Codere Online Luxembourg, S.A.

Fourth Quarter and Fully Year 2021 Earnings Call

March 31, 2022

04:30 PM EDT

* * *

Operator

Operator to hand the call over to] Guillermo Lancha, head of investor relations for Codere Online.

Guillermo

Thanks operator and welcome everyone to Codere Online's earnings call for the fourth quarter and full year 2021. On this call you will hear from our CEO Moshe Edree and CFO Oscar Iglesias. Before turning the call over to Oscar, I'd like to remind everyone that during this call we will be referring to a presentation we uploaded to our website earlier today. We encourage everyone to read the disclaimer section, particularly the points around forward-looking statements, non-IFRS financial measures and preliminary information. During today's call, we will be referring to non GAAP financial metrics such as Net Gaming Revenue or Adjusted EBITDA, for which you can find reconciliations in the appendix of the presentation. Finally, please note that a replay and transcript of this call will be available later today on our website at codereonline.com and that if you haven't already signed up for our investor email alerts, we would encourage you to do so.

Oscar, over to you

Oscar Iglesias

Thanks Guillermo and good afternoon to everyone joining the call. This is our first earnings call since becoming a publicly traded company following our merger with a Nasdaq listed SPAC on November 30th. As such, while many of you may already be familiar with the Codere Online story, we are mindful that for others this may be your first time hearing it, so we have tried to find a balance in the information that we have shared (and will be sharing) with you in an attempt to make this call useful to all participants.

We are coming to the market later than we would have liked to report fourth quarter and full year 2021 results, especially considering that we have the first full quarter of 2022 nearly behind us, but wanted to ensure that we had good visibility over our audited annual figures for 2021 before doing so … this information will be reflected in our first annual report which we expect to file on form 20-F with the SEC in April.

Going forward, we are targeting to provide investors and analysts updates within 45-60 days following the end of each quarter. Later in this call we will be sharing some preliminary comments regarding first quarter operating activity which we will be reporting to the market and discussing with you in the second half of May.

Finally, I wanted to cover a few more housekeeping items before turning the call over to Moshe. First, just a reminder that Codere Online is Luxembourg based and, as a European based company, our accounting information is prepared in accordance with IFRS accounting standards and our functional currency is the Euro … as such, throughout this presentation and in our discussion, all monetary figures (including any guidance provided) will be in Euro unless expressed otherwise.

With that, I will go ahead and pass the call on to Moshe.

Moshe Edree

Thanks Oscar and thanks to everyone for joining the call. I have spoken with many of you already, but for those who are new, I joined Codere Online in late 2018 and, together with my core operating team, have been managing this online business for three years. Over much of this time, this business has been impacted by the Covid global pandemic, which has created both significant challenges and opportunities for Codere Online.

As you may know, prior to our business combination Codere Online was a wholly-owned subsidiary of the Codere Group, which is based in Madrid, Spain, and has over 30 years of retail gaming operating experience in Spain, Italy and throughout Latin America. As with most retail gaming operators, Codere Group was significantly impacted by the protracted shuttering of its retail locations due to Covid. As a consequence, Codere Group had a limited capacity to support, at least from a financial standpoint, the substantial opportunity we have ahead to grow our online business.

This ultimately led to the business combination transaction and Nasdaq listing that we completed late last year and which provided over 100 million dollars in new funding to grow this business. And while Codere Group continues to be the majority owner of the business with approximately two-thirds of the company, this transaction has also allowed for a more comprehensive separation from Codere Group from a legal, financial reporting and corporate governance standpoint.

That said, the strategic vision that Codere Group and Codere Online have for this business is the same … to leverage the over 3 million customers in Codere Group's retail database to harness the significant omni-channel opportunity we see across our Core Markets and to establish Codere Online as one of the leading online sports betting and casino operators in Spain and throughout Latin America.

