

13 June 2024

Codere Announces Landmark Recapitalisation Transaction and Strategic Board Changes

Codere Finance 2 (Luxembourg) S.A. (the “**Issuer**”, together with Codere New Topco S.A. (“**Codere New Topco**”) and its subsidiaries, “**Codere**”), hereby announces it has agreed the final commercial terms of a holistic recapitalisation transaction (the “**Recapitalisation**”) with significant majorities of its existing creditors, demonstrating their confidence in our strategic direction and long-term vision.

The Recapitalisation will definitively resolve Codere’s capital structure, ensuring stability and securing the full viability of the Group as it embarks on the delivery of its new five-year strategic business plan (the “**Strategic Business Plan**”). €60 million of new liquidity will provide management with the necessary stability to facilitate the implementation of the Strategic Business Plan, of which €20 million will be provided as bridge financing to provide Codere with sufficient liquidity pending implementation of the Recapitalisation.

The transaction will see the ownership of the Codere operating group (Codere Luxembourg 3 S.à r.l. and its subsidiaries, the “**Group**”) transferred to a new holding vehicle owned by the Group’s current Super Senior Noteholders (as defined below) and providers of the new financing and is supported by material majorities of Codere’s existing noteholders and shareholders. The Group’s existing notes will be replaced by a single issuance of approximately €128 million in new notes, resulting in a sustainable capital structure and significantly reduced cost of capital. Total net debt of the Retail group at closing will amount to approximately €110 million which is c. 0.9x times 2023 adjusted EBITDA pre-IFRS16.

In parallel to the Recapitalisation, at its upcoming annual general meeting Codere New Topco proposes to implement strategic changes to its board of directors (the “**Board Changes**”). These changes are designed to infuse fresh perspectives and expertise, further strengthening the governance and strategic oversight of the company until completion of the Recapitalisation. Subject to election by shareholders, current Chair, Chris Bell, and INEDs Borja Fernandez and Les Ottolenghi will step down, with Neil Robson assuming the role of Chair; Gonzaga Higuero, Chief Executive Officer of Codere will join the board; and Pat Ramsey, currently serving as Chair of Codere Online, will be appointed as an INED.

Gonzaga Higuero, Chief Executive Officer of Codere, said:

“This transformative recapitalisation will reposition Codere as a strong market player and serve as a solid foundation for its future. This transaction is a testament to the commitment of our stakeholders and the dedication of our team. It provides the necessary resources to drive our strategic initiatives and secure a prosperous future for Codere.”

This agreement marks a pivotal moment in Codere’s path towards a new chapter, one characterised by financial stability, strategic growth and continued dedication to excellence for our customers. We are confident that this recapitalisation will enable us to better focus on the Group’s operations and to achieve our goals for the benefit of all our stakeholders, including financial creditors, business partners, suppliers and customers.

Finally, I wish to extend my sincere gratitude to all the departing members of Codere New Topco's board of directors. Their support, guidance and dedication during their years of service has been invaluable and we wish them all the best in the future."

New Lock-Up Agreement in support of the Recapitalisation

On 13 June 2024, Codere and certain of its subsidiaries entered into a new lock-up agreement in relation to the proposed Recapitalisation (the "**New Lock-Up Agreement**") with the members of an ad hoc committee of noteholders (the "**Ad Hoc Committee**") and certain other noteholders with whom Codere has been in confidential discussions (the "**Initial Noteholder Parties**").

As at the date of this announcement, holders of the following instruments have entered the New Lock-up Agreement to support the Recapitalisation:

- 98.3% of the Issuer's EUR 50 million 13.00% first priority notes due September 2024 (the "**Interim First Priority Notes**");
- 81.8% of the Issuer's EUR 493,385,431.00 8.00% cash / 3.00% PIK super senior secured notes due September 2026 (the "**Super Senior Notes**");
- 60.8% of the Issuer's EUR 515,625,000 2.00% cash / 10.75% PIK senior secured notes and 72.8% of the Issuer's USD 310,687,500 2.00% cash / 11.625% PIK senior secured notes due November 2027 (the "**Senior Notes**" and together with the Interim First Priority Notes and the Super Senior Notes, the "**Notes**");
- 70.8% of Codere New Holdco S.A.'s 7.5% PIK notes due 2027 (the "**Subordinated PIK Notes**"); and
- 67.2% of the shares issued by Codere New Topco.

As at the date of this announcement, a sufficient majority of Codere's noteholders and shareholders have signed or acceded to the New Lock-Up Agreement to approve all consents and give all instructions required to implement the Recapitalisation.

