

GREAT GRIZZLY TIMES



A MESSAGE FROM THE PRESIDENT

China Export Update

As has been usual, things have reset and changed in the fireworks manufacturing areas of China. After preparing to reopen after government meetings in Beijing had stopped production, it was announced that

all production had stopped again pending new government environmental regulations to control the runoff from the chemicals used in fireworks manufacturing.

As of this writing, production was still suspended, and a start-up date is still in limbo as factories are building runoff ditches and other controls for chemical runoff. There is speculation that this issue could take some extra time to resolve. This will only make last minute production less likely to reach the US market in time for the 2023 July 4th season. Before this news, it was already being promoted by the fireworks exporters that domestic fireworks sales were at record levels in China and that many suppliers were switching over to meet the local market demand. Also, left-over stocks not shipped before the Chinese New Year shutdown were sold in the domestic market because the demand was much higher than anticipated. Rumors of chemical shortages and higher prices for export goods after the remaining US market orders have been fulfilled.

Suppliers are now telling us that domestic market manufacturing and European market production will be the factories' next focus.

Best wishes for a prosperous July 4th!

Richard B. Shields
President/NCI



NCI

NORTH CENTRAL
INDUSTRIES, INC.

/NCIGREATGRIZZLY

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@GREATGRIZZLYFIREWORKS

CORPORATE OFFICE

1500 E. WASHINGTON ST.
MUNCIE, IN 47305

PHONE 765-284-7122
800-800-2264

FAX 765-284-5788

PRODUCTION FACILITY

2627 S. WALNUT
MUNCIE, IN 47302

GEORGIA OFFICE

5300 FRONTAGE RD. SUITE A1
FOREST PARK, GA 30297

PHONE 404-549-3391

FAX 404-996-6281

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WHERE ARE FIREWORKS LEGAL?



The question is short and to the point, but it is not easily answered without going into great detail. I will avoid getting into those details while trying to provide a more generalized answer as it relates to the consumer side of our industry.

All states, excluding Massachusetts, allow some types of 1.4G Explosives (previously Class C Common Fireworks), however, the types of fireworks permitted can vary greatly from state to state. Many local jurisdictions can sometimes further regulate the sale and use of consumer fireworks to be more restrictive than what their state allows. Most states and local jurisdictions will have various fees, applications, inspections, and insurance requirements as part of their rules and regulations.

Currently, only wire or wooden stick sparklers (along with other certain novelty items) are permitted in Illinois and Vermont. There have been previous efforts to expand these states into permitting more types of consumer fireworks, but those efforts have been unsuccessful. There is currently proposed legislation moving through Illinois and North Carolina to expand the types of fireworks allowed. Hopefully, those efforts will prove successful.

There are nearly thirty states that allow most types of consumer fireworks, while just under twenty states only allow so-called "safe and sane" or non-explosive and non-aerial fireworks.

Since 2001, nine states have passed laws to allow some types of consumer fireworks. Since 2011, ten states have made changes to their previous laws that are mostly favorable to our industry.

If you would like to know more specifics as to which states permit what specific types of fireworks, feel free to reach out to us anytime.

What's the total revenue of consumer fireworks in the U.S.?

Pre-pandemic, it was reported that consumer fireworks revenue had reached \$1 billion and had more recently grown to surpass \$2 billion.

Our industry leaders, some of whom are on your team here at NCI, and our various trade associations have certainly had an impact on keeping fireworks alive in the U.S. There is no doubt this has helped us all maintain and grow our businesses, so we can continue to do what we do. For me, that means being a part of the process that ultimately allows so many families across our great nation to safely celebrate their nation's independence and put smiles on the faces of so many.

All the very best to you and yours,

Best to you in 2023,

Jeff Brandenburg
Vice President of Sales



JEFF BRANDENBURG





ORDER PROCESS



ARTILLERY SHELL INNOVATION

Canister shells have been the most popular form of artillery shells for over 10 years now. They are by far the best-performing style of artillery shell and have been the major focus of innovation in the fireworks industry for the past 5 years. This year is no different; we have three new canister-shells for 2023, and I have to say they are truly impressive.



