



Codere Finance 2 (Luxembourg) S.A.  
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**20th September 2023**

Codere Finance 2 (Luxembourg) S.A. (together with Codere New Topco S.A. ("**Codere New Topco**") and its subsidiaries, "**Codere**"), hereby announces the following:

**Update regarding up to €101,782,000 of additional liquidity funding to support implementation of Codere's business plan supported by Codere's largest shareholders and noteholders**

Codere refers to the announcements dated 29 March 2023, 6 April 2023, 11 April 2023, 19 April 2023, 21 April 2023, 27 April 2023, 8 June 2023, 31 July 2023, and 2 August 2023 (the "**Announcements**") regarding the proposed transaction relating to the provision of €101,782,000 (including a 1.75% OID) or €100,000,000 of new liquidity financing and the amendment of certain terms of Codere's existing notes. Unless given a different meaning in this announcement, terms defined in the Announcements shall have the same meaning when used herein.

**Update on operations**

Since Codere's announcement on 31 July 2023, 1 hall in Mexico and 1 hall in Argentina have fully reopened following actions taken by Codere to address the matters raised by the relevant public authorities. As at the date of this announcement, 5 halls in Mexico and 2 halls in Argentina remain subject to temporary closure, until further notice by the government, and 45 halls in Mexico remain subject to trading restrictions, until further notice by the government.

As noted in previous Announcements, Codere's financial performance in the period from 1 January 2023 to the beginning of the imposition of the restrictions had been robust.

However, as of week commencing 11th September 2023, the Company estimates the year-to-date impact of the above-mentioned closures and restrictions led to a reduction of Mexico and Argentina Gross Win of c.€18m and c.€33m, respectively, representing 7.0% and 9.0% of full year FY2023 Budget, a reduction of Operating Revenues of c.€17m and €32m, respectively, representing c.7% and 9% of full year FY2023 Budget, and a reduction of pre-IFRS-16 Adj. EBITDA of c. €13m and €17m, respectively, representing c.35% and 23% of full year FY2023 Budget. Other jurisdictions not subject to any restrictions are performing broadly in line with Budget.

As of week commencing 11th September 2023, liquidity across the Group stood at €64m. Codere has been working on the implementation of several actions to mitigate the impact of the reduced revenues until such time as a full re-opening and lifting of restrictions can take place, including supplier and capex deferrals, working capital optimisation initiatives, and cost savings initiatives.

Furthermore, as a result of the restrictions and subsequent reduction in revenues, the Group forecasts a total cash benefit in FY2023 from a reduction in Corporate Income Tax, Argentina cash repatriation costs, reduction in Bonus and Short-Term Retention Plans and other adjustments of c.€30-35m which will further offset the EBITDA impact of the restrictions on liquidity.

In addition, Codere has taken further steps to strengthen its management team with Sonia Carabante appointed as transformation officer on 3rd July 2023. Sonia has more than 14 years of sector experience (having previously worked at Cirsa) and has been appointed to drive operational efficiencies and transformational change.

**Update on Transaction**

Codere is continuing to evaluate the impact of the remaining trading restrictions and hall closures on the Group's business, and whether any further amendments to the terms of the comprehensive Transaction may be appropriate. As such, Codere now anticipates that the Transaction will not be launched until Q4 2023.

In light of the revised timing for implementing the comprehensive Transaction Codere, the Ad Hoc Committee and certain other holders with whom Codere and the Ad Hoc Committee have been in confidential discussions have agreed to implement the following actions and amendments to the Transaction:

#### *New interim funding*

On the date of this announcement, the Ad Hoc Committee and certain other holders have agreed to provide interim financing (the "**Interim New Money**") that is intended to provide Codere with sufficient liquidity to bridge to the implementation of the comprehensive Transaction.

The principal terms of the Interim New Money are as follows:

- Quantum of €50m of first priority notes;
- A 13% p.a. cash coupon payable semi-annually;
- Maturity date of 30 September 2024;
- A "**Deferred Issue Fee**" of 7% of the principal amount, payable in cash in respect of the aggregate principal amount of the Interim New Money that is the subject of any redemption, purchase or repurchase *pro rata* to holders of the Interim Notes;
- Optional redemption at par plus accrued interest, Deferred Issue Fee and, upon final redemption, an amount (the "**Final Redemption Premium**") that would ensure an overall return to holders of the Interim Notes of 1.2x (taking into account accrued interest and Deferred Issue Fee received) payable *pro rata* to holders of the Interim New Money;
- To the extent that the Interim New Money is refinanced in full with the proceeds of the First Priority Notes in which a holder is a participating purchaser, the Deferred Issue Fee and Final Redemption Premium due to any holder may be capitalised and rolled on a cashless basis into the First Priority Notes. For the avoidance of doubt, accrued interest shall be payable in cash;
- Ranking ahead of the Super Senior Notes and the Senior Notes in all respects and *pari passu* with the €50 million surety bond facility; and
- Benefitting from the same guarantees and security as the Super Senior Notes and Senior Notes.

The Interim New Money will be refinanced in full (where applicable, on a cashless basis) by the First Priority Notes to be issued as part of the comprehensive Transaction – as such, Super Senior Noteholders who are eligible under applicable securities and other laws will continue to have the opportunity to subscribe (either directly or through an affiliate or related fund) for at least a *pro rata* share of the First Priority Notes when the comprehensive Transaction is launched.

The Interim New Money is supported by noteholders that represent c.66% of the New Super Senior Notes, c.62% of the EUR Senior Secured Notes and c.65% of the USD Senior Secured Notes. The Super Senior Notes Indenture, the Senior Notes indenture, and the Intercreditor Agreement are being amended to reflect and permit the issuance of the Interim New Money on a first priority basis. The providers of the Interim New Money represent sufficient majorities of the relevant Notes to consent to each of these amendments. All other necessary consents to the issuance of the Interim New Money and the associated amendments were also obtained.

#### *Other updates to the Transaction*

In addition to the provision of the Interim New Money, Codere has agreed to:

- Amend the transaction term sheet appended to the Lock-Up Agreement to reflect (a) the provision of the Interim New Money, and (b) that the Interim New Money will be refinanced in full (where applicable, on a cashless basis) by the First Priority Notes; and
- Amend the terms of the Lock-up Agreement to reflect that the terms of the First Priority Notes (including pricing) shall be reconfirmed when the Company is ready to launch the Transaction (and the agreement of each FPN Backstop Provider (as defined in the Lock-Up Agreement) to backstop the First Priority Notes is now conditional on its agreement to such revised First Priority Notes terms).

The Ad Hoc Committee represent sufficient majorities to consent (where applicable) to each of these amendments and actions.

Notwithstanding the above-noted amendments, the Lock-Up Agreement remains in full force and effect and, for the avoidance of doubt, Codere and the Ad Hoc Committee remain supportive of the Transaction.

### **Further information**

Further information regarding the Transaction is available from the Information Agent, whose contact details are below.

### **Contact information**

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