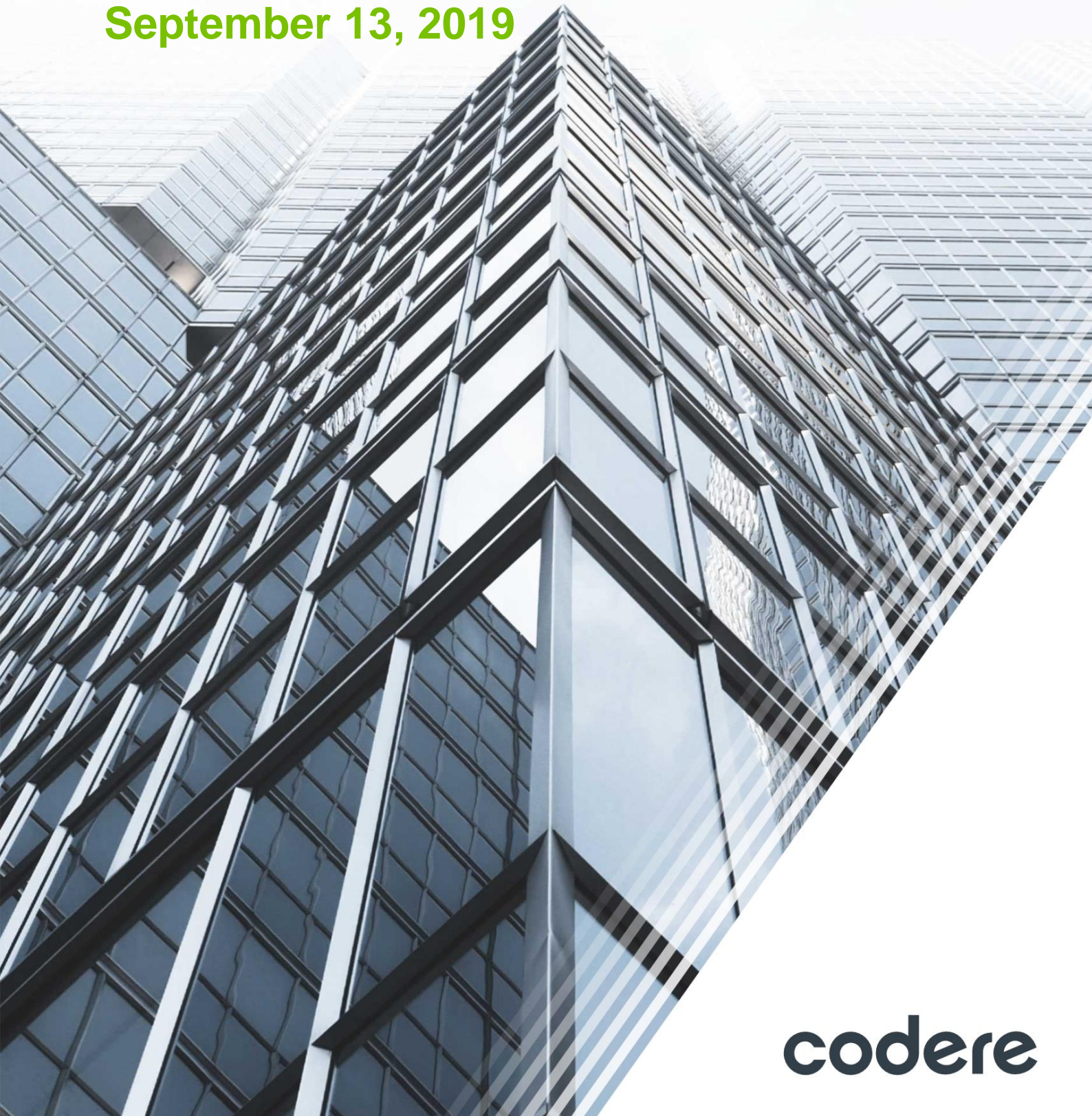


H1 2019 Earnings Results

September 13, 2019



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Financial and Operating Overview

Herein, figures presented above Operating Profit (other than non-recurring items and impairment charges) are shown excluding the impact of non-recurring items as well as the impact resulting from the application of IAS 29. Adjusted EBITDA refers to EBITDA¹ excluding all non-recurring items and not considering Argentine figures according to IAS 29 standards (inflation accounting).

In 2019 we have started to apply IFRS 16, breaking down its impact on our Income Statement on Rentals, D&A and Financial Expenses. For comparability purposes, we have provided the proforma impact of this accounting standard in 2018, as well as the Adjusted EBITDA metric prior to its application (i.e. comparable with that of 2018).

Additionally, we have started to report our Online business unit on a standalone basis within “Other Operations”. As such, 2018 figures for Spain, Mexico and Colombia, which included the Online result, will vary from prior earning releases.

- H1 2019 Operating Revenue decreased by 6.2% to €712.4 mm, driven by growth in Mexico, Online, Spain, Italy and Uruguay being offset by a €71.9 mm decrease in Argentina due to the depreciation of Argentine Peso against the Euro.
- H1 2019 Adjusted EBITDA reached €138.3 mm, 4.1% above H1 2018, driven by EBITDA increases in Mexico, Online and Spain (thanks to capacity growth and continuous performance enhancements), as well as in Uruguay and Colombia, being offset by Argentina’s €19.5 mm reduction due to the Argentine Peso devaluation and the new tax cash out tax, and Italy, which decreased €3.1 mm due to the higher gaming taxes (PREU).
- H1 2019 Adjusted EBITDA margin reached 19.4%, 1.9 percentage points above H1 2018 thanks to sustained operational efficiencies, that more than compensated gaming tax increases and the loss in relative weight of our high margin Argentinian operation.
- In terms of H1 2019 results post IFRS 16, Operating profit (pre inflation accounting) increased to €77.9 mm from €72.8 mm in H1 2018 thanks to the 55.7% reduction on non-recurring items, while EBITDA post IFRS 16 reached €163.3 mm vs. €152.7 mm in H1 2018 (6.9% growth).
- Inflation accounting resulted in the following impacts in H1 2019:
 - (i) Negative impact of €3.9 mm on Operating Profit, broken down as follows:
 - a. impact on EBITDA of positive €1.7 mm;
 - b. impact on Other Opex below EBITDA of negative €5.6 mm;
 - (ii) Inflation adjustment as interest expense (€1.0 mm) and
 - (iii) Inflation adjustment as higher corporate income tax (€5.6 mm).

To enable comparability with our previously reported Adjusted EBITDA, the full amount under (a) is added back to EBITDA, together with non-recurring items.

- In H1 2019, our net profit prior to the application of IAS 29 and IFRS 16 would have been positive at €7.6 mm. Application of the new accounting standard increases financial expenses and Corporate Income Tax, resulting in a net loss of €8.5 mm.
- Capex in H1 2019 was €37.6 mm, 34.2% below H1 2018, and included €33.2 mm of maintenance capex and €4.4 mm for growth projects. IFRS 16 related capex resulted in a negative figure of €9.2 mm, mainly due to the discontinuation of certain leases.
- As of June 30, 2019, we had €80.9 mm in cash and equivalents and €143.7 mm in total liquidity (i.e. including availability under the SSRFCF) vs €81.8 and €159.7 mm as of December 31, 2018.
- In terms of gaming capacity, the total number of slots increased 0.8% to 56,589 in H1 2019 driven by growth in Mexico, Spain and Uruguay more than offsetting the reduction in Italy, Colombia and Panama. In terms of venues, gaming halls increased from 145 to 148, sports betting shops decreased from 577 to 450 and bars decreased from 9,971 to 9,864 in H1 2019.

¹ EBITDA, as defined by the Company, is operating profit (EBIT) plus depreciation and amortization, variation in provisions for trade transactions, gains / (losses) on asset disposals, and impairment charges.

