Demurrage and storage fees can rack up in a hurry, and there is no amount of arguing or complaining that is going to get those charges waived, generally. Our goal was to be back in a position to fully supply all our customers' needs for the entirety of the 2022 season. By way of early ordering, maneuvering transportation issues, and in many ways giving up our off-season, we are currently on pace to have the inventory we need to accomplish our goal. Currently, we are filling up at each warehouse and have enough products in the pipeline to remain on pace.

With all of that said, I urge you to request a stock list and place an order for 2022 today! As we've seen recently and even before the pandemic, the supply chain is fragile and unstable. It would take one accident at a factory during production, or one steamship line deciding not to haul hazardous goods, or a one-month long production ban due to political meetings to stagger production and cut supply. Even with the high amount of increases due to ocean freight, raw materials, and inland transportation costs, demand for consumer fireworks will remain high and people will continue to celebrate the 4th of July, New Year's, and other holidays and events throughout the year. We are on the brink of another strong New Year's sales season in the southern US, and the 2022 summer season is expected to be a 3rd record season for fireworks retailers. It is my opinion that you cannot go wrong with ordering early and getting your hands on the product while it is available. Right now, we have many top sellers and have gotten a decent amount of 2021 new items in stock that didn't arrive in time for July 4th. We've even got a handful of 2022 new items that came in recently.

We've refined our price list to show the availability of items that are in stock, so you aren't wasting time ordering items we don't have. Due to the variable nature of costs, we've shifted to a real-time pricing model in which we update prices on items as we receive them. All indications point to another price increase soon as costs have gone up significantly since the fall price list was issued. Buying now will give you the peace of mind of having the product for Summer as well as likely saving money overall and avoiding another price increase on the items that you buy.

Happy Holidays!

KURT

Kurt Cowgill
Vice President

BACK WHERE IT ALL BEGAN



STEVEN IRVIN

Pyrotechnics Guild International (PGI) 2021 was held in Fargo, ND. That is the same site as the first PGI that I attended back in 2017. Inspired by my first trip to PGI, I decided that I wanted to learn to make my own fireworks. In the 4 years between 2017 and now the goal was to compete at a PGI event with a shell that I had built. I have been learning from anyone and everyone that is knowledgeable and would let me pick their brain. I have met a lot of great people and talked to several legends in the hobbyist fireworks community. I shot my first ball shell in 2019 and then my first cylinder shell in 2020.



STEVEN CARRYING HIS SHELL

For my first competition, I decided to build a 6" 4 Break Cylinder shell to enter into the "Best Large Cylinder Shell" category. This was more than double the size of anything I had built up to that point. It took roughly 100 hours to build from start to finish and ended up being 40" tall when completed. The shell consisted of three breaks that included a total of 135 inserts (individually fused effects with timed delay) and a bottom shot (an extremely loud single report to end the performance). AJ Burns (NCI Area Sales Manager) was there to lend a hand during the crucial steps of assembling the breaks and the finishing step. There is no doubt that wrestling a 30 pound 40" tall shell for several hours is a two-man task!



KURT BUILDING HIS SHELL

The day of the competition finally arrived, and I was nervous as can be. I was not confident that it was even going to make it out of the gun let alone perform well. I had no expectations to truly compete but was hoping to show well. The time came and my shell performed extremely well! The outpouring of congratulations and support was indescribable. They announced that I had won the "Best Large Cylinder Shell" competition and later announced that I had won "Best First Time Competitor".

PGI is such an amazing organization and group of people. You have heard my experience but there is something for everyone. With almost no experience, Kurt Cowgill (Vice President of NCI) was able to go to the MUM Pyrotechnics seminars where they give you everything you need and help you put together a ball shell. In the two 3-hour seminars Kurt built a 6" Double Petal ball shell that he was able to shoot on-site the next night.

In 2022 PGI will be in Newton, IA, and the Iowa Motor Speedway. If you have never been I strongly encourage you to check it out!



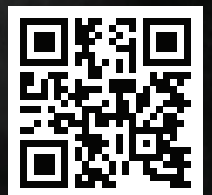
**SCAN TO WATCH
A VIDEO OF
STEVEN'S SHELL!**

**Steven Irvin
Director of Operations**



**BUILD YOUR
OWN SHOW!**

SCAN HERE TO SEE CHAIN LINK IN ACTION



2021 NFA UPDATE & CONVENTION RECAP

The NFA officially reconvened for the annual Fall Convention in September of 2021. The first in-person conference since March of 2020! Despite nearly all the Chinese members being unable to attend due to the strict travel requirements, the Erie Expo had a strong member turnout. The strong attendance showed proof that the industry and the NFA members are ready for life to return to some form of normalcy.

There was much anticipation leading into this convention and for many reasons. As freight rates continued to skyrocket even after the seasonal crunch, the NFA members hoped to receive a positive update from the NFA's political liaisons. Port congestion had continued to grow worse by the day and the nation's domestic transportation channels came to a grinding halt. NFA President Steve Houser provided an industry update about the days and weeks he and the board have spent communicating with the port authorities of Long Beach and Los Angeles and the Federal Maritime Commission. All meetings have proved beneficial and invaluable to the industry, most importantly, to the NFA members.