We are already seeing the significant competitive advantage of deploying an omni-channel strategy in Mexico, where our cross-selling approach, retail payment processing capability and overall improved customer experience are resulting in improved operating performance of our business and, as a result, significant growth in customer acquisitions, improved retention and net gaming revenue in our Mexican business.

Before turning it back over to Oscar to elaborate on the financial performance of the business, I wanted to touch on a few of the highlights of 2021, a year not only impacted by our limited financial resources, but also two other factors. The first was a major platform migration that we realized in Mexico and which negatively (though temporarily) impacted operating and financial results in the second and third quarter.

The second was the new regulatory restrictions that came into place in what continues to be our largest market by revenue, Spain. These restrictions, which came into effect in May 2021, imposed significant limitations on advertising, sponsorships and promotional activities. These restrictions had a greater impact on our business than we were expecting, which negatively affected our financial and operating metrics, in particular in the second and third quarter, but overall we have adapted well to this new operating environment and results in the fourth quarter of 2021 and first quarter of 2022 have already started to recover.

Despite these headwinds, we were able to deliver a 17% growth in net gaming revenue, a substantial increase in customer acquisitions and overall growth in our customer base … though Covid and the regulatory restrictions in Spain make comparisons with 2020 difficult, to say the least.

With that, I will turn it over to Oscar…

Oscar Iglesias

Thanks Moshe. Turning to the financial results for the full year, we see that the 17% growth in consolidated net gaming revenue was driven primarily by a solid 38% growth in Mexico partially offset by a more muted growth in Spain due to the impact from the regulatory restrictions that Moshe mentioned.

From a mix standpoint, Mexico contributed about one-third to consolidated net gaming revenue in the full year period and an even higher share in the fourth quarter, a trend that we expect will continue into 2022.

In regards to EBITDA performance, please note that the EBITDA figures shown are adjusted to exclude the impact from transaction expenses incurred in the business combination and a non-cash impact from the application of IFRS 2 which relates to public listings by way of a reverse merger with a non-operating entity.

Adjusted EBITDA in the period decreased to negative 24 mm, primarily due to the increased level of marketing investment in 2021 (versus Covid impacted depressed levels in 2020) and, to a lesser extent, higher platform, technology and personnel expenses incurred in the period … but we believe that this higher level of marketing and operational investment has put the company in a solid position to deliver the significant growth we are targeting over the coming years.

As a reminder, the upfront investment we make to acquire customers in any given period (what we typically refer to as a cohort) is generally recovered, and generates a return, over the lifetime of those customers. Internally we define lifetime as 5 years following acquisition and would be seeking a relationship between lifetime value to acquisition cost of about 3-5 times, depending of course on where we are in our growth trajectory in any given market and the applicable unit economics.

Turning to country level operating and financial metrics, in Spain we see the impact of higher regulation reflected in the 13% year on year decline in net gaming revenue in the fourth quarter of 2021 but encouragingly an 8% sequential increase in the fourth quarter on the back of a significant uptick in number of actives, which we believe demonstrates that we have adapted well to this new operating environment.

In Mexico, net gaming revenue is up double digits on both a sequential and year on year basis … Q4 in particular was a difficult comp, with strong operating performance in the fourth quarter of 2020. But overall, the business is trending well and our outlook for this market is very positive. As I mentioned before, our omnichannel approach to this market is driving part of this growth, given the large retail presence Codere Group has in the country with nearly 90 gaming halls, which facilitates cross selling between retail and online. This is further supported by the fact that in Mexico 100% of the retail activity is tracked as required by regulation, allowing for much more effective promotions and overall customer management.

In Colombia, meanwhile, we have had strong growth in the year in terms of both net gaming revenue and actives but continue to feel that we have more wood to chop to drive growth and improved return on marketing investment through our omnichannel stategy.