Consolidated Income Statement

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue	376.0	354.7	(5.7%)	759.3	712.4	(6.2%)
Gaming & Other Taxes	(135.6)	(123.7)	8.8%	(278.0)	(250.7)	9.8%
Personnel	(70.6)	(61.9)	12.3%	(136.6)	(122.8)	10.1%
Rentals (Pre-IFRS 16)	(28.8)	(25.9)	9.9%	(58.1)	(52.6)	9.5%
Capitalized Operating Leases	21.5	17.6	(18.1%)	43.7	35.6	(18.6%)
Rentals	(7.3)	(8.3)	(14.2%)	(14.4)	(17.0)	(17.9%)
Cost of Goods Sold	(13.8)	(13.3)	3.4%	(25.9)	(26.0)	(0.2%)
Other	(62.2)	(59.5)	4.4%	(127.8)	(122.1)	4.5%
Operating Expenses (excl. D&A)	(289.4)	(266.7)	7.8%	(582.7)	(538.5)	7.6%
Depreciation & Amortization (Pre-IFRS 16)	(27.4)	(32.9)	(20.4%)	(54.5)	(63.9)	(17.3%)
Depreciation of Capitalized Operating Leases	(10.7)	(9.8)	8.4%	(22.8)	(19.8)	13.1%
Depreciation & Amortization	(38.0)	(42.7)	(12.3%)	(77.3)	(83.7)	(8.3%)
Variation in Provisions for Trade Transactions ⁽¹⁾	(0.6)	(1.0)	(64.2%)	(1.1)	(1.3)	(17.4%)
Gains / (Losses) on Asset Disposals ⁽²⁾	(1.0)	0.1	n.a.	(1.4)	(0.3)	79.1%
Impairment Charges	(0.0)	0.0	n.a.	(0.0)	0.0	n.a.
Non-Recurring Items	(12.0)	(7.5)	37.0%	(23.9)	(10.6)	55.7%
Operating Profit (Pre-Inflation Accounting)	34.9	36.9	5.5%	72.8	77.9	7.0%
Inflation Adjustment on Operating Expenses ^(3,4)	0.0	(0.7)	n.a.	0.0	(3.9)	n.a.
Operating Profit (Post-Inflation Accounting)	34.9	36.2	3.7%	72.8	74.0	1.7%
Interest Expense (Pre-IFRS 16)	(17.0)	(18.1)	(6.1%)	(34.5)	(35.3)	(2.2%)
Financial Expenses from Capitalized Operating Leases	(11.9)	(12.0)	(1.3%)	(25.5)	(23.6)	7.2%
Interest Expense	(28.9)	(30.1)	(4.1%)	(60.0)	(58.9)	1.8%
Interest Income	0.6	0.7	26.5%	1.6	1.3	(16.0%)
Gains / (Losses) from Financial Investments	(0.0)	(0.1)	n.a.	(0.0)	(0.2)	n.a.
Gains / (Losses) from Exchange Rate Variations	(26.4)	1.4	n.a.	(22.5)	(1.5)	93.3%
Inflation Adjustment ⁽⁵⁾	0.0	(1.0)	n.a.	0.0	(1.0)	n.a.
Earnings before Corporate Income Taxes	(19.8)	7.2	n.a.	(8.1)	13.7	n.a.
Provision for Corporate Income Taxes ⁽⁶⁾ (including IFRS 16)	(14.3)	(4.7)	67.3%	(27.6)	(13.2)	52.2%
Inflation Adjustment on CIT ⁽⁷⁾	0.0	(5.6)	n.a.	0.0	(5.6)	n.a.
Minority Interests in Subsidiary (Income) / Loss	(1.7)	(1.4)	16.7%	(2.7)	(3.1)	(12.6%)
Equity in Affiliate Income / (Loss)	(0.1)	(0.2)	n.a.	(0.3)	(0.3)	(22.9%)
Net Income / (Loss)	(35.9)	(4.8)	86.7%	(38.7)	(8.5)	78.0%
EBITDA						
EBIT (Operating Profit)	34.9	36.2	3.7%	72.8	74.0	1.7%
(+) Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
(+) (Gains) / Losses on Asset Disposals	1.0	(0.1)	n.a.	1.4	0.3	(79.1%)
(+) Variation in Provisions for Trade Transactions	0.6	1.0	64.2%	1.1	1.3	17.4%
(+) Depreciation & Amortization	38.0	42.7	12.3%	77.3	83.7	8.3%
(+) Inflation Adjustment on Other Opex ⁽⁴⁾	0.0	3.4	n.a.	0.0	5.6	n.a.
EBITDA	74.6	83.1	11.5%	152.7	165.0	8.1%
<i>EBITDA Margin</i>	<i>19.8%</i>	<i>23.4%</i>	<i>3.6 p.p.</i>	<i>20.1%</i>	<i>23.2%</i>	<i>3.1 p.p.</i>
Adjusted EBITDA						
Adjusted EBITDA (Post-IFRS 16)	86.5	88.0	1.7%	176.6	173.9	(1.5%)
(-) Capitalized Operating Leases	(21.5)	(17.6)	18.1%	(43.7)	(35.6)	18.6%
Adjusted EBITDA	65.0	70.3	8.2%	132.9	138.3	4.1%
<i>Adjusted EBITDA Margin</i>	<i>17.3%</i>	<i>19.8%</i>	<i>2.5 p.p.</i>	<i>17.5%</i>	<i>19.4%</i>	<i>1.9 p.p.</i>
Adjusted EBITDA (Post-IFRS 16)						
EBITDA	74.6	83.1	11.5%	152.7	165.0	8.1%
(+) Non-Recurring Items	12.0	7.5	(37.0%)	23.9	10.6	(55.7%)
(+) Inflation Adjustment on EBITDA ⁽³⁾	0.0	(2.7)	n.a.	0.0	(1.7)	n.a.
Adjusted EBITDA (Post-IFRS 16)	86.5	88.0	1.7%	176.6	173.9	(1.5%)
<i>Adjusted EBITDA (Post-IFRS 16) Margin</i>	<i>23.0%</i>	<i>24.8%</i>	<i>1.8 p.p.</i>	<i>23.3%</i>	<i>24.4%</i>	<i>1.1 p.p.</i>

¹ Figures reflect change in provisions on advances to site owners in connection with contracts to install our machines in their establishments.

² Figures primarily reflect disposal of gaming machines;

³ Figure reflects, following IAS 29, the net impact on revenues and costs above EBITDA from applying Argentinean inflation to the end of the reporting period on the accrued items and ARS/EUR exchange rate as of June 30, 2019.

⁴ Figure reflects, following IAS 29, the net impact on costs above Operating Profit from applying Argentinean inflation to the end of the reporting period on the accrued items and ARS/EUR exchange rate as of June 30, 2019, excluding impact on items above EBITDA.

⁵ Figure includes the impact from applying end of period inflation on fixed assets.

⁶ Figure reflects Provision for CIT after applying IFRS 16 accounting standard.

⁷ Figure includes the impact of inflation accounting on corporate income tax in Argentina.

- **Operating Revenue** decreased by €46.9 mm or 6.2% to €712.4 mm in H1 2019, due to the decrease in revenues in Argentina (€71.9 mm) as a result of the Argentine peso devaluation, partially offset by growth in Mexico (€11.4 mm), Online (€9.7 mm), Italy (€4.8 mm), and Spain (€4.9 mm).
- **Operating Expenses** (excluding depreciation and amortization) decreased by €44.2 mm or 7.6% to €538.5 mm, primarily due to a decrease in costs in Argentina of €51.5 mm associated to the Argentine peso devaluation reducing gaming taxes and personnel costs.
- **Adjusted EBITDA** increased €5.4 mm to €138.3 mm in H1 2019, as a result of EBITDA growth in Mexico, Online Spain, Uruguay and Colombia, partially offset by the decline in Argentina (driven by the aforementioned devaluation) and Italy as a result of increased taxes.
- **Adjusted EBITDA (Post-IFRS 16)** reached €173.9 mm, thanks to the reduction in leases of €35.6 mm as a result of the new criteria applied for capitalization of assets.
- **Non-Recurring Items** in H1 2019 were €10.6 mm (including marketing expenses related to online growth), significantly below the €23.9 mm in H1 2018.
- **Inflation Adjustment** in H1 2019 represents a loss of €1.7 mm (impact on EBITDA). At the net income level, the impact is a net loss of €10.5 mm.
- **Operating Profit** (prior to considering inflation accounting for Argentina) increased by €5.1 mm to €77.9 mm in H1 2019. This positive evolution reflects a reduction of non-recurring items together with operating profit growth in most markets, especially in Mexico (€10.1 mm increase), partially offset by the decline in Argentina.
- **Interest Expense** (excluding financial expenses from capitalized operating leases) increased by €0.8 mm to €35.3 mm. **Interest income** decreased by €0.3 mm to €1.3 mm.
- Losses on **Exchange Rate Variations** reached €1.5 mm in H1 2019 versus losses of €22.5 mm in H1 2018, driven by the appreciation of the US dollar.
- Provision for **Corporate Income Tax (including IFRS 16)** decreased by €14.4 mm to €13.2 mm in H1 2019, primarily due to the devaluation of the Argentine Peso.
- **Minority Interest** represents a loss of €3.1 mm in H1 2019.
- As a result of the aforementioned results, the **Net Loss** in H1 2019 was €8.5 mm, compared to a Net Loss of €38.7 mm in H1 2018.

Revenue and Adjusted EBITDA¹

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue						
Argentina	109.9	80.0	(27.2%)	232.6	160.7	(30.9%)
Mexico	80.0	84.2	5.3%	156.4	167.8	7.2%
Panama	22.6	19.2	(15.2%)	44.4	38.3	(13.8%)
Uruguay	18.3	18.4	0.7%	35.1	37.3	6.3%
Colombia	5.6	5.3	(6.3%)	11.6	10.8	(6.8%)
Sub-Total - Latin America	236.5	207.1	(12.4%)	480.1	414.8	(13.6%)
Italy	81.4	85.1	4.5%	166.8	171.6	2.9%
Spain	46.3	47.5	2.6%	91.2	96.1	5.4%
Sub-Total - Europe	127.8	132.6	3.8%	258.0	267.7	3.7%
Online	11.4	14.9	31.1%	20.2	29.9	47.5%
Total	375.7	354.7	(5.6%)	758.4	712.4	(6.1%)
Adjusted EBITDA						
Argentina	24.4	17.3	(29.0%)	53.6	34.1	(36.4%)
Mexico	22.3	31.9	43.4%	43.9	61.6	40.5%
Panama	4.3	2.9	(32.5%)	7.8	5.8	(25.7%)
Uruguay	4.2	5.1	21.9%	8.0	10.0	24.7%
Colombia	0.6	1.6	n.a.	1.2	3.1	n.a.
Sub-Total - Latin America	55.8	58.8	5.5%	114.5	114.6	0.1%
Italy	5.2	3.6	(31.0%)	11.4	8.3	(27.5%)
Spain	7.7	9.5	23.5%	15.4	19.1	24.2%
Sub-Total - Europe	13.0	13.1	1.5%	26.8	27.4	2.1%
Corporate	(3.6)	(2.8)	21.4%	(6.8)	(6.1)	10.9%
Online	(0.1)	1.2	n.a.	(1.6)	2.4	n.a.
Total	65.0	70.3	8.2%	132.9	138.3	4.1%

Earnings per Share

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Earnings per Share						
Net Income / (Loss) (EUR mm)	(35.9)	(4.8)	86.7%	(38.7)	(8.5)	78.0%
Average Shares Issued & Outstanding⁽²⁾ (mm):						
Basic	119	118	(0%)	119	119	-
Earnings per Share (EUR):						
Basic	(0.30)	(0.04)	86.7%	(0.33)	(0.07)	78.0%

¹ Figures exclude Brazilian Operating Revenue of €0.3 mm and €0.9 mm in Q2 and H1 2018, respectively. Brazilian Adjusted EBITDA of €(0.1) mm in both H1 2018 and H1 2019, included under Corporate.

² Figure excludes treasury shares.

