GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Periods Ended
March 31, 2021 and 2020

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

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in millions of Canadian dollars)

		March 31, 2021	December 31, 2020
Assets			
Current			
Cash		**$ 437.5**	$ 434.8
Accounts receivable		**34.4**	40.8
Income taxes receivable		**47.5**	36.4
Prepaids, deposits and other assets		**30.9**	30.1
		550.3	542.1
Property, plant and equipment	Note 2(a)	**1,468.2**	1,465.5
Right-of-use assets	Note 3(a)	**951.9**	960.2
Intangible assets		**79.9**	82.1
Goodwill		**13.5**	13.5
Deferred tax assets		**17.4**	17.1
Cash on deposit with Canada Revenue Agency	Note 7	**38.9**	38.9
Other assets		**0.7**	0.6
		$ 3,120.8	$ 3,120.0
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 118.2**	$ 144.9
Lease liabilities	Note 3(b)	**36.6**	36.8
Other liabilities		**5.0**	5.4
		159.8	187.1
Long-term debt	Note 4	**1,368.2**	1,333.9
Lease liabilities	Note 3(b)	**914.1**	917.5
Deferred credits, provisions and other liabilities		**27.2**	29.2
Deferred tax liabilities		**78.3**	79.7
		2,547.6	2,547.4
Equity			
Share capital and reserves		**414.7**	369.9
Retained earnings		**66.5**	95.3
Equity attributable to shareholders of the Company		**481.2**	465.2
Non-controlling interests		**92.0**	107.4
Total equity		**573.2**	572.6
		$ 3,120.8	$ 3,120.0

These Condensed Interim Consolidated Financial Statements were approved and authorized by the Company's Board of Directors for issuance on May 3, 2021.

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Statements of (Loss) Earnings and Other Comprehensive (Loss) Income

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

		Three months ended March 31, 2021	2020
Revenues	Note 6	**$ 52.3**	$ 273.8
Expenses			
Human resources		**17.8**	95.9
Property, marketing and administration		**14.7**	75.4
Share of profit of equity investment		**(0.7)**	(0.5)
Amortization		**47.3**	38.5
Share-based compensation	Note 5	**1.1**	(1.4)
Interest and financing costs, net		**25.0**	23.2
Business acquisition, restructuring and other		**2.5**	6.0
Foreign exchange gain		**(0.1)**	(0.2)
		107.6	236.9
(Loss) earnings before income taxes		**(55.3)**	36.9
Income taxes	Note 7	**(11.1)**	8.4
Net (loss) earnings and comprehensive (loss) income		**$ (44.2)**	$ 28.5
Net (loss) earnings and comprehensive (loss) income attributable to:			
Shareholders of the Company		**$ (28.8)**	$ 19.2
Non-controlling interests		**(15.4)**	9.3
		$ (44.2)	$ 28.5
Net (loss) earnings per common share attributable to shareholders of the Company			
Basic		**$ (0.50)**	$ 0.35
Diluted		**$ (0.50)**	$ 0.34
Weighted average number of common shares (in thousands)	Note 8		
Basic		**57,155**	55,282
Diluted		**57,155**	56,297

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

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

		Share Capital Number [1]	Share Capital Amount	Reserves	Share Capital and Reserves	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
At January 1, 2020		55,367	$ 279.5	$ 57.5	$ 337.0	$ 190.4	$ 527.4	$ 133.8	$ 661.2
Share-based compensation	Note 5	-	-	3.1	3.1	-	3.1	-	3.1
Exercise of incentive share options	Note 5	111	2.8	(0.5)	2.3	-	2.3	-	2.3
Repurchase of common shares	Note 5	(173)	(0.9)	-	(0.9)	(6.4)	(7.3)	-	(7.3)
Net earnings and comprehensive income		-	-	-	-	19.2	19.2	9.3	28.5
Distributions		-	-	-	-	-	-	(6.8)	(6.8)
At March 31, 2020		55,305	$ 281.4	$ 60.1	$ 341.5	$ 203.2	$ 544.7	$ 136.3	$ 681.0
At January 1, 2021		56,061	$ 302.1	$ 67.8	$ 369.9	$ 95.3	$ 465.2	$ 107.4	$ 572.6
Exercise of incentive share options	Note 5	1,544	44.8	-	44.8	-	44.8	-	44.8
Net loss and comprehensive loss		-	-	-	-	(28.8)	(28.8)	(15.4)	(44.2)
At March 31, 2021		**57,605**	**$ 346.9**	**$ 67.8**	**$ 414.7**	**$ 66.5**	**$ 481.2**	**$ 92.0**	**$ 573.2**

[1] Number of shares presented in thousands.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in millions of Canadian dollars)