STEVEN IRVIN

RAGING BULL 24 SHELLS 5"



Raging Bull shells by Mad Ox are not new. NCI has been selling them in a variety of packs for years, and they are excellent performing shells! The NEW part of this item is the packaging. It is slightly bigger than a Predator 12-pack but has 24 shells and 4 fiberglass launch tubes. This makes this package 40% smaller in volume and therefore 40% cheaper to ship. The value of this new combination speaks for itself and is sure to be a new top seller.

FRACTURE 24 SHELLS 6"



We have worked closely with a factory for the past year to develop and test a new style of performance we are describing as a segmented shell. What makes Fracture unique is that each shell breaks into a ring of four separate effects. This allows for two of one effect and two of a different effect to alternate in the ring, or four unique colors to make a rainbow effect in the sky. We started with 36 different effect ideas and tested each one. For these 24 packs, we narrowed it down to the absolute best 12 effects and included two of each. If you haven't already, you are going to want to go to our website and check out the video. Unfortunately, due to its complexity, this item will not be in stock until after the 4th of July, so click the "Watch" button on the website and you will get an email as soon as it arrives.

ONLINE ORDERING

We are excited to announce the official release of our new online e-commerce wholesale website here at NCI!

You can now build an order, place the order, and choose your payment option all online! Here, you will find pricing, available inventory by NCI warehouse location, and “in transit” products due to arrive soon. While searching for your product, check out all the different categories, search by name or item number, look at pictures, and watch videos to find exactly what you’re looking for!

Here are some other great features to help you have the best online ordering experience possible:

- ◇ If an item shows “out of stock,” you can add it to your “watch list” to be notified upon arrival.
- ◇ If there are products that you consistently purchase, add them to your “favorites” list, so in just a few clicks, you can add them straight to your cart.
- ◇ If you placed an order in the past that you would like to place again, simply go to your “order history” and click “re-order” to save you the trouble of entering it again.
- ◇ If you enter an order but are not ready to place it yet, just save the cart to your account for a quick checkout when you are ready to purchase.

Have multiple shipping addresses? Great! You can save as many addresses to your account as you would like to make shipping as easy as possible.

You can also save multiple credit cards to your account to make paying as simple as it gets!

To get access to this and more, contact your representative today! We are here to help make your online ordering experience as hassle-free as possible. Let us know if you have any questions; we are happy to help!

As always, thank you for your business and for trusting NCI with your fireworks needs!



WESTERN WINTER BLAST - A PYRO DREAMLAND!



AJ BURNS

Hint hint: Passfire The Series - Season 1

I had the opportunity to check off another pyrotechnician's dream bucket list item this year; I was fortunate to attend the Western Pyrotechnic Association's annual convention in Lake Havasu City, Arizona. Western Winter Blast is held yearly, in early February, at the Lake Havasu Speedway; the speedway converts into a magical pyro wonderland for people of all pyro-knowledge and skill levels.

WWB features many elements similar to PGI, daily seminars, Class C vending, nightly shows, and onsite manufacturing. In addition, Winter Blast attendees are treated to some very unique groups of pyros with special "skills" such as the fabled Jack-A-Lope pyrotechnicians. The Jack-A-Lopes are known to dabble in the odd and curious pyrotechnics world. Creating a carnival-style shooting gallery using Roman candles in place of the traditional bb gun. And utilizing targets that explode or targets that activate other pyro effects shooting high atop the shooting gallery. A show that can only be re-lived through a deep internet search or by giving the Passfire folks a call.

This year's Jack-A-Lope oddity included 55-gallon drums, 2FA black powder, 3" artillery shells, and over 53 pounds of sawdust. I won't ruin the surprise but if you ever find yourself at Western Winter Blast, go for a stroll in the "back 40" and you might just stumble across a Jack-A-Lope just waiting to teach you something cool.

Another fun aspect of this year's Winter Blast was a showcase of all-female talent that stole the show on Friday night. The Cherry Bombs, an all-female cast of shell builders, show designers, and artists, built, designed, and set the show for a fun take on Motley Crue's smash hit, Girls Girls Girls. Easily the best show of the week, this lucky fella was one of the few gentlemen selected to help these fierce female pyros set up the show.

All in all, a wonderful week of pyro with some old friends, some new acquaintances, and a new respect for how the Western Pyros play in the desert!



Yours truly,

AJ Burns
Area Sales Manager

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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. If using more than one credit card at one time, there will be a charge of \$25 for each card after the first one.

ACH payments area also available after filling out our ACH Authorization form and sending in a voided check.