Revenue and Adjusted EBITDA at Constant Currency¹

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue						
Argentina	109.9	142.3	29.4%	232.6	290.4	24.8%
Mexico	80.0	78.4	(2.1%)	156.4	157.4	0.6%
Panama	22.6	18.1	(20.0%)	44.4	35.7	(19.5%)
Uruguay	18.3	20.2	10.0%	35.1	40.2	14.6%
Colombia	5.6	5.7	0.9%	11.6	11.3	(2.7%)
Sub-Total - Latin America	236.5	264.6	11.9%	480.1	534.9	11.4%
Italy	81.4	85.1	4.5%	166.8	171.6	2.9%
Spain	46.3	47.5	2.6%	91.2	96.1	5.4%
Sub-Total - Europe	127.8	132.6	3.8%	258.0	267.7	3.7%
Online	11.4	14.9	31.1%	20.2	29.9	47.5%
Total	375.7	412.2	9.7%	758.4	832.5	9.8%
Adjusted EBITDA						
Argentina	24.4	30.8	26.2%	53.6	61.6	14.8%
Mexico	22.3	29.7	33.4%	43.9	57.8	31.9%
Panama	4.3	2.7	(36.3%)	7.8	5.4	(30.7%)
Uruguay	4.2	5.6	33.2%	8.0	10.7	34.5%
Colombia	0.6	1.7	n.a.	1.2	3.2	n.a.
Sub-Total - Latin America	55.8	70.5	26.5%	114.5	138.8	21.2%
Italy	5.2	3.6	(31.0%)	11.4	8.3	(27.5%)
Spain	7.7	9.5	25.3%	15.4	19.1	24.2%
Sub-Total - Europe	13.0	13.1	1.1%	26.8	27.4	2.1%
Corporate	(3.6)	(2.8)	23.0%	(6.8)	(6.1)	10.9%
Online	(0.1)	1.2	n.a.	(1.6)	2.4	n.a.
Total	65.0	82.0	26.2%	132.9	162.5	22.3%

¹ Figures exclude Brazilian Operating Revenue of €0.3 mm and €0.9 mm in Q2 and H1 2018, respectively. Brazilian Adjusted EBITDA of €(0.1) mm in both H1 2018 and H1 2019, included under Corporate.

Operating Expenses¹

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var.	2018	2019	Var.
Operating Revenue	376.0	354.7	(5.7%)	759.3	712.4	(6.2%)
Gaming & Other Taxes	(135.6)	(123.7)	8.8%	(278.0)	(250.7)	9.8%
Personnel	(70.6)	(61.9)	12.3%	(136.6)	(122.8)	10.1%
Rentals	(7.3)	(8.3)	(14.2%)	(14.4)	(17.0)	(17.9%)
Cost of Goods Sold	(13.8)	(13.3)	3.4%	(25.9)	(26.0)	(0.2%)
Other	(62.2)	(59.5)	4.4%	(127.8)	(122.1)	4.5%
Operating Expenses (excl. D&A)	(289.4)	(266.7)	7.8%	(582.7)	(538.5)	7.6%
Gaming & Other Taxes						
Gaming Taxes	(111.3)	(104.5)	6.1%	(229.0)	(210.2)	8.2%
Other Taxes	(24.3)	(19.2)	20.9%	(49.0)	(40.6)	17.2%
Total	(135.6)	(123.7)	8.8%	(278.0)	(250.7)	9.8%
Rentals						
Gaming Venues & Other	(2.2)	(1.9)	12.8%	(4.3)	(4.0)	6.1%
Slots	(5.1)	(6.4)	(24.7%)	(10.1)	(13.0)	(28.5%)
Total	(7.3)	(8.3)	(13.6%)	(14.4)	(17.0)	(18.2%)
Other						
Professional Fees ⁽²⁾	(4.1)	(4.9)	(21.5%)	(11.0)	(10.5)	4.7%
Advertising and Marketing	(12.0)	(12.3)	(1.9%)	(23.2)	(24.0)	(3.4%)
Utilities	(12.2)	(11.6)	5.0%	(23.9)	(23.5)	1.6%
Repairs & Maintenance ⁽³⁾	(6.3)	(5.9)	7.3%	(13.3)	(12.1)	9.5%
Insurance ⁽⁴⁾	(1.3)	(0.7)	48.9%	(2.5)	(2.2)	11.7%
Travel	(1.2)	(1.1)	8.1%	(2.2)	(2.1)	4.3%
Transportation ⁽⁵⁾	(0.8)	(0.8)	6.6%	(1.5)	(1.5)	4.6%
Other Expenses	(24.3)	(22.4)	8.1%	(50.1)	(46.2)	7.8%
Total	(62.2)	(59.5)	4.4%	(127.8)	(122.1)	4.5%
As % of Operating Revenue (Var. in p.p.)						
Operating Revenue	100.0%	100.0%	-	100.0%	100.0%	-
Gaming & Other Taxes	36.1%	34.9%	(1.2)	36.6%	35.2%	(1.4)
Personnel	18.8%	17.5%	(1.3)	18.0%	17.2%	(0.8)
Rentals	1.9%	2.3%	0.4	1.9%	2.4%	0.5
Cost of Goods Sold	3.7%	3.8%	0.1	3.4%	3.6%	0.2
Other	16.5%	16.8%	0.2	16.8%	17.1%	0.3
Operating Expenses (excl. D&A)	77.0%	75.2%	(1.8)	76.7%	75.6%	(1.2)
Gaming & Other Taxes						
Gaming Taxes	29.6%	29.5%	(0.1)	30.2%	29.5%	(0.7)
Other Taxes	6.5%	5.4%	(1.0)	6.5%	5.7%	(0.8)
Total	36.1%	34.9%	(1.2)	36.6%	35.2%	(1.4)
Rentals						
Gaming Venues & Other	0.6%	0.5%	(0.0)	0.6%	0.6%	0.0
Slots	1.4%	1.8%	0.4	1.3%	1.8%	0.5
Total	1.9%	2.3%	0.4	1.9%	2.4%	0.5
Other						
Professional Fees ⁽²⁾	1.1%	1.4%	0.3	1.5%	1.5%	0.0
Advertising and Marketing	3.2%	3.5%	0.3	3.1%	3.4%	0.3
Utilities	3.2%	3.3%	0.0	3.1%	3.3%	0.2
Repairs & Maintenance ⁽³⁾	1.7%	1.7%	(0.0)	1.8%	1.7%	(0.1)
Insurance ⁽⁴⁾	0.4%	0.2%	(0.2)	0.3%	0.3%	(0.0)
Travel	0.3%	0.3%	(0.0)	0.3%	0.3%	0.0
Transportation ⁽⁵⁾	0.2%	0.2%	(0.0)	0.2%	0.2%	0.0
Other Expenses	6.5%	6.3%	(0.2)	6.6%	6.5%	(0.1)
Total	16.5%	16.8%	0.2	16.8%	17.1%	0.3

¹ Figures exclude non-recurring items.

² Figures exclude payments to personnel via outsourcing agreements in Mexico which are re-classified as personnel expense.

³ Includes cleaning services and general supplies consumed.

⁴ Includes insurance (including surety bonds) premiums and letter of credit fees.

⁵ Includes armored vehicles for route collections and other transportation costs.

Mexico

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue	80.0	84.2	5.3%	156.4	167.8	7.2%
Gaming & Other Taxes	(8.7)	(8.2)	5.0%	(16.2)	(16.8)	(3.6%)
Personnel ⁽¹⁾	(13.6)	(13.0)	4.9%	(27.3)	(25.6)	6.3%
Rentals (Pre-IFRS 16)	(15.6)	(13.4)	14.0%	(30.9)	(27.6)	10.6%
Capitalized Operating Leases	10.9	8.5	(22.3%)	21.9	17.0	(22.4%)
Rentals	(4.7)	(4.9)	(5.5%)	(9.0)	(10.6)	(18.2%)
Cost of Goods Sold	(4.0)	(3.5)	11.7%	(7.3)	(7.2)	1.6%
Other	(15.9)	(14.2)	10.7%	(30.9)	(28.9)	6.3%
Operating Expenses (excl. D&A)	(46.8)	(43.8)	6.4%	(90.7)	(89.1)	1.7%
Depreciation & Amortization (Pre-IFRS 16)	(9.6)	(13.4)	(40.3%)	(18.9)	(26.3)	(39.1%)
Depreciation of Capitalized Operating Leases	(4.2)	(3.7)	12.6%	(8.9)	(7.3)	17.8%
Depreciation & Amortization	(13.8)	(17.1)	(24.1%)	(27.8)	(33.6)	(20.9%)
Variation in Provisions for Trade Transactions	0.0	0.0	n.a.	0.0	0.0	n.a.
Gains / (Losses) on Asset Disposals ⁽²⁾	(0.3)	(0.0)	99.1%	(0.4)	(0.0)	93.2%
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(2.3)	(2.0)	10.5%	(3.5)	(0.8)	76.0%
Operating Profit	16.8	21.3	26.7%	34.1	44.2	29.5%
EBITDA	30.9	38.4	24.2%	62.3	77.8	24.9%
<i>EBITDA Margin</i>	<i>38.6%</i>	<i>45.6%</i>	<i>7.0 p.p.</i>	<i>39.8%</i>	<i>46.4%</i>	<i>6.6 p.p.</i>
Adjusted EBITDA (Post-IFRS 16)	33.2	40.4	21.8%	65.8	78.6	19.6%
<i>Adjusted EBITDA (Post-IFRS 16) Margin</i>	<i>41.5%</i>	<i>48.0%</i>	<i>6.5 p.p.</i>	<i>42.0%</i>	<i>46.9%</i>	<i>4.9 p.p.</i>
Adjusted EBITDA	22.3	31.9	43.4%	43.9	61.6	40.5%
<i>Adjusted EBITDA Margin</i>	<i>27.8%</i>	<i>37.9%</i>	<i>10.1 p.p.</i>	<i>28.0%</i>	<i>36.7%</i>	<i>8.7 p.p.</i>
Economic Indicators						
Average Exchange Rate - EUR/MXN	23.12	21.50	(7.0%)	23.08	21.65	(6.2%)
Average Inflation (YoY)	4.6%	4.2%	(0.4 p.p.)	4.9%	4.2%	(0.8 p.p.)
Key Performance Indicators						
Avg. Installed Capacity (Slots)	20,407	21,529	5.5%	20,118	21,675	7.7%
Gross Win per Slot per Day:						
EUR	35.2	36.5	3.5%	35.4	35.2	(0.6%)
Local Currency	814	784	(3.7%)	818	763	(6.8%)

- **Operating Revenue** in H1 2019 increased by €11.4 mm (7.2%) compared to H1 2018 despite the more competitive environment, driven by growth of 7.7% in the average number of slots and the 6.2% depreciation of Euro against the Mexican Peso.

