

QUARTERLY REPORT



**John Herring, Chairman and CEO,
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Navigating Supply Chain Disruption in a Changing World

Supply chain disruption has become the reality of our era, shaped by various forces – COVID-19, increased demand, labor shortages, and shifting consumer needs. This issue is transforming our industry and defining the path forward. Today, I'd like to share insights on the history, challenges, and ongoing evolution of off-site manufacturing and the innovative strategies A-1 is implementing to ensure an uninterrupted supply chain for our valued customers, all while fulfilling our mission of "Using Technology to Change the Way America Builds Homes™."

The Evolution of Off-Site Manufacturing

In the late 1950s, the truss plate emerged, revolutionizing home construction. Demand for housing soared, and along with it, a new industry was born. Truss manufacturing became essential, and early machinery was basic. In 1977, our entry into this industry was modest, with a rented 2.5-acre lot, a 12,000-square-foot facility, and an 800-square-foot office. By 1979, we had moved to a new, forward-

thinking facility on 3.7 acres and adopted new technologies like steel tables and Alpine Gantry tables. Fast forward, and we've grown substantially – acquiring additional land and upgrading machinery and facilities to keep up with demand.

A-1 Today: Facilities and Future-Proof Technology

Today, A-1 operates on two sites. Our smaller facility, built 23 years ago, spans 25 acres with 175,000 square feet under roof. Our South Georgia site, situated on 120 acres, boasts almost 200,000 square feet of advanced facilities. These facilities house robotic technology, AI-backed systems, and cloud infrastructure with extensive backup and security. In the event of a catastrophe, we have robust contingency plans to ensure your supply chain remains secure. A-1 is here to provide stability and reliability, no matter what challenges arise in the industry.

The Critical Transformation Happening Now

Four key trends are reshaping the truss manufacturing landscape today:

- 1. Industry Aging:** Much of the industry is dealing with outdated technology and space constraints, particularly in Florida. Many competitors are less efficient or even stagnant. A-1 has proactively addressed these challenges by investing in advanced machinery, automation, and efficient layouts.
- 2. Reduced Competition:** In the 80s and 90s, 42 manufacturers were on the Miami-Dade approved list for truss manufacturing. Today, very few remain capable of meeting the high-volume demands of modern construction. A-1 is among the few prepared to deliver consistently and at scale.
- 3. High Entry Barriers:** Establishing a new plant today requires significant investment, often reaching eight figures. The capital needed for state-of-the-art robotics, automated systems, and adequate space is a substantial barrier for new entrants, positioning A-1 as a leader prepared for the future.

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4. Off-Site Construction Efficiency: Many truss manufacturers, remain family owned, and use outdated equipment. By contrast, A-1 is an Employee-owned company and has developed processes that reduce labor by 50% and increase throughput by 30%. Our use of robotics enhances speed, efficiency, and quality while maintaining high standards.

Our Commitment to Innovation and Uninterrupted Supply Chains

The truss and EZWALL® products are core to A-1's commitment to off-site construction, providing unparalleled efficiencies and savings. Over the past 25 years, we have invested in your future by ensuring a robust, uninterrupted supply chain. Our design team, comprising nearly 60 professionals and bolstered by remote A-1 experts in Design and EZWALL® along with contract engineers, reflects our industry leadership. Together, these teams undergo continuous training through A-1 University, highlighting our dedication to advancing technology and processes as part of our pledge to you.

As a preferred partner, A-1 is committed to supporting your operations through any challenge. Our partnership agreements are designed to provide backup resources and solutions if your other suppliers face disruption. Speak with your A-1 sales representative about programs like our Free Model Program and other resources aimed at keeping your supply chain running smoothly.

Looking Ahead: Technology and BIM Integration

Stay tuned for our next quarterly update to discuss advances in Building Information Modeling (BIM) and other technology. Our future initiatives aim to save our preferred customers 10% or more on material costs and significantly reduce turnaround times. We are excited to be your preferred supply chain partner, focused on lowering costs and adding value at every step.

Thank you for your partnership. Please reach out anytime to discuss the future of off-site manufacturing and learn more about A-1's commitment to innovation.



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