Turning to the balance sheet at year-end 2021, I wanted to highlight a few things … first, to let you know that we had over 100 million dollars available for deployment in furtherance of our growth plan for 2022 and beyond. We are also providing our net working capital position at year-end and expect to continue providing this on a go forward basis to help investors and analysts understand future cash flow impacts from variations in working capital. For those of you who may be modelling this, we expect that our net negative working capital position will continue to be in the range of 15-20% of net gaming revenue.

That's all from my end … Moshe will be walking us through the few remaining slides.

Moshe

Thanks Oscar. To close out our formal remarks, what I would like to do is step back and remind everyone of the substantial market opportunity that we are seeing throughout Latin America and then outline what our strategic priorities are over the coming years and what that means in terms of expected growth for our business.

As we discussed in our roadshow for the business combination, the overall expected total addressable market for online gaming in Latin America is much smaller than that anticipated for the U.S. market, but the growth opportunity is very similar and, perhaps more importantly, the Latin American market is much less crowded from a competitive standpoint … and while we expect that new competitors will continue to enter the market, we feel comfortable that we are well positioned to compete and grow our business as planned.

One of the major contributors to this expected market growth is, of course, Brazil, which we believe alone represents about one-third of the overall TAM potential for Latin America by 2027. As you may know, federal legislation has been approved in the lower house, but a number of legislative and political hurdles will need to be cleared for this promise to become a reality. In any event, we are closely monitoring the situation and working internally and with our board to ensure that if, and when, online gaming is legalized, we will be ready.

For those who have been following the company, the strategic priorities we have established will come as no surprise … our first and primary focus will be to execute on our Core Market growth plan, and (as Oscar mentioned earlier) we will be back here in May to discuss how we started the year but can tell you now that the business is performing well and according to plan.

Second, we will be working tirelessly to ensure that the returns on marketing investment are not only being met but also improving over time … revenue growth alone is not sufficient and that delivering value means that this revenue growth translate into positive EBITDA and cash flow in the years ahead.

Third, and now that we have all the bells and whistles in place to operate as a public company, we will begin turning our attention increasingly to expansion market opportunities, strategic partnerships and other inorganic growth opportunities … not at the expense of our core market growth plan, but as a complement and in furtherance of creating value for shareholders.

Fourth, and related to the point about creating value, please know that with our long-term incentive plan now in place, the management team and directors are fully aligned with shareholders in this regard.

Finally, we will continue to focus on responsible gaming in order to mitigate the prevalence of problem gambling.

In terms of net gaming revenue outlook for 2022, which is based on our Core Market only plan, we are expecting net gaming revenue of between 110 and 120 million euros, or growth of about 38% over 2021. In addition to guidance for 2022, we are also providing net gaming revenue outlook for both 2023 and 2024, the year in which we believe we will be EBITDA and cash flow positive.

In short, we achieved what we set out to achieve with the business combination, but more importantly, we continue to believe that the market opportunity is compelling and convinced in our ability to execute our operating plan and meet the financial objectives we have set.

With that said, will turn it back to the operator to open the call up to Q&A.

Q&A Session

Operator: At this time, I would like to remind everyone, in order to ask a question, press star followed by the number one on your telephone keypad. Your first question comes from the line of Jeff Stantial with Stifel. Your line is open.

Jeff Stantial (Stifel): Hi, good morning, Moshe, Oscar, it's great to be speaking with you both again. Just a couple from me, here.

Oscar Iglesias: Hi, Jeff.

Jeff Stantial (Stifel): First off, a couple months since you started executing on your operating plans. Just curious, anything -- anything that surprised you with respect to the returns on your marketing spend across the various markets, or are there any material deviations from how you underwrote customer acquisition trends by market?

Oscar Iglesias: Moshe, do you want to take that one?

