22 March 2023

NO: 04-2023

To: Mr Jaanus Reinvee

State Forest Management Centre (SFMC)

Reg. Code 70004459

Sagadi village, Haljala municipality,

45403, Estonia

**About breaking the Timber sales contract No. 3-3.6.1/2020/32167.**

I greatly appreciate our long-term cooperation with the RMK and would gladly continue it, unfortunately we are facing a significant drop in price and demand for 4PLUS produced products like sauna materials, palette elements and briquettes, so we have been forced to reduce production. Nevertheless, the stock of sawlogs and sawn wood in 4PLUS warehouse continues to grow rapidly, so we are looking into the possibility of temporary suspending the purchase of sawlogs.

At time when we made offer for actual contract we estimated that the quality of RMK supplied sawlogs will remain same as before, unfortunately we have found that the quality of the delivered sawlogs in 2023 was significantly worse than it was before. According to our assessment the price of the delivered logs is 35-40% higher than the current market prices for same quality logs.

In normal market conditions, in terms of relations, we would have sought to maintain the contract, but due to very difficult market situation, we are forced to inform you that we decided to break the Timber sales contract No. 3-3.6.1/2020/32167.

Druvis Paeglis

4PLUS managing director.