Report on Limited Review

CODERE, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
for the three-month period ended
March 31, 2021

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of CODERE, S.A. AND SUBSIDIARIES at the request of Board of Directors:

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of CODERE, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the consolidated balance sheet at March 31, 2021, and the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity, and the condensed explanatory notes, all of which condensed and consolidated for the three-month period then ended. The parent's directors are responsible for the voluntarily preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting in conformity with rule three of Circular 3/2018 of the CNMV, Spain's securities market regulator. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making enquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would lead us to conclude that the accompanying interim financial statements for the three-month period ended March 31, 2021 have not been prepared, in all material respects, in accordance with the requirements established by International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union in conformity with rule three of Circular 3/2018 of the CNMV, Spain's securities market regulator, for the preparation of interim financial statements.

Emphasis paragraphs

We draw attention to the matter described in note 2.a.1 of the accompanying interim consolidated financial statements for the three months ended March 31, 2021, which discloses, among other things, that the Group presented negative working capital at the reporting date and that the negative direction taken by the pandemic induced by COVID-19 is having a material impact on its ability to generate revenue, triggering significant liquidity issues. As a result, as outlined in that same note, the Group is in the midst of a corporate restructuring and refinancing process. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's capacity to continue as a going concern. This matter does not modify our conclusion.

Additionally, we draw attention to the matter described in accompany explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020. This does not modify our conclusion.

Paragraph on other issues

This report has been prepared at the request of Board of Directors of the Group.

(signed on the original version In Spanish)

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José Enrique Quijada Casillas

May 20, 2021

CODERE, S.A. and subsidiaries

Interim condensed consolidated financial statements for the three months ended March 31, 2021

CODERE, S.A. AND SUBSIDIARIES
Interim condensed consolidated statement of financial position at March 31, 2021 and December 31, 2020
(Thousands of euros)

ASSETS	Note	Mar. 31, 2021	Dec. 31, 2020
Non-current assets		**1,081,286**	**1,084,572**
Intangible assets	5	307,468	309,660
Right-of-use assets		190,283	191,733
Property, plant and equipment	6	254,311	265,481
Investment properties	6	45,429	44,699
Goodwill	7	215,170	209,544
Investments in equity-accounted investees	8	62	170
Non-current financial assets	8	17,302	17,397
Non-current loans		13,752	13,933
Held-to-maturity investments		3,550	3,464
Deferred tax assets		50,043	45,888
Accruals and deferred income	8	1,218	-
Current assets		**213,745**	**257,290**
Inventories		6,885	7,123
Accounts receivable		90,580	84,926
Trade receivables		29,958	24,617
Current tax assets		3,122	5,603
Sundry receivables		22,241	22,716
Accrued tax receivable		35,259	31,990
Financial assets		43,708	42,602
Other loans and investments		43,708	42,602
Accruals and deferred income		14,138	12,316
Cash and cash equivalents		58,434	110,323
TOTAL ASSETS		**1,295,031**	**1,341,862**

The March 31, 2021 figures are unaudited.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES
Interim condensed consolidated statement of financial position at March 31, 2021 and December 31, 2020
(Thousands of euros)

EQUITY AND LIABILITIES	Note	Mar. 31, 2021	Dec. 31, 2020
Equity attributable to equity holders of the parent	9	**(406,660)**	**(326,334)**
Issued capital		59,269	59,269
Share premium		563,178	563,178
Restricted reserves		470,399	470,399
Retained earnings		(1,226,471)	(990,240)
Translation differences		(179,674)	(192,353)
Profit/(loss) for the period attributable to equity holders of the parent		(91,361)	(236,587)
Non-controlling interests		**42,864**	**45,164**
Total equity		**(361,796)**	**(281,170)**
Non-current liabilities		**1,292,843**	**1,239,855**
Non-current provisions	10	27,729	28,867
Non-current borrowings	12.a	1,197,323	1,145,949
Bank borrowings		41,727	42,732
Issued notes		966,111	922,431
Other borrowings		189,485	180,786
Deferred tax liabilities		67,791	65,039
Current liabilities		**363,984**	**383,177**
Provisions and other	11	10,203	8,742
Bank borrowings	12.b	19,221	16,878
Notes and other marketable securities	12.b	30,645	34,240
Other non-trade payables	12	209,810	227,105
Trade payables		94,105	96,182
Current tax liabilities	12		30
TOTAL EQUITY AND LIABILITIES		**1,295,031**	**1,341,862**

The March 31, 2021 figures are unaudited.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

Interim condensed consolidated statement of profit or loss for the three-month periods ended March 31, 2021 and 2020

(Thousands of euros)

	Note	1Q21	1Q20
Operating income	3	128,128	277,107
Revenue		126,949	275,778
Other income		1,179	1,329
Operating expenses		(174,948)	(286,458)
Raw materials and consumables used and other external expenses		(7,204)	(8,603)
Employee benefits expense		(34,041)	(44,617)
Amortization and depreciation of PP&E and right-of-use assets		(40,279)	(46,501)
Change in provisions for bad debt		408	(514)
Other operating expenses		(93,832)	(184,223)
Asset impairment		-	(2,000)
Gain/(loss) on derecognition/disposal of assets		(2,091)	(1,082)
OPERATING PROFIT/(LOSS)		**(48,911)**	**(10,433)**
Finance income		478	849
Finance costs		(35,746)	(25,628)
Net exchange (losses)/gains		(10,815)	(49,784)
PROFIT/(LOSS) BEFORE TAX		**(94,994)**	**(84,996)**
Income tax	13	(165)	(15,333)
Share of profit/(loss) of equity-accounted investees		(101)	(84)
PROFIT/(LOSS) FOR THE PERIOD		**(95,260)**	**(100,413)**
Attributable to:			
Non-controlling interests		(3,899)	(3,290)
Equity holders of the parent		(91,361)	(97,123)
Basic and diluted earnings per share (euros)	17	**(0.80)**	**(0.85)**
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent (euros)	17	**(0.77)**	**(0.82)**

The 1Q21 and 1Q20 figures are unaudited.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES
Interim condensed consolidated statement of comprehensive income for the three-month periods ended March 31, 2021 and 2020
(Income and expense recognized in equity)
(Thousands of euros)

	1Q21	1Q20
Profit/(loss) for the period	**(95,260)**	**(100,413)**
Currency translation differences		(45,957)
Hedging instruments	15,171	-
Other comprehensive income/(loss)	**15,171**	**(45,957)**
Total comprehensive income/(loss) for the period	**(80,089)**	**(146,370)**
Attributable to equity holders of the parent	**(78,055)**	**(130,025)**
Attributable to non-controlling interests	**(2,034)**	**(16,345)**

The 1Q21 and 1Q20 figures are unaudited.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES
Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2021
(Thousands of euros)

	Share capital	Share premium	Retained earnings	Restricted reserves	Translation differences	Profit/(loss) attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
Balance at December 31, 2020	**59,269**	**563,178**	**(990,240)**	**470,399**	**(192,353)**	**(236,587)**	**(326,334)**	**45,164**	**(281,170)**
Profit/(loss) for the year						(91,361)	**(91,361)**	(3,899)	(95,260)
Change in translation differences			627		12,679		**13,306**	1,865	15,171
Total comprehensive income	**-**	**-**	**627**	**-**	**12,679**	**(91,361)**	**(78,055)**	**(2,034)**	**(80,089)**
Reversal of revaluation reserves			(26)				**(26)**	-	(26)
Changes in ownership interests			(245)				**(245)**	(1)	(246)
Shares cancelled							**-**	-	-
Dividend payments							**-**	(265)	(265)
Amounts transferred to retained earnings			(236,587)			236,587	**-**	**-**	**-**
Total changes in equity	**-**	**-**	**(236,858)**	**-**		**236,587**	**(271)**	**(266)**	**(537)**
Balance at March 31, 2021	**59,269**	**563,178**	**(1,226,471)**	**470,399**	**(179,674)**	**(91,361)**	**(404,660)**	**42,864**	**(361,796)**

(*) Corresponds to the distribution of dividends to non-controlling interests in the Spanish and Mexican subsidiaries.
The March 31, 2021 figures are unaudited.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2021

(Thousands of euros)

	Share capital	Share premium	Retained earnings	Restricted reserves	Translation differences	Profit/(loss) attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
Balance at December 31, 2019	**509,715**	**563,178**	**(911,729)**	**3,343**	**(140,864)**	**(61,651)**	**(38,008)**	**81,057**	**43,049**
Profit/(loss) for the year	-	-	-	-	-	(97,123)	**(97,123)**	(3,290)	**(100,413)**
Change in translation differences	-	-	(945)	-	(31,957)	-	**(32,902)**	(13,055)	**(45,957)**
Total comprehensive income	**-**	**-**	**(945)**	**-**	**(31,957)**	**(97,123)**	**(130,025)**	**(16,345)**	**(146,370)**
Effects of hyperinflation	-	-	-	-	(12,364)	-	**(12,364)**	(24)	(12,388)
Reversal of revaluation reserves	-	-	-	(26)	-	-	**(26)**	-	(26)
Dividend payments	-	-	-	-	-	-	**-**	(3,048)	(3,048)
Amounts transferred to retained earnings	-	-	(61,651)	-	-	61,651	**-**	**-**	**-**
Total changes in equity	**-**	**-**	**(61,651)**	**(26)**	**-**	**61,651**	**(26)**	**(3,048)**	**(3,074)**
Balance at March 31, 2020	**509,715**	**536,178**	**(974,325)**	**3,317**	**(185,184)**	**(97,123)**	**(180,421)**	**61,640**	**(118,781)**

(*) Corresponds to the distribution of dividends to non-controlling interests in the Group's Spanish and Argentine subsidiaries.

The March 31, 2020 figures are unaudited.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

Interim condensed consolidated statement of cash flows for the three-month periods ended March 31, 2021 and 2020

(Thousands of euros)

	Note	1Q21	1Q20
Profit/(loss) before tax		(94,994)	(84,996)
Net finance cost		46,083	74,563
Operating profit/(loss)		(48,911)	(10,433)
Non-cash expenses		42,734	50,745
Amortization	5 & 6	40,279	46,501
Depreciation		-	2,000
Other operating expenses		2,614	1,900
Effect of inflation on earnings		(159)	344
Non-cash income	19	(86)	(331)
Changes in working capital		(15,469)	7,572
Inventories		238	962
Accounts receivable		(1,859)	(6,013)
Accounts payable		(13,023)	16,522
Other		(825)	(3,899)
Income tax paid		(1,573)	(5,383)
NET CASH FROM OPERATING ACTIVITIES		**(23,305)**	**42,170**
Payment for purchases of property, plant and equipment		(7,975)	(23,040)
Received for purchases of property, plant and equipment		-	-
Loans to establishment owners: cash outflows		(803)	(5,884)
Loans to establishment owners: cash inflows		524	5,916
Payments for investments		-	-
Proceeds from disposals		-	-
Dividends received		-	-
Net change in other financial assets		(5,687)	22
Interest received		230	472
NET CASH USED IN INVESTING ACTIVITIES		**(13,711)**	**(22,514)**
Drawdown of Codere's senior debt		-	41,000
Repayment of Codere's senior debt		-	-
Drawdown of other borrowings		-	409
Repayment of other borrowings		(611)	(663)
Change in borrowings		**(611)**	**40,746**
Proceeds from bank loans		1,427	19,433
Repayment of bank loans		(1,487)	(4,489)
Change in other bank loans		(60)	**14,944**
Capitalized lease payments (IFRS 16)		**(14,685)**	**(16,992)**
Dividend payments		**(265)**	**(2,244)**
Repayment of other financial borrowings (net)		4,432	2,131
Payments for other financial borrowings		(870)	(243)
Change in other financial borrowings		**3,562**	**1,888**
Other cash flows due to impact of exchange rates on collections and payments		**(752)**	**(1,782)**
Buyback of own equity instruments		-	(90)
Disposal of own equity instruments		-	86
Net investment in own shares		**-**	**(4)**
Interest paid		**(2,022)**	**(3,168)**
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(14,833)**	**33,388**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(51,849)**	**53,044**
Reconciliation			
Cash and cash equivalents, opening balance		110,323	103,097
Effect of changes in exchange rates on cash and cash equivalents		(40)	(6,076)
Cash and cash equivalents, closing balance		58,434	150,065
Net increase/(decrease) in cash and cash equivalents	18.e)	**(51,849)**	**53,044**

The 1Q21 and 1Q20 figures are unaudited.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. COMPANY INFORMATION

Codere, S.A. (hereinafter, the "Company" or "Parent") was incorporated in Spain on July 20, 1998 as a public limited company (*sociedad anónima*). Its registered office and headquarters are located at Avenida de Bruselas, 26 in Alcobendas (Madrid, Spain).