		Three months ended March 31, 2021	2020
Cash Flows from Operating Activities			
(Loss) earnings before income taxes		**$ (55.3)**	$ 36.9
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		**47.3**	38.5
Share-based compensation	Note 5	**1.1**	(1.4)
Interest and financing cost, net		**25.0**	23.2
Foreign exchange gain		**(0.1)**	(0.2)
Other		**(2.6)**	(1.0)
Changes in non-cash operating working capital	Note 9(a)	**(4.5)**	(17.7)
Income taxes paid		**(1.7)**	(14.2)
Cash generated by operating activities		**9.2**	64.1
Cash Flows from Investing Activities			
Capital expenditures, net of related accounts payable	Note 9(b)	**(56.3)**	(84.7)
Interest income received		**0.8**	1.6
Other		**-**	1.0
Cash used in investing activities		**(55.5)**	(82.1)
Cash Flows from Financing Activities			
Payment of lease liabilities	Note 3(b)	**(22.1)**	(21.4)
Increase in borrowings under credit facilities	Note 4	**32.6**	451.4
Proceeds from Senior Unsecured Debentures	Note 4(b)	**-**	180.0
Repayment of debt	Note 4	**-**	(4.0)
Debt financing transaction costs	Note 4	**-**	(7.6)
Proceeds from exercise of incentive share options, net of issuance costs	Note 5(b)	**44.8**	2.3
Repurchase of common shares	Note 5(a)	**-**	(8.1)
Amount of distributions to non-controlling interests		**-**	(6.8)
Interest paid		**(6.4)**	(15.8)
Cash generated by financing activities		**48.9**	570.0
Effect of foreign exchange on cash		**0.1**	0.2
Cash inflow		**2.7**	552.2
Cash, beginning of period		**434.8**	329.7
Cash, end of period		**$ 437.5**	$ 881.9

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

1. BASIS OF PRESENTATION

These Condensed Interim Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements of Great Canadian Gaming Corporation (the "Company" or "GCGC") for the year ended December 31, 2020 ("Annual Financial Statements").

a) *Principal Operating Entities*

As at March 31, 2021, the Company's principal operating entities which the Company consolidates were:

Entity	Abbreviation	Location of operations	Ownership interest at
Flamboro Downs Limited	FDL	Ontario	100%
Georgian Downs Limited	GDL	Ontario	100%
Ontario Gaming East Limited Partnership	OGELP	Ontario	90.5%
Ontario Gaming GTA Limited Partnership *(doing business as One Toronto Gaming)*	OTG	Ontario	50%
Ontario Gaming West GTA Limited Partnership	OGWGLP	Ontario	100%
Chilliwack Gaming Ltd.	CGL	British Columbia	100%
Great Canadian Casinos Inc.	GCCI	British Columbia	100%
Great Canadian Entertainment Centres Ltd.	GCEC	British Columbia	100%
Hastings Entertainment Inc.	HEI	British Columbia	100%
Orangeville Raceway Limited	ORL	British Columbia	100%
Great Canadian Gaming (New Brunswick) Ltd.	GCGNB	New Brunswick	100%
Metropolitan Entertainment Group	MEG	Nova Scotia	100%

Under these principal operating entities, the Company operated 26 gaming, entertainment and hospitality facilities in the Ontario, B.C. and Atlantic regions:

Ontario

OTG
Casino Woodbine
Pickering Casino Resort(1)
Casino Ajax
Great Blue Heron Casino

OGWGLP
Elements Casino Mohawk
Elements Casino Brantford
Elements Casino Flamboro(2)
Elements Casino Grand River

OGELP
Shorelines Casino Peterborough
Shorelines Casino Belleville
Shorelines Casino Thousand Islands
Shorelines Slots at Kawartha Downs

FDL
Flamboro Downs Racetrack(2)

GDL
Georgian Downs Racetrack

British Columbia

GCCI
River Rock Casino Resort
Hard Rock Casino Vancouver
Elements Casino Victoria
Casino Nanaimo
Bingo Esquimalt

ORL
Elements Casino Surrey

CGL
Elements Casino Chilliwack

GCEC
Chances Dawson Creek
Chances Maple Ridge

HEI
Hastings Racecourse & Casino

Atlantic

GCGNB
Casino New Brunswick

MEG
Casino Nova Scotia Halifax
Casino Nova Scotia Sydney

(1) The construction of the casino portion of Pickering Casino Resort was completed by the end of 2020.
(2) Elements Casino Flamboro and Flamboro Downs Racetrack operate in the same location, and together, they are considered one gaming facility.

1. BASIS OF PRESENTATION (Continued)

b) Temporary Business Interruption

The COVID-19 coronavirus pandemic (the "Pandemic") continues to have a significant impact on the Company's business since the temporary suspension of all of its gaming facilities and ancillary amenities on March 16, 2020.

The Company operated certain gaming properties in Ontario and Atlantic under restricted operating conditions for a portion of the first quarter of 2021, but was required to temporarily close the majority of these properties again at various dates due to localized health authority mandates. As at March 31, 2021, all properties, except for the Atlantic properties, Elements Casino Grand River and Shorelines Casino Belleville, were closed. Subsequent to March 31, 2021, the remaining Ontario and Casino Nova Scotia properties were mandated to close.