Key terms of the Recapitalisation are attached to this announcement.

Bridge Funding

In order to provide operational liquidity and financial stability during the interim period until the completion of the Recapitalisation, the Issuer will issue €20 million of additional Interim First Priority Notes maturing in June 2025 and ranking pari passu with the existing Interim First Priority Notes by way of a tap issuance, with holders of the Super Senior Notes entitled to subscribe for at least a pro-rata portion of the Bridge Notes relative to their holdings of the Super Senior Notes subject to customary terms and conditions (the "**Bridge Notes**"). Certain of the Initial Noteholder Parties will backstop the Bridge Notes to ensure that the full amount is funded.

Certain amendments and/or consents have been agreed by Initial Noteholder Parties, who represent the relevant requisite majorities of noteholders, in relation to the Interim First Priority Notes, the Super Senior Notes and the Senior Notes in order to permit the issuance of the Bridge Notes, including an extension of the maturity date of the existing Interim First Priority Notes to June 2025.

The offer memorandum and offer purchase agreement for the Bridge Notes has been issued today and the Bridge Notes are expected to be issued in early July 2024. Holders of the Super Senior Notes should refer to the offering document to be issued on 13 June 2024 for further details on how to participate in the issuance of the Bridge Notes.

Implementation

The Recapitalisation will be implemented in accordance with the requirements of the Intercreditor Agreement, as described above. Consents to the Recapitalisation, including, among other matters, the instructions to the security agent to take all relevant steps contemplated by the Recapitalisation, will be solicited from holders of the Super Senior Notes and Senior Notes pursuant to a consent solicitation expected to be launched in due course (the “**Consent Solicitation**”).

The Group is also proposing the Spanish Restructuring Plan which is designed to grant the Recapitalisation and the New FPNs, as applicable, the protections and privileges of new money financing for the purposes of Spanish insolvency law.

Holders of the Interim First Priority Notes, the Super Senior Notes, the Senior Notes, the Subordinated PIK Notes and the shares issued by Codere New Topco Senior who accede to the New Lock-Up Agreement will be, among other things, committing to vote in favour of the Consent Solicitation and the Spanish Restructuring Plan to implement the Recapitalisation.

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

Timing and Relevant Deadlines

Subject to satisfaction of all necessary conditions precedent (including applicable regulatory and anti-trust conditions and the sanction of a Spanish restructuring plan (the “**Spanish Restructuring Plan**”) as further described below) completion of the Recapitalisation is currently targeted for no later than the end of Q3 2024. Codere expects to make further announcements with respect to the implementation and timing of the Recapitalisation in due course.

In connection with entering into the New Lock-up Agreement, the Initial Noteholder Parties have agreed to the following extensions by which the Issuer is obligated to deliver its financial reports (i) for the fiscal year ending 31 December 2023, the deadline for delivery shall be extended to 31 October 2024, and (ii) for the fiscal quarter ending on 30 June 2024, the deadline for delivery shall be extended to within 75 days following the end of that quarter.

Noteholders should take note of the following relevant deadlines:

- **25 June 2024 – Deadline for subscribing for the Bridge Notes**
- **9 July 2024 – Deadline for holders of the Senior Notes to accede to the New Lock-Up Agreement**
- **9 July 2024 – Deadline for holders of the Super Senior Notes and Senior Notes to deliver irrevocable instructions in connection with the Spanish Restructuring Plan**

Shareholder Support

Codere New Topco will convene a meeting of its shareholders to consider certain matters in connection with the Recapitalisation (the “**Shareholder Meeting**”) and the proposed Board Changes.

Codere New Topco hereby confirms that it has received undertakings from the holders of over 67% of its shares to vote in favour of the resolutions to be considered at the Shareholder Meeting in support of the Recapitalisation.

Financial projections and further information

The following materials are available on the information website set up by Codere's information agent (the "**Information Agent**") (link [here](#)):

- A copy of the New Lock-Up Agreement and the Spanish Restructuring Plan.
- Information on the Strategic Business Plan and certain financial projections.
- Term sheets detailing the terms of the Recapitalisation (which are also scheduled to the New Lock-Up Agreement).
- The offering document and offer purchase agreement for the Bridge Notes along with the indenture for the Interim First Priority Notes.

Instructions on how to accede to the New Lock-Up Agreement and the Spanish Restructuring Plan are attached to this announcement and are also available from the website of the Information Agent (link above). The contact details of the Information Agent and certain other advisers are set out below.

