

April 23, 2021

Codere S.A. (the "**Company**" and together with its subsidiaries, "**Codere**"), and Codere Finance 2 (Luxembourg) S.A. ("**Codere Finance**") and Codere Finance 2 (UK) Limited (the "**Issuers**"), hereby announce the following:

ANNOUNCEMENT OF RESTRUCTURING AND BRIDGE FUNDING

Introduction

Codere's operations continue to be severely affected by the Covid-19 pandemic and the consequential operating restrictions in force in many of Codere's markets during 2020 and into 2021.

As referred to in the Company's inside information announcement dated 30 March 2021 (register number 828), as part of its 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 €250m super senior secured notes due 2023 (the "**Super Senior Notes**") and its €500m and \$300m senior secured notes due 2023 (the "**Senior Notes**" and together with the Super Senior Notes, the "**Notes**" and the holders thereof "**Noteholders**"). The Ad Hoc Committee collectively hold approximately 68% of the Super Senior Notes, and approximately 50% of the Senior Notes.

The Company and the Issuers hereby announce that they have now entered into the following agreements with the Ad Hoc Committee:

- note purchase agreements to provide EUR 100 million of cash bridge funding by way of issuance of further Super Senior Notes (the "**Bridge Notes**") by Codere Finance. As described further below, holders of Codere's Senior Notes (the "**Senior Noteholders**") who are eligible under applicable securities laws have the opportunity to purchase Bridge Notes, pro rata to their holdings of Senior Notes; and
- a lock-up agreement (the "**Lock-Up Agreement**") in relation to a proposed restructuring transaction (the "**Restructuring**"). Codere encourages all Noteholders wishing to consent to the Restructuring to accede to the Lock-Up Agreement as soon as possible, and notes that Noteholders who accede early will be eligible to receive certain consent fees on completion of the Restructuring, as described below.

Codere expects the Restructuring to complete by 30 September 2021, and to provide further updates on the implementation timeline as it progresses.

Bridge Notes

The Bridge Notes will be provided by Codere's Senior Noteholders in two tranches:

- a first tranche of approximately EUR 31 million (EUR 30 million before adding the 3% original issue discount), which will be purchased solely by members of the Ad Hoc Committee (the "**First Tranche**").
- a second tranche of approximately EUR 72m (EUR 70 million before adding the 3% original issue discount), which all Senior Noteholders will be 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 will be reduced by the amount of the First Tranche, so that all Senior Noteholders have the opportunity to participate pro rata to their holdings in the Senior Notes.

The Bridge Notes benefit 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.

An offering memorandum for the Second Tranche is available from Codere's Information Agent, whose contact details are at the foot of this announcement. Senior Noteholders wishing to participate in the Second Tranche will need to take certain steps, including submitting an Account Holder Letter by no later than 12 May 2021, clearing KYC by no later than 14 May 2021 (which will require relevant materials to be submitted at an earlier date) and ensuring an escrow

account is funded with the principal amount of their Bridge Notes allocation plus an amount for pre-funded interest by no later than 18 May 2021.

The First Tranche will be used to help fund Codere's operations, and is expected to be issued on or about 27 April 2021. The Second Tranche will be used to fund Codere's operations and pay interest on the Super Senior Notes and the Senior Notes, and are expected to be issued on or about 24 May 2021. The Ad Hoc Committee will backstop the Bridge Notes to ensure that the full amount is funded, and will receive a fee equal to 2% of the Bridge Notes.

A supplemental indenture to permit the issuance of the Bridge Notes within the Super Senior Notes basket limits [has been entered into] [will be entered into shortly and in any event prior to the issuance of the First Tranche].

Restructuring of equity and anticipated liquidation of the 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 the Senior Noteholders. The remaining 5% of the equity in New Topco will be owned by the Company.

In addition, the 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 €220m (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.

Following completion of the Restructuring, the 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 and Warrants, or in cash as a result of selling the shares and Warrants that would otherwise be distributed to these shareholders.

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**").

The Company hereby confirms that it has received undertakings from the holders of over 60% of its shares to vote in favour of the resolutions to be considered at the Meeting, as well as to provide certain further support for the Restructuring.

Restructuring of debt

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

- The provision of up further EUR 125m of cash funding by the issuance of additional Super Senior Notes (amended as described below) (the "**New Money Notes**"). For the avoidance of doubt, the New Money Notes are in addition to the Bridge Notes. All Senior Noteholders will be given a pro rata opportunity to purchase New Money Notes.
- Amendments to the terms of the Super Senior Notes, including:
 - an extension of maturities to 30 September 2026;
 - amendments to the interest rate to 8% cash coupon plus 3% PIK (or, if available liquidity is less than EUR 100m 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**") equal to c. \$81m and €135m respectively (Exact amounts will depend on transaction date). The Reinstated Notes will:
 - Pay 2% cash interest, plus: 10.75% PIK interest for the Reinstated Notes denominated in EUR, or 11.625% PIK interest for the Reinstated Notes denominated in USD.
 - Mature on 30 November 2027.
- 29% of the Senior Notes' outstanding principal amount equal to c. €226m (Exact amounts will depend on transaction date and EUR/USD exchange rate), plus the approximately €18m cash interest, which would be the accrued portion assuming transaction close in October 2021, 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 30 November 2027.
 - Have no recourse to the operating group.
 - Be stapled to equity in New Topco (see below).
 - The balance of the Senior Notes, equal to c. €367m 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.

Consent Fees

Noteholders who confirm 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:

- 18 May: 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
- 28 May: 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 favour 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.

Further information

An offering document for the Second Tranche Bridge Notes is available here https://glas.agency/investor_reporting/codere-s-a/ and from Codere's Information Agent (details below).

Term sheets detailing the terms of the Restructuring are scheduled to the Lock-Up Agreement, which is available here https://glas.agency/investor_reporting/codere-s-a/ and from Codere's Information Agent (details below). Existing Noteholders who wish to accede to the Lock-Up Agreement should visit the Information Agent's website or contact the Information Agent using the details below.

Codere encourages all Noteholders wishing to consent to the Restructuring to accede to the Lock-Up Agreement as soon as possible.



Codere S.A.
Avda. de Bruselas, 26
28108 Alcobendas
Madrid

Codere Finance 2 (Luxembourg) S.A.
7, rue Robert Stümper
L-2557
Luxembourg

Codere Finance 2 (UK) Limited
Suite 1, 3rd Floor
11 - 12 St. James's Square
London, SW1Y 4LB
United Kingdom

Contact information

For further information please contact Codere's Information Agent or the advisers to Codere and/or the Ad Hoc Committee:

GLAS Specialist Services Limited, Information Agent for Codere
LM@glas.agency

Houlihan Lokey, financial adviser to Codere
ProjectTokenHL@hl.com

Clifford Chance LLP, legal adviser to Codere
CCProjectToken@CliffordChance.com

PJT Partners, financial adviser to the Ad Hoc Committee
ProjectCasino@pjtpartners.com

Milbank LLP, legal adviser to the Ad Hoc Committee
Casino_Milbank@milbank.com

Gómez-Acebo & Pombo Abogados, S. L. P., legal adviser to the Ad Hoc Committee
gapcode@ga-p.com