



GREAT CANADIAN GAMING CORPORATION

GREAT CANADIAN GAMING ANNOUNCES FIRST QUARTER 2020 RESULTS

May 5, 2020 – Toronto, ON – Great Canadian Gaming Corporation [TSX:GC] (“Great Canadian,” or “the Company”) today announced its financial results for the three month period ended March 31, 2020 (the “first quarter”).

FIRST QUARTER 2020 HIGHLIGHTS

- Effective March 16, 2020 the Company temporarily suspended the operations of all of its gaming facilities and ancillary amenities across the country in an effort to contribute to the containment of the COVID-19 coronavirus pandemic (“the pandemic”).
- On April 4, 2020, the Government of Ontario mandated the closure of all non-critical construction projects which temporarily halted the remainder of the Company’s Ontario capital projects under development.
- Revenues of \$273.8 million in the first quarter, a decrease of 10% when compared to the same period in the prior year¹.
- Adjusted EBITDA² of \$103.0 million in the first quarter, a decrease of 6% when compared to the same period in the prior year¹.
- Shareholders’ net earnings from continuing operations of \$19.2 million or \$0.35 per common share in the first quarter, a decrease of 38% and 34%, respectively, when compared to the same period in the prior year¹.
- On March 2, 2020, the Company closed a senior unsecured debenture offering for gross proceeds of \$180.0 million. On April 30, 2020, the over-allotment option was completed for additional gross proceeds of \$9.0 million. The debentures will bear interest from the date of issuance at 5.25% per annum, payable semi-annually in arrears commencing June 30, 2020 and will mature on December 31, 2026. The debentures are listed on the TSX under the symbol GC.DB.

“In these uncertain times, our thoughts are foremost on the health and well-being of our team members, guests and our communities. The pandemic has disrupted businesses around the world, including our own, and we are focused on navigating this difficult period to best position the Company to succeed in the long term. Our team is diligently working on re-opening plans for our properties with a focus on health and safety best practices, and we will be ready to welcome back our team members and guests to our sites, when appropriate,” stated Rod Baker, the Company’s Chief Executive Officer.

¹ Financial results for the first quarter of 2019 were re-presented to exclude the results of the Company’s U.S. region, which was classified as discontinued operations starting in the second quarter of 2019.

² Adjusted EBITDA is a non-IFRS measure, as described in the disclaimer section of this press release, and excludes discontinued operations.

FINANCIAL REVIEW

Revenues of \$273.8 million in the first quarter decreased by 10% when compared to the same period in the prior year. The decrease for the three months ended March 31, 2020, when compared to the same period in the prior year, was primarily due to the closure of all gaming facilities on March 16, 2020 in response to the pandemic, partially offset by improved revenues during the quarter in the period prior to the gaming facility closures.

Adjusted EBITDA of \$103.0 million in the first quarter decreased by \$6.3 million when compared to the same period in 2019, due to the above mentioned facility closures, which had a negative impact on revenues. In response to the facility closures, the Company took measures to significantly reduce its operating expenses to mitigate the decline in revenues from the gaming facility closures.

Shareholders' net earnings from continuing operations of \$19.2 million in the first quarter decreased by \$11.8 million when compared to the same period in 2019, primarily due to the decrease in Adjusted EBITDA, increased business acquisition, restructuring and other expense primarily related to pre-opening costs of the Pickering Casino Resort in GTA, and the gain on sale of land that occurred in the first quarter of 2019.

OUTLOOK

"The health and safety of our team members and guests is the priority and we are monitoring the pandemic closely, following the advisements provided by government authorities and workplace safety best practices in preparation of re-opening of our facilities," continued Mr. Baker.

"In addition to the temporary facility closures, the Government of Ontario's mandated closure of all non-critical construction projects has resulted in an orderly wind-down of our active construction projects in Ontario, including the Pickering Casino Resort and Woodbine developments as well as facility expansion projects nearing completion in West GTA. The revised timelines for these developments will be reassessed once the timing of the government mandated closures are better understood and workplace conditions can proceed in a safe and appropriate manner."

"We are working diligently on our re-opening plans during this period and when the time is appropriate, we will be ready to relaunch our businesses. We expect the start-up and post-relaunch ramp up periods of our gaming facilities and capital projects under development to be a challenging time for Great Canadian and we are very fortunate to have so many dedicated and hard-working team members getting us through this difficult closure period and into our reopening phase."