Codere encourages all holders of the Interim First Priority Notes, the Super Senior Notes, the Senior Notes, the Subordinated PIK Notes and the shares in Codere New Topco to support the Recapitalisation and accede to the New Lock-Up Agreement and the Spanish Restructuring Plan.

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Disclaimer

This announcement is not intended to create any contract, representation, warranty, undertaking, express or implied or other legal relations and is not an invitation or offer or commitment with respect to any loans, securities or other financing.

This announcement contains "forward-looking" information. The forward-looking information is based upon certain assumptions about future events or conditions and is intended to illustrate hypothetical results under those conditions. Actual events or conditions are unlikely to be consistent with, and may materially differ from, those assumed. We do not undertake to update

this announcement and you are cautioned not to place undue reliance on any forward-looking information.

Key Terms of the Recapitalisation

The key terms of the Recapitalisation, including the terms of the New FPNs, are summarised in the term sheets and baskets table appended to the New Lock-Up Agreement. A copy of the New Lock-Up Agreement is appended to this announcement

In summary, the Recapitalisation will comprise the following elements:

- Transfer of ownership to Codere New Group Topco: The transfer of ownership of the Group referred to above will be carried out through an enforcement of the existing security over the shares in Codere Luxembourg 3 S.à r.l. by the security agent for the Notes (“**Enforcement Transfer**”). The shares will be transferred to a new Luxembourg-incorporated vehicle that will ultimately owned by holders of the Super Senior Notes and providers of the New FPNs (as defined below) (“**Codere New Group Topco**”).
- Release and discharge in full of the Senior Notes and Super Senior Notes: In connection with the Enforcement Transfer, the security agent will be instructed by the requisite holders of the Super Senior Notes in accordance with the terms of the intercreditor agreement relating to the Notes originally dated 7 November 2016, as amended and restated from time to time (the “**Intercreditor Agreement**”) to exercise its rights under the Intercreditor Agreement to release the claims in respect of the Senior Notes and the claims in respect of the non-sustainable portion of the Super Senior Notes and to transfer the claims in respect of the sustainable portion of the Super Senior Notes to Codere New Group Topco in consideration for the issuance by Codere New Group Topco of certain shares to the holders of the Super Senior Notes, as described below.
- Issuance of new long-term financing notes: to provide liquidity and financial stability following completion of the Recapitalisation, the Issuer will issue EUR 128,273,196 new first priority notes (“**New FPNs**”) maturing in December 2028, which will be used to refinance the Interim First Priority Notes (including the Bridge Notes) at par plus accrued interest and fees and provide working capital liquidity to the Codere group. Each of the Initial Noteholder Parties (the “**Upfront FPN Purchasers**”) has committed to provide the Group with the full amount of the New FPNs, either through additional funding and/or cashlessly rolling exposure under the Interim First Priority Notes (including the Bridge Notes) into the New FPNs.

Holders of the Super Senior Notes will be entitled to subscribe for the New FPNs for at least a pro-rata proportion of the New FPNs relative to their holdings of the Super Senior Notes subject to customary terms and conditions.

- Reorganised shareholding of the Group: the ordinary shares in Codere New Group Topco will be distributed, subject to the relevant persons (or where relevant their designated nominees) providing applicable securities law representations and satisfying other customary conditions, as follows:
 - 77.5% to the holders of Super Senior Notes in consideration for the transfer of the sustainable portfolio of the Super Senior Notes to Codere New Group Topco
 - 17.5% to the purchasers of the New FPNs, pro rata to their holdings in the New FPNs, in consideration for subscribing for the New FPNs; and
 - 5% of the ordinary shares of Codere New Group Topco to the Upfront FPN Purchasers in consideration for providing upfront commitments to purchase the New FPNs

- Issuance of warrants to consenting holders of the Senior Notes: Out of the money warrants in Codere New Group Topco will be issued to those holders of Senior Notes that execute the New Lock-Up Agreement by 9 July 2024 and perform their obligations thereunder, which will give the holders the right to a share in any realisation of the equity of Codere New Group Topco above a certain specified threshold.
- Release of the Subordinated PIK Notes: In order to assist with a solvent liquidation of Codere Luxembourg 2 S.à r.l. and its direct and indirect shareholders, the issuer of the Subordinated PIK Notes will request the holders of the Subordinated PIK Notes to waive and/ release their claims in respect of the Subordinated PIK Notes.

Instructions to NSSN Holders, SSN Holders, Interim Noteholders, Bridge Noteholders and Shareholders regarding accession to the New Lock-Up Agreement (including the Spanish Restructuring Plan) and voting at Shareholder Meeting

Terms used in these instructions and not otherwise defined shall have the meaning given to them in the lock-up agreement dated 13 June 2024 between among others Codere New Topco S.A. and GLAS Specialist Services Limited as information agent (the **New Lock-Up Agreement**).