In 2019 we are operating 4 additional halls versus H1 2018, two re-openings, a greenfield and an acquisition as reported in Q4 2018.

- **Operating Expenses (excluding D&A)** decreased 1.7% in H1 2019 as a result of personnel and rentals cost reductions partially offset by the operation of the new halls and higher gaming taxes associated with higher revenues.
- **Adjusted EBITDA** increased by 40.5% to €61.6 mm as a result of the positive revenue trend combined with cost reductions, and the positive impact of the acquisition of machines in Q3 and Q4 2018. Adjusted EBITDA margin increased 8.7 percentage points to 36.7% versus 28.0% in H1 2018.

¹ Includes personnel costs related to outsourced employees.

² Figures reflect primarily disposal of gaming machines.

Argentina

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue	109.9	80.0	(27.2%)	232.6	160.7	(30.9%)
Gaming & Other Taxes	(50.7)	(35.9)	29.2%	(108.2)	(72.6)	32.8%
Personnel	(18.9)	(14.7)	22.1%	(37.4)	(28.7)	23.2%
Rentals (Pre-IFRS 16)	(3.0)	(2.3)	23.3%	(6.2)	(4.7)	24.6%
Capitalized Operating Leases	1.8	1.4	(23.8%)	3.7	2.9	(22.2%)
Rentals	(1.2)	(0.9)	22.4%	(2.5)	(1.8)	28.1%
Cost of Goods Sold	(1.9)	(2.0)	(9.0%)	(3.8)	(4.0)	(5.5%)
Other	(11.1)	(7.7)	30.4%	(23.5)	(16.6)	29.2%
Operating Expenses (excl. D&A)	(83.7)	(61.3)	26.8%	(175.3)	(123.8)	29.4%
Depreciation & Amortization (Pre-IFRS 16)	(1.5)	(1.5)	3.9%	(3.3)	(2.9)	11.8%
Depreciation of Capitalized Operating Leases	(1.3)	(0.7)	47.4%	(2.9)	(1.6)	44.5%
Depreciation & Amortization	(2.9)	(2.2)	24.1%	(6.2)	(4.5)	27.0%
Variation in Provisions for Trade Transactions	0.0	0.0	n.a.	0.0	0.0	n.a.
Gains / (Losses) on Asset Disposals ⁽¹⁾	(0.4)	0.2	n.a.	(0.4)	0.2	n.a.
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(0.7)	(0.9)	(24.6%)	(2.0)	(1.6)	20.7%
Operating Profit (Pre-Inflation Accounting)	22.2	15.8	(28.9%)	48.8	31.0	(36.3%)
Inflation Adjustment on Operating Expenses ⁽²⁾	0.0	(0.7)	n.a.	0.0	(3.9)	n.a.
Operating Profit (Post-Inflation Accounting)	22.2	15.1	(31.8%)	48.8	27.2	(44.3%)
EBITDA	25.5	20.5	(19.5%)	55.3	37.1	(32.9%)
<i>EBITDA Margin</i>	23.2%	25.6%	2.4 p.p.	23.8%	23.1%	(0.7 p.p.)
Adjusted EBITDA (Post-IFRS 16)	26.2	18.7	(28.7%)	57.3	37.0	(35.5%)
<i>Adjusted EBITDA (Post-IFRS 16) Margin</i>	23.8%	23.3%	(0.5 p.p.)	24.6%	23.0%	(1.6 p.p.)
Adjusted EBITDA	24.4	17.3	(29.0%)	53.6	34.1	(36.4%)
<i>Adjusted EBITDA Margin</i>	22.2%	21.6%	(0.6 p.p.)	23.1%	21.2%	(1.9 p.p.)
Economic Indicators						
Average Exchange Rate - EUR/ARS	27.98	49.38	76.5%	26.11	46.89	79.6%
Average Inflation (YoY)	27.1%	56.4%	29.3 p.p.	26.3%	54.2%	27.9 p.p.
Key Performance Indicators						
Avg. Installed Capacity (Slots)	6,884	6,861	(0.3%)	6,913	6,860	(0.8%)
Gross Win per Slot per Day:						
EUR	171.5	121.2	(29.3%)	182.3	122.8	(32.6%)
Local Currency	4,761	5,988	25.8%	4,716	5,757	22.1%

- **Operating Revenue** in H1 2019 decreased by €71.9 mm or 30.9% compared to H1 2018, due to the significant devaluation of the Peso (79.6%). Gross win per slot per day in local currency grew 22.1% (29.7% including clients' withholdings), well below year on year average inflation of 54.2%³. Revenues were also impacted by the new tax on prizes (3%) effective since February.
- **Operating Expenses (excluding D&A)** decreased by 29.4% driven by reductions across all cost items, including gaming taxes, personnel and rentals which benefitted from devaluation of the peso. The effective gaming tax (as a percentage of revenue) decreased 1.3 percentage points to 45.2% as operational systems were changed throughout 2018 to withhold cash-in tax from our clients' deposits (i.e. we progressively ceased to pay it on their behalf).
- **Adjusted EBITDA** decreased by 36.4% to €34.1 mm, compared to €53.6 mm in H1 2018 as a result of the devaluation of the Argentine Peso and the introduction of the tax on prizes, partially offset by efficiencies implemented in the year. The Adjusted EBITDA margin was 21.2% in H1 2019, 1.9 percentage points below that of H1 2018, due to the aforementioned increase of gaming taxes.

¹ Figures reflect primarily the disposal of gaming machines.

² Figure reflects, following IAS 29, the net impact on revenues and costs from applying Argentinean inflation to the end of the period on the accrued items and ARS/EUR exchange rate as of June 30, 2019.

³ Codere estimate based on INDEC's (Instituto Nacional de Estadísticas y Censos de la República Argentina) CPI data for the Province of Buenos Aires.

Spain

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue	46.3	47.5	2.6%	91.2	96.1	5.4%
Gaming & Other Taxes	(15.0)	(15.3)	(1.7%)	(29.7)	(31.5)	(5.9%)
Personnel	(10.7)	(10.4)	3.3%	(21.5)	(21.1)	2.0%
Rentals (Pre-IFRS 16)	(2.4)	(2.1)	10.6%	(4.5)	(4.3)	3.6%
Capitalized Operating Leases	1.9	1.7	(10.9%)	3.6	3.4	(4.8%)
Rentals	(0.5)	(0.4)	9.3%	(0.9)	(0.9)	(1.6%)
Cost of Goods Sold	(3.6)	(1.7)	53.8%	(6.7)	(2.9)	56.9%
Other	(6.8)	(8.5)	(25.0%)	(13.5)	(17.3)	(28.3%)
Operating Expenses (excl. D&A)	(36.7)	(36.3)	1.1%	(72.3)	(73.6)	(1.9%)
Depreciation & Amortization (Pre-IFRS 16)	(7.4)	(8.1)	(9.7%)	(14.3)	(14.8)	(3.2%)
Depreciation of Capitalized Operating Leases	(1.3)	(1.3)	(4.6%)	(2.6)	(2.7)	(4.7%)
Depreciation & Amortization	(8.6)	(9.4)	(9.0%)	(16.9)	(17.5)	(3.5%)
Variation in Provisions for Trade Transactions ⁽¹⁾	(0.2)	(0.2)	(25.0%)	(0.6)	(0.5)	15.3%
Gains / (Losses) on Asset Disposals ⁽²⁾	(0.3)	0.1	n.a.	(0.6)	(0.1)	86.8%
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(0.9)	(0.4)	57.4%	(1.1)	(0.4)	65.1%
Operating Profit	(0.4)	1.3	n.a.	(0.2)	4.1	n.a.
EBITDA	8.7	10.8	24.4%	17.9	22.1	23.8%
<i>EBITDA Margin</i>	<i>18.8%</i>	<i>22.8%</i>	<i>4.0 p.p.</i>	<i>19.6%</i>	<i>23.0%</i>	<i>3.4 p.p.</i>
Adjusted EBITDA (Post-IFRS 16)	9.6	11.2	16.7%	19.0	22.5	18.7%
<i>Adjusted EBITDA (Post-IFRS 16) Margin</i>	<i>20.8%</i>	<i>23.6%</i>	<i>2.8 p.p.</i>	<i>20.8%</i>	<i>23.4%</i>	<i>2.6 p.p.</i>
Adjusted EBITDA	7.7	9.5	23.5%	15.4	19.1	24.2%
<i>Adjusted EBITDA Margin</i>	<i>16.7%</i>	<i>20.1%</i>	<i>3.4 p.p.</i>	<i>16.9%</i>	<i>19.9%</i>	<i>3.0 p.p.</i>
Key Performance Indicators						
Avg. Installed Capacity (Slots)	9,721	10,285	5.8%	9,650	10,254	6.3%
Avg. Installed Capacity (Sports Betting Terminals)	6,056	7,205	19.0%	5,812	7,112	22.4%
Gross Win per Slot per Day:						
Slots	50.8	49.9	(1.7%)	51.4	50.2	(2.4%)

- **Operating Revenue** in H1 2019 grew by 4.9 mm (5.4%) to €96.1 mm compared to H1 2018, driven by growing revenues in retail sports betting and our slot route businesses with 22.4% and 6.3% more installed units, respectively, and the progressive maturity of the sports betting capacity installed, offset by a 2.4% decrease in route slot unit yields (mainly driven by the increase in the number of units, especially in arcades).
- **Operating Expenses (excluding D&A)** increased by 1.9% to €73.6 mm in H1 2019 as a result of the greater capacity in sports betting partially offset by our continuous deployment of efficiencies across the business.
- **Adjusted EBITDA** grew 24.2% to €19.1 mm. Adjusted EBITDA margin increased by 3.0 percentage points to 19.9%, versus H1 last year as our efforts to improve profitability of both our route and sports betting businesses continue to crystalize.

¹ Figures reflect change in provisions on advances to site owners in connection with contracts to install our machines in their establishments.

² Figures reflect primarily disposal of gaming machines.