The Company's corporate object is detailed in article 2 of its bylaws and comprises the pursuit of investment and re-investment activities in the following sectors: real estate, hospitality services, amusement and gaming machines, casinos and bingo halls and other licit gaming activities. It earmarks its capital to equity investments in Spanish and foreign corporate enterprises with this same or analogous corporate object and additionally coordinates the provision of advisory services in the legal, tax and financial arenas.

The main business activity of the Company and its subsidiaries (hereinafter, the "Codere Group" or the "Group") is the development of private gaming sector related businesses, essentially the operation of amusement and gaming machines, bookmakers, bingo halls, casinos and racetracks in Spain, Italy and Latin America (Argentina, Brazil, Colombia, Mexico, Panama and Uruguay).

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

a) Basis of preparation

These interim condensed consolidated financial statements for the three-month period ended March 31, 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim financial reporting* and article 12 of Spanish Royal decree 1362/2007.

As stipulated in IAS 34, the interim condensed consolidated financial statements do not include all of the information and disclosures required under the International Financial Reporting Standards for annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for 2020, which were authorized for issue by the Parent's Board of Directors at a meeting held on February 25, 2021. The interim condensed consolidated financial statements are prepared with the intention of updating the content of the latest published consolidated annual accounts, placing emphasis on the new activities, events and circumstances that occurred during the first three months of the year and not duplicating the information previously published in the consolidated annual accounts of the previous year.

In addition, the contents of these financial statements have been adapted for the templates included in CNMV (Spain's securities market regulator) Circular 3/2018 on interim reporting by issuers with securities admitted to trading on organized exchanges with respect to half-yearly financial statements, interim management reports and, as warranted, quarterly financial reports. That Circular was published in the official state journal on September 28, 2018 and took effect on January 1, 2019; it repealed Circular 1/2008, previously issued by the CNMV and the subsequent changes made to that circular by virtue of Circular 5/2015.

a.1) Going concern

At March 31, 2021, the Group had negative working capital of 150,239 thousand euros. In addition, due to the adverse direction taken by the pandemic during the first few months of the year and its direct impact on its business and liquidity, the Group's economic viability would have been seriously compromised had it not agreed to enter into a financial restructuring (the Restructuring), as described in the Company's inside information announcement of April 22, 2021. The Restructuring is subject to customary documentary process, and other conditions for a transaction of this type. Once the

Restructuring has been completed the operating part of the group will be owned by a new holding company (New Topco, pending constitution) in which Codere S.A., the parent company, will hold a 5% interest (as well as certain additional rights, such as warrants, as disclosed in the Company's Inside Information announcement of April 22, 2021). As explained in inside information announcement, following completion of the Restructuring, the Company anticipates that it will enter into a liquidation process.

Sources of uncertainty

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events have unfolded, in Spain and abroad, has caused an unprecedented health crisis that has gravely impacted the social and macroeconomic environments in general and the Group's business performance in particular. To tackle that situation, each of the countries in which the Group operates been decreeing measures designed to mitigate the risk of transmission, which, among other things, have triggered the temporary closure of leisure and entertainment premises, including our business establishments. Business has since resumed, on a partial and limited basis (subject to varying restrictions, including restrictions on capacity and opening hours, social distancing requirements and curfews), although operations remain partially closed in some markets.

In 2020, the Group was forced to close virtually all of its face-to-face operations in all of its markets in the wake of the mandatory restrictions and lockdowns dictated to counter Covid-19. Those restrictions began in the middle of March. The Group was able to gradually reopen its premises in some of its markets between June (Spain and Italy) and December (when it reopened for the first time in Argentina).

Towards the end of 2020 and during the first few months of 2021 the restrictions derived from the COVID-19 pandemic were once again tightened in all of our business markets as a result of the widespread deterioration of the health situation, which has nevertheless started to improve since the end of the first quarter. In Spain the business has been partially operational (temporary business closures and restrictions of varying severity prevailed in many regions during the first quarter), as has been the case in Mexico, Panama and Colombia (where the Group is operating under temporary restrictions and closure requirements in different regions or towns). In other markets including Italy, Uruguay and Argentina, the health situation has prompted the authorities to leave the mandated closure orders intact or introduce new ones. In recent weeks, the restrictions are being eased once again in most markets and we hope to be operational everywhere by the end of the second quarter.

The Group estimates that, although it could face fresh temporary closures in some markets in the near term and many of the establishments that are open may continue to be constrained by trading hour, capacity or customer limits, its operations will gradually return to normal. Estimates have been made on the basis of a hypothetical gradual revenue recovery curve (underpinned by strong business performances at the operations that were successively reopened in 2020 and 2021), assuming that revenue recovers gradually, depending on the country in question, to around 80-90% of pre-crisis levels by the end of 2021, going on to slowly return to pre-pandemic levels between 2022 and the beginning of 2023. That recovery curve could be affected if the impact of the pandemic proves more adverse than the Company is expecting, affecting restrictions and the economic recovery in the Group's various business markets.

The impact of those closures on revenue in 2020 was an estimated 860 million euros. That situation has caused the Group significant liquidity problems in terms of servicing its obligations and upholding the commitments assumed in the ordinary course of its business activities. Completion of the Group's financial restructuring transaction in 2020 played a significant role in enabling it to continue to operate throughout 2020 and throughout the third wave of the pandemic in early 2021.

However, the adverse path taken by the pandemic since the last quarter of 2020, which has forced the various authorities to once again close or restrict gaming activities in the Group's operating markets, is having a material impact on its ability to generate revenue and cash flow. Against that backdrop, during the first quarter of 2021, the Group began talks with a group of the largest holders of its Super Senior Notes in order to explore alternatives for enhancing the Group's liquidity and reinforcing its capital structure to safeguard its viability.

Mitigating Factors

As a consequence of the aforementioned issues, in this first quarter of 2021 the Group began conversations with an ad hoc committee to explore alternatives to improve the liquidity of the Group and reinforce its capital structure to ensure the Group´s viability. The following actions have been implemented:

Restructuring and refinancing process

In response to the pandemic, Codere has been engaged in constructive conversations with an ad hoc committee (the "**Ad Hoc Committee**") of the largest holders of Codere's 250 million euro super senior secured notes due 2023 (the "**Super Senior Notes**") and its 500 million euro and 300 million dollar senior secured notes due 2023 (the "**Senior Notes**" and together with the Super Senior Notes, the "**Notes**"). The Ad Hoc Committee collectively holds approximately 68% of the Super Senior Notes, and approximately 50% of the Senior Notes

As a result of those conversations, on April 22, 2021, the Company announced it had entered into the following agreements with the Ad Hoc Committee:

- A lock-up agreement (the "**Lock-Up Agreement**"), governed by English law, in relation to a proposed restructuring transaction (the "**Restructuring**"); and
- Note purchase agreements to provide 100 million euros of bridge funding by way of issuance of further Super Senior Notes (the "**Bridge Notes**")

Codere expects the Restructuring to complete by 30 September 2021.

Restructuring of equity and anticipated liquidation of the Parent Company

The Restructuring will result in the operating part of the Codere group being transferred to a new holding company ("**New Topco**"). New Topco will be 95% owned by holders of the Senior Notes (the "**Senior Noteholders**"). The remaining 5% of the equity in New Topco will be owned by the Company.

In addition, the Parent Company will receive warrants (the "**Warrants**"), permitting it to subscribe for non-voting shares with an economic value of up to 15% of the net equity proceeds of New Topco following a sale, listing, or certain other circumstances, above a strike price of 220 million euros (subject to dilution for a management incentive plan and other customary upward and downward adjustments). The Warrants will have a 10-year term.

The transfer of the ownership of the operating part of the Codere group to New Topco referred to above will be carried out through an enforcement of the existing security over the shares in Codere Luxembourg 2 S.à r.l. by the security agent for the Notes. This security is governed by Luxembourg law, and is a security under the financial collateral directive (equivalent to a Spanish pledge under Royal Decree Law 5/2005).

Following completion of the Restructuring, the Parent Company anticipates that it will enter into a liquidation process. Accordingly, it is likely that the Company will be delisted, and subject to detailed structuring (to be agreed), the shareholders could receive their payment in the liquidation at their own choice, either by means of shares in New Topco or in cash as a result of selling the shares that would otherwise be distributed to these shareholders.

Debt restructuring

The Restructuring will also result in amendments to Codere's debt instruments, including:

- The provision of a further 125 million euros of cash funding by the issuance of additional Super Senior Notes (amended as described below). For the avoidance of doubt, these Super Senior Notes are in addition to the Bridge Notes.

- Amendments to the terms of the Super Senior Notes, including:

    - An extension of maturities to September 30, 2026; and

    - Amendments to the interest rate to 8% cash coupon plus 3% PIK (or, if available liquidity is less than 100 million euros during first 1.5 years, 6% cash coupon plus 5.5% PIK).

- A restructuring of the Senior Notes, including:

    - 25% of the Senior Notes' outstanding principal amount being reinstated (the "**Reinstated Notes**"). The Reinstated Notes will:

    - Pay 2% cash interest, plus: 10.75% PIK interest for the Reinstated Notes denominated in euros, or 11.625% PIK interest for the Reinstated Notes denominated in US dollars.

- Mature on November 30, 2027.

- 29% of the Senior Notes' outstanding principal amount, plus the approximately 15 million of cash interest that would otherwise be due in October 2021, being exchanged into subordinated PIK notes (the "**Subordinated PIK Notes**"). The Subordinated PIK Notes will:

    - Pay 7.5% PIK interest and mature on November 30, 2027.

    - Have no recourse to the operating group.

    - Be stapled to equity in New Topco (see below).

- The balance of the Senior Notes being exchanged for 95% of the equity in New Topco.

- The Bridge Notes, the Super Senior Notes, the Reinstated Notes, and the Subordinated PIK Notes will benefit from non-call protection for the first 18 months following completion of the Restructuring (i.e. they cannot be redeemed during this period of time without paying a premium), and will then be redeemable at par plus 3% in the following 12 months and par plus 2% in the 12 months thereafter.

Bridge Notes

The Bridge Notes are being provided by Codere's Senior Noteholders in two tranches:

- A first tranche of approximately 31 million euros, which have been purchased solely by members of the Ad Hoc Committee (the "**First Tranche**").

- A second tranche of approximately 72 million euros, which all Senior Noteholders have been offered the chance to purchase *pro rata* to their holdings of Senior Notes, subject to satisfying applicable securities laws requirements (the "**Second Tranche**"). The Ad Hoc Committee's *pro rata* allocation of the Second Tranche was reduced by the amount of the First Tranche, so that all Senior Noteholders had the opportunity to participate *pro rata* to their holdings in the Senior Notes.

The First Tranche was used to help fund Codere's operations, and was expected to be issued on or about April 26, 2021. The Second Tranche was used to fund Codere's operations and pay interest on the Super Senior Notes and the Senior Notes, and is expected to be issued on or about May 24, 2021.

The Bridge Notes benefited from an original issue discount of 3%, and subscribers for the Bridge Notes will also receive a deferred issuance fee equal to 3% of the face amount of Bridge Notes purchased by them, subject to completion of the Restructuring. The Ad Hoc Committee have backstopped the Bridge Notes to ensure that the full amount is funded for a fee equal to 2% of the Bridge Notes.

Consent Fees

Noteholders who their consent to the Restructuring by acceding to the Lock-Up Agreement by the following dates will be eligible to receive the following consent fees, subject to completion of the Restructuring:

- May 18: an "**Early Bird Consent Fee**" equal to 0.25% of the principal amount of the Noteholder's holdings of Senior Notes and/or Super Senior Notes (as applicable); and

- May 28: a "**Consent Fee**" equal to 0.25% of the principal amount of the Noteholder's holdings of Senior Notes and/or Super Senior Notes (as applicable).

For the avoidance of doubt, a Noteholder may be eligible to receive both the Early Bird Consent Fee and the Consent Fee.

Implementation

Codere anticipates implementing the Restructuring either by way of consent solicitation or, if the requisite consents to implement the Restructuring pursuant to a consent solicitation cannot be achieved, an English scheme of arrangement or restructuring plan. Senior Noteholders and Super Senior Noteholders who accede to the Lock-Up Agreement will be, among other things, committing to vote in favor of the consent solicitation or the scheme of arrangement / restructuring plan to implement the Restructuring.

Implementation of the Restructuring pursuant to the Lock-Up Agreement is subject to customary terms and conditions, including applicable regulatory and anti-trust conditions, as described therein.

The Lock-Up Agreement, which was published together with the inside information communication on April 22, 2021, includes term sheets detailing the terms and conditions of the Restructuring.

Coupon payment deferral

In keeping with the terms of the Restructuring transaction and the issue of the Bridge Notes outlined above, the Company has deferred the payment of the interest due on its Senior Notes, making use of the 30-day grace period provided for in section 6.01(a)(i) of the Senior Notes' amended indenture. In addition, also in keeping with the terms of the Restructuring transaction, the interest payment grace period on the 250 million euro super senior secured notes due 2023 (the "Super Senior Notes") has been extended by a further 30 days (from April 30, until May 31, 2021) in accordance with execution of the supplementary indenture governing the Super Senior Notes. The Company intends to make use of that additional grace period to defer the payment of the coupon due on March 30, 2021. This deferral does not result in an 'Event of Default' under any of the Notes.