Please read and follow the instructions carefully.

NSSN Holders (ISINs: XS2209052419 / XS2209052765); SSN Holders (USD ISINs: XS1513776374 /XS1513776614; EUR ISINs: XS1513765922 / XS1513772621); Interim Noteholders (ISIN: XS2209052419 / XS2209052765) and Bridge Noteholders

To accede to the New Lock-Up Agreement, an Interim Noteholder, Bridge Noteholder¹, NSSN Holder or SSN Holder will be required to complete, sign and **submit to the Information Agent** the following documents, in relation to all of the Notes Debt held by it:

- an Accession Letter (in the form attached as Schedule 3 to the New Lock-Up Agreement);
- a Confidential Annexure (in the form attached to the form of Accession Letter attached as Schedule 3 to the New Lock-Up Agreement);
- Proof(s) of Holdings; and
- (in the case of an NSSN Holder or a SSN Holder only) an Irrevocable Instruction and Authorisation Letter:
 - i. an **SSN Holders Irrevocable Instruction and Authorisation Letter** (in the form attached as Schedule 6 to the New Lock-Up Agreement); and/or
 - ii. an **NSSN Holders Irrevocable Instruction and Authorisation Letter** (in the form attached as Schedule 7 to the New Lock-Up Agreement);

as applicable.

Spanish Restructuring Plan

Terms used in this section and not otherwise defined shall have the meaning given in the Spanish Restructuring Plan.

By acceding to the New Lock-Up Agreement and delivering the applicable Irrevocable Instruction and Authorisation Letter the relevant NSSN Holder or SSN Holder also agrees to accede to the

¹ Note: Consenting NSSN Holders who become Bridge Noteholders with effect from the Bridge Notes Issue Date are not required to provide the documents listed below because the Bridge Notes Debt of such Consenting NSSN Holders will automatically become Locked-Up Bridge Notes Debt. However, if a Consenting NSSN Holder nominates another legal entity (i.e. a Nominated Participant) to receive its entitlement to the Bridge Notes, such entity will need to provide the Accession Letter, Confidential Annexure and Proof of Holdings.

Spanish Restructuring Plan and become a Participating Creditor in relation to all of the Affected Debt that they hold.

The deadline for NSSN Holders and SSN Holders to accede to the Spanish Restructuring Plan is 9 July 2024 (the **Accession Period End Date**).

SSN Holders and the NSSN Holders who do not accede to the New Lock-Up Agreement may still accede to the Spanish Restructuring Plan by delivering the relevant Irrevocable Instruction and Authorisation Letter to the NSSN Trustee or the SSNs Trustee (as applicable) on or before the Accession Period End Date.

SSN Holders

Any SSN Holder that delivers the documentation listed above and accedes to the New Lock-Up Agreement by the Accession Period End Date (and remains as a party on the Transaction Effective Date) shall be eligible to receive Warrant Entitlements in accordance with the New Lock-Up Agreement.

For the avoidance of doubt, an SSN Holder that delivers an Accession Letter but fails to deliver a completed Irrevocable Instruction and Authorisation Letter will be bound by the New Lock-Up Agreement (including, without limitation, clauses 3.5 (Specific Undertakings by the Consenting Noteholders) and 6 (Transfers) thereunder) but, without prejudice to any other rights or remedies of any Company Party under the New Lock-Up Agreement, will not be entitled to receive any Warrant Entitlements.

Shareholders and Subordinated PIK Noteholders

To accede to the New Lock-Up Agreement, a Shareholder and Subordinated PIK Noteholder will be required to complete, sign and **submit to the Information Agent** the following documents:

- a) an **Accession Letter** (in the form attached as Schedule 3 to the New Lock-Up Agreement); and
- b) a **Confidential Annexure** (in the form attached to the form of Accession Letter attached as Schedule 3 to the New Lock-Up Agreement).

The Shareholder Meeting will be held at the registered office of Codere New Topco S.A. in Luxembourg. A Shareholder may participate in the Shareholder Meeting by returning a vote in writing or appointing a proxyholder of the Shareholder's choice who will attend. Shareholders should therefore complete, sign and **submit to Intertrust Luxembourg**, as administrators of the Shareholder Meeting on behalf of Codere New Topco S.A., an Attendance and Proxy Form (in the form attached to the convening notice of the Shareholders' Meeting Convening Notice) with either the **Voting section** (option 1) or **Proxy voting section** (option 2) completed.