

Xante's Statement Concerning new Tariffs in 2018

Potential Price Increase May Result On Xante Consumables From New Tariffs

July 18, 2018

Dear Xante' Customer:

With the United States Federal Government's passage of Section 301, many products made in China are subject to new tariffs. Industry associations and companies like Xante' are making efforts toward removing or reducing the new 25% tariff on printer consumables and supplies.

What we know today is that all printer supply components produced in China are subject to Section 301 effective July 6th, 2018. For clarification, components manufactured in Taiwan and Hong Kong are not considered within the scope of Section 301 and therefore not subject to the additional tariffs.

We are beginning to receive formal notification from our suppliers as to how they intend to pass through the costs of these new tariffs. We do expect all printer manufacturers and distributors to be impacted.

The implementation of any potential new price increases will be determined in the coming weeks. However, there are still many unanswered questions. For this reason Xante' will not begin accessing any additional cost to our customers as a result of these new tariffs. We have made this decision to give our customers more time to prepare and help us to understand the details fully. Xante' will begin immediately absorbing any assessed tariffs due on products imported from China to shield our customers from incurring any additional cost on shipments from us until September 1, 2018. At that time we will be in communication with you as to any financial impact and increased costs on our products and supplies.

The following are key points related to Section 301 Import Tariffs, as we know today:

- 1.The tariffs were imposed on July 6 on the importation of various components made in China. Products manufactured in Taiwan and Hong Kong are not subject to these new tariffs.
- 2.Xante' will NOT implement any immediate additional cost to our customers from these new tariffs of July 6, but will absorb these new costs until September 1, 2018. At that time we will communicate the financial impact to our customers.
- 3.We expect all the Chinese suppliers to pass through these tariffs to the manufacturers (including Xante') and distributors.

We are working diligently with our suppliers to compile a list of the affected products. As soon as that task is complete, we will share the details with our customers.

The situation is fluid and we will continue to communicate with you as circumstances warrant further updates.

Sincerely,



Robert C. Ross Jr
President / CEO
Xante' Corporation