Moshe Edree: So as much as I can -- yeah. As much as -- I'll take this one. As much as I can disclose at the moment, because we're getting into 2022 as well in a way, in general our -- generally speaking, our assumptions are not much I would say away from or far from what we expected. But we did do -- we did some adjustments in a way that we optimize all the time our performance. There are some markets which are not likely disclosed right now, but performing much better than we anticipated. And therefore, we allocate more resources to that market, so accelerate some of the market, while in some markets you see some -- I would say -- product and technical challenges that we used to be the marketing and the regulatory improvement, the technology, and then we go back and accelerate those markets. But all-in-all, I think that we are in the frame of the metrics that we presented in [inaudible].

Jeff Stantial (Stifel): Perfect. That's helpful, thank you, Moshe. And then my model has you guys just narrowly hitting break-even around 2024 with net proceeds on the balance sheet. Any thoughts on whether you might look to raise a little more capital just to have a bit of a buffer and err conservative? Or are you kind of in more of a wait-and-see mode to see what the returns on marketing spend continue to trend like in year one of your plan?

Oscar Iglesias: Hi, Jeff. I think that it's more of a wait-and-see mode. We're three months into the first calendar year after the capital raise, and we'll see how the business tracks over the course of this year, and see what other opportunities arise that might lead us to consider raising additional capital. But I think for the time being, we have the cash that we sought to raise, that we need to execute the core market business plan that we set out to execute. So I think it's more of a wait-and-see at the moment.

Jeff Stantial (Stifel): Okay, perfect. That's helpful. Thanks, Oscar. And then on the guide, it looks like your expectations for growth in 2022 are a bit different versus how you framed it in the initial -- back -- back in I think it was October. Can you just walk through what's changed in some of the underlying assumptions, and has anything changed to '23 and years further out? Or really just 2022?

Oscar Iglesias: Yeah. I can take that one. The 110 million to 120 million in Euro terms, but the high end of that range, the 120 million, at current expected average exchange rates translates to something like 132 million, 133 million in dollar terms. So in the investor presentation that we came to market with last year, I believe the outlook we had for full-year 2022 was 152 million. So there is -- there is a gap of USD 20 million there, and then framing it in USD terms because that's the outlook we had for the year in the transaction presentation.

About half of that is exchange rates, so as you know, in mid-last-year when we came to market and had that 152 million, and obviously we -- we underwrite and model the business in our functional currency, in Euros. But the Euro-Dollar was more like 119, so $1.19 dollars to the Euro. And the average exchange rate expectation for this year is more like $1.11. So, about half of that, let's say those 20 million, about 10 million USD is due to FX. Of the remainder, which would be the expected performance of the underlying business, I think some of that -- I think probably the majority of that, 6 million, 7 million, is Spain given that the impact of the regulatory limitations restrictions aren't temporary and we're adapting in that environment. But versus where we were and our expectations mid-year last year, it's the more challenging environment than we had expected. So some of that carries over into 2022.

The balance of the markets are more or less in line, some slightly higher, some slightly lower. But I think the majority of the operating -- the reduction due to the operating expectations, is just the same.

Jeff Stantial (Stifel): Okay, perfect. That's extremely helpful. I might squeeze in one more, if possible. You know, you had a comment there towards the end on potentially looking at opportunities for inorganic growth. You know, to the extent you dumped [inaudible], could you just frame that a bit more? Are priorities kind of looking at maybe brands that resonate in certain markets, where you think you could come in and improve a technology and best practices on marketing? Is it you know, additions to FX to act on it? What are you seeing out there that looks like it could potentially add value from an inorganic perspective?

Oscar Iglesias: Moshe, do you want to take that, or do you want --

Moshe Edree: I'll take this one. Yeah. So -- yes, I will take it, thank you. I will take it. So yes, yes. Generally speaking, we are always looking for, obviously, for good opportunities. And I think that's from the management perspective, at least from us, know the market, knowing the market quite well and that we feel quite comfortable with the landscape of our competitors, small, medium size. We are getting quite -- I would say quite a substantial amount of I would say, [inaudible] and offering from different angles.