The Company expects to pay the coupons on its Senior Notes and Super Senior Notes when it receives the 70 million euros of proceeds from the Second Tranche of the Bridge Notes.

Extraordinary General Meeting and shareholder support

The Company's Board of Directors has resolved to convene an Extraordinary General Shareholders' Meeting to consider certain matters in connection with the Restructuring (the "**Meeting**").

On May 11, the Extraordinary General Shareholders' Meeting was held, in which the proposals for resolutions submitted by the Board of Directors, were approved by a sufficient majority in relation to:

1) Ratification of the execution by the Company of the so called, Lock-Up Agreement, in the context of the refinancing of the Company, as well as any other ancillary documents and transactions executed in such context.

2) Approval, to the effects of the provisions set forth in Article 160.f) of the Spanish Companies Law, of the amendment, extension, ratification or granting of security documents that may be needed to execute the financing transactions in the context of the refinancing

Under these circumstances, the directors are presenting these interim condensed consolidated financial statements on a going concern basis.

a.2) New and amended standards and interpretations issued

a) Standards and interpretations approved by the European Union and applied for the first time during the current reporting period

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the annual consolidated financial statements for the year ended December 31, 2020.

There are no new standards, amendments to standards that would have an impact on the Condensed Consolidated Interim Financial Statements as of March 31, 2021.

There have been no relevant changes in finance leases in the period from January to March 2021.

a.3) Comparative information

The interim condensed consolidated financial statements for the three months ended March 31, 2021 are presented in thousands of euros. In keeping with IAS 34, the interim consolidated statement of financial position, the interim consolidated statement of profit or loss, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flows and the notes accompanying the interim condensed consolidated financial statements include the figures for the end of the preceding annual period or the comparable interim period of the previous financial year, as warranted.

a.4) Critical issues concerning the measurement and estimation of uncertainty

Preparation of the interim condensed consolidated financial statements in accordance with IFRS-EU requires management to use judgment and make estimates and assumptions that affect application of its accounting policies and the recognized amounts of assets, liabilities, income and expenses. The related estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of the assets and liabilities that are not readily apparent from other sources.

These estimates and assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change to the extent the change affects that period only and to the period of the change and future periods if the change affects both.

The interim condensed consolidated financial statements disclose all aspects related with the uncertainty deriving from the public health emergency caused by the global COVID-19 pandemic.

a.5) Earnings per share (EPS)

The Group has calculated its earnings per share for the three months ended March 31, 2021 and 2020. The diluted earnings per share amounts coincide with the basic earnings per share figures as there were no potentially dilutive shares at the end of either interim reporting period.

a.6) Seasonality

The Group's historical earnings performance suggests that the Group's transactions, taken as a whole, are not subject to seasonality factors that result in significant variations throughout the year.

b) Accounting policies

The interim condensed consolidated financial statements were prepared from the accounting records of Codere, S.A. and the consolidated entities and are presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). These consolidated financial statements are presented using the historical cost convention, except for the Group's available-for-sale and derivative financial instruments, which are measured at fair value, and its land and buildings, which were measured at fair value,

which were measured at their fair value as at the date of first-time application of IFRS-EU, and the items affected by hyperinflation accounting in Argentina under IAS 29 (note 2.a.3).

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

In preparing these interim condensed consolidated financial statements for the three months ended March 31, 2021, the Group applied the same accounting calculation policies and methods as were used to prepare its consolidated annual financial statements for the year ended December 31, 2020. The accompanying interim financial statements have not been audited by the external auditor.

c) Significant milestones during the reporting period

Towards the end of 2020 and during the first few months of 2021 the restrictions derived from the COVID-19 pandemic were tightened in all of our business markets as a result of the widespread deterioration of the health situation, which has started to improve since the end of the first quarter. In Spain the business has been partially operational (temporary business closures and restrictions of varying severity prevailed in many regions during the first quarter), as has been the case in Mexico, Panama and Colombia (where the Group is operating under temporary restrictions and closure requirements in different regions or towns). In other markets including Italy, Uruguay and Argentina, the health situation has prompted the authorities to extend or introduce new closure orders.

In recent weeks, the restrictions are being eased once again in most markets and we hope to be operational everywhere by the end of the second quarter.

Despite the measures taken by the Company to mitigate the effects of those restrictions, the need to secure new funds prompted it to negotiate and agree the Financing Transaction outlined in the note on the going-concern assessment.

On February 17, 2021, the Board of Directors agreed to the appointment of Gerardo Sánchez Revenga as the proprietary director representing Masampe S.L., in replacement of Pio Cabanillas Alonso.

On March 24, 2021, availing of its co-option powers, the Board appointed Elena Monreal Alfageme as the proprietary director until the next Annual General Meeting.

Under the scope of the refinancing negotiations outlined in note 2.a.1, in February 2021, the role of Observer was incorporated into the Company's Board of Directors. That Observer does not have the powers or duties of a director but is bound by equivalent non-disclosure and market regulation requirements.

On March 18, 2021, S&P Global Ratings announced the following ratings changes:
- It downgraded Codere's long-term issuer rating and the issue rating on its 500 million euro and 300 million US dollar notes from CCC to CC.

- It downgraded the rating ascribed to the 250 million euro super senior notes from CCC+ to CCC-.

With respect to the disclosures provided in note 4.e) of the Group's 2020 annual consolidated financial statements regarding ongoing lawsuits, note that no significant developments have taken place in the first three months of 2021 requiring disclosure in these interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

The operating segments have been determined on the basis of the reports used for strategic decision-making purposes. The Group analyzes its business performance by geography and business activity. The operating businesses are organized and managed separately by the various geographic areas where the business is performed, each country constituting a strategic line of business that is involved in different activities and serves different markets.

The Group manages its operations around its lines of business and controls the operating performance of its slot machines, bingo halls, bookmakers, casinos and the holding companies separately. However, on occasion, several classes of different operations converge in a single line of business; for example, there are gaming machines in certain bingo halls and casinos.

Given that it is not possible to specifically separate the costs of each of the activities performed, the Group believes that each of the geographic areas in which it operates should be considered an operating segment.

The main operating segments and their core business activities are as follows:

- Spain: Gaming machine operations, bingo hall operation, online gaming operations, bookmaker establishments and self-service terminals in hospitality establishments.

- Italy: Gaming machine operations, gaming machine network operators and bingo hall operations.

- Mexico: Bingo hall operations, including electronic bingo and gaming machines. Also, the operation of bookmaking establishments, the Las Américas Racetrack and the Banamex Convention Center.

- Argentina: The operation of bingo halls equipped with gaming machines.

- Colombia: The operation of gaming machines, bingo halls and casinos.

- Uruguay: Operation of the Casino Carrasco Hotel and HRU, S. A

- Panama: The operation of racetracks, gaming machines, casinos and sports-betting establishments.

- Brazil: inactive during both reporting periods; formerly operated sports-betting establishments.

- Holdcos: Management and business support services.

- Online: The Group began to report the results of its Online business unit separately on January 1, 2019; that business had previously been included within the Mexican, Colombian and Spanish business segments.

a) Operating segments

The following tables break down certain of the information presented in the interim consolidated condensed statement of profit or loss for the three months ended March 31, 2021 and 2020 by the Group's operating segments (amounts expressed in thousands of euros).

	Spain	**Mexico**	**Argentina**	**Colombia**	**Italy**	**Uruguay**	**Brazil**	**Panama**	**Holdcos**	**Online**	**Inter-segment transactions (*)**	**Total**
Operating income												
External customers	26,617	22,078	38,922	3,489	12	11,313	-	5,848	-	19,849	-	128,128
Inter-segment	-	-	-	-	-	-	-	-	13,248	-	(13,248)	-
	26,617	**22,078**	**38,922**	**3,489**	**12**	**11,313**	**-**	**5,848**	**13,248**	**19,849**	**(13,248)**	**128,128**
Operating expenses												
Depreciation and amortization	(7,629)	(15,676)	(4,483)	(1,047)	(3,984)	(1,647)	(80)	(3,068)	(2,396)	(269)	-	(40,279)
Change in provision for bad debt	325	145	-	(83)	23	-	-	(2)	-	-	-	408
Other operating expenses	(21,431)	(20,366)	(31,344)	(1,993)	(5,370)	(9,307)	(11)	(4,822)	(19,933)	(20,500)	-	(135,077)
Asset impairment	-	-	-	-	-	-	-	-	-	-	-	-
	(28,735)	**(35,897)**	**(35,827)**	**(3,123)**	**(9,331)**	**(10,954)**	**(91)**	**(7,892)**	**(22,329)**	**(20,769)**	**-**	**(174,948)**
Gain/(loss) on derecognition/disposal of assets	(70)	(104)	1	(14)	(1,904)	-	-	-	-	-	-	(2,091)
Inter-segment expenses	(3,541)	(1,531)	(1,680)	(464)	(341)	(195)	-	(495)	-	(5,001)	13,248	-
OPERATING PROFIT/(LOSS)	**(5,729)**	**(15,454)**	**1,416**	**(112)**	**(11,564)**	**164**	**(91)**	**(2,539)**	**(9,081)**	**(5,921)**	**-**	**(48,911)**
Finance income - external	46	135	-	(1)	24	46	-	23	183	22	-	478
Finance income - inter-segment	-	-	-	-	-	-	-	-	13,288	-	(13,288)	-
Finance costs - external	(897)	(2,425)	3,257	(170)	1,289	(639)	-	(1,411)	(32,300)	(6)	-	(33,302)
Finance costs - inter-segment	(456)	(9,353)	(1,387)	(212)	(1,081)	-	-	(777)	-	(22)	13,288	-
Change in financial asset impairment provisions	-	(379)	-	-	-	-	-	-	(2,065)	-	-	(2,444)
Net exchange differences	-	(2,889)	(1,576)	(1,033)	-	(571)	-	404	(5,188)	38	-	(10,815)
NET FINANCE INCOME/(COST)	**(1,307)**	**(14,911)**	**294**	**(1,416)**	**232**	**(1,164)**	**-**	**(1,761)**	**(26,082)**	**32**	**-**	**(46,083)**
PROFIT/(LOSS) BEFORE TAX	**(7,036)**	**(30,365)**	**1,710**	**(1,528)**	**(11,332)**	**(1,000)**	**(91)**	**(4,300)**	**(35,163)**	**(5,889)**	**-**	**(94,994)**
Income tax	(245)	34	(566)	(70)	1,789	27	-	281	(1,247)	(168)	-	(165)
Share of profit/(loss) of equity-accounted investees	-	(63)	-	-	(38)	-	-	-	-	-	-	(101)
PROFIT/(LOSS) FOR THE PERIOD	**(7,281)**	**(30,394)**	**1,144**	**(1,598)**	**(9,581)**	**(973)**	**(91)**	**(4,019)**	**(36,410)**	**(6,057)**	**-**	**(95,260)**
GROUP PROFIT/(LOSS)												
Attributable to:												
Non-controlling interests	63	(1,677)	(59)	(53)	(1,145)	-	-	(1,028)	-	-	-	(3,899)
Equity holders of the parent	(7,344)	(28,717)	1,203	(1,545)	(8,436)	(973)	(91)	(2,991)	(36,410)	(6,057)	-	(91,361)
GROUP PROFIT/(LOSS)	**(7,281)**	**(30,394)**	**1,144**	**(1,598)**	**(9,581)**	**(973)**	**(91)**	**(4,019)**	**(36,410)**	**(6,057)**	**-**	**(95,260)**

(*) All inter-segment transactions are at arm's length and correspond mainly to expenses borne by the holding companies that are incurred on behalf of the rest of the Group companies.

