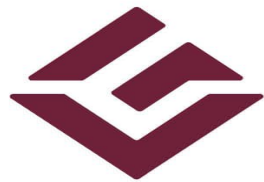


FOREST INDUSTRY INSIDE PERSPECTIVE

BY BILL MILLARD OF GRANITE VALLEY FOREST PRODUCTS



GRANITE VALLEY

ABOUT GRANITE VALLEY FOREST PRODUCTS

- FLAGSHIP FACILITY AND HEADQUARTERS LOCATED IN NEW LONDON, WI
 - PRODUCTION AND STORAGE ALL UNDER 1 ROOF - 385,000 SQ FT (7.5 ACRES). CLIMATE AND HUMIDITY CONTROLLED. MANUFACTURING TO INCLUDE STACKING, DRYING, SURFACING, AND RIPPING LUMBER. PROCESSING ABOUT 100,000 BF OF LUMBER DAILY (ABOUT 8 SEMI'S FULL)
 - 40 DRY KILNS THAT ARE ALL 50,000 BF CHAMBERS. THIS ALLOWS KILN DRYING OF 2,000,000 BF AT A TIME.



OUR LINEUP OF SPECIES

- RED OAK
- WHITE OAK
- HARD MAPLE
- SOFT MAPLE
- ASH
- CHERRY
- HICKORY
- WALNUT
- ELM
- BASSWOOD
- ASPEN

PRODUCTION ITEMS

- GRADE LUMBER – INCLUDING QUARTER SAWING
- RAILROAD TIES
- PALLET CANTS
- INDUSTRIAL TRUCK FLOORING (WHEN APPLICABLE)
- BY PRODUCTS
 - SAWDUST
 - CHIPS
 - MULCH
- CUSTOM SAWN PLANKS
 - TRAILER DECKING (THINK CAR HAULERS)
 - LIVESTOCK FENCING
 - WOODEN BRIDGE COMPONENTS