First and foremost, obviously, are the marketing companies that we can look at it and we can have some sort of synergy, and to see if we can implement into our core operation. But obviously, when we are talking and we mentioned that here on Brazil or any other future market, we believe that one of the right ways to enter those markets is by some sort of cooperation, some sort of I would say partnership, maybe, with a few big brands. Something that we can shortcut our entrance to the market, access to the market.

And aside of that, markets like Spain, obviously, which we are quite -- severe restrictions in marketing and advertising, we always with eyes open to see any small, medium competitor that's struggling and withdrawing from the market, which has started already, to seize any opportunity there that we can either buy or to -- you wanted to do some sort of ad-hoc deal.

Jeff Stantial (Stifel): Perfect. That's extremely helpful. That's all for me, guys. I'll pass it on. Thanks for all the color.

Oscar Iglesias: Thanks, Jeff.

Operator: Your next question comes from the line of Michael Kupinski (Noble Capital) with Noble Capital Markets. Your line is open.

Michael Kupinski (Noble Capital): Thank you, and congratulations on your first quarterly call. A couple of questions. I know that you recently commenced operations in Buenos Aires, and I was just wondering, how did that go? And are there anything that you've learned from opening up and commencing operations? I believe you opened those up in December. Anything you've learned there? How are things going in that market in general?

Moshe Edree: So yeah, it's obviously, as you probably know, Argentina, it's quite big business for Codere [inaudible] more than a third of Codere's mother company generated it from Argentina, although it's in the [inaudible] in Buenos Aires, another city of Buenos Aires.

So we said quite comfortable in [inaudible] but we -- it's something that we presented in the roadshow that we see quite comfortable with Argentina and joined to the market and [inaudible] the City of Buenos Aires. And that's exactly how do we feel now after operating for three months. Obviously, it's in very initial stages, the [inaudible] some integration process with the regulator. The regulation is quite complicated in the City of Buenos Aires, and integration with different kind of process and provider and so-on. So we are in the process still of a soft launching, I would say.

But as far as we got it, and with the [inaudible] we're very happy with the result, as we see, of the clear value and our ability to stand out.

Michael Kupinski (Noble Capital): Perfect. And has the roadmap in terms of commencing operations in Latin America, has that roadmap changed any material way from the investor presentation before?

Moshe Edree: No, not really. Not really. I mean, we have six core markets that we operate in. We also always said that our focus would be on Latin America rather than on Spain and Mexico. We always said of the -- Spain is our biggest market, and with the cash-positive EBITDA, and we maintain it on market share. And that's definitely what we are -- we are putting in Spain. But the growth and the focus would be on Latin America and this is the case. And that's why we're focused on that. And again, up until now, three months, four months after the fundraising, we find out that we're on plan and we're performing as well as we thought. And we have the same [inaudible] and KPIs that we anticipated.

Michael Kupinski

(Noble Capital): And then [inaudible] of the regulatory environment, has -- have we seen more movement on that front in particular countries, particularly like Brazil and so forth? How -- how is the regulatory environment? Is that moving along according to your plans at this point?

Moshe Edree: So we, again, going back to the presentation, I mean, we definitely are following closely about the legislation in Brazil. Brazil by far, it's the biggest market in Latin America. There are some -- there are some big companies that are currently operating without a license. I'm not saying that it's illegal, but they're operating without a license. I think that they are not -- they are not willing to do. So there are some process, there are some progress. But unfortunately, this is the case in Brazil for the past seven years. I mean, there are some sort of minor development in legislation, but nothing concretely. There's nothing -- there's no date that we continue to say, okay, we can be ready.

But we prepare whatever we can, and then in the background, in the back office, I think we tell our legal team, we tell our operational team, with the people on the ground to see that if that will happen, that we'll be ready to enter.

Other than that, there wasn't any [inaudible] substantial development in any other of the countries. We looked in some legislation that might have [inaudible] Chile and Peru, but there's nothing that -- nothing that we can at the moment, that we can -- that we can share. Nothing changed.