Italy

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue	81.4	85.1	4.5%	166.8	171.6	2.9%
Gaming & Other Taxes	(52.8)	(58.4)	(10.7%)	(107.8)	(117.8)	(9.3%)
Personnel	(8.9)	(8.5)	5.2%	(18.0)	(17.0)	5.8%
Rentals (Pre-IFRS 16)	(3.4)	(3.2)	5.5%	(6.8)	(6.2)	7.9%
Capitalized Operating Leases	2.5	1.8	(27.1%)	4.8	3.8	(21.6%)
Rentals	(0.9)	(1.4)	(56.3%)	(2.0)	(2.5)	(25.6%)
Cost of Goods Sold	(0.4)	(0.5)	(3.2%)	(0.9)	(0.8)	10.6%
Other	(10.7)	(10.9)	(2.5%)	(21.9)	(21.5)	2.0%
Operating Expenses (excl. D&A)	(73.7)	(79.7)	(8.1%)	(150.6)	(159.5)	(5.9%)
Depreciation & Amortization (Pre-IFRS 16)	(3.5)	(3.6)	(2.6%)	(7.7)	(7.1)	7.8%
Depreciation of Capitalized Operating Leases	(1.2)	(1.3)	(14.6%)	(2.7)	(2.8)	(0.7%)
Depreciation & Amortization	(4.7)	(4.9)	(5.6%)	(10.4)	(9.9)	5.6%
Variation in Provisions for Trade Transactions ⁽¹⁾	(0.0)	(0.8)	n.a.	(0.0)	(0.8)	n.a.
Gains / (Losses) on Asset Disposals ⁽²⁾	(0.0)	(0.1)	n.a.	(0.0)	(0.2)	n.a.
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(0.8)	(0.1)	93.3%	(1.0)	(0.1)	94.7%
Operating Profit	2.2	(0.4)	n.a.	4.8	1.2	(74.8%)
EBITDA	7.0	5.4	(22.6%)	15.3	12.0	(21.3%)
<i>EBITDA Margin</i>	8.5%	6.3%	(2.2 p.p.)	9.2%	7.0%	(2.2 p.p.)
Adjusted EBITDA (Post-IFRS 16)	7.7	5.4	(29.7%)	16.2	12.1	(25.7%)
<i>Adjusted EBITDA (Post-IFRS 16) Margin</i>	9.5%	6.4%	(3.1 p.p.)	9.7%	7.0%	(2.7 p.p.)
Adjusted EBITDA	5.2	3.6	(31.0%)	11.4	8.3	(27.5%)
<i>Adjusted EBITDA Margin</i>	6.4%	4.2%	(2.2 p.p.)	6.9%	4.8%	(2.1 p.p.)
Key Performance Indicators						
Avg. Installed Capacity (AWPs)	7,875	7,378	(6.3%)	8,321	7,380	(11.3%)
Avg. Installed Capacity (VLTs)	1,477	1,507	2.1%	1,481	1,491	0.6%
Gross Win per Slot per Day:						
AWPs	77.4	91.9	18.7%	74.9	91.0	21.5%
VLTs	194	191	(1.9%)	199	195	(1.7%)

- **Operating Revenue** in H1 2019 increased by €4.8 mm or 2.9% compared to H1 2018 as a result of the significant improvement on AWP unit yields (21.5%), as well as the higher PREU tax (that increases the share we keep from machines in bars), offsetting the reduction in capacity defined by the regulator in 2018 (11.3%). Increased fees to units connected to our network also contributed positively to maintain our revenue.
- **Operating Expenses (excluding D&A)** decreased by 5.9% in H1 2019 to €159.5 mm compared to H1 2018, as a result of lower rentals and personnel costs being offset by higher gaming taxes.
- **Adjusted EBITDA** was €8.3 mm in H1 2019, 27.5% lower than in H1 2018 due to the reduction in capacity and the higher gaming taxes. Adjusted EBITDA margin was 2.1 percentage points lower at 4.8%.

¹ Figures reflect change in provisions on advances to site owners in connection with contracts to install our machines in their establishments.

² Figures reflect primarily disposal of gaming machines.

Other Operations

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Operating Revenue						
Panama	22.6	19.2	(15.2%)	44.4	38.3	(13.8%)
Uruguay	18.3	18.4	0.7%	35.1	37.3	6.3%
Colombia	5.6	5.3	(6.3%)	11.6	10.8	(6.8%)
Online	11.4	14.9	31.1%	20.2	29.9	47.5%
Operating Revenue	58.0	57.9	(0.2%)	111.3	116.2	4.4%
Adjusted EBITDA						
Panama	4.3	2.9	(32.5%)	7.8	5.8	(25.7%)
Uruguay	4.2	5.1	21.9%	8.0	10.0	24.7%
Colombia	0.6	1.6	n.a.	1.2	3.1	n.a.
Online	(0.1)	1.2	n.a.	(1.6)	2.4	n.a.
Adjusted EBITDA	9.0	10.8	19.8%	15.4	21.2	38.0%
<i>Adjusted EBITDA Margin</i>	<i>15.5%</i>	<i>18.6%</i>	<i>3.1 p.p.</i>	<i>13.8%</i>	<i>18.3%</i>	<i>4.5 p.p.</i>
Adjusted EBITDA (Post IFRS-16)						
Adjusted EBITDA	9.0	10.8	19.8%	15.4	21.2	38.0%
(+) Capitalized Operating Leases	3.9	3.8	(4.1%)	8.7	7.5	(14.1%)
Adjusted EBITDA (Post IFRS-16)	12.9	14.5	12.6%	24.1	28.7	19.2%
<i>Adjusted EBITDA Margin</i>	<i>22.3%</i>	<i>25.1%</i>	<i>2.8 p.p.</i>	<i>21.6%</i>	<i>24.7%</i>	<i>3.1 p.p.</i>
EBITDA						
Adjusted EBITDA (Post IFRS-16)	12.9	14.5	12.6%	24.1	28.7	19.2%
(-) Non-Recurring Items	(1.7)	(0.3)	84.9%	(3.5)	(0.7)	78.8%
(-) Online Growth Investment	0.0	(4.5)	n.a.	0.0	(7.2)	n.a.
EBITDA	11.2	9.7	(12.8%)	20.6	20.7	0.7%
<i>EBITDA Margin</i>	<i>19.3%</i>	<i>16.8%</i>	<i>(2.5 p.p.)</i>	<i>18.5%</i>	<i>17.8%</i>	<i>(0.7 p.p.)</i>
Average Exchange Rates						
EUR/USD	1.19	1.12	(5.7%)	1.21	1.13	(6.7%)
EUR/UYU	35.83	39.15	9.3%	35.43	38.22	7.9%
USD/UYU	30.42	35.03	15.1%	29.40	33.95	15.5%
EUR/COP	3,383	3,642	7.7%	3,450	3,601	4.4%

Other Operations includes results from Panama, Uruguay, Colombia and Online, but excludes Corporate Overhead.

Operating revenue increased by €4.9 mm (4.4%), to €116.2 mm as a result of:

- An increase in **Online** of €9.7 mm due to the increasing revenues in Spain and Mexico, despite the positive impact of the Soccer World Cup in 2018.
- An increase in **Uruguay** of €2.2 mm as a result of the strong performance in HRU and Carrasco Nobile.
- A combined decrease in **Panama and Colombia** of €6.9 mm due to the closing of 3 non-performing casinos.

Adjusted EBITDA increased by €5.8 mm (38.0%), to €21.2 mm as a result of:

- An increase in **Online** of €4.0 mm due to better performance of the business in Spain.
- An increase in **Uruguay** of €2.0 mm due to the above mentioned revenue growth and a more efficient HRU and CN operation.
- An increase in **Colombia** of €1.9 mm, due to the improved profitability as a result of our performance enhancement measures.

Adjusted EBITDA margin in H1 2019 was 18.3%, 4.5 percentage points above that of H1 2018.

Consolidated Cash Flow Statement

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
EBITDA	74.6	83.1	11.4%	152.7	165.0	8.1%
Capitalized Operating Leases	(21.5)	(17.6)	18.1%	(43.7)	(35.6)	18.5%
Inflation Adjustment	0.0	(2.7)	n.a.	0.0	(1.7)	n.a.
Corporate Income Taxes Paid	(18.3)	(12.7)	30.6%	(29.2)	(23.3)	20.2%
Chg. in Working Capital ⁽¹⁾	11.0	9.9	(10.0%)	2.8	(17.3)	n.a.
Cash Flow from Operations	45.8	60.0	31.0%	82.6	87.1	5.4%
Maintenance Capital Expenditures ⁽²⁾	(27.1)	(17.6)	35.1%	(43.5)	(33.2)	23.7%
Growth Capital Expenditures ⁽²⁾ , of which:	(5.8)	(3.6)	37.9%	(13.6)	(4.4)	67.6%
Capacity Deployment ⁽³⁾	(3.9)	(1.7)	57.3%	(10.9)	(2.4)	77.8%
Acquisitions ⁽⁴⁾	(1.9)	(1.9)	(1.4%)	(2.7)	(2.0)	27.6%
Initial Cash from Acquired Companies	0.0	0.2	n.a.	0.0	0.2	n.a.
Cash Flow from Investing	(32.9)	(21.0)	36.2%	(57.1)	(37.4)	34.5%
Cash Interest Expense	(30.0)	(31.0)	(3.3%)	(33.9)	(34.8)	(2.7%)
Cash Interest Income	0.3	0.1	(66.7%)	0.9	0.4	(55.6%)
Chg. in Financial Debt	(8.8)	3.1	n.a.	(18.2)	5.3	n.a.
Chg. in Financial Investments	4.9	(1.7)	n.a.	8.0	(2.3)	n.a.
Chg. in Deferred Payments ⁽⁵⁾	7.2	(1.8)	n.a.	6.1	(11.6)	n.a.
Dividends Paid, net ⁽⁶⁾	(2.2)	(1.0)	54.5%	(3.8)	(3.2)	15.8%
Investment in Treasury Shares, net	0.0	0.3	n.a.	0.0	0.0	n.a.
Cash Effect from Exchange Rate Difference	0.3	(1.4)	n.a.	(3.7)	(2.9)	21.6%
Cash Flow from Financing	(28.3)	(33.4)	(18.0%)	(44.6)	(49.1)	(10.1%)
Exchange Rate Impact on Cash Balances	(4.6)	(0.4)	91.3%	(6.0)	(1.5)	75.0%
Cash Flow	(20.0)	5.2	n.a.	(25.1)	(0.9)	96.4%
Cash & Equivalents						
Beginning of Period	99.4	75.7	(23.8%)	104.5	81.8	(21.7%)
Cash Flow	(20.0)	5.2	n.a.	(25.1)	(0.9)	96.4%
End of Period	79.4	80.9	1.9%	79.4	80.9	1.9%

- **Cash flow from operations** in H1 2019 was €87.1 mm, a 5.4% increase versus €82.6 mm in H1 2018. This increase is primarily attributable to the increase of €12.3 mm in reported EBITDA and a €5.9 mm decrease in corporate income tax. Inflation adjustments (IAS 29 accounting in Argentina) and Capitalized Operating Leases (IFRS 16) are excluded in the cash flow calculations, as they are non-cash items in the Income Statement.

