

A photograph of a rural landscape. In the foreground, there is a field of tall, golden-brown grasses. In the middle ground, a large, red wooden barn with a grey metal roof stands prominently. The background shows a line of trees under a clear, light blue sky with some wispy clouds.

Senior Secured Noteholders Information Presentation

December 2022

Important information

This presentation contains important information which should be read carefully before any decision is made with respect to the proposal. If any bondholder or beneficial owner of Bonds is in any doubt as to the contents of this presentation or the action it should take, such bondholder or beneficial owner of Bonds should seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Neither Idavang A/S nor any of its advisors make any recommendation as to whether or not bondholders and beneficial owners of Bonds should vote in favour of or against the proposal.

General

Reference is made to the EUR 75,000,000 Floating Rate Senior Secured Bonds due 2025 with ISIN DK0030472618 (the "**Bonds**") issued by Idavang A/S pursuant to the bond terms dated 5 November 2020 as amended on 30 August 2022 (the "**Bond Terms**").

Terms defined in the Bond Terms shall have the same meaning when used in this presentation unless otherwise stated herein or the context otherwise requires.

This presentation is available in English only and will be available to bondholders and beneficial owners of Bonds from the date hereof upon request to Idavang A/S.

The Proposal

For an overview of the background for and terms of the proposal see "*Amendments proposal*" and slide 4-7 in this presentation.

Further information

Idavang A/S has prepared this presentation and, to the best of its knowledge, the information contained in this presentation is accurate and does not omit anything likely to affect the significance of such information. The financial information in this presentation has not been audited or verified by any auditor or other third party.

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Before making a decision with respect to the proposal, bondholders and beneficial owners of Bonds should carefully consider all of the information in this presentation.

Executive summary

Background

- Idavang A/S (“**Idavang**”; the “**Company**” and together with its subsidiaries, the “**Group**”) has operations split between Lithuania and Russia.
- Idavang has isolated the activities in Russia. Hence, money is not transferred from Denmark to Russia, or vice versa. All investments in Russia are stopped for the time being.
- The management follows the situation closely to ensure that the Company continues to be in compliance with all Danish and EU sanctions towards Russia.
- If Russia’s current relationship with the western countries is not significantly improved, Idavang believes that it will be very difficult to operate in Russia. Results will be negatively impacted by supply chain complications, market conditions, political factors etc.
- From an economic point of view, during the last 4 years Russia has accounted for 66% of EBITDA (when excluding subsidy and hedging one-offs in Lithuania), hence representing majority of the cash flow towards the listed bond. As such, the management is unsure whether the Bonds can continue to be serviced in full only by the cash flows from the Lithuanian entities.
- Idavang is initiating a strategic review of its Russian operations, including a disposal thereof, which may lead to a higher overall recovery for the Bondholders and, if relevant, suggests using the proceeds thereof to redeem Bonds at par.
- If Idavang decides to pursue and complete a disposal, the credit risk on the remaining Bonds should improve.

Amendments proposal

In order to improve the current financial situation of the Group and enable the Company to repay the Bonds at par, Idavang requests the following amendments to the Bond Terms:

- Increase factoring basket from EUR 3m to EUR 6m.
- Cash sweep calculated without Russia from 1st January 2022¹
 - a. Idavang to use EUR 4.8m to do a cash sweep of Bonds now:
 - Idavang can prepay a total of EUR 4.8m, implying a net transaction of EUR 4m to Bonds not owned by Idavang. The actual 2022 cash sweep is due after Q1 in 2023, hence EUR 4.8m accounts as advanced payment of future cash sweeps for the following financial years.
- Define sale of Russian subsidiaries as a Restricted Disposal²
 - a. Proceeds from the disposal are deposited in an escrow account in the EU.
 - b. Proceeds, once verified and released from the escrow account, will be used to repay Bonds at par.
 - c. Once the proceeds from the disposal are placed in an escrow account, the Bonds will be subject to the following Interest Rate:
 - 2% p.a. (fixed rate) from the day funds enter the escrow account and for 6 months
 - 7% p.a. (fixed rate) thereafter
 - d. Requirement of min. EUR 40m in the escrow account for the new Interest Rate to accrue.