"As a result of our prudent approach to use of capital over the years, Great Canadian was in a stable capital and liquidity position that has prepared us to navigate financial adversity. As at March 31, 2020, the Company had a cash balance of \$881.9 million and \$858.9 million of available undrawn credit on its credit facilities, subject to applicable covenants. Subsequent to quarter-end, the Company's work with its banking partners to amend its credit agreements to temporarily waive certain financial and other covenants adds reinforcement to the Company's capital structure and better positions us to succeed through these challenging times," concluded Mr. Baker.

CONFERENCE CALL

Great Canadian will host a conference call for investors and analysts today, May 5, 2020, at 8:00 AM Pacific Time in order to review the financial results for the quarter ended March 31, 2020. To participate in the conference call, please dial 416-764-8688, 778-383-7413, or toll free at 1-888-390-0546. Questions will be reserved for analysts and institutional investors. Interested parties may also access the call via the Investor Relations section of the Company's website, www.gcgaming.com. Investors using the website should allow 15 minutes for the registration and installation of any necessary software. A replay of the call will also be available at www.gcgaming.com.

ABOUT GREAT CANADIAN GAMING CORPORATION

Founded in 1982, Great Canadian Gaming Corporation is an Ontario based company that operates 25 gaming, entertainment and hospitality facilities in Ontario, British Columbia, New Brunswick, and Nova Scotia. Fundamental to the Company's culture is its commitment to social responsibility. "PROUD of our people, our business, our community" is Great Canadian's brand that unifies the Company's community, volunteering and social responsibility efforts. Under the PROUD program, Great Canadian annually supports over 1,400 charitable and non-profit organizations across Canada. In each Canadian gaming jurisdiction, a significant portion of gross gaming revenue from gaming facilities is retained by our Crown partners on behalf of their provincial government for the purpose of supporting programs like healthcare, education and social services.

Please refer to the Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis at www.gcgaming.com or www.sedar.com (available on May 5, 2020) for detailed financial information and analysis.

GREAT CANADIAN GAMING CORPORATION

Financial Highlights

(Expressed in millions of Canadian dollars, except for per share information)

The financial results below are unaudited and prepared by management. Expressed in millions of Canadian dollars, except for per share information.

	Three months ended March 31,		
	2020	2019 ⁽¹⁾	% Chg
Revenues	\$ 273.8	\$ 302.8	(10%)
Human resources	95.9	106.1	(10%)
Property, marketing and administration	75.4	88.0	(14%)
Share of profit of equity investment	(0.5)	(0.6)	17%
	170.8	193.5	(12%)
Adjusted EBITDA	\$ 103.0	\$ 109.3	(6%)
Adjusted EBITDA as a % of Revenues	37.6%	36.1%	
Less:			
Amortization	38.5	37.4	
Share-based compensation	(1.4)	3.7	
Interest and financing costs, net	23.2	22.2	
Business acquisition, restructuring and other	6.0	1.8	
Gain on sale of land	-	(6.6)	
Foreign exchange gain	(0.2)	(0.3)	
Income taxes	8.4	10.9	
Net earnings from continuing operations	\$ 28.5	\$ 40.2	(29%)
Net earnings attributable to discontinued operations ⁽¹⁾	\$ -	\$ 1.6	
Net earnings	\$ 28.5	\$ 41.8	(32%)
Net earnings from continuing operations attributable to:			
Shareholders of the company	\$ 19.2	\$ 31.0	
Non-controlling interests	9.3	9.2	
	\$ 28.5	\$ 40.2	(29%)
Net earnings attributable to:			
Shareholders of the company	\$ 19.2	\$ 32.6	
Non-controlling interests	9.3	9.2	
	\$ 28.5	\$ 41.8	(32%)
Shareholders' net earnings per common share from continuing operations			
Basic	\$ 0.35	\$ 0.53	
Diluted	\$ 0.34	\$ 0.51	
Shareholders' net earnings per common share			
Basic	\$ 0.35	\$ 0.55	
Diluted	\$ 0.34	\$ 0.53	
Weighted average number of common shares (in thousands)			
Basic	55,282	58,765	
Diluted	56,297	60,990	
	March 31, 2020	December 31, 2019	% Chg
Cash	\$ 881.9	\$ 329.7	167%
Total assets	\$ 3,498.1	\$ 2,851.9	23%
Long-term debt	\$ 1,490.2	\$ 869.8	71%

¹ Financial results for the first quarter of 2019 were re-presented to exclude the results of the Company's U.S. region, which was classified as discontinued operations starting in the second quarter of 2019.

