

Codere Launches Consent Solicitation Process and New Money Offering for its Holistic Recapitalisation Transaction

16 August 2024

Codere Finance 2 (Luxembourg) S.A. (the “**Issuer**”, together with Codere New Topco S.A. and its subsidiaries, “**Codere**”) refers to its announcements on 13 June 2024 (the “**13 June Announcement**”), 26 June 2024 and 23 July 2024 (the “**23 July Announcement**”) (together, the “**Announcements**”). Unless given a different meaning in this announcement, terms defined in the Announcements shall have the same meaning when used herein.

As referred to in the 13 June Announcement, Codere has entered into the New Lock-Up Agreement with significant majorities of its noteholders and shareholders, who have committed to, among other things, provide all consents and instructions and take all actions required to implement the Recapitalisation. Subsequently, further parties have acceded to the New Lock-Up Agreement. The commercial terms and conditions of the Recapitalisation are set out in the New Lock-Up Agreement and summarised in the 13 June Announcement.

As at the date of this announcement, among others, holders of the following instruments have signed or acceded to the New Lock-Up Agreement to support the Recapitalisation:

- (a) approximately 98.70% of the aggregate principal amount of the outstanding Interim First Priority Notes;
- (b) approximately 95.85% of the aggregate principal amount of the outstanding Super Senior Notes;
- (c) approximately 84.45% of the aggregate principal amount of the outstanding USD denominated Senior Notes; and
- (d) approximately 81.61% of the aggregate principal amount of the outstanding EUR denominated Senior Notes.

Implementation process

As referred to in the 13 June Announcement, the Recapitalisation is to be implemented in accordance with the terms of the Intercreditor Agreement. The required consents to implement the Recapitalisation will be solicited from holders of the Interim First Priority Notes, the Super Senior Notes and the Senior Notes pursuant to a consent solicitation (as further described below) launched today. The holders of the Super Senior Notes will also be invited to participate and subscribe for the new first priority notes (“**New FPNs**”) to be issued by the Issuer as part of the Recapitalisation. The New FPNs will be used to provide Codere with additional liquidity, refinance the existing Interim First Priority Notes and fund the wind-down costs of certain of the existing Luxembourg holding companies of Codere which are expected to enter a liquidation process following the completion of the Recapitalisation.

The Group also proposed the Spanish Restructuring Plan that received the support of noteholders representing more than the statutory majorities required under Spanish law and requested its homologation with the Commercial Courts of Madrid to obtain the protections and privileges of new money financing for the Recapitalisation and the New FPNs for the purposes of Spanish law. As announced in the 23 July Announcement, on 22 July 2024 the Commercial Court of Madrid issued a resolution homologating the Spanish Restructuring Plan, marking a significant milestone achieved for the Recapitalisation.

Offering and Consent Solicitation Memorandum

Following the launch of the New Lock-Up Agreement, Codere and its advisers have been negotiating and working with, among other stakeholders, an ad hoc committee of noteholders (the “**Ad Hoc**”

Committee”) and their advisers to prepare and agree the terms of the documentation required to implement the Recapitalisation. The documentation reflects the commercial terms of the Recapitalisation as set out in the New Lock-Up Agreement.

Codere has agreed the form of an offering and consent solicitation memorandum (the “**OCSM**”) with the Ad Hoc Committee and the trustees under each of the Notes, pursuant to which, among other things, the Issuer is seeking the consent and instructions of the requisite majorities of the holders of the Interim First Priority Notes (defined in the OCSM as the Interim Notes), the Super Senior Notes (defined in the OCSM as the NSSNs) and the Senior Notes (defined in the OCSM as the SSNs) to approve the implementation of the Recapitalisation and the steps and actions to be taken in relation to the same. The OCSM has been issued today and a copy is available at https://glas.agency/investor_reporting/codere-group-2024-transaction.