The working capital figure, which was exceptionally high in Q1 2019 due to certain one-off and seasonality impacts started to unwind in Q2, resulting in an outflow of €17.3 in H1 2019.

- **Cash flow from investing** in H1 2019 was €37.4 mm of capital expenditures, mostly related to maintenance.

¹ The difference between this figure and management reporting of net working capital corresponds mostly to non-cash FX movements in certain balance sheet items.

² Figures reflect accrued amounts, including contingency payments (if any), and prior to any deferred payment arrangements (if applicable).

³ Includes opening of greenfield gaming halls, increase of capacity on existing ones, deployment and expansion of sports betting points of sale, among other projects.

⁴ Includes acquisition of gaming halls, slot operators and acquisition of product through previously operated through revenue share or operational agreements.

⁵ Includes changes in deferred payments related to capital expenditures.

⁶ Figure reflects dividends paid to minority partners net of dividends received from Group investments in unconsolidated entities.

- **Cash flow from financing** was (€49.1 mm) mm and included:
 - €34.8 mm of cash interest expense, including €27.1 mm related to our Senior Notes, €0.8 mm related to our SSRCF and €6.9 mm related to OpCo debt (including capital leases);
 - €0.4 mm of cash interest income;
 - €5.3 mm increase in financial debt made up of:
 - (i) €15.0 mm drawing on our SSRCF;
 - (ii) €0.6 mm decrease in capital leases, primarily in Argentina and Spain;
 - (iii) €9.1 mm decrease in OpCo financial debt (excluding capital leases), due to the net effect of loans raised in Uruguay – HRU (€6.0 mm) and Mexico (€4.5 mm) offset by the scheduled amortization of loans in HRU (€8.4 mm), Mexico (€6.4 mm), Uruguay – Carrasco (€2.8 mm), Panama (€1.3 mm), Colombia (€0.5mm) and Italy (€0.2 mm);
 - €2.3 mm decrease in financial investments;
 - Decrease in deferred payments of €11.6 mm, consisting of deferred payments with capex suppliers mainly in Mexico and Argentina;
 - Dividends paid to minority partners of €3.2 mm;
 - €2.9 mm net negative impact from exchange rate differences;
 - The fluctuation in foreign exchange rates has resulted in a negative impact of €1.5 mm on conversion of cash balances;
- During H1 2019, there has been a decrease in cash and equivalents of €0.9 mm to €80.9 mm.

Capital Expenditures and Acquisitions¹

Figures in EUR mm, except where noted otherwise

	Quarter			YTD		
	Q2 2018	Q2 2019	Var. %	2018	2019	Var. %
Capital Expenditures and Acquisitions						
Maintenance ⁽²⁾	27.1	17.6	(35.1%)	43.5	33.2	(23.7%)
Growth ⁽³⁾	5.8	3.6	(37.9%)	13.6	4.4	(67.6%)
Sub-Total	32.9	21.2	(35.6%)	57.1	37.6	(34.2%)
IFRS 16 Capex	n.a.	(2.8)	n.a.	n.a.	(9.2)	n.a.
Total (Post-IFRS 16)	32.9	18.4	(44.1%)	57.1	28.4	(50.3%)
Maintenance						
Argentina	4.1	3.6	(12.2%)	5.1	4.4	(13.7%)
Mexico	11.5	3.3	(71.3%)	18.9	7.5	(60.3%)
Panama	0.5	0.9	80.0%	0.8	1.2	50.0%
Colombia	0.6	1.2	n.a.	1.3	1.3	-
Uruguay	3.6	0.6	(83.3%)	4.4	3.5	(20.5%)
Sub-Total - Latin America	20.3	9.6	(52.7%)	30.5	17.9	(41.3%)
Italy	0.9	1.8	n.a.	1.4	3.2	n.a.
Spain	5.6	5.5	(1.8%)	11.2	10.6	(5.4%)
Sub-Total - Europe	6.5	7.3	12.3%	12.6	13.8	9.5%
Corporate	0.3	0.2	(33.3%)	0.4	0.5	25.0%
Online	0.0	0.5	n.a.	0.0	1.0	n.a.
Total	27.1	17.6	(35.1%)	43.5	33.2	(23.7%)
Growth						
Argentina	0.0	0.0	n.a.	0.0	0.0	n.a.
Mexico	0.0	0.0	n.a.	0.0	0.0	n.a.
Panama	0.0	0.8	n.a.	1.0	0.8	(20.0%)
Colombia	0.8	0.0	n.a.	1.4	0.0	n.a.
Uruguay	0.0	0.0	n.a.	0.0	0.0	n.a.
Sub-Total - Latin America	0.8	0.8	-	2.4	0.8	(66.7%)
Italy	0.0	0.2	n.a.	0.1	0.2	n.a.
Spain	4.2	2.5	(40.5%)	9.7	3.2	(67.0%)
Sub-Total - Europe	4.2	2.7	(35.7%)	9.8	3.4	(65.3%)
Corporate	0.0	0.0	n.a.	0.0	0.0	n.a.
Online	0.8	0.1	(87.5%)	1.4	0.2	(85.7%)
Total, of which:	5.8	3.6	(37.9%)	13.6	4.4	(67.6%)
Capacity Deployment ⁽⁴⁾	3.9	1.7	(57.3%)	10.9	2.4	(77.8%)
Acquisitions ⁽⁵⁾	1.9	1.9	1.4%	2.7	2.0	(27.6%)
IFRS 16 Capex	n.a.	(2.8)	n.a.	n.a.	(9.2)	n.a.
Total Capex (Post-IFRS 16)	32.9	18.4	(44.1%)	57.1	28.4	(50.3%)

Maintenance Capex in H1 2019 reached €33.2 mm, principally driven by:

- Investment in Mexico of €7.5 mm, a decrease of €11.4 mm, associated with slot renewals and hall refurbishments;
- Spanish investment of €10.6 mm, a decrease of €0.6 mm, due to lower levels of product renewal in our retail AWP business, partially offset by higher commercial capex;
- Investment in Argentina of €4.4 mm;

Growth Capex in H1 2019 was €4.4 mm, €9.2 mm lower than in H1 2018, and included €2.0 mm from the acquisition of two small operators in Spain.

IFRS 16 Capex results in a negative €9.2 mm figure due to discontinuation of certain leases (including the transfer of a closed hall lease contract in Mexico) that offset new contracts or extended lease contracts in the period.

¹ Figures as per consolidated cash flow statements.

² Includes primarily slot product/gaming hall renovation, exclusivity payments to site owners and gaming license renewals.

³ Includes primarily slot product/gaming hall expansion and acquisition activity.

⁴ Includes opening of greenfield gaming halls, increase of capacity on existing ones, deployment and expansion of sports betting, among other projects.

⁵ Includes acquisition of gaming halls, slot operators and acquisition of product previously operated through revenue share or operational agreements.

Consolidated Balance Sheet

Figures in EUR mm, except where noted otherwise

2018 figures Proforma for the application of IFRS 16

	As at			
	Dec-18	Jun-19	Var.	Var. %
Assets				
Cash & Equivalents	81.8	80.9	(0.9)	(1.0%)
S-T Financial Investments ⁽¹⁾	31.3	36.6	5.3	16.9%
Accounts Receivable ⁽²⁾	75.9	73.2	(2.7)	(3.5%)
Taxes Receivable ⁽³⁾	87.7	67.6	(20.1)	(22.9%)
Prepaid Expenses	20.0	29.8	9.8	48.9%
Inventory	10.9	10.7	(0.2)	(2.1%)
Other Current Assets	0.0	0.0	0.0	n.a.
Current Assets	307.5	298.7	(8.8)	(2.9%)
Fixed Assets	453.6	434.4	(19.2)	(4.2%)
L-T Financial Investments	22.8	22.2	(0.6)	(2.7%)
Intangible Assets (excl. Goodwill)	382.7	375.9	(6.8)	(1.8%)
Right-of-Use Assets (IFRS 16)	316.6	301.4	(15.2)	(4.8%)
Goodwill	230.4	237.4	7.0	3.0%
Deferred Tax Assets	47.5	48.9	1.4	3.0%
Other Non-Current Assets	0.0	0.0	0.0	n.a.
Total Assets	1,761.2	1,718.9	(42.3)	(2.4%)
Liabilities & Shareholders' Equity				
Accounts Payable ⁽⁴⁾	97.0	88.4	(8.6)	(8.8%)
S-T Provisions ⁽⁵⁾	4.8	4.6	(0.2)	(5.7%)
S-T Taxes Payable ⁽⁶⁾	147.9	121.1	(26.8)	(18.1%)
S-T Financial Debt	60.4	68.7	8.3	13.8%
S-T Deferred Payments ⁽⁷⁾	72.6	62.0	(10.6)	(14.6%)
S-T Capital Leases (IFRS 16)	39.4	30.3	(9.1)	(23.2%)
Other Current Liabilities	5.7	8.7	3.0	52.3%
Current Liabilities	427.8	383.8	(44.0)	(10.3%)
L-T Provisions ⁽⁸⁾	23.0	23.7	0.7	2.9%
L-T Taxes Payable	13.3	10.2	(3.1)	(23.8%)
L-T Financial Debt	803.1	803.0	(0.1)	(0.0%)
L-T Deferred Payments ⁽⁷⁾	29.9	23.3	(6.6)	(22.1%)
L-T Capital Leases (IFRS 16)	277.2	269.3	(7.9)	(2.9%)
Deferred Tax Liabilities	94.6	101.5	6.9	7.3%
Other Non-Current Liabilities	0.1	0.1	0.0	5.3%
Total Liabilities	1,669.0	1,614.8	(54.2)	(3.3%)
Minority Interests	83.4	86.3	2.9	3.5%
Shareholders' Equity	8.8	17.8	9.0	n.a.
Total Liabilities & Shareholders' Equity	1,761.2	1,718.9	(42.3)	(2.4%)
End of Period Exchange Rates				
EUR/ARS	43.17	48.32	5.16	11.9%
EUR/MXN	22.50	21.86	(0.64)	(2.8%)
EUR/USD	1.15	1.14	(0.01)	(0.6%)
EUR/COP	3,721	3,638	(83)	(2.2%)
EUR/JYU	37.10	40.04	2.93	7.9%
USD/JYU	32.41	34.35	1.94	6.0%

¹ Includes €4.9 and €5.7 mm, respectively, in cash in transit (realized gross win in route business pending to be collected).