Michael Kupinski

(Noble Capital): Okay. All right. Perfect. That's all I have. Thank you.

Operator: Your next question is from the line of [Art Rulock] with [Recourt]. Your line is open.

Art Roulac (Three Court)

Hey, guys. I have a couple questions. Thanks for hosting the call. First, is just like operating expenses from 2020 to 2021. Can you just sort of -- 2020 I think was around 77, it's around 107 in '21. Can you just sort of bridge the delta between those two numbers?

Oscar Iglesias: Yeah. Hi, Art. Thanks for the question. Yeah, I can take it. The -- starting with the marketing expense, I think it's what's always a challenge in understanding that the revenue is growing 17, and some of the operating expense lines are growing at higher growth rates. But the comp versus 2020 is significantly impacted by the onset of COVID, and as like everyone that follows the online gaming space knows that it was an environment that did in those early months, and it made March, April, May into June, and even beyond, the business had an uplift in terms of revenue, in terms of spend per customer as the retail locations, the retail gaming options, weren't an option for gaming customers.

So I think that obviously impacted and benefited to some extent the top line, and on the marketing expense we obviously ratcheted down our marketing investment throughout those months in 2020. So I think the 37 million that you're seeing in Euro terms in 2020 is probably a lower -- a lower base and what we have in '21 is a more normalized level of investment, especially -- especially later in the year as we started working through the transaction, the business combination that ultimately got completed in November.

On the platform and content front, it was a number of things that are in there beyond just platform and casino content, that there's also sports streaming, data feeds, all types of other things that are critical to the offering and the platform that we -- that our customers utilized. I would say that on the streaming side we did make a big push last year to start offering more streaming content on the sports side to improve and enhance the customer experience for our players. So that's responsible for some of -- some of the uptick. But there's a number of different things in there.

And then on the personnel front, I think also in anticipation of the transaction, the listing, obviously there were some key areas that we needed to reinforce both on the operating as well as let's say the structural or overhead aspects of the business. So it's a different -- difficult year to compare, but clearly 2020 being COVID-affected makes for a difficult comp.

Art Roulac (Three Court):

Got it, thank you. And green play, I wasn't familiar with. I guess you divested that? Was that a very small asset sale, I guess? Or was it sort of taken off the books at cost or something?

Oscar Iglesias: Yeah. It was a very small -- very small transaction. It was one where a decision by the company tags it, say, what we felt was a non-core business for us. And it was a deal we completed at the end of -- at the end of 2021, but didn't generate I think what it would have generated at most a couple million of net gaming revenue for us in 2020. I think less, more like a million in 2021. So a very small business, non-core, not our focus. So it was one that we were able to achieve a positive sale price as opposed to the alternatives which we had, which effectively would have been an early termination of an agreement that would have created a break fee for us. So it was a positive outcome for us.

Art Roulac (Three Court):

Got it. In the working capital, can you just sort of -- you talked a little bit on the slide, but can you sort of fill in what that working capital number means and sort of how we should think about it as the company grows? Like, what is -- is that just receivables and payables? Is there something else in there that has to do with regulation, or what is it?

Oscar Iglesias: Yeah. I think there's -- there's a couple of things here that we've tried to provide in a very transparent way what our mapping is for networking capital. I think that the most significant line item on the liability side is our accounts payable. I think it's pretty typical for gaming companies, both retail and online, that they carry a net negative working capital position on their balance sheet given that the customers play and are -- play in cash and we earn -- we don't really have receivables from our customers, right. We don't extend credit to our customers.

So I think the point here was that the working capital position is normalized. This is something we expect to continue going forward. At December 31st it was negative EUR 16 million. This is about 19% of our revenue for the year. And it's a relationship that we would expect to hold on a go-forward basis, all else being equal. But it's mostly accounts payable and we provide a breakdown here of how much of that is a true third party. That could be, you know, media companies, technology providers, content providers, any number of different things, and how much is it given the relationship and some of the questions we've had in the past about the relationship with Codere Group.