AJ BURNS

Another highly anticipated meeting took place during the Erie Expo, the end-of-week business meeting. As most of you know, yours truly was nominated for the NFA President position. A nomination I humbly accepted and took to heart. The election results were announced after this business meeting. With the aforementioned state of our industry, I know it will take numerous volunteers and countless hours to keep our hyper-seasonal industry in the minds of regulators. As the convention drew nearer, the level of support that I received from customers, industry friends, and even competitors, was overwhelming. If elected, I knew it would be the biggest challenge in my professional life, and career in the fireworks industry. Alas, the results were read, and I was narrowly defeated for the position of President. Onward and upward!

CONTINUED ON PAGE 6...

NCI DEMO - 125' WALL OF TIKI BOMBS WITH GLITTERING TAILS



NFA UPDATE AND RECAP

CONTINUED FROM PAGE 5...



NCI'S NFA CONVENTION BOOTH

After the business meeting, the NFA Board members declared the intent to form several special committees that will help serve and enhance the NFA membership benefit. As the NFA champion for North Central Industries, I took the opportunity to volunteer as a committee member for the newly formed NFA Membership Committee. This committee, led by Vice President Ed Vasel, is tasked with growing the NFA membership, enhancing the membership benefits, and working to improve the annual convention experiences. I will be excited to share our progress during future conventions and I will proudly serve the members of the NFA.

In my quest to better serve my customers and our industry, I have also accepted a nomination to serve on the American Pyrotechnics Safety and Education Foundation. The APSEF is an American Pyrotechnics

Association (APA) sponsored foundation that promotes the safe use and educational factors of the fireworks industry to America's youth. I join our VP, Kurt Cowgill who is the current Treasurer of the APSEF. We work diligently with a team of industry representatives to educate the next generation of pyrotechnicians through a fun and engaging curriculum centered around fireworks.

To learn more about the NFA, how to become a member, and supporting the industry we love, please contact me directly! The benefits of membership are numerous and well worth the minimal investment. In addition to the NFA, I would personally like to invite you to learn more about the American Pyrotechnic Safety and Education Foundation. Shoot me an email! aj@greatgrizzly.com.

Please visit these sites for more information:

NFA - <https://www.nationalfireworks.com/>

APSEF - <https://www.celebratesafely.org/>

Yours truly, AJ Burns
Area Sales Manager



NCI ATTENDS THE APA ANNUAL CONVENTION

Several of your NCI team attended the American Pyrotechnics Association's 73rd annual meeting & convention this past September 21-24. The venue this year was the Hyatt Regency Riverwalk in San Antonio, Texas. This was the first, in-person, event held by the APA in a while, due to the recent COVID-19 pandemic. We all enjoyed our time back together, but quickly jumped into the many issues and challenges that our industry is currently facing, and proactively strategized for solutions to what might lay ahead.

The venue was located next to the historic Alamo, San Antonio's best-known landmark, where many of us visited during some downtime between meetings. It was also near the Riverwalk, which had some great dining options during the days we were there. It was a great scene to take a walk next to the river and stretch the legs too.

Sometimes we were all together at various meetings, while at other times we divided to represent at various board and committee meetings. Although these types of get-togethers are a great time, and a time to bond and further relationships with our industry counterparts and regulators, we can tell you that there is a lot involved, as well as many great benefits to what the APA does for its membership. Not to mention the tireless efforts of the APA's board and committee volunteers, which is made up of representatives of many consumer and display fireworks companies. NCI is proud to be an active member of the APA.

Kurt Cowgill accepted the APA's "Sustaining Membership Award" on behalf of NCI, which was a great honor, no doubt. This Sustaining Member Award was given to NCI for contributing additional financial support above and beyond the regular dues to the APA, for 10-years.

It was a productive set of meeting days and ended in true APA style! We all got to enjoy a final evening that was set at the entrance to the Alamo titled "Fiesta Dinner & Fireworks." What an amazing setting it was! There was lively mariachi, entertainment by traditional folkloric dancers, and some of the best Tex-Mex food we have ever eaten. The evening concluded with a spectacular fireworks display that lit the night sky, with the Alamo as the backdrop to this closing event. We've included some photos here so you can see how beautiful this was.

We're all looking forward to attending the APA Winter Conference to be held in Las Vegas this coming February 2022.



Jeff Brandenburg
Vice President of Sales



JEFF BRANDENBURG



FIESTA FIREWORKS



KURT ACCEPTING THE AWARD



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PYROTECHNICS GUILD INTERNATIONAL

2022 CONVENTION

JULY 30TH-AUG 5TH, 2022

NEWTON, IA

FOR MORE INFORMATION ON PGI:

WWW.PGI.ORG

NATIONAL FIREWORKS ASSOCIATION

NFA SPRING EXPO, MOBILE, AL

DATE: MARCH 16TH-18TH, 2022

FOR INFORMATION ON NFA'S EXPO:

WWW.NATIONALFIREWORKS.COM

AMERICAN PYROTECHNICS ASSOCIATION (APA)

2022 CONVENTION AND ANNUAL MEETING

SEPTEMBER 26-30TH, 2022

KANSAS CITY, MISSOURI

FOR MORE INFORMATION CALL (301) 907-8181 OR

WWW.AMERICANPYRO.COM

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VICE PRESIDENT - 15TH SEASON

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BRENDA SAID

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