(Thousands of euros)

First-quarter 2020 statement of profit or loss	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Holdcos	Online	Inter-segment transactions (*)	Total
Operating income												
External customers	40,503	60,416	63,356	4,908	60,222	16,997	-	14,646	-	16,059	-	277,107
Inter-segment	-	-	-	-	-	-	-	-	11,748	-	(11,748)	-
	40,503	60,416	63,356	4,908	60,222	16,997	-	14,646	11,748	16,059	(11,748)	**277,107**
Operating expenses												
Depreciation and amortization	(8,435)	(18,360)	(5,147)	(1,387)	(4,808)	(1,998)	(107)	(3,999)	(1,995)	(265)	-	(46,501)
Change in provision for bad debt	(367)	-	-	(25)	(122)	-	-	-	-	-	-	(514)
Other operating expenses	(27,781)	(42,536)	(46,974)	(3,485)	(60,285)	(11,449)	(16)	(11,980)	(13,413)	(19,524)	-	(237,443)
Asset impairment								(2,000)				(2,000)
	(36,583)	**(60,896)**	**(52,121)**	**(4,897)**	**(65,215)**	**(13,447)**	**(123)**	**(17,979)**	**(15,408)**	**(19,789)**	**-**	**(286,458)**
Gain/(loss) on derecognition/disposal of assets	(561)	(306)	13	(2)	(224)	(2)	-	-	-	-	-	(1,082)
Inter-segment expenses	(5,364)	(2,288)	(2,501)	(558)	(416)	(333)	-	(799)	-	511	11,748	-
OPERATING PROFIT/(LOSS)	**(2,005)**	**(3,074)**	**8,747**	**(549)**	**(5,632)**	**3,215**	**(123)**	**(4,132)**	**(3,660)**	**(3,219)**	**-**	**(10,433)**
Finance income - external	114	419	193	6	22	17	-	17	34	27	-	849
Finance income - inter-segment	-	-	-	-	-	-	-	-	11,480	-	(11,403)	-
Finance costs - external	(844)	(3,112)	(276)	(293)	(477)	(822)	-	(1,450)	(15,437)	(105)	-	(22,816)
Finance costs - inter-segment	(351)	(9,161)	-	(152)	(1,298)	36	-	(553)		76	11,403	-
Change in financial asset impairment provisions	-	-	-	-	-	-	-	-	(2,812)	-	-	(2,812)
Net exchange differences	-	(38,499)	(857)	(5,998)	-	(1,030)	(77)	311	(3,545)	(89)	-	(49,784)
NET FINANCE INCOME/(COST)	**(1,081)**	**(50,353)**	**(940)**	**(6,437)**	**(1,753)**	**(1,799)**	**(77)**	**(1,675)**	**(10,357)**	**(91)**	**-**	**(74,563)**
PROFIT/(LOSS) BEFORE TAX	**(3,086)**	**(53,427)**	**7,807**	**(6,986)**	**(7,385)**	**1,416**	**(200)**	**(5,807)**	**(14,017)**	**(3,310)**	**-**	**(84,996)**
Income tax	187	-	(4,447)	(188)	650	87	-	131	(11,636)	(117)	-	(15,333)
Share of profit/(loss) of equity-accounted investees	-	22	-	-	(106)	-	-	-	-	-	-	(84)
PROFIT/(LOSS) FOR THE PERIOD	**(2,899)**	**(53,405)**	**3,360**	**(7,174)**	**(6,842)**	**1,503**	**(200)**	**(5,676)**	**(25,653)**	**(3,427)**	**-**	**(100,413)**
GROUP PROFIT/(LOSS)												
Attributable to:												
Non-controlling interests	(161)	(695)	19	(18)	(953)	-	-	(1,494)	-	12	-	(3,290)
Equity holders of the parent	(2,738)	(52,710)	3,341	(7,156)	(5,889)	1,503	(200)	(4,182)	(25,653)	(3,439)	-	(97,123)
GROUP PROFIT/(LOSS)	**(2,899)**	**(53,405)**	**3,360**	**(7,174)**	**(6,842)**	**1,503**	**(200)**	**(5,676)**	**(25,653)**	**(3,427)**	**-**	**(100,413)**

(*) All inter-segment transactions are at arm's length and correspond mainly to expenses borne by the holding companies that are incurred on behalf of the rest of the Group companies.

Online and Holdcos segments have been modified to adapt them and make them comparable with the existing structure as of March 31, 2021 of the business unit.

(Thousands of euros)

On-line.

Statement of financial position at Mar. 31, 2021	**Spain**	**Mexico**	**Argentina**	**Colombia**	**Italy**	**Uruguay**	**Brazil**	**Panama**	**Holdcos**	**Online**	**Total**
Intangible assets	50,139	163,127	42,559	-	12,484	12,428	26	9,912	15,569	1,224	**307,468**
Right-of-use assets	18,968	57,268	10,002	4,843	30,253	3,300	-	62,453	2,967	229	**190,283**
Property, plant and equipment	41,799	105,153	37,985	5,510	10,846	39,373	-	12,130	1,358	157	**254,311**
Goodwill	29,863	61,840	42,784	-	47,384	5,333	-	27,966	-	-	**215,170**
Investment properties	1,818	43,611	-	-	-	-	-	-	-	-	**45,429**
Investments in equity-accounted investees	-	62	-	-	-	-	-	-	-	-	**62**
Non-current financial assets	6,179	1,162	1,582	57	4,709	-	-	3,501	32	80	**17,302**
Deferred tax assets	4,273	18,286	4,587	177	14,560	4,220	-	1,198	2,742	-	**50,043**
Other non-current assets	-	-	-	-	-	-	-	-	-	-	**-**
Non-current accruals	-	-	-	-	-	-	-	-	1,218	-	**1,218**
Current assets	34,023	45,752	9,156	2,614	31,502	19,409	66	11,597	30,231	29,395	**213,745**
TOTAL ASSETS	**187,062**	**496,261**	**148,655**	**13,201**	**151,738**	**84,063**	**92**	**128,757**	**54,117**	**31,085**	**1,284,298**
Deferred income	-	-	-	-	-	-	-	-	-	-	**-**
Provisions	1,750	5,645	1,813	584	15,222	20	7	1,179	1,508	1	**27,729**
Non-current borrowings	55,007	116,765	13,305	1,317	30,811	36,852	-	60,222	950,718	117	**1,265,114**
Current liabilities	51,432	100,945	27,881	7,564	48,456	16,881	191	22,006	63,990	24,638	**363,984**
TOTAL EQUITY AND LIABILITIES	**108,189**	**223,355**	**42,999**	**9,465**	**94,489**	**53,753**	**198**	**83,407**	**1,016,216**	**24,756**	**1,656,827**

(Thousands of euros)

Statement of financial position at Dic. 31, 2020	**Spain**	**Mexico**	**Argentina**	**Colombia**	**Italy**	**Uruguay**	**Brazil**	**Panama**	**Holdcos**	**Online**	**Total**
Intangible assets	51,212	162,085	41,358	-	14,721	12,643	110	10,225	16,375	931	**309,660**
Right-of-use assets	20,454	61,575	9,998	5,628	26,149	3,478	-	60,783	3,408	260	**191,733**
Property, plant and equipment	44,297	111,118	37,312	6,487	11,500	40,288	-	12,276	2,105	98	**265,481**
Investment properties	29,863	60,571	39,775	-	47,384	5,318	-	26,633	-	-	**209,544**
Goodwill	1,825	42,874	-	-	-	-	-	-	-	-	**44,699**
Investments in equity-accounted investees	-	163	-	-	7	-	-	-	-	-	**170**
Non-current financial assets	6,083	1,257	1,600	217	4,800	-	-	3,328	32	80	**17,397**
Deferred tax assets	4,684	18,120	2,866	177	12,155	4,194	-	949	2,743	-	**45,888**
Other non-current assets	-	-	-	-	-	-	-	-	-	-	**-**
Current assets	36,044	65,154	9,493	6,345	56,106	24,714	70	9,405	52,249	(3,290)	**257,290**
TOTAL ASSETS	**194,462**	**522,917**	**142,402**	**18,829**	**173,822**	**90,635**	**180**	**123,599**	**76,912**	**(1,921)**	**1,341,862**
Deferred income	-	-	-	-	-	-	-	-	-	-	**-**
Provisions	247	5,410	1,896	694	15,017	20	7	1,122	4,454	-	**28,867**
Non-current borrowings	46,120	120,014	11,855	1,904	25,573	19,062	-	58,652	927,663	145	**1,210,988**
Current liabilities	58,724	108,664	25,896	11,276	66,716	36,923	200	19,702	43,348	11,728	**383,177**
TOTAL EQUITY AND LIABILITIES	**105,091**	**234,088**	**39,647**	**13,874**	**107,301**	**56,005**	**207**	**79,476**	**975,465**	**11,873**	**1,623,032**

Online and Holdcos segments have been modified to adapt them and make them comparable with the existing structure as of March 31, 2021 of the business unit.

4. CHANGES IN THE SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

a) Changes in the scope of consolidation

The following change affected the scope of consolidation during the first three months of 2021:

- Codere Operadora de Apuestas, S.L.U. sold 49% of Codere Apuestas Castilla La Mancha, S.A.U. on February 1, 2021, thereby reducing its ownership interest to 51%.

The following change affected the scope of consolidation during the first three months of 2020:

- The Group's shareholdings in Hotel Icela S.A.P.I. de C.V. and Calle Icela S.A.P.I. de C.V. increased from 49 % to 50 % on February 12, 2020.

- On March 6, 2020, the gaming machine business in Spain set up an economic interest group called Juego Responsable A.I.E., taking a 50 % interest.

b) Business combinations

b.1) 1Q21

There were no business combinations in the first three months of 2021.

b.2) 1Q20

There were no business combinations in the first three months of 2020.

5. INTANGIBLE ASSETS

The reconciliation of the carrying amount of intangible assets at the beginning and end of the reporting period is as follows:

	Thousands of euros	
Cost	**Balance at Mar. 31, 2021**	**Balance at Dec. 31, 2020**
Licenses	308,918	297,797
Trademarks	27,169	26,317
Rights	241,758	239,067
Software	80,651	79,067
Other intangible assets	31,518	31,055
Total	**690,014**	**673,303**
Accumulated amortization		
Licenses	(135,750)	(130,570)
Rights	(162,964)	(153,288)
Software	(61,702)	(58,754)
Other intangible assets	(20,551)	(19,452)
Total	**(380,967)**	**(362,064)**
Provisions	**(1,579)**	**(1,579)**
Carrying amount	**307,468**	**309,660**

The increase in "Licenses" and "Trademarks" mainly stem from fluctuations in the rates of exchange between the Mexican and the effect of hyperinflation in Argentine.

The Group had no material contractual commitments for the acquisition or sale of intangible assets at either March 31, 2021 or December 31, 2020.

6. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the reporting period is as follows:

	Thousands of euros	
	Balance at Mar. 31, 2021	**Balance at Dec. 31, 2020**
Amusement machines	302,156	292,804
Gaming machines and sports-betting terminals	35,624	35,927
Other fixtures, fittings and tools	90,721	89,171
Computer equipment	45,035	44,045
Prepayments and PP&E in progress	5,208	6,069
Vehicles	3,314	3,247
Land	15,098	14,792
Buildings	159,960	156,709
Refurbishment of leased premises	246,841	240,716
Plant and machinery	81,746	79,895
Total	**985,703**	**963,375**
Accumulated depreciation		
Amusement machines	(227,388)	(212,448)
Gaming machines and sports-betting terminals	(30,111)	(29,326)
Other fixtures, fittings and tools	(75,613)	(73,597)
Computer equipment	(40,597)	(39,148)
Vehicles	(2,685)	(2,569)
Buildings	(106,333)	(102,482)
Refurbishment of leased premises	(166,934)	(159,553)
Plant and machinery	(66,876)	(63,879)
Total	**(716,537)**	**(683,002)**
Provisions	**(14,855)**	**(14,892)**
Carrying amount	**254,311**	**265,481**

The increases under "Amusement machines", "Refurbishment of leased premises" and "Buildings" are mainly attributable to appreciation of the Mexican peso and the effects of accounting for hyperinflation in Argentina.

The decrease under "Prepayments and PP&E in progress" reflects the derecognition of projects in Spain and at the Holdcos.

At March 31, 2021, "Impairment" mainly included the impairment loss recognized against Hotel Casino Carrasco in Uruguay in the amount of 4,840 thousand euros (at both reporting dates), 8,671 thousand euros of asset impairment losses in Colombia (8,717 thousand euros at year-end 2020) and 429 thousand euros in Mexico (420 thousand euros at year-end 2020).

The reconciliation of the carrying amount of "Investment properties", which corresponds primarily to the Banamex Center, at the beginning and end of the reporting period:

		Thousands of euros
Investment properties	**Mar. 31, 2021**	**Dec. 31, 2020**
Cost	77,298	75,772
Accumulated depreciation	(31,869)	(31,073)
Carrying amount	**45,429**	**44,699**

The Group had no material contractual commitments for the purchase or sale of any items of property, plant or equipment
at either March 31, 2021 or December 31, 2020.

7. GOODWILL

The reconciliation of the carrying amount of goodwill by cash-generating unit at the beginning and end of the reporting period:

					Thousands of euros
	Balance at Dec. 31, 2020	**Additions**	**Amounts derecognized**	**Translation differences (*)**	**Balance at Mar. 31, 2021**
Spain	29,863	-	-	-	29,863
Argentina	39,775	-	-	3,009	42,784
Italy	47,384	-	-	-	47,384
Panama	26,633	-	-	1,333	27,966
Mexico	60,571	-	-	1,269	61,840
Uruguay	5,318	-	-	15	5,333
	209,544	**-**	**-**	**(5,626)**	**204,436**

(*) "Translation differences" includes the effect of the hyperinflation in Argentina.