That obviously has been formalized and under a number of different, what we call, related party agreements. We wanted to give additional detail about the where we were at year-end in terms of accounts payable to our parent company.

Art Roulac (Three Court):

Got it. Thank you. I have just one or two more. Thank you for indulging a couple questions. This is my first time chatting with you.

My next one is, I've been reading in some of these publications that Codere parent was perhaps going through a sale process or investigating an asset sale of their physical casinos in Argentina. Obviously you just launched in Buenos Aires. Does it -- how does that -- is that a point in fact that there's a sale process? And if so, if it was consummated how might that impact the online business there?

Oscar Iglesias: Yeah, I can take that one. I think I remember the article that you're referring to, back I guess it would have been a couple -- a month or two ago. I think that that -- as far as I know, there's no truth to anything that was written in that article. I don't understand that. Obviously, I'm CFO of the online business, we're a two-thirds owned subsidiary -- listed subsidiary of Codere Group. But I understand that there's no -- no plans in the works to divest any business, including Argentina. But you're more than welcome to join the Codere Group earnings call that's happening at 5:30 Eastern -- Central European time if you want to pose that question to the Codere Group management.

Art Roulac (Three Court): Now, is that call today?

Oscar Iglesias: It is. It's at -- it's at I guess it would be 1:30? No, I'm sorry, 5:30 Central European Time.

Art Roulac (Three Court): Okay.

Moshe Edree: An hour from now.

Oscar Iglesias: 11:30 Eastern, yeah.

Art Roulac (Three Court):

And -- 11:30, right. And my final question is, any thoughts about just the liquidity of the stock has been pretty anemic most days. Any sort of plan or strategy to maybe kind of get a little bit more velocity of trading going on it?

Oscar Iglesias: Yeah, it's a good question, and one that I think we've been fielding quite a bit from investors, analysts and the like. And I think we're only a few months out from the business combination. We're focused on executing the business plan that we set out to execute. We've had a couple of board meetings, I think three in total, since we completed. So we have clear what our three-year plan is, our budget for this year, and our operating teams are back to operating the business as opposed to helping us manage the deal process. So it's -- we understand it's an issue. It's one that we have on our radar. It's not one that we can fix easily or quickly. But it's one that we definitely have in mind. Obviously, we would like for there to be -- any company would like, any listed company would like, for there to be more liquidity in the shares and to help facilitate the entry of new investors that may have -- may have an interest but given the liquidity profile, don't have a way of really executing or stepping into a -- an investment in the company.

So we have it on our radar but don't have any near-term fix for that.

Art Roulac (Three Court):

All right, guys. Thank you very much. I'll let someone else ask some questions. Thank you.

Oscar Iglesias: Thanks, Art. Nice talking to you.

Operator: Again, if you would like to ask a question, press star, followed by the number one on your telephone keypad.

Guillermo Lancha: In the meantime, we have a couple questions coming in from the webcast. So the first one is, is management buying stock personally at these prices?

Oscar Iglesias: Well, maybe I can jump in very quickly on that one, Guillermo. And obviously, I can't speak for the rest of the management team, directors or other insiders, but we are -- we are in a closed period and we have been since the end of 2021. And the internal policies that we have on insiders, you know, buying or selling shares of the company establish that you can't -- once the quarter is closed, it has to be the trading window opens two days after the quarter's end and then closes again when the quarter is over. So the first trading window that we'll have would theoretically be after we report Q1 results --

Moshe Edree: In mid-May.

Oscar Iglesias: -- in mid-to-late May, back half of May. So, two days after we release would be the first window, and that window would be open until the end of June. I'm not sure if that answers the question. Obviously, the shares are trading at a little over $5 per share. My personal view is that there seems to be a lot of relative value there when you look at -- even though the sector, more broadly, has traded off, it seems like from a relative value standpoint it would be attractive. But I can't speak to what other insiders may do vis-à-vis buying shares or not.