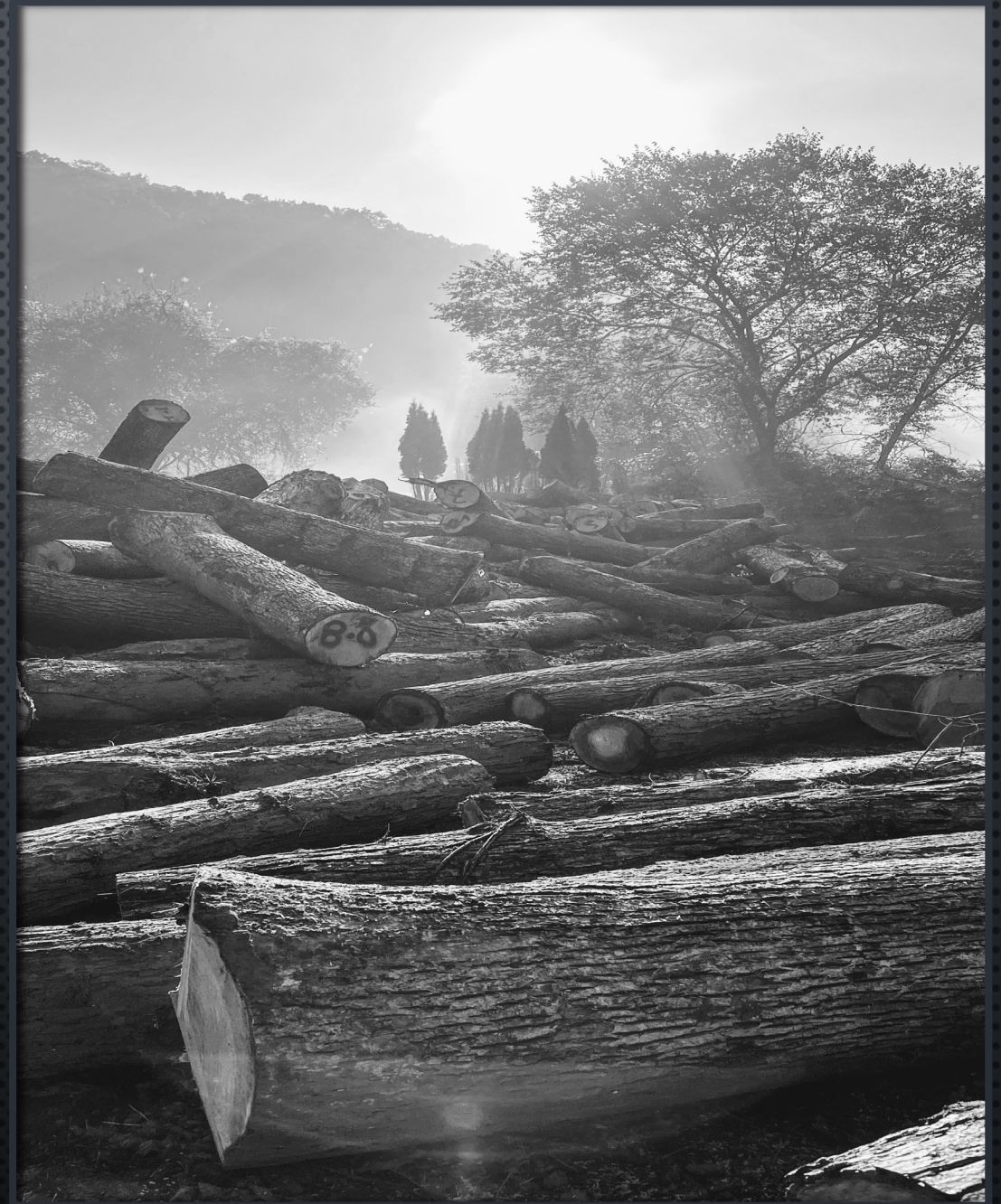


PROCUREMENT IS WHERE IT ALL STARTS

- STAFF CONSISTS OF 3 PROCUREMENT FORESTERS AND 4 LOG BUYERS
 - 2 TEAMS - CENTRAL WI AND SOUTHWEST (DRIFTLESS AREA)
- BUYING BOTH STANDING TIMBER AND CUTLOGS, AS WELL AS TAKING GATEWOOD
- PROCURING APPROXIMATELY 15,000,000 BF OF LOGS, ANNUALLY
 - THIS INCLUDES PROCUREMENT FOR THE 2 CUSTOM SAWMILLS
 - THIS FIGURE DOES NOT INCLUDE PULP
 - PULP MILLS CLOSED/CLOSING – PARK FALLS, WI RAPIDS, AND SOON TO BE AHLSTROM MOSINEE
- ALL HARDWOODS, CONSISTING OF SAW LOGS, STAVE LOGS, AND VENEER LOGS
- THE PROCUREMENT STAFF TYPICALLY COMMUNICATES AND SCHEDULES CONTRACT LOGGERS AND HAULERS FOR THEIR NEEDS

TYPICAL LOG LANDING

WE PREFER TO SCALE LOGS IN
OUR YARD, BUT SOMETIMES IT IS
REQUESTED TO BE DONE IN THE
LANDING





WORKFORCE STRUGGLES

- AVERAGE AGE OF THE CURRENT LOGGER IN WISCONSIN IS 55.3 YEARS OLD
- 74% OF COMPANIES REPORT DIFFICULTIES IN HIRING WORKFORCE (GLTPA ARTICLE)
 - FUEL COSTS
 - INSURANCE COSTS
 - WORK COMP – WI IS APPROXIMATELY \$68/\$100 VS IOWA IS APPROXIMATELY \$15/\$100 (HAND CUTTERS)
 - INCREASED REGULATIONS
 - INFLATION



HAULING AND LOGISTICS

- WFPT OWNS 2 LOG TRUCKS THAT SERVICE THE ROCKBRIDGE AND AAA SAWMILLS
 - WI CAN NOT RUN HEAVY BASED ON MULTIPLE AXELS LIKE MI CAN
- RAIL YARDS
 - ONLY 1 LEFT – CHIPPEWA FALLS



Wisconsin Log Truck



Michigan Log Truck

VENEER MARKETS

- GRANITE VALLEY DOES NOT EXPORT LOGS, BUT AFFECTED WHEN DOMESTIC MARKET FLOODS
- GOOD MARKETS, BUT VERY CHINA DEPENDENT
- FLUCTUATING TARIFFS



High Quality Walnut Veneer
Logs Getting Prepped for Sale

POSITIVE HAPPENINGS IN THE INDUSTRY

- Prior - Essential Business Label
 - Covid Relief programs instrumental in the aid – 93% approval rating
- MFL Program
 - Provides more timber for the market
 - Ensures regenerative growth
 - Allows prospective landowners the tax break sometimes needed to purchase land
- Projected growth of crown molding of 11.2% by 2033
- AI integration
 - Grading systems the most talked about recently
- Potential new avenues for wood waste/pulp
 - Manufacturing of aviation fuel
 - Wood biomass facilities
 - Heating (Gundersen/Emplify Hospital)
 - Energy – think data centers