The breakdown of goodwill at the reporting date by cash-generating unit, distinguishing between the initially-recognized cost and subsequent impairment losses, is as follows:

					Thousands of euros
		Impairment losses			
	Cost	**2019 and earlier**	**2020**	**Mar. 31, 2021**	**Carrying amount**
Spain	109,191	(79,328)	-	-	29,863
Argentina	42,784	-	-	-	32,050
Italy	116,518	(69,134)	-	-	42,784
Panama	29,966	-	(2,000)	-	27,966
Mexico	86,170	(24,330)	-	-	61,840
Uruguay	5,333	-	-	-	5,333
	389,962	**(172,792)**	**(2,000)**	**-**	**215,170**

a.1) Method used to determine the cash-generating units' recoverable amounts and the key assumptions used in the calculations:

The Group tests its non-financial assets (goodwill and other non-current assets) for impairment annually or more often if events or changes in circumstances indicate a potential impairment. The Group viewed the financial difficulties facing the Group in March and the newly agreed terms of the refinancing transaction as an indication of impairment and accordingly ran impairment tests as of March 31, 2021. That analysis did indicate the need to recognize any new impairment allowance as of the reporting date.

The Parent's directors expect that if the indications of impairment persist in three months' time, it will conduct impairment tests once again at June 30, 2021.

The Group determines the recoverable amounts of its cash-generating units using the value-in-use criterion. Value in use is equal to the net present value of the projected future cash flows deriving from the operating assets of each identified CGU.

The impairment tests include right-of-use assets within the CGUs but also deduct the associated lease liabilities, as the Group believes that paragraph 78 of IAS 36 applies.

Cash flow projections

Each cash-generating unit's future cash flows were projected using models that encompass the most pertinent business, financial and macroeconomic indicators. The explicit projection horizon used was five years. Beyond the projection period, a terminal value was calculated using the growth-in-perpetuity method.

The projections used specifically for year one are based on the detailed budgets approved for 2021 adjusted, in necessary, for the estimated impact of any material changes in applicable regulations, the competitive environment, business model or performance of each unit. Those budgets were prepared by the Codere Group's management in 2020 and were approved by the Board of Directors on January 25, 2021.

For 2021 and 2022 the new forecasts are based on the detailed projections approved by each business unit, layering in the best estimates for the businesses' outlook. The forecasts are underpinned by certain assumptions about the pace of business reopening in each region and how long it will take for demand to recover; specifically, the demand recovery curve assumes that revenue will recover gradually in time. The new projections were prepared by the Codere Group's management during the last quarter of 2020 and were ultimately approved by the Board of Directors. The projections are based on a hypothetical gradual revenue recovery curve that runs, initially, from January until June 2021, assuming that revenue recovers slowly, depending on each country's circumstances, to arrive back at 77-90% of normal levels by year-end 2021.

The projections for the remaining years of the projection period reflect the trends that can be reasonably expected given the strategies and action plans defined by the Group as a function of each unit's distinctive characteristics and unique competitive dynamic. The capital expenditure projections reflect the level of investment needed to keep each business in its current condition (i.e., maintenance capital expenditure). Only the growth investments explicitly approved in the 2020 budgets, revised to reflect the impact of the Covid-19 pandemic in 2020 and 2021, and those needed for the natural development of businesses that have yet to reach maturity were factored into the projections.

The cash flow projections were discounted using the local-currency weighted average cost of capital calculated for each CGU. The weighted average cost of capital factors in the cost of equity and debt financing, weighted in keeping with a defined target leverage structure. The cost of equity varies for each CGU, depending on the corresponding market risk premium and the country risk premium (which also reflects exchange rate risk). For practical reasons, the discount rates used are after-tax rates.

Similarly, the undiscounted cash flows factor in tax effects. The growth rate used to calculate each CGU's terminal value is based mainly on the annual change in the consumer price index contemplated in prevailing macroeconomic forecasts for each country over the long term, i.e., it does not contemplate growth in real terms. For cash-generating units whose functional currency is not the euro, the cash flows were projected in the corresponding local currency and the resulting net present value was translated into euros at the exchange rate prevailing as of March 31, 2021.

The need to factor the impact of the refinancing work underway into the cost of capital calculations has made it necessary to make a distinction in the capital structure modeling exercise between a short-term structure and a medium/long-term structure. The short-term capital structure reflects the inevitable change in financing conditions deriving from the need to fund operations as a result of the impact of COVID-19 on business operations, as well as the recent financing transactions arranged by the Group, while the medium/long-term capital structure reflects normalization of the capital structure in the context of business continuity and the return to more usual operating and financing conditions.

In both instances the average cost of capital uses data observations taken mainly from external sources.

With respect to the short-term structure, the key assumption is that capital will be used essentially to fund liquidity needs generated by the impact of Covid-19, while also factoring in the financing arranged by the Group recently. Based on that assumption that all capital will be earmarked to liquidity funding, the cost of capital was based, for each CGU, on a cost of funds built from the risk-free rate in each region, determined using yield curves for bonds issued by certain benchmark sovereigns (Germany and the US); the country risk premiums were then calculated by looking at the yield curves for the various sovereign issuers (10-year bond curves in the eurozone and emerging market bond index (EMBI) spreads for Latin American issuers). Business risk was then layered in using the unlevered beta multiplied by the equity risk premium. In addition, a financing risk premium was factored in to reflect the Group's financial risk profile, the credit ratings assigned recently and recent fund-raising with explicit borrowing costs to yield the total cost of equity and of capital as a whole.

For the medium/long-term capital structure, the cost of equity was obtained using the capital asset pricing model (CAPM); the risk-free rate was determined using yield curves for bonds issued by certain benchmark sovereigns (Germany and the US); the country risk premiums were then calculated by looking at the yield curves for the various sovereign issuers (10-year bond curves in the eurozone and emerging market bond index (EMBI) spreads for Latin American issuers). Levered business risk was then layered in using the levered beta multiplied by the equity risk premium to obtain the total cost of equity.

In all instances (i.e., for the short-, medium- and long-term capital structure estimates), in light of the readings observed, it was noted that the yield curves for the bonds issued by certain European governments imply returns that are not consistent with the risks and inflation intrinsic to those countries' macroeconomic environments. In the case of the European states analyzed, the returns are well below those that might be expected because of current European Central Bank monetary policy. For that reason, the European sovereign bond curves have been revised upwards.

In Europe, the size of the correction was determined by reference to the yield on BBB issues in US dollars, corrected by the inflation differential between the US and the eurozone and also by reference to the average yield on long-term European sovereign bonds since 2012.

To calculate the cost of debt, the Group distinguished between its expected cost of borrowing in the medium and long term. For the medium term, the cost of debt was estimated on the basis of the refinancing terms stipulated for the issues currently outstanding and the cost of the new issues completed during the second quarter of 2021. To calculate the estimated long-term cost, the calculations start from the benchmark risk-free rates for each region for external borrowings (long-term swaps in euros and sovereign bonds in US dollars). The calculations then factor in the implicit spreads on B- issues with respect to the risk-free curves, correcting the spreads for the CGUs with lower country risk premiums (by 125bp for Latin America other than Argentina (by 50bp) and by 175bp in Europe).

Lastly, the weighted average cost of capital used for each CGU (shown below) is calculated by using the weighted average of the short-, medium- and long-term capital structure rates (which is also used for the sensitivity analysis).

Key assumptions

Given the global crisis generated by the COVID-19 pandemic, the Group has prepared a series of estimates and projections based on business operating assumptions as a function of each country's path towards 'normalization' so as to enable the opening of the Group's physical establishments in its various operating markets.
The most significant assumptions used to project gaming operations during the period in which the Group is being affected in terms of its ability to open its establishments and the various restrictions introduced by each government mainly relate to installed gaming capacity (the number of halls, casinos, racetracks, installed gaming machines, bingo hall capacity, gaming tables, etc.) and the average daily take either by machine, room seating, table or gaming room-goer. The trend in those variables following the interruption of business due to the global COVID-19 pandemic drives variability in revenue in 2021.

Other relevant inputs include the projected levels of operational efficiency and gearing, as key drivers of EBITDA margins, and the drop in variable costs during the period in which operations are interrupted. The table below shows the carrying amount assigned to each cash-generating unit at March 31, 2021, along with the key assumptions used to calculate the unit's value in use and the resulting impairment loss or reversal thereof, if any. The most sensitive assumptions are the after-tax discount rate applied and the organic growth rate used to calculate the terminal value at the end of the explicit projection period:

Cash-generating unit	Carrying amount of the CGU assets (1) at March 31, March (thousands of euros)	Impairment loss / reversal of loss at March 31, 2021 (thousands of euros)	After-tax discount rate
Argentina	102,077	-	41,3%
Uruguay	56,494	-	10,7%
Mexico	295,238	-	9,9%
Panama	42,201	-	8,7%
Colombia	1,981	-	9,4%
Spain	113,993	-	7,4%
Italy	52,294	-	7,45%
Holdcos and other	-	-	-
Total	**664,278**		**n.a.**

Cash-generating unit	Organic growth rate used to calculate the terminal value
Argentina	17,0%
Mexico	3,0%
Banamex Convention Center	3,0%
Spain(2)	1,7%
Italy(3)	1,4%

(Thousands of euros)

Panama	2,0%
Colombia	3,0%
Uruguay(4)	4,0%
Holdcos and other	-
Total	**n.a.**

(1) Includes the carrying amount of goodwill, intangible assets, non-current deferred taxes, property, plant and equipment and certain items of working capital, all before deducting the impairment loss recognized during the reporting period.
(2) Obtained from the comparison of the figures corresponding to the last year of the explicit projection horizon, with those corresponding to the 12 months ended December 31, 2020 (as reported quarterly and converted into local currency at average exchange rates)
(3) Includes the business lines in Spain: AWP machines, sports betting and traditional bingo.
Contemplates the rollout of sports betting in Madrid, the Basque region, Navarre, Valencia, Aragon, Murcia, Galicia, Castile la Mancha, Ceuta, Castile & Leon, Catalonia, La Rioja, Extremadura, Cantabria, Melilla, Asturias and the Balearics.
(4) Encompasses all the business lines operated in Italy (indirect operation of AWP machines, traditional bingos operations, VLT machines and the interconnection network).
(5) Since 2018, the Carrasco and HRU operations have constituted a single CGU given the existence of uniform control, common decision-making and, by extension, common cash and asset management.

Sensitivity analysis – March 31, 2021

The table below indicates what values the key assumptions - the after-tax discount rate and the organic growth rate used to calculate terminal value - would have to reach in order to eliminate the headroom between value in use and the CGUs' carrying amounts:

	Key assumption metrics required to eliminate the headroom between the CGUs' value in use and carrying amounts	
Cash-generating unit	After-tax discount rate	Organic growth rate used to calculate the terminal value
Argentina	40,9%	17,3%
Uruguay	24,7%	-23,6%
Mexico	21,9%	-21,4%
Banamex Centro de Convenciones	14,0%	-2,4%
Panama	17,4%	11,0%
Colombia	248,7%	<-25,0%
Spain	16,8%	-13,3%
Italy	15,3%	-9,9%
Holdcos and other	-	-
Total	**n.a.**	**n.a.**

(1) The "N/A's" indicate the fact that the growth rates would have to be negative; as indicated by the terminal-value definition, it is not meaningful to use a negative rate of growth in perpetuity to calculate a terminal value.

8. NON-CURRENT FINANCIAL ASSETS

The breakdown and reconciliation of the carrying amount of the items presented under this heading at the beginning and end of the reporting period:

	Thousands of euros					
Item	**Balance at Dec. 31, 2020**	**Additions**	**Derecognitions**	**Transfers**	**Translation differences**	**Balance at Mar. 31, 2021**
Loans and receivables	13,933	144	(497)	64	108	13,752
Held-to-maturity investments	3,464	97	(10)	-	(1)	3,550
	17,397	**241**	**(507)**	**64**	**107**	**17,302**
Accruals and deferred income	-	1,218	-	-	-	1,218
	-	**1,218**	**-**	**-**	**-**	**1,218**

The additions and derecognitions recognized under "Loans and receivables" correspond mainly to loans in Spain and Italy related with operations and debt arrangement fees at the Holdcos.

The additions under "Held-to-maturity investments" correspond primarily to long-term deposits and security deposits set up in Spain.

The accruals and deferred income correspond to the charges accrued in respect of the fees and other expenses directly attributable to the restructuring process, as outlined in note 2.a.1 on the going-concern assessment. Those accruals will be treated as borrowing costs following completion of that restructuring process.

