

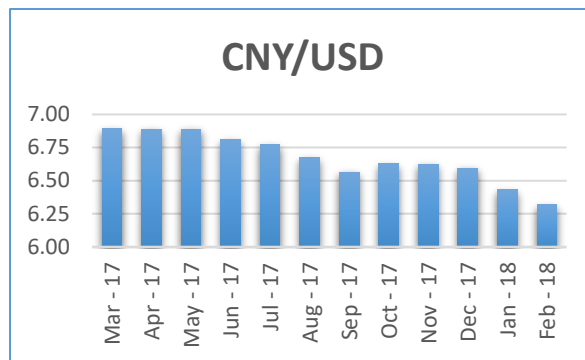
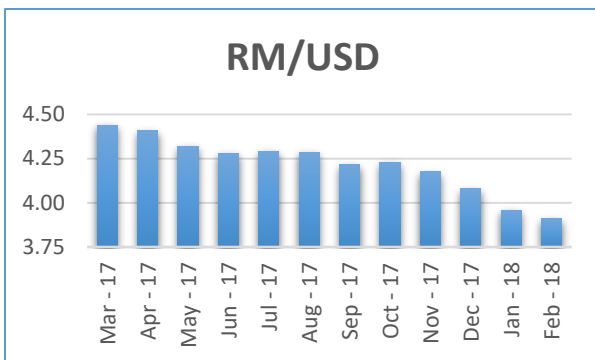
Market Update

Exchange rates and raw material pricing continue to influence the market

The thermal paper market continues to face challenges. We expect tight supply to continue for the foreseeable future. Many suppliers continue enforcing price increases or surcharges to help offset the historically high pulp prices and unstable supply for leuco dye.

Raw nitrile pricing has increased \$40/ton, due to supply shortages from scheduled maintenance in early Q1. The raw latex output will be cut roughly 15% to 20% as part of cost control measures set by the Malaysian government. We believe both latex and nitrile will continue to increase for the coming months.

In Malaysia, the cost of natural gas has increased 22% due to a subsidy reduction by the government since the beginning of the year and the exchange rate continues to drop as the dollar weakens. When compared to the US Dollar (USD) the Malaysian Ringgit (RM) has dropped to average RM3.91/USD and the Malaysian government announced they will push the exchange rate to below RM3.80/USD. In March of 2017 the exchange rate was RM4.44/USD. This decrease will drive future cost increases for the coming months.



A similar story can be told when looking at the Chinese Yuan Renminbi (CNY). The exchange rate dropped from 6.89 CNY/USD in March 2017 to 6.32 CNY/USD for February. We expect that the market will continue to see increases to cover the decreases in the exchange rate.

Our team of dedicated AmerCareRoyal employees, living and travelling overseas to work with our manufacturing partners, have been able to ensure our supply chain is minimally impacted so we can provide products to our customers on time. As our conditions continue changing, we will do our best to keep all our customers informed.

Thank you for your business!



Director of Marketing
AmerCareRoyal