Excess cash flow | Amendment proposal

Background

- Due to the latest geopolitical and market developments between the EU region and Russia, the financial situation at the Group level has become more uncertain.
- EBITDA of the Group's Russian entities is not free cash flow anymore, as funds cannot be transferred to the EU and, consequently, current cash sweep function will not work.
- Idavang does not expect the Russian entities to be able to transfer significant amounts of money to the Company during the next 3 years.
- In practice, excess cash flow repayments can only be funded by the Lithuanian entity.
- Unless the situation in Russia changes, management expects that the future cash flow from its Lithuanian entities will not be sufficient to cover interest, capex and income taxes.
- Repayment of excess cash flow will create significant negative cash flow in the EU part of the Group and there is a risk that the Company will not be able to meet its obligation to repay excess cash flow when due in H1 2024.
- Accordingly, Idavang requests that the Bondholders consent to amend clause 10.6 (*Excess cash flow*) from the Bond Terms.

Amendment

- Cash sweep calculated without Russia from 01.01.2022, as opposed to the current excess cash flow clause which considers Group's cash flow.
- For reference, please find below Clause 10.6 (*Excess cash flow*):
 - The Issuer shall apply **50 per cent. of the Free Cash Flow*** in respect of each financial year calculated on the basis of the relevant Annual Financial Statements of the Issuer, the first time for the financial year ending 31 December 2021, in redemption of the Bonds at a price equal to 102.3925 per cent. of the Nominal Amount redeemed.*
 - The Issuer shall notify the Bond Trustee and the Bondholders when delivering the Annual Financial Statements under paragraph (a)(i) of Clause 13.1 (Information from the Issuer) below of the amount of Free Cash Flow to be applied in redemption of the Bonds and such redemption shall be made on the first Business Day (the "Excess Free cash flow Repayment Date") falling (i) 30 calendar days after the date of delivery of the Annual Financial Statements for the relevant Financial Year or (ii) if earlier, 30 calendar days after the date on which the Annual Financial Statements became due for delivery under paragraph (a)(i) of Clause 13.1 (Information from the Issuer) below.*
 - Any partial redemption made with reference to this Clause 10.6 will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the Securities Depository.*

* **Highlighted** part referred to in this presentation as "excess cash flow"

Excess cash flow | Analysis

Excess cash flow repayment in practice

- The first excess cash flow repayment was due based on financial year ending 31st December 2021.
- First excess cash flow repayment to bondholders was executed on 30th March 2022. Please see below:

EUR '000	
Excess cash flow amount	1 665
Redemption price	102.3925%
Nominal amount redeemed	1 626
Excess cash flow repayment	2022-03-30
Record date	2022-03-29
EUR '000 (FY 2021 figures)	
EBITDA at fixed herd prices	14 358
Net Finance Charges for that period	(5 802)
Tax on profits	(1 284)
CAPEX	(3 942)
Free cash flow	3 330
Distribute to Bondholders 50% of free cash flow	(1 665)

Outlook

- Since all payments in and out of Russia are stopped, the Lithuanian part of Idavang has to bear all costs of Idavang A/S in Denmark (including interest payments and cash sweep in favour of bondholders).
- Overall negative sales price situation continues, and current EBITDA cash production price is slightly above current sales price. As shown below, normal operations in Lithuania need to improve in order to generate a neutral cash flow: current *Free cash flow without one-offs* is € (10.2)m, so *EBITDA at fixed herd prices operations* would need to increase from € (2.1)m to € 8.2m.
- For the last 4 years, EBITDA has been € 5.3m without one-offs (i.e. hedging and subsidies). The short-term outlook for Lithuania remains negative, with sales price not expected to increase.
- Repayment of excess cash flow based on the Group cash flow will create significant negative cash flow in the EU part of Idavang, as well as a potential default situation in H1 2024.

EUR '000 (LTM Sep 2022 figures)	LT/DK	RU	Group
<i>EBITDA at fixed herd prices operations</i>	(2 052)	6 647	4 595
<i>EBITDA at fixed herd prices from subsidy</i>	5 621	-	5 621
<i>EBITDA at fixed herd prices hedging</i>	5 267	-	5 267
EBITDA at fixed herd prices	8 836	6 647	15 483
Net Finance Charges for that period	(5 707)	(513)	(6 220)
CAPEX	(1 766)	(1 997)	(3 763)
Tax on profits	(666)	(103)	(769)
Free cash flow	697	4 034	4 731
Free cash flow without one-offs	(10 191)	4 034	(6 157)