Moshe, anything to add on that one?

Moshe Edree: No. No. I think [inaudible].

Oscar Iglesias: Want to go to the next one, Guillermo?

Guillermo Lancha: Sure. So, this one might be a bit more for Moshe. So can you elaborate on the negative impact of the advertising restrictions in Spain? It was well flat on initial assessment, but it was a neutral to net positive because it would put a cap on marketing spend and also favor the large, well-established players like Codere. So can you elaborate a bit on that?

Moshe Edree: Can you just repeat the last sentence, Guillermo? I couldn't hear you.

Guillermo Lancha: Yeah. So he said --

Moshe Edree: The last sentence, yeah.

Guillermo Lancha: -- yeah. So we initially mentioned that the deal was a neutral to net-positive because it would put a cap on marketing spend, and also favor the large, well-established players.

Moshe Edree: I'm not sure what they mean by putting a cap, but yeah. Obviously, I mean, in saying that we have quite limited -- limited channels that we can handle the marketing due to the advertising ban. The most specifically, it's mainly between post-midnight and 5:00 in the morning, that's where we can advertise. And we already maximize and optimized this slot of exposure for the brand.

But again, going back to the roadshow that we had, and emphasizing that Spain is a big market, for Codere and not just for the online, but also for the retail. And since we have dozens of retail presence stores and [inaudible] sort of omnichannel strategy, and the brand awareness of Codere as the recent partnership with the online, we believe that not just we can -- we can keep our market share, but over time because of the mitigation from small, medium brands that we draw from the market, and also from the organic growth of the market by itself, we'll be able to maintain the same and to grow our market share.

The good thing about Spain is that we see that we have already a full recovery from the downfall of the legislation period, that was the beginning, mid last year. And we see that both in terms of revenue, but also in terms of those players that keep playing, and recruiting new players that are coming from our own channels, the brand, and the organic channels, we see that the quality of the players are much higher than those that we've seen before. And that somehow offset the, I would say the weakness of the ability to recruit as much as they had recruited before the legislation.

That might not answer the question but I think that this is the [inaudible] Spain.

Oscar Iglesias: Thanks, Moshe. Guillermo, any others from --

Guillermo Lancha: Hold on. I think I'm getting a new one.

Oscar Iglesias: Operator, any other questions from people connected?

Operator: Again, if you would like to ask a question, press star followed by the number one on your telephone keypad.

There are no audio questions at this time.

Guillermo Lancha: Okay. I think we have a final one that just came through the webcast. Again, [inaudible] what was asking for, if the shares continue to trade at interesting prices, will there be any possibilities of considering buybacks, even the strong cash position -- even though the company is in a cash-burning stage?

Oscar Iglesias: I mean, it's a good question. I think the answer is it's not something -- it's not something we're considering. We -- the $100 million that we raised, we have earmarked toward execution of our -- our [inaudible] plan, getting us -- executing the growth that we have contemplated out to '24, the year in which we expect to be EBITDA and cash-flow positive. And we see lots of opportunities in the markets where we operate. But I think it's a fair question. I think it's one that we presumably will be discussing going forward, but right now, there's no plans to initiate any share buyback.

Okay. I think that's it from the web. So --

Guillermo Lancha: Yep. Operator, unless there are any additional questions --

Operator: There are no --

Guillermo Lancha: I think we can -- I think --

Operator: There are no audio questions at this time.

Guillermo Lancha: Okay. So, thanks, everyone for attending this call. If you have any follow-up questions feel free to reach me. You have the website, IR@CodereOnline.com email address. And we look forward to speaking with you again in the back half of May for our Q1 2022 results. Thank you, everyone.

Moshe Edree: Thank you.

Operator: Ladies and gentlemen, thank you for your participation. This concludes today's conference call. You may now disconnect.