	Thousands of euros				
Item	**Balance at Dec. 31, 2020**	**Additions**	**Derecognitions**	**Translation differences**	**Balance at Mar. 31, 2021**
Investments in equity-accounted investees	170	-	(47)	(61)	62
	170	**-**	**(47)**	**(61)**	**62**

"Loans and receivables" break down as follows by Group company:

		Thousands of euros	
Type	**Company holding the asset**	**Mar. 31, 2021**	**Dec. 31, 2020**
Non-current loans	Alta Cordillera, S.A.	2,896	2,753
Non-current loans	Grupo Operbingo Italia, S.p.A.	2,176	2,183
Non-current loans	Operibérica, S.A.	1,168	1,173
Non-current loans	Codere México, S.A.	1,122	1,256
Other smaller loans to third parties		6,390	6,568
		13,752	**13,933**

The breakdown of "Investments held to maturity" is as follows:

	Thousands of euros	
Investment type	**Mar. 31, 2021**	**Dec. 31, 2020**
Hopper deposits	3,345	3,258
Other	205	206
	3,550	**3,464**

(Thousands of euros)

9. EQUITY

a) Issued capital and share premium

The Parent's shares have been traded on the Madrid stock exchange since October 19, 2007.

On July 24, 2020, the shareholders of Codere S.A. agreed at the Annual General Meeting, in order to create a restricted reserve, and at the recommendation of the Board of Directors, as per a report issued by the latter on June 22, 2020 for the purposes of article 286 of Spain's Corporate Enterprises Act, to reduce the Company's share capital by 450,445,638.80 euros by reducing the par value of each of the Company shares currently outstanding by 3.80 euros per share. That transaction was raised to public deed on September 11, 2020 and duly registered on October 1, 2020.
As a result of that capital reduction, the Company's share capital amounts to 59,269,173 euros, each share having a par value of 0.50 euros.

The Parent's shareholder structure at March 31, 2021 and December 31, 2019:

	Shareholding (*)	
	%	%
Shareholders	**Mar. 31, 2021**	**Dec. 31, 2020**
Silver Point Capital Management, LLC.	23.19%	23,19%
José Antonio Martínez Sampedro	14.07%	14,07%
M&G Investment Management Limited	20.97%	20,97%
Abrams Capital Management LLC	8.72%	8,72%
Contrarian Capital Management LLC	7.22%	7,22%
Evermore Global Advisors LLC	5.20%	5,20%
Other minority shareholders	20.63%	20,63%
	100%	**100%**

(*) Figures reported to the Spanish securities market regulator by the shareholders themselves.

The table above itemizes the shareholdings reported by the Company's significant shareholders, i.e., those shareholders that, in keeping with prevailing securities market legislation, have acquired shares that give them voting rights in a listed company as a result of which they are obliged to notify the securities market regulator, the CNMV for its acronym in Spanish, when their share of such voting rights surpasses or falls below the 3 % threshold.

No members of the Group's key management personnel sold Company shares in the market in the first three months of 2021 or 2020.

b) Share premium

Codere, S.A.'s share premium account derives from the share issues approved by its shareholders at the extraordinary general meetings held on December 20, 1999 (52,610 thousand euros), January 27, 2006 (38,901 thousand euros), October 18, 2007 (139,769 thousand euros), April 6, 2016 (330,670 thousand euros) and May 11, 2017 (1,228 thousand euros).

c) Reserve for own shares

At March 31, 2021, the Company held 190,066 own shares (year-end 2020: 190,066) that were carried in equity at 707 thousand euros (year-end 2020: 707 thousand euros). Those shares are fully paid.

d) Legal reserve and restricted reserves

The Spanish Corporate Enterprises Act stipulates that 10 % of profit for each year be transferred to the legal reserve until it represents at least 20% of share capital. The legal reserve stood at 19,953 thousand euros at March 31, 2021 and December 31, 2020.

Elsewhere, in connection with the capital decrease resulting from the above-mentioned reduction in the par value of the Company's shares, the Company has set up a restricted reserve in the amount of 450,445,638.80 euros. As provided in article 335.c) of the Corporate Enterprises Act, that reserve can only be used if the requirements stipulated for reducing share capital are met.

e) Restrictions on the distribution of dividends

In its capacity as the parent guarantor on the notes issued by Codere Finance 2 (Luxembourg), S.A., the Parent's ability to ratify and pay dividends is limited until the notes are redeemed. As a result, it did not distribute any dividends in the first three months of 2021.

At present, all of the subsidiaries can distribute dividends except for the Spanish companies that have been obliged to avail of the pandemic-related furlough schemes and the Argentine companies that have received government aid, which, for the most part, are not entitled to pay out dividends from the earnings generated during the year in which the related measures were introduced. In addition, in Argentina, dividends may only be distributed if the prior-year tax losses have been offset.

f) Retained earnings

The main movements under this heading in the first three months of 2021 and 2020 were generated by the changes in ownership interests outlined in note 4.

10. NON-CURRENT PROVISIONS

The reconciliation of the carrying amounts of provisions at the beginning and end of the reporting periods is provided below:

					Thousands of euros
	Balance at Dec. 31, 2020	**Additions**	**Derecognitions**	**Translation differences**	**Balance at Mar. 31, 2021**
Provision for retirement bonuses	15,786	335	(100)	138	**16,159**
Other provisions	13,081	3,484	(4,903)	(92)	**11,570**
	28,867	**3,819**	**(5,003)**	**46**	**27,729**

a) Provision for retirement bonuses

This heading includes the amounts payable to employees under collective bargaining agreements that are accrued by several Group companies.

b) Other provisions

At March 31, 2021, this heading includes 1,742 thousand euros recognized by Codere Network, S.p.A. to cover potential liabilities arising from claims ongoing in Italy (year-end 2020: 1,689 thousand euros). It also includes the Group's commitments to its staff under the labor legislation prevailing in each market, as well as the labor contingencies recognized in each reporting period. This heading also includes the provisions recognized to cover potential contingencies derived from lawsuits.

11. CURRENT PROVISIONS

	Thousands of euros	
	Mar. 31, 2021	Dec. 31, 2020
Provision for options	1,564	1,564
Other	8,639	7,178
Total current and other provisions	**10,203**	**8,742**

“Other” in the table above mainly includes 3,671 thousand euros (3,881 thousand euros at year-end 2020) of income collected in advance by the Icela Group.

12. CURRENT AND NON-CURRENT BORROWINGS

a) Non-current borrowings

The breakdown of "Non-current borrowings" is as follows:

	Thousands of euros	
	Mar. 31, 2021	Dec. 31, 2020
Notes issued by Codere Finance 2 (Luxembourg), S.A., by HRU, S.A. (Hípica Rioplatense Uruguay, S.A.) and by Alta Cordillera, S.A.	966,111	922,431
Bank borrowings	41,727	42,732
Other borrowings	37,408	28,494
Finance lease obligations (*)	152,077	152,292
Total	**1,197,323**	**1,145,949**

(*) At both reporting dates, this heading corresponds entirely to the lease liabilities recognized under IFRS 16

a.1) Issued notes - non-current

The various non-current notes issued by the Group are itemized in the table below:

					Thousands of euros	
	Face value	Currency	Effective interest rate	Maturity	2021	2020
Notes issued by Codere Finance 2 (Luxembourg), S.A.	500,000	Euros	14.55%	October 31, 2023	465,908	457,875
Notes issued by Codere Finance 2 (Luxembourg), S.A.	300,000	US dollars	15.36%	October 31, 2023	240,073	223,933
Notes issued by Codere Finance 2 (Luxembourg), S.A.	250,000	Euros	13.28%	September 30, 2023	238,976	238,526
Marketable notes issued by Hípica Rioplatense Uruguay (*)	26,924	US dollars	4.25%	November 29, 2029	16,944	-
Marketable notes issued by Hípica Rioplatense Uruguay (*)	3,076	US dollars	4.75%	November 29, 2029	2,011	-
Notes issued by Alta Cordillera, S.A.	1,500	US dollars	8.89%	13/09/2024	1,238	1,180
Notes issued by Alta Cordillera, S.A.	700	US dollars	8.89%	02/10/2024	577	550
Notes issued by Alta Cordillera, S.A.	200	US dollars	7.50%	26/07/2024	171	163
Notes issued by Alta Cordillera, S.A.	250	US dollars	7.50%	26/07/2024	213	204
					966,111	**922,431**

(Thousands of euros)

On October 30, 2020, the Group completed the refinancing of the notes issued by Codere Finance 2 (Luxembourg), S.A. (the Existing Notes) and issued the Further Notes (together with the 85 million euros of Interim Notes issued in July 2020, the New Notes) in the amount of 165 million euros, for total new funding of 250 million euros. Until the date of the refinancing, the existing euro notes bore an annual coupon of 6.750%, while existing US dollar notes bore a coupon of 7.625%. The Interim Notes, in the amount of 85 million euros, bore a coupon of 12.75%.

As from the date of the refinancing - October 31, 2020 -, the terms of the Existing Notes and New Notes have been amended as follows:

- The date of maturity on Existing Notes has been extended to October 31, 2023; the New Notes mature on September 30, 2023.

- The rates of interest have been modified as follows:

  - For the Existing Notes, there has been an increase in the corresponding coupon, comprising a mandatory 4.50% cash-pay component and, at the election of the Issuer, a further cash-pay (5.00% on the euro notes; 5.875 % on the dollar notes) or payment in kind (PIK) (6.25% on the euro notes; 7.125% on the dollar notes) component.
  - For the New Notes, the coupon is 10.75%.

Under both notes indentures, GLAS Trust Corporation Limited acts as Security Agent. The guarantors are:

As per the loan agreement, the security trustee is Glas Trust Corporation Limited and the parent guarantor is Codere Finance Luxembourg 2 S.à.r.l. The other entities guaranteeing the transaction are:

Alta Cordillera, S.A. (*)	Codere Argentina, S.A. (**)	Codere Italia, S.p.A (**)
Colonder, S.A.U. (**)	Operibérica, S.A. (**)	Operbingo Italia, S.p.A. (**)
Bingos Platenses, S.A. (**)	Codere España, S.A.U. (**)	Codere Apuestas España, S.L.U. (**)
Codere, S.A. (***)	Codere Internacional, S.A.U (**)	Codere Operadora de Apuestas, S.L.U. (**)
Codere América, S.A.U. (**)	Codere Internacional Dos, S.A.U.(**)	JPVMatic 2005, S.L.U. (**)
Iberargen, S.A. (**)	Codere México, S.A. de C.V. (**)	San Jaime, S.A. (**)
Interbas, S.A. (**)	Codere Network, S.p.A. (**)	Codere Latam Colombia, S.A. (*)
Codere Newco, S.A.U. (***)	Codere Luxembourg 1, S.a.r.L (**)	
Nididem, S.A.U. (**)	Codere Luxembourg 2, S.a.r.L (**)	
Codere Latam, S.A.U. (**)	Codemática, S.R.L. (*)	
Interjuegos, S.A. (**)	Intermar Bingos, S.A. (**)	
Codere Finance 2 (Luxembourg), S.A. (*****)	Bingos del Oeste, S.A. (*)	

(*) Guarantor on the notes
(**) Guarantor on the notes and shares pledged as collateral.
(***) Parent guarantor on the notes.
(*****) Issuer of the notes and guarantor on the notes

In addition, all of the above-listed companies were guarantors under the 95 million-euro super senior multi-currency revolving facility taken out by Codere Newco, S.A.U., which was repaid as part of the refinancing process completed on October 30, 2020.

The Codere Finance 2 (Luxembourg), S.A. notes issue subjects the Parent, in its capacity as the main guarantor, to a series of covenants and limitations, principal among which:

- A limitation on the issuance of borrowings above a certain threshold.

- A limitation on the ability to arrange mergers or sell assets above a certain threshold.

- A limitation on payments that can be made to companies that are not guarantors.

- Limitations on transactions with subsidiaries.

- The requirement to add companies considered of relevance as guarantors of the notes.

The notes feature a minimum liquidity requirement, such that the Group must hold 40 million euros of liquidity (cash and cash equivalents and undrawn credit facilities, measured monthly) at all times. In the event it breaches that requirement, however, the Group has 60 days to address the situation. At March 31, 2021, the Group complies with the minimum liquidity requirement.

Accounting treatment of the refinancing process carried out during the financial year 2020

Given the conclusion that the borrowings arising from the modification of the terms and conditions of the Existing Notes constitute a new financial liability (the 10% test points to substantially different terms), the latter has to be valued at its fair value as of the date of the restructuring (October 30, 2020).

In estimating the fair value of the restructured notes, it was decided not to use the quoted price as a direct input (for either the euro- or dollar-denominated notes), due to the fact that the market on which they are traded is not considered an "active market", as prescribed in IFRS 13; there is some trading but the trades are infrequent (not daily), trading volumes are low and prices vary considerably. As a result, it was concluded that the prices at which those trades go through cannot be deemed Level 1 quoted prices for fair value hierarchy purposes (paragraphs 76 and 77 of IFRS 13).

On the restructuring close date, Codere also issued New Notes. The New Notes do not stem from a previous restructuring and the return earned by the investors that have invested their funds in those notes is deemed a market return, such that they represent new money (in euros) for which the investors have agreed to a specific return.

