

Market Update - Price Increase Notification

September 4, 2018

Dear Valued Customers:

As outlined in our August 6th market update, the receipt paper industry continues to face cost pressure due to the critical shortage of leuco dye, the rising cost of wood pulp, transportation and labor.

In the last few weeks we have received price increases from virtually all our supplier base. Specifically, the largest providers of thermal receipt paper have each made public market increase announcements which are effective October 1, 2018. Each supplier has referenced these same variables as the cause for the increase.

After carefully analyzing the data amidst many key variables such as the number of suppliers, the varying increase levels, and implementation dates, we are announcing a price increase on several categories across our product portfolio. The increase is effective on all orders shipped on or after November 5, 2018. Due to the varying price increase amounts by product category, an Iconex Sales representative will be communicating the specific details to each customer individually.

With the holiday season quickly approaching, our highest priority continues to be ensuring adequate supply for all our existing customers. The announced increases will enable Iconex to continue our successful product sourcing strategy which has prevented supply interruptions during these historically difficult conditions.

We are anticipating that thermal paper supply will tighten due to the announced reduction of imports in Q4 and the continued inconsistency of leuco dye production. Connect Chemical is producing, but not at full capacity. Chameleon has yet to resume any production since the previously reported shutdown. Bond paper continues to be limited as the effects of reduced production impact the supply availability. Please note that Iconex is confident that we have secured the necessary supply to satisfy your business and growth needs for this upcoming season.

We recognize the pressure and difficulty resulting from these unprecedented market conditions and assure you that our team continues to work diligently to minimize all cost factors by reducing waste and improving efficiencies. Based on your direct feedback, we are also providing a 60-day notice for the effective date of the current increase so that you can prepare your business for the impact of the announcement.

Lastly, I want to thank you again for your patience and partnership in what remains an ever-evolving marketplace. Your confidence in Iconex continues to be a vital piece in managing these on-going circumstances.

As always, you can also find the latest market information by contacting your Iconex Sales Representative or visiting www.iconex.com.

We appreciate your valued business and continued support!

Sincerely,



Craig A. Gunckel
Chief Executive Officer