Restricted disposal of Russian entities | Amendment proposal

Background

- 📌 The current geopolitical and market situation suggests the long-term outlook for operations in Russia to remain challenging.
- 📌 New sanctions from EU and continued isolation of Russia makes remote support from EU entities unfeasible.
- 📌 Historical EBITDA of the Russian operations is around RUB 900m. NIBD is roughly 1.0x EBITDA based on the figures at the end of Sep. '22¹.
- 📌 During the last 4 years, Russia has accounted for 66% of EBITDA (when excluding subsidy and hedging one-offs in Lithuania). If adjusted for the fact that Ostrov farm did not operate during the last 12 months, Russia would account for around 70%.
- 📌 Russian entities are now isolated, and cash inflows to and outflows from these entities have completely stopped.
- 📌 A disposal of the Group's Russian business would lead to a decrease of the total EBITDA of the Company. However, Idavang believes that maintaining the Russian business may be redundant due to the challenging long-term outlook.
- 📌 On that basis, Idavang is initiating a strategic review of its Russian business, including a potential sale thereof, which may lead to a higher overall recovery for Bondholders.
- 📌 Currently, a sale of the Group's Russian business does not qualify as a *Restricted Disposal* under the Bond Terms and, accordingly, no restrictions apply to the use of proceeds from such sale. In favour of the bondholders, Idavang suggests to re-define such disposal (if relevant) as a *Restricted Disposal* and apply the proceeds thereof to redeem the outstanding Bonds at par.

Amendment

- 📌 Re-definition of a disposal of the Group's Russian business as a *Restricted Disposal*.
- 📌 Once the proceeds from the disposal are placed in an escrow account (in the EU), the Interest Rate on the Bonds shall be:
 - 2% p.a. (fixed rate) - from the day funds enter the escrow account and for 6 months.
 - 7% p.a. (fixed rate) - thereafter
 - Requirement of min. EUR 40m in the escrow account for the new Interest Rate to accrue.
- 📌 All proceeds from such disposal will, when legally and practically possible, be used to redeem Bonds at par.

Strategic review for Idavang Russia

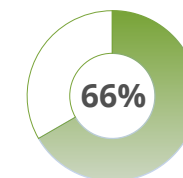


Sell operations subject to reasonable equity valuation



Maintain operations until after maturity of the Bonds

EBITDA Russian contribution based on 4-year average without LT one-off



Notes: (1) See slide 9 for further information on NIBD in Russia; Company information

Restricted disposal of Russian entities | Transaction challenges and timeline

Transactions challenges (effecting outcome of review)

- Current lower equity prices in Russia.
- Restrictions on equity transactions continue to expand: Russia has recently established a commission with the sole focus to reduce sales prices in M&A transactions. Further restrictions are expected in the short to medium-term outlook. Reviews and/or audits from Russian central bank are becoming more frequent.
- EU sanctions rules (in particular relating to dual-use assets, and the member states' interpretation of such rules) make EU companies' sale transactions of Russian subsidiaries difficult. However, management believes that the interpretation of such sanctions rules may be more aligned among member states in the future and disposals of Russian subsidiaries by EU companies will become more feasible in practice.
- A potential transaction would be priced in RUB, which de facto generates a high transaction risk. Current FX levels at a range of c. 65 RUB/EUR prices the potential transaction at relatively favourable terms. However, should the RUB weaken and return at historical levels, the transaction would become less profitable.
- Only limited exchanges to USD or EUR are possible. The depositary interest rate on EUR denominated bank account is currently at -12% to incentivize FX exchanges to RUB.

Simplified timeline of a potential transaction

- 1 Voting day Record Bonds / Distribute No-Name teasers
- 2 Evaluate buyer interest for Idavang Russia
- 3 NBO from potential buyers, dataroom and farm visits
- 4 Agree terms with buyer
- 5 **Review/approval of transaction of Russian commission**
- 6 Signing SPA
- 7 Transfer of funds
- 8 Funds on blocked EU-account
- 9 **Regulatory approvals, if any**
- 10 Release funds

Written procedure and expected timeline

Procedural requirements	<ul style="list-style-type: none"> A quorum is achieved if Bondholders representing at least fifty (50) per cent of the Outstanding Nominal Amount participate and vote in the written procedure. To approve the Proposal, Bondholders representing at least sixty six and two thirds (66 2/3) per cent of the votes in the written procedure have to be in favour of the Proposal.
Consent fee	<ul style="list-style-type: none"> Subject to the effective date of the proposed changes to the Senior Secured Bonds Terms and Conditions occurring, a fee of 25 basis points of the nominal amount to all holders of the Bonds (the "Consent Fee") will be made by Idavang. All holders (whether voting in favour or against, or not at all) will receive the Consent Fee if the Proposal is successfully passed.
How to vote	<ul style="list-style-type: none"> A duly completed and signed Voting Form (attached in the <i>Summons to Bondholders</i> as Appendix 1) must be received by the Bond Trustee no later than the Final Consent Voting Deadline and must be submitted by scanned e-mail to mail@nordictrustee.dk. The Bond Trustee may request proof of ownership/holdings if the Bond Trustee cannot verify the ownership in the Securities Depository.

