

## **Acquisition of Interblock d.d.**

We are conducting a hearing on the acquisition of Interblock d.d., a licensed gaming manufacturer, by OCM Luxembourg Baccarat Bidco S.a.r.l., Luxembourg (Non-VoteCo or the “Purchaser”). The Maryland Lottery and Gaming Control Agency is required by “The Gaming Law” to conduct an investigation to determine if the Purchaser is qualified to acquire a licensed Maryland gaming manufacturer.

You (the Commissioners) have been provided with the complete investigative report on the Purchaser. You have also received a copy of the public report that was in your packets and made available to everyone on the agency website. I will summarize the reports that have been given to you.

On December 16, 2020, OCM Luxembourg Baccarat Bidco S.á r.l., entered into an Equity Purchase Agreement with Interblock d.d. to acquire 100% of the ownership interests in Interblock for a purchase price of \$336.4 million. The agreement was subsequently amended on July 30, 2021 and the purchase price was increased to \$338.7 million. Additionally, OCM Luxembourg committed to a \$40 million interim loan to Interblock to provide incremental liquidity during the pendency of the transaction and agreed to provide additional liquidity to Interblock in the form of up to five additional loan commitments in an aggregate amount not to exceed \$195 million.

Funding for the acquisition and interim loans will be provided by Oaktree Special Situations Fund II, L.P., a private equity fund managed by Oaktree Capital Management, L.P. which is registered with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. Oaktree Capital Management, L.P. is affiliated with Oaktree Capital Group LLC, a public reporting company with the majority Controlling Interest as defined in the Gaming Law held by Howard S. Marks and Bruce A. Karsh. Mr. Marks and Mr. Karsh have each provided an affidavit to the Commission with assurances that neither will control or be involved in the day-to-day operation nor involved in the management of Interblock in any way that relates to Interblock's activities under its license with the Commission.

### **Delegation of Authority**

Immediately after the closing of the acquisition, the Fund will hold 100% of the non-voting, economic equity interests in Interblock and IB OCM Voteco, an exempted company incorporated in the Cayman Islands, will directly hold 100% of the voting, non-economic equity interests in Interblock. By a resolution dated May 12, 2022, the sole authority and control over the Fund's investment in Interblock has been delegated to David Quick, Jordon Kruse and Matthew Wilson. Additionally, the resolution vests them with the authority to select their replacement if any of them resigns or otherwise cannot serve. In the event that all

three directors are unable to serve, the Resolution delegates to Daniel Levin the authority to replace those directors. Each of these individuals are employees of Oaktree Capital Management, L.P.

### **Maryland Gaming Regulatory Requirements**

The aforementioned Equity Purchase Agreement, Resolution, and Affidavits of Mr. Marks and Mr. Karsh, as well as the Amended Articles of Association for Interblock, contain provisions that ensure that Maryland gaming regulatory requirements are satisfied. Additionally, David Quick, Jordon Kruse and Matthew Wilson as directors of the Fund, and Daniel Levin as CFO of the Fund, have each submitted a Principal Employee Application with the Commission.

The MLGCA conducted a complete and thorough background investigation focusing on required qualification criteria involving integrity and financial stability. MLGCA adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in this report.

MLGCA's investigation has confirmed that the Applicant (OCM Luxembourg Baccarat Bidco S.à.r.l., Luxembourg "Non-VoteCo") has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Based on the criteria in SG §§ 9-1A-07(c)(7) and 9-1A-08(d), we

conclude that the Applicant has established by clear and convincing evidence the qualifications required for its acquisition of Interblock d.d.