² Includes A/R from customers, other parties and advances to employees.

³ Includes all taxes receivable from tax authorities, including the 0.5% canon (AAMS) in Italy.

⁴ Includes accounts payable to suppliers, other parties and accrued wages.

⁵ Figures include provision for trade transactions and other provisions related to treasury share activity.

⁶ Figures include gaming taxes, corporate income taxes and other taxes payable to tax authorities.

⁷ Figures include deferred payments (and other partner investments) related to capital expenditures and other deferred payments.

⁸ Figures include all other provisions related to business contingencies (personnel, tax, etc.).

Net Working Capital¹

Figures in EUR mm, except where noted otherwise

	As at			
	Dec-18	Jun-19	Var.	Var. %
Assets				
Accounts Receivable	75.9	73.2	(2.7)	(3.5%)
Taxes Receivable ⁽²⁾	58.3	52.5	(5.8)	(10.0%)
Prepaid Expenses	20.0	29.8	9.8	48.9%
Inventory	10.9	10.7	(0.2)	(2.1%)
Other Current Assets ⁽³⁾	0.0	0.0	0.0	-
Total	165.1	166.1	1.0	0.6%
Liabilities				
Accounts Payable	97.0	88.4	8.6	(8.8%)
S-T Provisions ⁽⁴⁾	3.3	3.0	0.3	(9.4%)
Taxes Payable ⁽²⁾	122.4	119.2	3.2	(2.6%)
Deferred Payments ⁽⁵⁾	6.2	4.8	1.4	(22.1%)
Other Current Liabilities ⁽³⁾	3.9	6.0	(2.1)	55.2%
Total	232.8	221.5	11.3	(4.8%)
Net Working Capital	(67.7)	(55.4)	12.3	18.1%

Balance Sheet

- Balance sheet figures have been restated following the application of IFRS 16. Assets now include right-of-use assets which are offset by short and long term leases on the liability side.
- Total assets decreased by €42.3 mm in H1 2019. This decrease is principally attributable to a decrease in Current and Fixed Assets and Right-of-Use assets partially offset by an increase in Goodwill.
- Current Assets decreased by €8.8 mm, as a result of a €20.1 mm decrease in taxes receivable, partially offset by a €9.8 mm increase in prepaid expenses.
- Financial debt, including both the short and long term portion increased by €8.2 mm as a result of a €15.0 mm drawing on the SSRCF and the increase in the USD denominated Senior Notes due to the appreciation of the USD against the Euro, partially offset by a €9.7 mm decrease in OpCo debt (including capital leases).
- Minority interests increased by €2.9 mm to €86.3 mm and shareholders' equity increased by €9.0 mm to €17.8 mm.

Net Working Capital

- Net working capital increased by €12.3 mm to negative €55.4 mm.
- This change in net working capital was primarily due to a €9.8 mm increase in prepaid expenses and an €8.6 mm reduction in accounts payable, partially offset by €2.6 mm decrease in taxes payable, net⁶.

¹ The difference between this figure and the consolidated Cash Flow Statement corresponds mostly to non-cash FX movements in certain balance sheet items.

² Figures reflect gaming and other taxes (i.e. exclude corporate income taxes).

³ Figures exclude security deposits.

⁴ Figures reflect provisions for trade transactions.

⁵ Figures reflect other deferred payment obligations (i.e. exclude deferred payments and other partner investments related to capital expenditures).

⁶ Taxes payable less taxes receivable.

Capitalization

Figures in EUR mm, except where noted otherwise

	As at			
	Dec-18	Jun-19	Var.	Var. %
Capitalization				
S-T Financial Debt ⁽¹⁾	60.4	68.7	8.3	13.8%
L-T Financial Debt ⁽¹⁾	803.1	803.0	(0.1)	(0.0%)
Total Financial Debt	863.4	871.7	8.3	1.0%
Minority Interests	83.4	86.3	2.9	3.5%
Shareholders' Equity	8.8	17.8	9.0	n.a.
Total Capitalization	955.6	975.8	20.2	2.1%
Financial Debt⁽¹⁾				
OpCo Debt (excl. Capital Leases)	81.4	72.4	(9.0)	(11.1%)
OpCo Capital Leases	8.6	7.9	(0.7)	(7.4%)
Sub-Total	90.0	80.3	(9.7)	(10.7%)
Super Senior Revolving Credit Facility	9.9	25.0	15.1	n.a.
Senior Notes	763.5	766.3	2.8	0.4%
Total Financial Debt	863.4	871.7	8.3	1.0%
Capitalization of Operating Leases ⁽²⁾	316.6	299.5	(17.1)	(5.4%)
Total Adjusted Debt	1,180.0	1,171.2	(8.8)	(0.7%)
Cash & Equivalents				
Mexico	10.1	18.0	7.9	77.6%
Argentina	13.5	13.4	(0.1)	(0.4%)
Spain	13.7	7.4	(6.3)	(46.1%)
Italy	19.3	17.6	(1.7)	(8.5%)
Other Operations	12.5	15.5	3.0	23.5%
Sub-Total	69.0	71.8	2.8	4.1%
Corporate	12.7	9.1	(3.6)	(28.7%)
Total	81.8	80.9	(0.9)	(1.0%)
Europe (incl. Corporate)	45.7	34.1	(11.6)	(25.4%)
Latam	36.1	46.8	10.7	29.8%
Total	81.8	80.9	(0.9)	(1.0%)
Credit Statistics				
LTM Adjusted EBITDA	282.9	288.3	5.4	1.9%
LTM Adjusted EBITDA (Post-IFRS 16) ⁽³⁾	367.4	364.7	(2.7)	(0.7%)
Proforma Interest Expense ⁽⁴⁾	60.3	61.1	0.8	1.3%
Proforma Interest Expense (Post-IFRS 16) ⁽⁴⁾	97.3	109.0	11.7	12.0%
Leverage:				
Senior Financial Debt ⁽⁵⁾ / LTM Adjusted EBITDA	0.4x	0.4x	-	-
Total Financial Debt / LTM Adjusted EBITDA	3.1x	3.0x	(0.1x)	(3.3%)
Total Adj. Net Debt / LTM Adj. EBITDA (Post-IFRS 16)	3.0x	3.0x	-	-
Total Net Financial Debt / LTM Adjusted EBITDA	2.8x	2.7x	(0.1x)	(3.6%)
<i>Including Inflation Accounting</i>	2.9x	2.9x	-	-
Coverage:				
LTM Adjusted EBITDA / Proforma Interest Expense	4.7x	4.7x	-	-
<i>Including Inflation Accounting</i>	4.5x	4.5x	-	-

¹ Figures include accrued interest and impact of deferred financing fees, which, for covenant calculation purposes, would be excluded (i.e. financial debt and leverage would be lower).

² Figures reflect short and long term capitalized operating leases following the application of IFRS 16.

³ 2018 figure will vary from prior earnings releases where it did not include leases from slots capitalized in 2019 but related to 2018 acquisitions.

⁴ Figures based on December 31, 2018 and June 30, 2019, as applicable, financial debt outstanding and interest rates; excludes fees on unused revolver availability.

⁵ Includes structurally senior OpCo debt (including capital leases) plus drawn amounts outstanding under the €95 mm SSRFCF.

Gaming Capacity¹ by Venue

Region	Gaming Venues											
	Gaming Halls ⁽²⁾		Arcades ⁽³⁾		Bars ⁽⁴⁾		Sports Betting Shops ⁽⁵⁾		Racetracks		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Latin America												
Argentina	13	13	-	-	-	-	-	-	-	-	13	13
Mexico ⁽⁶⁾	91	95	-	-	-	-	88	91	1	1	92	96
Panama ^(6, 7)	12	11	-	-	-	-	8	8	1	1	13	12
Colombia	9	9	162	140	-	-	380	256	-	-	171	279
Uruguay (CN)	1	1	-	-	-	-	-	-	-	-	1	1
Uruguay (HRU) ⁽⁸⁾	5	5	-	-	-	-	28	29	2	2	30	31
Brazil	-	-	-	-	-	-	-	-	-	-	-	-
Total	131	134	162	140	-	-	504	384	4	4	320	432
Europe												
Italy	11	11	-	-	2,227	2,271	-	-	-	-	2,238	2,282
Spain ⁽⁹⁾	3	3	893	1,036	7,744	7,593	73	66	-	-	8,713	8,698
Total	14	14	893	1,036	9,971	9,864	73	66	-	-	10,951	10,980
Total Group	145	148	1,055	1,176	9,971	9,864	577	450	4	4	11,271	11,412
Operator												
Codere	145	148	192	183	-	-	576	320	4	4	436	295
Third Party	-	-	863	993	9,971	9,864	1	130	-	-	10,835	10,987
Total	145	148	1,055	1,176	9,971	9,864	577	450	4	4	11,271	11,282
Spain												
SSTs Only ⁽¹⁰⁾	-	-	875	995	1,106	1,117	26	20	-	-	2,007	2,132
AWPs & SSTs	3	3	18	41	383	339	47	46	-	-	451	429
Sub-Total	3	3	893	1,036	1,489	1,456	73	66	-	-	2,458	2,561
AWPs Only	-	-	-	-	6,255	6,137	-	-	-	-	6,255	6,137
Total	3	3	893	1,036	7,744	7,593	73	66	-	-	8,713	8,698

¹ Figures as at June 30, 2018 and 2019, as applicable.

