

October 6, 2017

To our Valued TSTIMPRESO customer:

Please be advised that due to sudden, unforeseen and unprecedented changes in the Thermal paper market, TSTIMPRESO has the following announcement:

Supply:

All Thermal Paper mills were notified last week of an immediate shutdown of a manufacturing plant producing a critical component chemical used in making the coating for thermal paper. This colorant dye chemical, sourced from Connect Chemicals in China, is essential to the thermal coating process, with the company supplying approximately 50% of the worldwide base, and upwards of 80-85% of the Asian market. They have been forced to close temporarily as a result of environmental concerns, and reportedly this shutdown could last up to 3 months. This combined with an already increased demand from two separate thermal price increases this year, and a recent short-lived shutdown at one of the primary coating facilities, has the supply chain for thermal paper seriously strained worldwide.

What the effect is:

Quite simply, an overnight worldwide shortage of thermal paper, and an accompanied escalated increase in price. TSTIMPRESO will be proceeding with its originally planned October 16th market increase; however, the quickly escalating prices and supply limitations may result in increases larger than originally anticipated. Furthermore, as the situation continues to develop, we may be subject to further immediate increases from the mills, and may not be able to provide our normal 30 day notice of increase. Deliveries of thermal paper are already being pushed out further than normal, with lead times weeks off of their original projection.

Your Business:

As a leader in the industry, TSTIMPRESO has assurances that we will continue to receive our normal rate of supply based on historical purchases from each of our primary paper mills. We are also working with several other mills around the globe in an attempt to source additional raw material as well. To that end, our primary concern is that of our valued customers, and to your continued business. Please be assured that we will continue to ship your thermal paper orders as normal; however, limited to your own historical monthly usages. Any "excess" purchases could potentially affect our long term ability to service our loyal customers. Furthermore, we have suspended any active initiatives to bring on any new business at this time.

Summary:

Please join us in the effort to inform your customers, sales staff and other key personnel within your organization of the current market situation. Develop your own strategies with regards to inventory management, new account volume, and increased street pricing. In the meantime, please contact your TSTIMPRESO Regional Sales Manager or our Customer Service Department with any further questions. We will continue to keep you advised of any further changes in the market. As always, we appreciate your continued support and business partnership.

Sincerely,



Todd Hartman
VP Sales & Marketing
TST IMPRESO, Inc.