The OCSM describes in further detail the terms on which the Recapitalisation will be implemented, the noteholder consents that are necessary to facilitate such implementation and it contains an offer to qualifying holders of the Super Senior Notes (or their nominated participants) to subscribe for a proportion of the €128,273,196 (being the principal amount of €124,425,000.00 plus the amount of €3,848,196.00 which will have capitalised at the FPN Issue Date (as defined in the OCSM)) of the New FPNs offered in connection with the Recapitalisation (as further described below). It also annexes the forms of key transaction documents required to effect the Recapitalisation, certain of which participating noteholders will be required to sign in order to receive their entitlements. Instructions for signing those documents are set out in the OCSM.

Codere reminds all noteholders who are party to the New Lock-Up Agreement that they are contractually committed to provide the consents, instructions and approvals requested in the OCSM, and that they should contact their custodian, bank, depository, broker, trust company or other nominee to ensure that these instructions are issued without delay.

Issuance of Warrants to Consenting SSN Holders

Further, Codere also wishes to confirm that for those holders of the Senior Notes who submit their qualifying documentation (including the relevant documentation for their accession to the Spanish Restructuring Plan and the New Lock-Up Agreement) on or before the Expiration Date (as defined below) will now be eligible to qualify for a pro rata share in out of the money warrants (the “**Warrants**”) to be issued by the new holding company of the Codere Group on completion of the Recapitalisation. While the requisite numbers of holders of the Senior Notes have committed to consent to the Recapitalisation, the Company and the requisite majority of consenting noteholders under the New Lock-Up Agreement have nevertheless agreed to extend the Warrant Entitlements Deadline (as defined in the New Lock-Up Agreement) from 9 July 2024 to the Expiration Date (as defined below) so that holders of the Senior Notes may take all necessary steps to provide their support for the Recapitalisation, in consideration for which they will become entitled to receive Warrants, in accordance with the OCSM.

Timeline

As further described in the OCSM:

- The deadline for holders of the Interim First Priority Notes, Super Senior Notes and the Senior Notes to deliver consents in response to the Consent Solicitation is 5.00 p.m. (London time) on 2 September 2024 (the “**Expiration Date**”). The consenting noteholders must also submit the required qualifying documentation described in the OCSM by 5.00 p.m. (London time) on 2 September 2024 in order to, among other things, accede to the relevant transaction documentation and receive their entitlements (if applicable).



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- The deadline for eligible holders of the Super Senior Notes to elect to subscribe for the New FPNs is 5.00 p.m. (London time) on 2 September 2024. In order to participate, the relevant noteholders (or their nominees) must have satisfied certain requirements, including KYC requirements, by 5.00 p.m. (London time) on 4 September 2024.
- The Recapitalisation is expected to complete on or before 31 October 2024, which is the long-stop date under the New Lock-Up Agreement.

The timeline for completion is dependent, among other things, on the satisfaction of customary conditions, including applicable regulatory and anti-trust conditions, as described in greater detail in the OCSM. Noteholders will be informed of the proposed completion date in accordance with the OCSM once all conditions are satisfied.

Consents under other financing documents

Codere has also received or is seeking the consents required to implement the Recapitalisation under the terms of (i) the surety bonds facility agreement borrowed by Codere Newco S.A.U (the “**Surety Bonds Facility**”) and (ii) the subordinated PIK notes issued by Codere New Holdco S.A. (the “**Subordinated PIK Notes**”). Holders of over 83% of the Subordinated PIK Notes have already committed to provide their consent pursuant to the New Lock-Up Agreement and Codere has received the required consents from the providers of the Surety Bonds Facility.

2023 Lock-Up Agreement

Codere hereby also gives notice that the existing lock-up agreement dated 29 March 2023 (the “**2023 Lock-Up Agreement**”) has been terminated in accordance with its terms and with the consent of the relevant majorities thereunder. The 2023 Lock-Up Agreement envisaged a recapitalisation transaction on different commercial terms than the Recapitalisation. Codere (supported by the advice of its financial advisers) believes that the Recapitalisation now proposed, and as detailed in the New Lock-Up Agreement and more fully described in the OCSM, represents a more holistic solution for Codere than that which was contemplated previously under the 2023 Lock-Up Agreement. The Recapitalisation will definitively resolve Codere’s capital structure and will create stability to allow the Group to implement its Strategic Business Plan to benefit of all its stakeholders.

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