INVENTORY — YOUR MOST IMPORTANT ASSET IN BUSINESS

Hello everyone, I'm excited to share with you all happenings in the fireworks industry over the past several months, insight into the near future and possible impact for fireworks dealers and, if you'll allow me, I'll sprinkle on some personal updates as well. What a ride the last 3 years have been. This time in 2020, life as we knew it was uncertain and forever changed. Now we are on the other side of it and dealing with the fall out, or in some cases the upside, of the pandemic. I'll limit my use of that word to once as I know all of us are tired of hearing about it. It's been politicized and is the #1 excuse for all that is wrong with the world. With all of the changes that have happened, including our way of doing business, communicating, socializing, working, etc., one thing that has remained constant is the importance of stocking and having access to a good supply of inventory. Overall supply in the USA has swung wildly since 2019, and stabilization doesn't seem to be viable now. From July of 2021 through January of 2023, China absolutely ramped up their output on exports to the USA, taking warehouses and storage facilities from empty to full; in a period that only included one summer season. There were some minor production shutdowns during this time and some isolated factory closures but on the surface, everything went very smoothly, and productivity was very high. Starting earlier this year, the supply of fireworks to the US market hampered once again by several factors. The demand for fireworks in mainland China spiked so quickly that many factories began selling off finished US goods crowding their staging warehouses for cash. This was more profitable for the factories and avoided the hassle of exporting while freeing up warehouse space for new production. The demand of the domestic china market is expected to remain high for the foreseeable future, which will cut into production capacity for the US and European markets.



KURT COWGILL

After the Chinese New Year holiday, political meetings stopped production for 10-14 days, which is now expected every year, so there was no real surprise there. The surprise came less than a week after production resumed, in which the local government ordered immediate shutdown of production in Liuyang, Shangli, Liling, and Wanzai due to high levels of perchlorate detected in the Xiangjiang River. These are high volume production areas critical to the consumer fireworks export market. As of the writing of this article, efforts to resume production have stalled, and the outlook is poor. The requirements to rectify this problem are reportedly cost prohibitive and require long term excavation efforts.

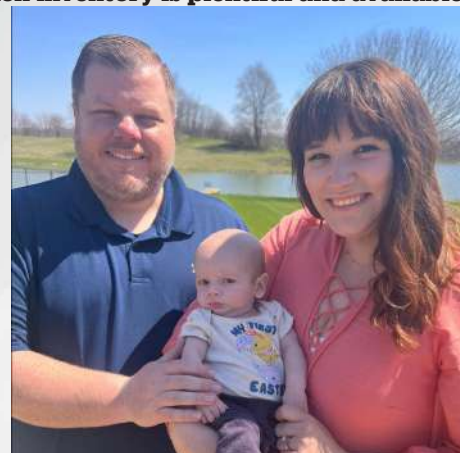
I'd be remiss if I didn't mention the change in freight cost, which is such a big factor in the steep price increases the past few seasons. From June – August of last year, freight peaked with some containers landing to their final destinations to the tune of \$42,000.00. In September, those costs started to back up slowly. By November, the free fall had begun, and as of today the all in freight cost to our warehouses are around \$14,500.00. We've continued to receive some new shipments and have others in transit now. However, most of the inventory that US Consumer Fireworks are holding came in at the higher peak ocean freight rate, so it will be another season before prices adjust downward to reflect the current shipping rate. With that said, you'll notice a nice dip in wholesale prices from 2022 to 2023, and can expect the same for the 2024 season.

With all of these factors in play, the remainder of 2023, before and after the selling season, will be a great time to stock up again on inventory. You cannot sell what you don't have, and many learned that hard lesson in the final days of the 2020 and 2021 fireworks season. Following a "just in time" inventory schedule is a big risk that may leave a lot of sales on the table, and no one wants to find themselves in that position when inventory is plentiful and available.

I'll wrap this article up in expressing gratitude on behalf of my wife and myself for everyone that sent congratulations and well wishes for the birth of our first son. Fittingly, he was born on the 4th, January 4th, 2023. That one will be easy for this pyro papa to remember. He is doing great, and adjusting well to daycare as Allyson has returned to work to finish the school year. We're so appreciative for all of the thoughts, gifts, and love we've received.

Thank you!

KURT



KURT, RHETT, & ALLYSON



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