² Includes all gaming venues with > 50 slot machines.

³ Includes all gaming venues with between 5 and 50 (inclusive) slot machines (Codere and/or 3rd party operated).

⁴ Includes all bars, restaurants, tobacco shops and other retail locations with < 5 slot machines and/or self-service sports betting terminals.

⁵ Includes sports books co-located within Codere gaming halls and other Codere operated standalone sports betting shops.

⁶ Figure for sports betting shops reflects sports books co-located within Codere operated gaming halls.

⁷ Figure for sports betting shops excludes 43 and 36, respectively, affiliated agencies (horserace betting only).

⁸ Figure for sports betting shops includes 5 sports books co-located within HRU operated gaming halls. In Colombia, other than those located in arcades, sport betting shops reflect standalone points of sale.

⁹ Sports betting shops excludes 38 and 49, respectively, franchised locations (included in Arcades).

¹⁰ Self-service sports betting terminals; arcades and bars would, however, typically have 3rd party operated AWPs.

Gaming Capacity¹ by Product

Region	Gaming Product (Installed Capacity)											
	Slots ⁽²⁾		Table Seats ⁽³⁾		Bingo Seats		Sports Betting ⁽⁴⁾		Network ⁽⁵⁾		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Latin America												
Argentina	6,861	6,861	-	-	11,692	11,692	-	-	-	-	18,553	18,553
Mexico	20,649	21,437	2,106	2,196	11,117	11,217	88	91	-	-	33,960	34,941
Panama ⁽⁶⁾	2,992	2,945	390	300	-	-	8	8	-	-	3,390	3,253
Colombia	4,972	4,344	168	126	700	445	380	597	-	-	6,220	5,512
Uruguay (CN)	401	415	144	144	-	-	-	-	-	-	545	559
Uruguay (HRU)	1,861	1,889	-	-	-	-	28	29	-	-	1,889	1,918
Brazil	-	-	-	-	-	-	-	-	-	-	-	-
Total	37,736	37,891	2,808	2,766	23,509	23,354	504	725	-	-	64,557	64,736
Europe												
Italy ⁽⁷⁾	8,611	8,438	-	-	5,139	5,139	-	-	16,859	14,315	23,249	20,577
AWP ⁽⁸⁾	7,722	7,547	-	-	-	-	-	-	15,386	12,859	16,591	13,930
VLT ⁽⁹⁾	889	891	-	-	-	-	-	-	1,473	1,456	1,519	1,508
Spain ⁽¹⁰⁾	9,783	10,260	-	-	1,193	1,064	6,262	7,140	-	-	17,238	18,464
Total	18,394	18,698	-	-	6,332	6,203	6,262	7,140	16,859	14,315	40,487	39,041
Total Group	56,130	56,589	2,808	2,766	29,841	29,557	6,766	7,865	16,859	14,315	105,044	103,777
Gaming Venue												
Gaming Halls	34,956	35,654	2,808	2,766	29,841	29,557	528	749	-	-	68,133	68,726
Arcades	4,571	4,502	-	-	-	-	4,345	5,230	-	-	8,916	9,732
Bars	16,460	16,293	-	-	-	-	1,489	1,456	-	-	17,949	17,749
Sports Betting Shops	143	140	-	-	-	-	404	430	-	-	547	570
Network ⁽¹¹⁾	-	-	-	-	-	-	-	-	16,859	14,315	9,499	7,000
Total Group	56,130	56,589	2,808	2,766	29,841	29,557	6,766	7,865	16,859	14,315	105,044	103,777

¹ Figures as at June 30, 2018 and 2019, as applicable.

² Includes all Codere operated AWP, VLTs, electronic bingo terminals and other gaming machines; excludes 3rd party operated slots.

³ Figure reflects number of total gaming positions assuming (for illustrative purposes only) 6 seats per table.

⁴ Figures for Spain and Colombia reflect self-service terminals (SSTs); in other markets figure reflects number of sports books/betting shops.

⁵ Reflects all slots connected to Codere network (i.e. both Codere and 3rd party operated).

⁶ Figure for sports betting shops excludes 43 and 36, respectively, affiliated agencies (horserace betting only).

⁷ Figures for slots reflect Codere operated units connected to both Codere Network (typical) and 3rd party networks.

⁸ Figures for slots include 1,205 and 1,071 units, respectively, connected to 3rd party networks.

⁹ Figures for slots include 46 and 52 units, respectively, connected to 3rd party networks.

¹⁰ Figures for slots reflect operating units (i.e. do not include authorized but not deployed units).

¹¹ Figures in total column reflect only 3rd party operated slots that are connected to Network (to avoid double counting of Codere operated units).

Recent Events

- Credit rating change.** On September 11, 2019, Moody's Investor Services downgraded Codere's corporate credit rating from B2 to B3, while maintaining the outlook stable. The rationale behind the downgrade was that the uncertainty related to results and macroeconomic trends in Argentina put at risk our ability to generate positive free cash flow after the negative cash generation in 2018. As Codere publically communicated, we remain fully committed to meeting 2019 Adjusted EBITDA guidance and cash generation expectations have not been materially altered. As such, management believes the credit rating change does not accurately reflect neither our recent performance nor our expectations for 2019 and the coming years.

At the same time, S&P has put Codere on CreditWatch Negative to evaluate our ability to refinance our senior notes in the context of the new political scenario in Argentina while recognizing the ability of the company to offset regulatory headwinds in the recent past.

- Tax changes in Argentina.** On December 7, 2018, the Province of Buenos Aires Senate and Chamber of Deputies passed Law 15,079, which, under articles 137-139, set out a new tax on players, levied on the successive prizes from slots, at a rate between 1 and 3%. The law also established that provincial bingo and casino operators shall be the ones to make the payments. On subsequent regulation of said law, approved and effective since February 1, 2019 by the gaming authority (IPLyC), the rate was set for now at 3% of all cashed-out tickets.
- Tax changes in Italy.** On December 30, 2018, the Italian Parliament passed the 2019 budget law. Within the law, there were changes to gaming tax (PREU), as it increased then current rates of 19.25% for AWP's and 6.25% for VLT's by 1.35% and 1.25%, respectively. The law also allowed payout reductions from 70% to 68% and from 85% to 84% for AWP's and VLT's, respectively.

Furthermore, on January 28, 2019, an additional increase was approved resulting in the following calendar:

Effective date	AWPs	VLTs
January 1, 2019	20.60%	7.50%
January 29, 2019	21.25%	7.50%
May 1, 2019	21.60%	7.90%
January 1, 2020	21.68%	7.93%
January 1, 2021	21.75%	8.00%
January 1, 2023	21.60%	7.85%

- Implementation of IFRS 16.** We have implemented new standards regarding accounting for operating leases (IFRS 16) in Q1 2019. The application of IFRS 16 has a significant impact on our financial statements, as operating leases (except short-term leases and leases related to low-value assets) are "capitalized" to the balance sheet, and expensed (as D&A and interest expense) over the term of the lease. The impact on our H1 2019 financial statements is as follows:
 - (i) Lower operating expenses of €35.6 mm;
 - (ii) Higher D&A expenses of €19.8 mm;
 - (iii) Higher financial expense of €23.6 mm and
 - (iv) Increase in assets of €301.4 mm (right of use assets) and €299.5 mm in liabilities (short and long term capitalization of operating leases);
 - (v) Lower Corporate Income Tax of €1.9 mm.
- Inflation accounting in Argentina.** The company started to apply IAS 29 (inflation accounting) in Q3 2018. Under this International Accounting Standard, financial statements have been adjusted applying inflation to the end of the period on Income Statement items and using end of period exchange rates. We have isolated the effect from this accounting standard into three line items (on Operating Profit, Financial Expenses and Corporate Income Tax, as described on page 3 of this report).
- Non- recurring expenses.** In H1 2019, we incurred in €10.6 mm extraordinary items, broken down as follows:
 - (i) Operational and personnel restructuring: €(3.4) mm
 - (ii) Online growth investment (marketing and related costs): €(7.2) mm
 - (iii) Other: €(2.7) mm
 - (iv) Gain on sale of lease rights of a closed hall in Mexico: +€2.8 mm

Contact Information

Codere is a leading international gaming operator with nearly 57,000 slot machines, 30,000 bingo seats and 7,900 sports betting terminals in Latin America, Spain and Italy, across various gaming venues, including 148 gaming halls, 1,100 arcades, 10,000 bars, 500 sports betting shops and 4 horse racetracks.

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Note on Rounding. Due to decimal rounding, numbers presented throughout this report may not add up precisely to the totals and subtotals provided, and percentages may not precisely reflect the absolute figures.

Alternative Performance Measures. This report includes certain Alternative Performance Measures in accordance with the European Securities and Markets Authority (ESMA) Directive 2015/1415. These measures, which are not defined under IFRS standards, are intended to provide more useful, comparable and reliable information in order to improve the understanding of the Company's financial performance and its reported information. For definitions, usage rationales and reconciliation of these metrics with IFRS, please visit the Presentations section within the Shareholders and Investors site of www.grupocodere.com.

Forward Looking Statements. Codere cautions that this document may contain forward looking statements with respect to the business, financial condition, results of operations, strategy, plans and objectives of the Codere Group. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a certain number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market, macroeconomic, governmental, political and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technical developments; (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties.

These and other risk factors published in our past and future filings and reports, including those with the Spanish Securities and Exchange Commission ("CNMV") and available to the public both in Codere's website (www.grupocodere.com) and in the CNMV's website (www.cnmv.es), as well as other risk factors currently unknown or not foreseeable, which may be beyond Codere's control, could adversely affect our business and financial performance and cause actual results to differ materially from those implied in the forward-looking statements.