



Oct. 23, 2017

Subject - Thermal Paper Market Update

To our valued customers,

Effective with November material orders, thermal paper mills have put all paper converters on allocation. This action is a result of a global chemical shortage required to manufacture thermal coating. The supplier of the " lueco dye " product, who supplies 50% of the global market, was shut down due to environmental issues. This company is based out of China. We have been informed some paper mills have shut down all production due to this issue. While we expect this situation will resolve itself over the next few months, a shortage of material could last until mid 2018.

Based on McDermid Papers position in the market, we have been given assurances that we will receive our historical volumes from our suppliers. Saying that, we have experienced delays in getting some material deliveries. While this has been challenging during our busy season, we will continue to do our best to meet all current customer requirements. We will also have to limit our repeat customers to historical order volumes until this situation is resolved.

In addition to the supply issue, we have been told by the mills prices are going up significantly by year end. This is in addition to recent increases we have received. The net result is prices are going up shortly. Once we received the final numbers, we will communicate the details with effective dates.

Thank you for your valued business and continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Boudreau". The signature is fluid and cursive, with a long horizontal stroke at the end.

Blair Boudreau
V.P. Operations