Therefore, the yield on those New Notes was taken as the benchmark for measuring the Existing Notes and was then adjusted to reflect the fact that the former rank senior to the latter. The difference in the ranking claim was accounted for by reference to the difference in the official credit ratings assigned by the ratings agencies to the New versus the Existing Notes. The yield on the euro versus the dollar notes varies additionally on account of the difference in the risk-free rates, or swap rates, between the two regions.

The adjusted yield was then used to discount the Existing Notes to their present value. That present value was deemed the best estimate of their fair value. As a result of that valuation exercise, the Group has recognized an accounting gain in the amount of 60 million euros in the 2020 consolidated statement of profit or loss.

The measurement so obtained is considered Level 2 for fair value hierarchy purposes.

The transaction costs associated with the issuance of the New Notes and the renegotiation of the Existing Notes, in a total amount of 28,853 thousand euros, have been deducted from the carrying amount of the borrowings. Subsequently the borrowings are measured at amortized cost.

At March 31, 2021, the Group was compliant with all of the restrictions and ratios imposed under its main borrowing agreements. However, as part of the refinancing process, on July 23, 2020, Codere entered into a standstill agreement with the RCF creditors (the "RCF Standstill Agreement"), under which it obtained a temporary waiver, for the period of time needed to implement the refinancing transaction, from the events of default stipulated in the Super Senior RCF. The refinancing transaction completed on October 30, 2020, at which point the RCF was repaid in full.

The Group evaluates compliance with its ratios regularly and will tackle any potential future breach as warranted.

As for the notes issued by HRU, S.A, note the existence of certain covenants (covenanted leverage and coverage ratios and guarantees), a limit on non-operational investments and the obligation to remain party to HRU's government concession.

On December 31, 2020, the entire balance corresponding to the marketable notes issued by HRU S.A were reclassified to current liabilities due to the estimated shortfall at year-end in respect of the "Guarantee Ratio" stipulated in the securities note and trust agreement, as a result of the adverse impact of the pandemic on the business in Uruguay.

Although the aforementioned breach of the Guarantee Ratio does not automatically trigger prepayment.

At a HRU Noteholder Assembly held on March 24, 2021, HRU was extended a waiver with respect to the Guarantee Ratio measurement as of December 31, 2020. The notes once again classify as non-current borrowings at March 31, 2021.

At March 31, 2021 and December 31, 2020, the interest accrued and outstanding amounted to 28,154 thousand euros and 12,749 thousand euros, respectively.

a.2) Non-current bank borrowings

The breakdown of this heading at the reporting dates:

			Thousands of euros	
	Effective average interest rate	**Maturity**	**Mar. 31, 2021**	**Dec. 31, 2020**
Spanish Group	1.69%	2021-2028	1,601	1,630
Holdco	8.25%	2022	1,124	1,860
Italian Group	1.31%	2021-2023	3,334	3,853
Icela Group	TIIE (Mex. benchmark rate) + 3.5%	2026	6,579	5,776
Icela Group	TIIE (Mex. benchmark rate) + 4.9%	2025	14,603	15,329
Icela Group	TIIE (Mex. benchmark rate) + 6.7%	2026	209	-
Mexican Group	TIIE (Mex. benchmark rate) + 5%	2022	2,318	1,363
Uruguay (Carrasco Nobile)	5% - 8.35%	2023-2024	11,959	12,921
			41,727	**42,732**

The borrowings are mainly arranged locally to finance the growth of the Group's operations in each market. They are arranged at prevailing market rates.

The most significant arrangements are as follows:

- The most significant borrowings are those owed in Uruguay by Carrasco Nobile, S.A., in the amount of 11,959 thousand euros at March 31, 2021 (12,921 thousand euros at year-end 2020), specifically debt extended by Nobilis Corredor de Bolsa S.A., Urraburu & Hijos Corredor de Bolsa, S.R.L. and Compañía de Valores Pérez Marexiano S.B.S.A. to the Group company, Carrasco Nobile, S.A.

- The borrowings of the ICELA Group, in the amount of 14,603 thousand euros at March 31, 2021 (15,329 thousand euros at year-end 2020), correspond to a loan agreement entered into on March 13, 2020, in the amount of 85 million pesos, due 2025.

a.3) Other borrowings

The amount recognized under "Other non-current borrowings", in the amount of 37,407 thousand euros at March 31, 2021 (28,494 thousand euros at December 31, 2020), includes non-current accounts payable by Spanish companies for exclusivity rights in the amount of approximately 10,000 thousand euros (10,124 thousand euros at year-end 2020).

At march 31, 2021, it also includes the sum of 21,422 thousand euros (year-end 2020: 11,925 thousand euros) corresponding to long-term debts deriving from the deferral of gaming taxes following approval for such deferral in respect of a certain number of machines in the Spanish regions of Madrid, Cantabria, Valencia and Catalonia. The related current balances are recognized within “Other current non-trade debts”. The interest accrued on these debts is set at the legal interest rate prevailing in Spain.

At march 31, 2021 and December 31, 2020, this heading also includes the third-party borrowings used to fund the acquisition of licenses by Codere Network, S.p.A. for the installation and operation of VLT devices in Italy in the amount of 417 and 411 thousand euros, respectively.

This heading recognizes the Group's borrowings under IFRS 16 - *Leases*, which totaled 152 million euros at the March 2021 and December 2020 closes.

Current liabilities

b.1) Bank borrowings

	Thousands of euros	
	Mar. 31, 2021	**Dec. 31, 2020**
Current borrowings	19,198	16,845
Accrued interest	23	33
Total bank borrowings	**19,221**	**16,878**
Total available for drawdown	-	-
Total drawdown limit	**19,221**	**16,878**

<u>Current borrowings</u>

At March 31, 2021, current loans were concentrated at Administradora Mexicana de Hipódromo, S.A. de C.V., in the amount of 4,745 thousand euros (4,841 thousand euros at year-end 2020), in Uruguay, in the amount of 5,641 thousand euros (4,287 thousand euros at year-end 2020) and at Mexico Caliente, in the amount of 116 thousand euros (1,022 thousand euros at year-end 2020).

b.2) Notes

The balance recognized under "Notes and other marketable securities" within current liabilities includes the interest accrued and outstanding of 28,154 thousand euros on the notes issued by Codere Finance 2 (Luxembourg), S.A. and 2,472 thousand euros on the marketable notes issued by HRU, S.A. (formerly, Hípica Rioplatense de Uruguay, S.A.), due in 2021 and 2022.

At December 31, 2020, this heading also included all of the notes issued by HRU, which, as disclosed in note 12.a.1, were reclassified to non-current liabilities at the March 2021 close.

b.3) Other non-trade debts, tax debts and deferred levies

		Thousands of euros
	Mar. 31, 2021	**Dec. 31, 2020**
Taxes payable	54,756	75,129
Deferred gaming taxes	29,668	29,933
Employee benefits payable	21,162	14,619
IFRS 16	59,935	60,315
Other borrowings	44,289	47,139
	209,810	**227,135**

b.3.1) Taxes payable

This heading includes the VAT, personal income tax, corporate income tax and other taxes payable to the tax authorities.

b.3.2) Deferred gaming tax

This heading includes the account payable as a result of the application to defer the payment of levies in respect of a specific number of gaming machines in Spain, specifically in Madrid, Cantabria, Valencia and the Balearic Islands. It includes the amounts of deferrals requested and those approved and due payment within less than 12 months from the reporting date.

b.3.3) Employee benefits payable

This heading includes the provision for long-term incentives accrued by the Company's officers during the reporting period. The characteristics of that plan are disclosed in note 2.b.19) of the consolidated financial statements for the year ended December 31, 2020

b.3.4) Other payables

This heading includes:

- Balances owed to Spanish machine suppliers in the amount of 4,112 thousand euros at March 31, 2021 (7,172 thousand euros at December 31, 2020). Payables to suppliers in Argentina of 3,331 thousand euros at March 31, 2021 (3,157 thousand euros at year-end 2020). Payables to suppliers in Mexico totaling 21,962 thousand euros at March 31, 2021 (22,539 thousand euros at year-end 2020).

- Current bills payable by the Spanish companies in the amount of 1,117 thousand euros at March 31, 2021 (1,311 thousand euros at December 31, 2020).

- Payables outstanding in connection with the acquisition of companies in Italy in the amount of 1,589 thousand euros at March 31, 2021 (1,830 thousand euros at December 31, 2020).

- Debt incurred to acquire sports-betting terminals in Spain in the amount of 218 thousand euros at March 31, 2021 (430 thousand euros at December 31, 2020).

c) Loans secured by the Group.

At March 31, 2021, several Group companies had mortgaged fixed assets in a total amount of 56,946 thousand euros (December 31, 2020: 53,970 thousand euros).

13. TAX MATTERS

The reconciliation of tax expense and accounting profit multiplied by the prevailing tax rate:

	Thousands of euros
	1Q21
Accounting profit/(loss) before tax	(94,994)
At the statutory income tax rate of 25%	(23,748)
Effect of different rates in different countries	280
Tax effect of previously unrecognized tax losses and permanent differences	25,457
Recognition/reversal of unused tax losses	(1,824)
Income tax expense reported in the consolidated statement of profit or loss	**165**

14. GUARANTEES EXTENDED TO THIRD PARTIES AND OTHER LIABILITIES

One of the Group's core business activities is the operation of amusement and gaming machines, for which in Spain it is required to post the guarantees stipulated in Royal Decree 593/1990 (of April 27, 1990). Those guarantees have been duly deposited with the competent authorities.

Despite the fact that Codere, S.A. does not directly carry on gaming activities, the Company has posted sureties and guarantees typical of an operator to Group companies in response to the demands of financial institutions and insurers that the Parent extend such guarantees.

The breakdown of the sureties and guarantees extended by concept at March 31, 2021 and December 31, 2020 is provided below:

	Thousands of euros	
Sureties and guarantees	**Mar. 31, 2021**	**Dec. 31, 2020**
Gaming sureties and guarantees	88,684	105,906
Other guarantees	36,544	36,492
	125,228	**142,398**

Gaming sureties and guarantees

Within the gaming sureties and guarantees, at March 31, 2021 and December 31, 2020, the most significant amounts correspond to the surety policies guaranteeing performance of the Group's obligations under the terms of the concession granted by the *Amministrazione Autonoma dei Monopoli dello Stato* (Italy's betting and gaming authority, the AAMS for its acronym in Italian) to Codere Network, S.p.A. to activate and run the gaming management network in Italy, specifically in the amount of 19,858 thousand euros at March 31, 2021 (35,563 thousand euros at December 31, 2020). This decrease is produced by the corresponding decrease in Preu due to the effects of the pandemic.

Carrasco Nobile, S.A. (the Casino Carrasco Hotel) has also extended the Montevideo municipal authorities surety policies and guarantees to secure due performance of the terms of the concession agreement and payment of the royalty in the amount of 6,753 euros at March 31, 2021.

In addition, Codere, S.A. was guaranteeing compliance with obligations assumed vis-a-vis the Madrid regional government in exchange for the right to organize and market sports-betting activities in the amount of 12,200 thousand euros at both March 31, 2021 and December 31, 2020. Note that those surety policies are not part of the senior facility agreement and are therefore not secured by the latter's guarantee package.

Codere, S.A. is the parent guarantor on the notes issued by Codere Finance 2 (Luxembourg), S.A. under the terms of an intercreditor agreement between the two entities at a rate equivalent to the coupon payable on the notes. Those notes are secured on a second-lien basis by the guarantor companies.

Other guarantees

Codere, S.A. has extended other non-bank guarantees, notable among which those issued by Afianzadora Aserta S.A. de C.V. in Mexico and deposited in escrow in favor of the Mexican Federal Treasury in connection with lawsuits regarding the tax matters of the Codere Group's Mexican operations in an amount equivalent to 7,367 thousand euros at March 31, 2021.

The other non-bank guarantees extended by Codere, S.A. include guarantees issued by Assicurazioni Generali Spa in Italy in connection with the rental of bingo halls and the grant of bingo concessions to several Operbingo Group companies in the amount of 3,854 thousand euros at March 31, 2021.

In management's opinion, the extension of those guarantees will not give rise to material liabilities beyond the amounts provided.

15. FINANCIAL RISK MANAGEMENT TARGETS AND POLICIES

The interim condensed consolidated financial statements do not include all of the financial risk management information and disclosures required in the Codere Group's annual financial statements. Accordingly, this interim report should be read in conjunction with the 2020 annual consolidated financial statements.

Fair value estimation

The table below analyzes the financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (Level 3).

The following table presents the Group’s assets and liabilities that are measured at fair value:

Assets/liabilities (level 2)	**Thousands of euros**	
	Mar. 31, 2021	**Dec. 31, 2020**
Provision for options	(1,564)	(1,564)

Fair value of financial assets and financial liabilities recognized at amortized cost

The carrying amount of the Group's financial assets and financial liabilities (other than its issued notes, whose fair value is detailed below) is not materially different from their fair value at March 31, 2021.

