



**Senior Secured Noteholders  
Information Presentation**  
August 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 the issuer 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.**

## **The Proposal**

For an overview of the background for and terms of the proposal see “*Proposed amendments to the Senior Bonds Terms and Conditions*”.

## **General**

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 the issuer.

## **Further information**

The issuer has prepared this presentation and, to the best of the issuer’s knowledge, the information contained in this presentation is accurate and does not omit anything likely to affect the significance of such information.

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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 – proposal to release Russian share pledge (1/2)

## Background and Russian situation

- Following the Russian invasion of Ukraine on the 24th of February 2022, sanctions and restrictive measures have been applied on Russia by the EU, USA as well as other countries. As Idavang has operations in both Lithuania and Russia, the company is following the situation closely to be compliant with all Danish and EU sanctions towards Russia. As such, Idavang has isolated its activities in Russia, all investments in Russia have stopped, and money is neither transferred in or out of Russia.

## The bank situation and background for the written resolution

- Raiffeisen Bank, the current lender of Idavang's subsidized Russian ruble loan (RUB ~1,081m / EUR ~12m<sup>1</sup> outstanding), has decided to reduce its loan portfolio in Russia and is requiring Idavang to change bank provider for its subsidy loans. While Raiffeisen Bank has stopped providing subsidy loans on a general basis, it has made an extraordinary approval for Idavang to await repaying the loans owed to it until end of August 2022, under the condition that Idavang is working to change its bank provider.
- As the adopted sanctions are stricter for Russian state-owned banks, Idavang is seeking to refinance its subsidy loans with commercial banks. However, commercial banks have higher business-related requirements than the Russian state-owned, and commercial banks, in particular, require that the shares of borrowers and guarantors are unpledged<sup>2</sup>.
- Idavang has had extensive discussions and negotiations with Bank of St. Petersburg ("BSP") (its previous banking relation before Raiffeisen Bank) for BSP to take over Idavang's subsidy loans. BSP has now approved such loans, however, subject to the share pledges over the Russian operating companies being released by the Nordic Trustee (on behalf of the bondholders). BSP has obtained credit approval with the only remaining outstanding item being release of the share pledges over Idavang's Russian subsidiaries.

## The commercial rationale for Idavang and maturity consideration for Bondholders

- The alternative to receiving new loans through BSP will be for Idavang to repay Raiffeisen Bank the subsidized loans (RUB ~1,081m / EUR ~12m<sup>1</sup> outstanding), which would require a significant herd liquidation of Idavang's Russian pig farm operations. While the exact cash flow is difficult to estimate at current, the company assumes that minimum ~40% of the full herd in Russia would need to be liquidated.
  - While the liquidation and subsequent loan repayment would make the Russian operations debt free, Idavang will likely have a limited herd and reduced capacity going forward. Additionally, operations is expected to run less efficiently (i.e. cost per kg. produced based on a lower scale), negatively impacting the EBITDA. The future cost of establishing the herd again is also expected to significantly higher, thus providing the Russian operations with limited flexibility to scale up operations soon. Hence, Idavang's management expects the overall loss to be significant (above double digit EURm) over the remaining of the maturity of the bond, if the herd needs to be liquidated in order to repay the loan.
- Alternatively, Idavang expects that if the loans are transferred to BSP, then Idavang's Russian operations should be able to amortize the debt and become debt free ahead of the 2025 bond refinancing, giving full operational and financial flexibility.

Source: Company information

Notes: (1) Please note the FX EUR/RUB = 93.70 as of 31/3, and that the conversion is primarily for illustrative purposes as no money is transferred in or out of Russia. Please also note the last published FX EUR/RUB rate by ECB was 117.2 on 01.03.2022. (2) On the contrary, Russian state-owned banks would typically require other measures e.g. insurance of land or CEO personally pledge for debt etc.



# Executive summary – proposal to release Russian share pledge (2/2)

## Senior Secured Bondholders' pledge value of the Russian shares

- Idavang's legal advisor sees the value of the current Russian share pledges as limited due to the following:
  - The bonds are structurally subordinated to the creditors of Idavang's Russian subsidiaries and the current share pledges would only be of value after payment of all obligations of the Russian subsidiaries;
  - The bond terms permit the Russian subsidiaries to use any and all of its assets as security for permitted Russian subsidy loans; and
  - The bondholders have a pledge over the Russian subsidiaries' main Danish holding company (incl. Rurik A/S) and will, also after a release of the Russian share pledge, have (i) access to the equity value of the Russian subsidiaries and (ii) possibility to take control over, and separately sell, the Russian subsidiaries via their direct claim against Idavang A/S as issuer and such share pledges over the Danish holding companies. Please see the following page for a simplified legal structure.
- The company's Russian legal advisor has furthermore informed that enforcing a pledge over Russian shares would currently be challenging due to new legislation.