Date	Event	Description
13 th Dec. 2022	Announcement of Written Procedure	Information regarding the Proposal released to the market.
15 th Dec. 2022	Voting Record Date	Date on which the Bondholders must be registered on a Securities Depository with respect to one or several Bonds in order to vote.
28 th Dec. 2022	Final Consent Voting Deadline	Latest date for the Bond Trustee to receive valid Consent Voting Instructions.
28 th Dec. 2022	Effective Date of the Proposal	Upon approval of the proposed amendments to the Bond Terms and Conditions (as set out above).
11 th Jan. 2022	Settlement date for the Consent Fee payment	Within 10 business days of the Effective Date of the amendments to the Bond Terms and Conditions.

Assets backing bond / Outlook

EU market for pork meat changing

- Production of pork meat has been under pressure by the significant reduction in exports from Northern Europe due to ASF (African Swine Fever) cases in Germany and Poland, and material lower consumption in the EU region.
- Production of pork meat has therefore decreased drastically, and the number of empty stables put up for sales is rapidly increasing.
- Markus Fiebelkorn, market analyst at Danske Svineproducenter, does not expect the pig market to turn around anytime soon. According to him, the current trend is destined to last for another 2 years, with continued low production and declining exports¹.
- Based on the above, Idavang management expects the current property/stables in Lithuania to have limited sales value for the entire remaining maturity of the bond.

Banking

- Management expects negative cash flows in LT/DK after paying interest towards the outstanding bonds.
- Management expects that the current Lithuanian entities on a standalone basis would be able to obtain around € 15m in senior financing. Consequently, the Super Senior Revolving Credit Facility is assumed to remain fully covered by the Lithuanian security.

Balance Extract kEUR 30.09.2022	RU	LT/DK	Group
Property, Plant and Equipment	63.828	34.468	98.297
Biological assets	19.515	23.905	43.420
Net working capital	19.116	-3.771	15.345
Other (intangible, deferred tax etc.)	-1.071	-1.107	-2.178
NIBD	-14.950	-56.094	-71.044
Total	86.438	-2.598	83.840

Financial position kEUR 30.09.2022	RU	LT/DK	Group
Cash	6.080	6.563	12.643
Bond outstanding		-73.374	-73.374
Bond own		12.704	12.704
Bond prepaid cost		761	761
Russian debt/IFRS 16 Russia	-21.030		-21.030
Other debt/Leasing IFRS16 Lithuania		-2.747	-2.747
Total	-14.950	-56.094	-71.044
Available overdraft Jyske Bank			8.900
Available overdraft Russia			854

Consolidated Income Statement

Group level

EUR '000	Group level					LT	RU	Other	Group
	Q3 2022	Q3 2021	9M 2022	9M 2021	2021	Q3 2022	Q3 2022	Q3 2022	Q3 2022
Revenue	32 172	26 703	80 351	79 769	100 163	20 213	11 960	-	32 173
Value adjustment, biological assets	3 227	(4 899)	5 590	2 397	271	2 720	507	-	3 227
Production costs	(25 972)	(21 225)	(73 445)	(69 483)	(98 348)	(17 743)	(8 229)	-	(25 972)
Administrative costs	(1 070)	(908)	(2 926)	(2 646)	(3 721)	(516)	(426)	(128)	(1 070)
Other income	3 173	1 621	6 923	2 497	9 683	3 110	64	-	3 174
Other expense	1	(507)	13	(192)	(551)	8	-	(7)	1
Operating profit	11 531	785	16 506	12 342	7 497	7 792	3 875	(135)	11 533
Net Financials	(392)	(1 664)	(2 280)	(4 848)	(5 991)	(257)	(349)	214	(392)
Foreign exchange adjustments	(67)	125	1 199	591	522	-	(8)	(59)	(67)
Profit before tax	11 072	(754)	15 425	8 085	2 028	7 535	3 519	20	11 074
Income taxes	(1 169)	707	(2 376)	(185)	385	(1 140)	(29)	-	(1 169)
Profit for the period	9 903	(47)	13 049	7 900	2 413	6 395	3 490	20	9 905