The fair value of the notes, calculated on the basis of their quoted prices, is itemized in the table below:

	Thousands of euros	
	Mar. 31, 2021	**Dec. 31, 2020**
Notes issued by HRU, S.A.	20,554	19,640
Notes issued by Codere Finance II, S.A.	675,413	753,463
Notes issued by Alta Cordillera, S.A.	2,333	2,230
	698,300	**775,333**

16. AVERAGE HEADCOUNT

The average headcounts in the first three months of 2021 and 2020 break down as follows:

	1Q21		1Q20	
	No. of employees		No. of employees	
	Male	**Female**	**Male**	**Female**
Clerical staff	265	364	238	364
Key management personnel	12	3	12	1
Executives	71	25	75	16
Middle management	1,163	657	1,313	693
Operations staff	3,260	2,589	4,191	3,131
Skilled professionals	1,047	424	1,250	401
	5,818	**4,062**	**7,079**	**4,606**

17. EARNINGS PER SHARE

a) Basic and diluted earnings per share:

1Q21			1Q20		
Earnings for the period (thousands of euros)	**Weighted average number of shares**	**Earnings per share**	**Earnings for the period (thousands of euros)**	**Weighted average number of shares**	**Earnings per share**
(95,260)	118,348,260	(0.80)	(100,413)	118,348,260	(0.85)

a) Basic and diluted earnings per share attributable to equity holders of the parent

1Q21			1Q20		
Earnings for the period (thousands of euros)	**Weighted average number of shares**	**Earnings per share**	**Earnings for the period (thousands of euros)**	**Weighted average number of shares**	**Earnings per share**

(91,361)	118,348,260	(0.77)	(97,123)	118,348,260	(0.82)

c) Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent

		1Q21			1Q20
Earnings for the period (thousands of euros)	Weighted average number of shares	Earnings per share	Earnings for the period (thousands of euros)	Weighted average number of shares	Earnings per share
(91,361)	118,348,260	(0.77)	(97,123)	118,348,260	(0.82)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. To this end, it is assumed that conversion takes place at the beginning of the period or when the dilutive potential ordinary shares are issued in the event of issuance during the year.

The Group had no dilutive potential ordinary shares at either reporting date as it had no outstanding convertible debt issues and the share-based remuneration systems will not imply the issuance of any new shares by the Group so that they will not have any dilutive effect.

As a result of the own shares held as treasury stock, the weighted average number of ordinary shares used to calculate diluted earnings per share was 118,348,260 in both quarters.

18. RELATED PARTIES

The transactions entered into with related parties that are not part of the Group in the first three months of 2021 and the resulting balances at the respective reporting dates:

			Thousands of euros
1Q21	**Nature of the relationship**	**Other**	**Services rendered**
Jusvil, S.A.	Advisor	-	934
GE3M, S.R.L.	Advisor	-	62
		-	**996**

19. Transactions with significant shareholders

In 2018, a loan, in the amount of 11,655 thousand euros (of which 5,138 thousand euros was outstanding at March 31, 2021), was arranged between two subsidiaries and M&G Investment Management Limited (Prudential PLC). The Group paid down 1.3 million euros of principal and interest during the first three months of 2021.

The interest accrued at year-end 2020 on loans to related parties amounted to 39 thousand euros. The interest accrued at March 31, 2021 stood at 9 thousand euros. There were no balances payable to related parties at either reporting date.

Transactions with related parties were made on terms equivalent to those prevailing in an arm's length transaction.

a) Director and key management personnel remuneration

The wages, attendance fees and other remuneration accrued by the members of the Board of Directors of Codere, S.A. during the reporting period are shown below:

	Thousands of euros	
	1Q21	**1Q20**
Director remuneration	315	313
	315	**313**

The fixed remuneration received by the Company's directors in the first three months of 2021 for membership of the Board of Directors and its various committees (Audit Committee, Compliance Committee and Corporate Governance Committee) was as follows:

	Thousands of euros
Director	**1Q21 (*)**
Pío Cabanillas	17
Norman Sorensen	88
Gerardo Sánchez Revenga	33
Elena Monreal	2
Matthew Turner	63
Manuel Martínez-Fidalgo Vázquez	38
Timothy Lavelle	38
David Reganato	38
	315

(*) The amount corresponds to the remuneration accrued in the period.

In the first three months of 2021, the Group's key management personnel accrued 873 thousand euros of remuneration (1,334 thousand euros in 1Q19). On February 27, 2020, at the recommendation of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors approved a long-term incentive plan ("LTIP"). The LTIP consists of the potential payment of a specific monetary amount to those executives, amount to 10,122 thousand euros (see note 2.b.19 of the consolidated annual accounts of December 2020).

Several Spanish members of Codere's management team have employment contracts that include provisions for special termination benefits that go beyond the mandatory payments stipulated in applicable legislation. The overall amount of termination payments payable under these contracts amounted to 210 thousand euros at March 31, 2021 (602 thousand euros at March 31, 2020).

No advances had been extended to members of the Board at either March 31, 2021 or December 31, 2020. Nor had the Group assumed pension plan obligations on behalf of former or serving members of the Board of Directors. The loans extended to directors and executives are disclosed at the beginning of this note.

One officer received 220 thousand euros of severance pay during the first nine quarter of 2021.

There was no remuneration corresponding to the natural persons who represent the Company on the boards on which the Company is a legal person director in either 1Q21 or 1Q20.

In the first three months of 2021, the Company paid 62 thousand euros of civil liability insurance premiums on behalf of its directors to cover potential damages caused in the course of carrying out their duties (1Q20: 276 thousand euros).

Neither the directors nor persons acting on their behalf engaged in transactions with the Company outside the latter's ordinary course of business or other than on an arm's length basis. For the purposes of article 229 of Spain's Corporate Enterprises Act, the directors have stated that they were not party to conflicts with respect to the Company's interests in the first nine months of 2020.

b) Balance with Grupo CIE

The Codere Group recognizes an account receivable of 1,676 thousand euros at March 31, 2021 (370 thousand euros at December 31, 2020) from a subsidiary of the CIE Group (a minority shareholder in Mexico), Make Pro, S.A. de C.V., for advertising and sponsorship services.

c) Transactions with equity-accounted investees and resulting outstanding balances

Reporting date balances with equity-accounted investees (in thousands of euros):

	Thousands of euros
	1Q21
PERIOD-END BALANCES:	
1) Trade receivables	1,758
2) Loans extended	2,956
3) Other collection claims	-
TOTAL ACCOUNTS RECEIVABLE (1 + 2 + 3)	**4,714**
4) Trade payables	-
5) Loans received	(11)
6) Other payment obligations	-
TOTAL ACCOUNTS PAYABLE (4 + 5 + 6)	**(11)**

20. CASH FLOW STATEMENT: ADDITIONAL DISCLOSURES FOR RECONCILIATION PURPOSES

In the three months ended March 31, 2021, the main transactions that did not entail inflows or outflows of cash were the gains recognized on asset sales and certain items of operating income (86 thousand euros), the losses recognized on the sale or derecognition of fixed assets (2,140 thousand euros), certain items of operating expenses (474 thousand euros) and the effect of inflation on earnings in Argentina (159 thousand euros).

Within the "Changes in working capital", specifically under "Other", the Group presents the impact of the movement in exchange rates on operating activities and the change in accrual adjustments in respect of prepaid expenses and deferred income.

As for the cash used in investing activities, during the three months ended March 31, 2021, the Group incurred 7,975 thousand euros of capital expenditure, incurred a cash outflow of 279 thousand euros in connection with long-term loans, specifically: a net outflow of 344 thousand euros in respect of loans extended to hospitality establishment owners in Spain (payments of that amount) and a net inflow of

65 thousand from long-term loans extended to establishment owners in Italy (loan payments of 62 thousand euros, net of proceeds of 127 thousand euros).

The 611 thousand euro decrease in borrowings reflected the repayment of notes in Uruguay. The increase in proceeds from bank loans of 1,427 thousand euros corresponds to loans obtained in Spain. The 1,487 thousand euros of bank borrowings repaid took place in Mexico (343 thousand euros), Uruguay (171 thousand euros), Codere Newco (543 thousand euros), Colombia (55 thousand euros) and Italy (375 thousand euros). The movement in other financial borrowings reflected an inflow of 4,432 thousand euros due to the deferral of gaming taxes and the payment of expenses associated with the financial restructuring process set in motion of 870 thousand euros.

“Other cash flows due to impact of exchange rates on collections and payments” reflects an outflow of 752 thousand euros.

In the three months ended March 31, 2020, the main transactions that did not entail inflows or outflows of cash were the gains recognized on asset sales and certain items of operating income (331 thousand euros), the losses recognized on the sale or derecognition of fixed assets (1,169 thousand euros), certain items of operating expenses (731 thousand euros) and the effect of inflation on earnings in Argentina (344 thousand euros).

Within the "Changes in working capital", specifically under "Other", the Group presents the impact of the movement in exchange rates on operating activities and the change in accrual adjustments in respect of prepaid expenses and deferred income.

As for the cash used in investing activities, during the three months ended March 31, 2020, the Group incurred 23,040 thousand euros of capital expenditure, incurred a cash outflow of 32 thousand euros in connection with long-term loans, specifically: a net inflow of 127 thousand euros in respect of loans extended to hospitality establishment owners in Spain (loan payments of 797 thousand euros, net of proceeds of 670 thousand euros) and a net inflow of 159 thousand from long-term loans extended to establishment owners in Italy (loan payments of 5,087 thousand euros, net of proceeds of 5,246 thousand euros).

The 40,746 thousand euro increase in borrowings of reflects the net drawdown of 41,000 thousand euros under the senior facility, 409 thousand euros of new notes issues and the repayment of 663 thousand euros of notes by HRU. The increase in proceeds from bank loans of 19,433 thousand euros corresponds to loans obtained in Mexico. The 4,489 thousand euros of bank borrowings repaid took place in Mexico (1,769 thousand euros), Uruguay (728 thousand euros), Codere Newco (706 thousand euros), Spain (764 thousand euros), Colombia (267 thousand euros) and Italy (255 thousand euros). The movement in other financial borrowings reflected an inflow of 2,131 thousand euros due to the deferral of gaming taxes and the payment of expenses of 243 thousand euros associated with borrowings arranged in Mexico.

“Other cash flows due to impact of exchange rates on collections and payments” reflected an outflow of 1,782 thousand euros.

21. EVENTS AFTER THE REPORTING DATE

As disclosed in note 2.a.1) Going concern, on April 22, 2021, the Company announced it had entered into the following agreements with the Ad Hoc Committee:

- A lock-up agreement (the "Lock-Up Agreement"), governed by English law, in relation to a proposed restructuring transaction (the "Restructuring"); and

- Note purchase agreements to provide 100 million euros of bridge funding by way of issuance of further Super Senior Notes (the "Bridge Notes").

The Parent's Board of Directors convened an Extraordinary General Shareholders' Meeting to consider matters in connection with the Restructuring.

On May 11, as has been publicly disclosed, Codere, S.A. held that Extraordinary General Meeting at which a sufficient majority of its shareholders voted in favor of the motions presented by the Board of Directors, specifically including:

1) Ratification of the execution by the Company of the Lock-Up Agreement, in the context of the refinancing of the Company, as well as any other ancillary documents and transactions executed in such context.

2) Approval, for the purposes of Article 160.f) of the Spanish Companies Law,

of the amendment, extension, ratification or granting of security documents that may be needed to execute the financing transactions in the context of the refinancing.

In keeping with the terms of the Restructuring transaction and the issue of the Bridge Notes, on April 30, 2021, the Company confirmed the deferral of the payment of the interest due on its 500 million euro and 300 million US dollar senior secured notes (the "Senior Notes"), making use of the 30-day grace period provided for in section 6.01(a)(i) of the Senior Notes' amended indenture. In addition, also in keeping with the terms of the Restructuring transaction, the interest payment grace period on the 250 million euro super senior secured notes due 2023 (the “Super Senior Notes”) has been extended by a further 30 days (from April 30, until May 31, 2021) in accordance with execution of the supplementary indenture governing the Super Senior Notes. The Company confirms that it will make use of that additional grace period to defer the payment of the coupon due on March 30, 2021. The Company expects to pay the coupons on its Senior Notes and Super Senior Notes when it receives the 70 million euros of proceeds from the Second Tranche of the Bridge Notes (as defined in note 2.a.1) on May 28, 2021.

On April 30, 2021, S&P Global Ratings ("S&P") announced the following ratings changes:

- As a result of the extension of the interest payment grace period on its 250 million euro super senior secured notes, S&P downgraded the issue rating from CCC- to D. As a result, Codere's long-term issuer has been lowered from CC to SD (Selective Default).

- S&P reaffirmed the issue rating assigned to the 500 million euro and 300 million US dollar senior secured notes of CC.

The Company expects that once the interest coupons have been paid, as indicated above, S&P will once again revise those D and SD ratings.