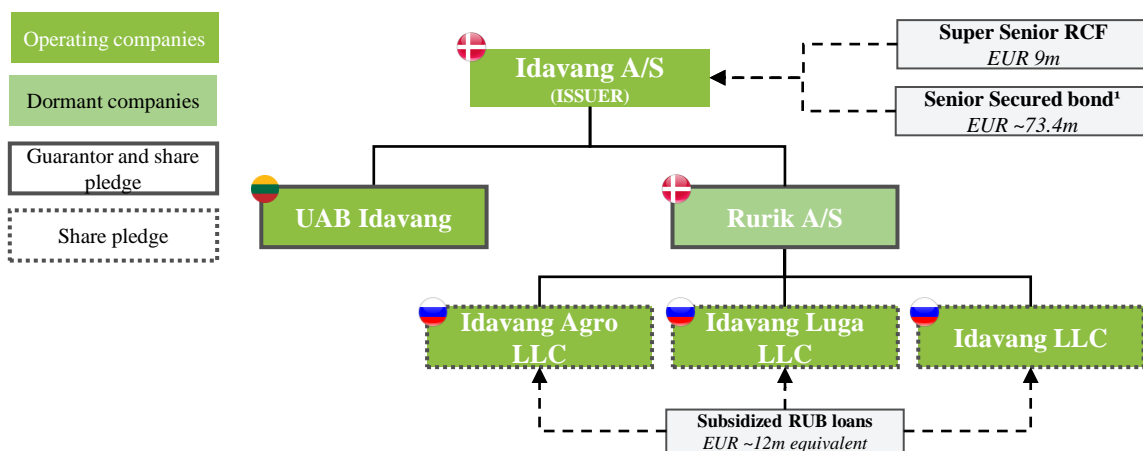
## Additional information

- A further description of the proposed change to the terms and conditions are described and illustrated on the following page, including proposed payment of a consent fee to the bondholders of 25 bps.
- Pareto Securities AS has been engaged by the company as Advisor in the process.
- Kromann Reumert, as the Company's legal counsel, has made a proposal for an addendum to the relevant bond documents.

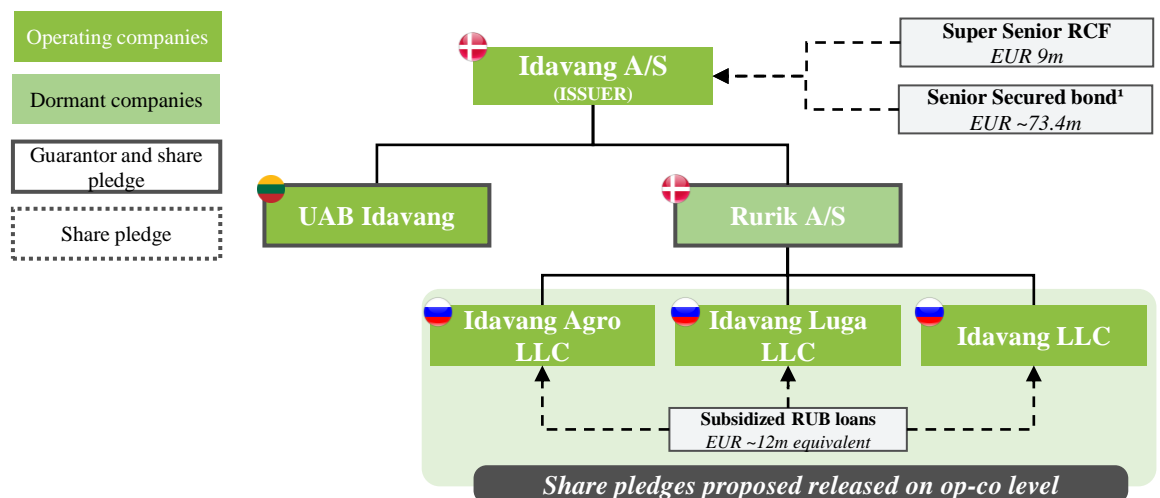
# Proposed amendments to the Senior Bonds Terms and Conditions

Bond terms to be addressed	Proposed deleted from the bond terms	Comment
<p>Clause 2.6</p> <p><i>Transaction Security and Intercreditor Agreement</i></p> <p>Subsection (b)</p>	<p>The Issuer shall procure that no later than the date falling 30 calendar days after the Issue Date, a first priority pledge of all shares owned by the Group in each of Idavang Agro LLC, Idavang Luga LLC and Idavang LLC (the “Russian Share Pledges”) is granted as Transaction Security in favour of the Security Agent.</p>	<p>(i) Subsection (b) of Clause 2.6 (<i>Transaction Security and Intercreditor Agreement</i>) is deleted in its entirety; and</p> <p>(ii) All references to “Russian Share Pledges” are deleted.</p>

## Current simplified legal structure



## Proposed amended legal structure



” Please note that bondholders have share pledges over the Danish holding companies and direct claim against the issuer

Source: Company information

Notes: Please note that the company holds EUR 8.2m of the outstanding bond amount

# Written procedure and expected timeline

Procedural requirements	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
Consent fee	<ul style="list-style-type: none"> <li>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 “<b>Consent Fee</b>”) will be made by Idavang.</li> <li>All holders (whether voting in favour or against, or not at all) will receive the Consent Fee if the Proposal is successfully passed.</li> </ul>
How to vote	<ul style="list-style-type: none"> <li>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 <a href="mailto:mail@nordictrustee.dk">mail@nordictrustee.dk</a>. The Bond Trustee may request proof of ownership/holdings if the Bond Trustee cannot verify the ownership in the Securities Depository.</li> </ul>

Event	Date	Description
Announcement of Written Procedure	15 August 2022	Information regarding the Proposal released to the market.
Voting Record Date	18 August 2022	Date on which the Bondholders must be registered on a Securities Depository with respect to one or several Bonds in order to vote.
Final Consent Voting Deadline	29 August 2022	Latest date for the Bond Trustee to receive valid Consent Voting Instructions.
Effective Date of the Proposal	29 August 2022	Upon approval of the proposed amendments to the Bond Terms and Conditions (as set out above).
Expected settlement date for the Consent Fee payment	12 September 2022	Within 10 business days of the Effective Date of the amendments to the Bond Terms and Conditions.

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