DISCLAIMER

This press release contains certain “forward-looking information” or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company’s current expectations, estimates, projections and assumptions that were made by the Company in light of historical trends and other factors. Forward-looking statements are frequently but not always identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “targeted”, “planned”, “possible” or similar expressions or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. All information or statements, other than statements of historical fact, are forward-looking information, including statements that address expectations, estimates or projections about the future, the Company’s strategy for growth and objectives, expected future expenditures, costs, operating and financial results, expected impact of future commitments, the Company’s expected ability to obtain banking waivers, the impact of the COVID-19 pandemic on the Company’s operations, the impact of conditions imposed on certain high limit players, the impact of unionization activities and labour organization, the Company’s beliefs about the outcome of its notices of objection and subsequent appeals challenging the Canada Revenue Agency’s reassessments and its tax position on its facility development commission prevailing, the determination and calculation of the Company’s expected facility investment commission amounts in respect of its British Columbia facilities and the Company’s projected future investments to obtain facility investment commission, the terms and expected benefits of the normal course issuer bid, the Company’s expected share of BC horse racing industry revenue in future years, the Company and its affiliates meeting threshold revenue growth amounts in the Ontario gaming industry in future years, the Company’s projected timeline for future development, and expectations and implications of changes in legislation and government policies, volatile gaming holds, the effects of competition in the market and potential difficulties in employee retention and recruitment. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: compliance with the terms of operational services agreements with lottery corporations; changes to gaming laws and regulations that may impact the operational services agreements; pending, proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact high limit play), volatile gaming holds, the effects of competition in the market; the development of properties in Ontario; the Company’s ability to obtain and renew required business licenses, leases, and operational services agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; impairment of the Company’s ability to obtain banking waivers; actual and possible reassessments of the Company’s prior tax filings by tax authorities; the results of the Company’s notices of objection and subsequent appeals challenging reassessments received by the Canada Revenue Agency; the Company’s tax position on its facility development commission prevailing; temporary business interruption and closure of the Company’s facilities due to COVID-19; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; adverse changes in public opinion and acceptance of gambling; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company’s ability to successfully integrate new key personnel; the timing and results of collective bargaining negotiations and potential labour disruption; adverse changes in the Company’s labour relations; the Company’s ability to manage its capital projects and its expanding operations in jurisdictions where it operates; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; the risk associated with partnership relationships; First Nations rights with respect to some land on which the Company conducts operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; privacy breaches or data theft; integration of acquired properties in Ontario; changes to anti-money laundering procedures and protocols including additional requirements for determining source of funds; unusual weather or natural disasters could adversely affect the Company’s operations and financial results; and disease outbreaks. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company’s continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the “Risk Factors” section of the Company’s Annual Information Form for fiscal 2019, and as identified in the Company’s disclosure record on SEDAR at www.sedar.com.

The forward-looking information in documents incorporated by reference speaks only as of the date of those documents. The Company believes that the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on the forward-looking information. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this press release.

The Company has included non-International Financial Reporting Standards (“non-IFRS”) measures in this press release. Adjusted EBITDA, as defined by the Company, means earnings before interest and financing costs (net of interest income), income taxes, depreciation and amortization, share-based compensation, business acquisition, restructuring and other, gain on sale of land, and foreign exchange gain. Adjusted EBITDA is derived from the Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income, and can be computed as revenues less human resources expenses and property, marketing and administration expenses plus the share of profit of equity investments relating to principal operating entities. Unless otherwise noted, Adjusted EBITDA for the current and comparative periods exclude the results of discontinued operations. The Company believes Adjusted EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service

outstanding debt, and fund future capital expenditures. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing the Company. Items of note may vary from time to time and in this press release include pre-opening costs, restructuring severance costs, impairment reversal of long-lived assets, facility development commission revenues previously deferred at Casino Nanaimo, other and the related income taxes thereon.

Readers are cautioned that these non-IFRS definitions are not recognized measures under International Financial Reporting Standards ("IFRS"), do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to net earnings determined in accordance with IFRS or as indicators of performance or liquidity or cash flows. The Company's method of calculating these measures may differ from methods used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. The Company uses these measures because it believes they provide useful information to both management and investors with respect to the operating and financial performance of the Company.

ON BEHALF OF

GREAT CANADIAN GAMING CORPORATION

"Original Signed By Rod N. Baker"

Rod N. Baker
Chief Executive Officer

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