EUR '000	Group level					LT	RU	Other	Group
	Q3 2022	Q3 2021	9M 2022	9M 2021	2021	Q3 2022	Q3 2022	Q3 2022	Q3 2022
Depreciations	(2 159)	(1 851)	(5 607)	(5 454)	(7 132)	(633)	(1 526)	-	(2 159)
EBITDA	13 690	2 637	22 113	17 794	14 629	8 424	5 401	(135)	13 690
EBITDA fixed herd prices	10 463	7 536	16 523	15 398	14 358	5 704	4 894	(135)	10 463

Notes: Company information; [Please see Q3 2022 results here](#)

Consolidated Balance Sheet

Group level

EUR '000	Q3 2022	Q3 2021	9M 2022	9M 2021	2021	EUR '000	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Intangible assets	1 298	1 227	1 298	1 227	1 222	Share capital	800	800	800	800	800
Property, Plant and Equipment	98 297	79 800	98 297	79 800	79 404	Exchange adjustments	(6 620)	(35 156)	(6 620)	(35 156)	(34 840)
Biological Assets, Breeding herd	12 456	12 023	12 456	12 023	12 094	Other reserves	7 099	4 017	7 099	4 017	4 273
Deferred tax	761	760	761	760	761	Retained earnings	82 560	74 997	82 560	74 997	69 511
Financial fixed assets	445	446	445	446	446	Equity	83 839	44 658	83 839	44 658	39 744
Total non-current assets	113 257	94 256	113 257	94 256	93 927	Borrowings	61 622	72 742	61 622	72 742	74 157
Inventories	23 488	16 183	23 488	16 183	15 007	Grants	2 014	1 558	2 014	1 558	1 563
Biological Assets	30 964	17 778	30 964	17 778	15 893	Deferred tax	2 074	1 625	2 074	1 625	1 029
Receivables	6 750	14 309	6 750	14 309	7 796	Other non-current liabilities	594	810	594	810	760
Cash	12 642	7 434	12 642	7 434	13 545	Non current liabilities	66 304	76 735	66 304	76 735	77 509
Total current assets	73 844	55 704	73 844	55 704	52 241	Borrowings	22 064	17 792	22 064	17 792	17 844
Total Assets	187 100	149 962	187 100	149 962	146 166	Trade payables	10 211	7 823	10 211	7 823	7 937
						Income taxes payables	1 360	(212)	1 360	(212)	-
						Other payables	3 322	3 167	3 322	3 167	3 132
						Current liabilities	36 957	28 570	36 957	28 570	28 913
						Total liabilities	103 261	105 305	103 261	105 305	106 422
						Total Equity and Liabilities	187 100	149 963	187 100	149 963	146 166

Notes: Company information; [Please see Q3 2022 results here](#)

Consolidated Cash Flow Statement

Group level

EUR '000	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Operating profit/loss	11 532	786	16 506	12 340	7 497
Adjustment for non-cash operating items	(2 606)	9 210	2 274	6 528	10 384
Change in working capital incl. herd	1 813	(8 240)	501	(8 568)	558
Net financials	(3 189)	(1 664)	(5 077)	(4 848)	(5 759)
Corporate tax paid	455	(415)	480	(79)	(1 284)
Cash flow from ordinary activities	8 005	(323)	14 684	5 373	11 396
Cash flow from investing activities	(3 831)	1 298	(4 763)	(318)	(1 122)
Proceeds from borrowings	6 239	3 460	9 024	12 666	13 066
Repayments of borrowings	(8 476)	(9 070)	(22 366)	(24 785)	(24 296)
Dividends paid to shareholders	-	-	-	-	-
Surplus on Escrow account	-	-	-	-	-
Cash flow from financing activities	(2 237)	(5 610)	(13 342)	(12 119)	(11 230)
Change in cash and cash equivalents	1 937	(4 635)	(3 421)	(7 064)	(956)
Cash and cash equivalents primo period	9 978	11 777	13 545	13 757	13 757
Exchange adjusterts	726	292	2 518	741	744
Cash and cash equivalents end period	12 641	7 434	12 642	7 434	13 545

Notes: Company information; [Please see Q3 2022 results here](#)

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