Any reopened sites follow rigorous and detailed health and safety protocol developed by the Company which meet or exceed all requirements from corresponding provincial health authorities. The operational environment at all reopened gaming properties includes reduced guest capacity and availability of slot machines, and the temporary closure of substantially all table games and non-gaming amenities. The Company will continue to follow the direction of provincial governments and local health authorities, which continues to be rapidly fluctuating and will require the Company to adjust the operating environment in the future as conditions evolve.

The Company's capital program has also been impacted by the Pandemic due to the suspension of non-critical construction projects for certain periods as mandated by the Government of Ontario. The Company was required to suspend all non-critical construction activities in Ontario on January 14, 2021 as mandated by the Government of Ontario. The suspensions were lifted at Pickering Casino Resort and Great Blue Heron Casino on February 16, 2021 and at Casino Woodbine on March 9, 2021. As of April 16, 2021, the Government of Ontario suspended all non-critical construction activities. The Company continues to reassess the timing of its development projects in Ontario. Despite the impact on timing, the Company does not expect a material impact to the total planned capital spend on its development projects.

The Company has undertaken several measures in response to the Pandemic. Management continued to monitor the potential implications of the Pandemic on the business and at all times prioritized the health and safety of its team members and guests. Prior to the temporary suspension, the Company assessed its working capital requirements and increased its liquidity to better position it to sustain a potential closure. At March 31, 2021, the Company had $437.5 in cash and $939.7 of available undrawn credit on its credit facilities. The Company worked closely with the respective Provincial Crown corporations to ensure its Operating Agreements remain in good standing during the suspension period. In response to the closures of its sites, the Company made operational adjustments to reduce its human resources and property, marketing and administration expenses in an effort to reduce its cash outflows during the temporary suspension period.

In addition, the Company has applied for eligible government assistance related to the Pandemic to further reduce its cash outflows. For the three months ended March 31, 2021, the Company recognized $10.6 of eligible government assistance which was recorded as a reduction against related costs.

The Company also completed amendments to each of its credit agreements to temporarily waive certain financial and other covenants for a defined period. Certain waivers require maintenance of a liquidity covenant during the waiver period. Upon expiry of the waivers, further waiver amendments may be required to be negotiated with creditors in a scenario of an extended temporary suspension.

1. BASIS OF PRESENTATION (Continued)

b) Temporary Business Interruption (Continued)

The temporary business interruption as described above has adversely impacted the Company's financial position. Based on the Company's actions taken to date, management has concluded that the Company has adequate resources to continue in operation for at least the next 12 months and that there are no material uncertainties regarding the Company's ability to continue as a going concern. In making this determination, the Company applies judgment around forecasted net cash flows impacted from restricted operating conditions that may be imposed on the Company by the local health authorities during the Pandemic, and the assessment on the likelihood of the continued support from its lenders to provide temporary waivers on certain financial and other covenants, as may be required in a scenario of an extended temporary suspension. Given the dynamic nature of the Pandemic, the duration and magnitude of the operating restrictions remains uncertain, including the impact of any additional health and safety measures introduced on reopening.

c) Critical Accounting Estimates and Judgments

These Condensed Interim Consolidated Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

In light of the temporary business interruption, estimates and judgments have been made by management when evaluating non-financial assets for impairment (Note 2(b)), and when evaluating the Company's liquidity risk and ability to settle its contractual obligations (Note 11(a)).

d) Changes in Accounting Standards

The Company has not applied the following amendments to IAS that have been issued but are not yet effective:

- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets (effective January 1, 2022) clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts. The amendments apply to contracts existing at the date when the amendments are first applied. Management is currently assessing the impact of this amendment.

- Amendments to IAS 1, Presentation of Financial Statements (effective January 1, 2023) clarify the presentation of liabilities in the statement of financial position. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Management is currently assessing the impact of this amendment.

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

2. LONG-LIVED ASSETS

a) Property, plant and equipment

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2020	$ 83.2	$ 1,031.9	$ 392.3	$ 425.2	$ 1,932.6
Additions[(1)]	-	0.7	3.5	277.7	281.9
Disposals	(0.2)	-	-	-	(0.2)
Transfers	-	267.5	80.5	(348.0)	-
Balance at December 31, 2020	$ 83.0	$ 1,300.1	$ 476.3	$ 354.9	$ 2,214.3
Additions[(1)]	**-**	**-**	**0.1**	**33.7**	**33.8**
Transfers	**-**	**0.2**	**0.3**	**(0.5)**	**-**
Balance at March 31, 2021	**$ 83.0**	**$ 1,300.3**	**$ 476.7**	**$ 388.1**	**$ 2,248.1**
Accumulated amortization and impairment					
Balance at January 1, 2020	$ (11.2)	$ (422.4)	$ (223.7)	$ -	$ (657.3)
Amortization	-	(36.9)	(54.6)	-	(91.5)
Balance at December 31, 2020	$ (11.2)	$ (459.3)	$ (278.3)	$ -	$ (748.8)
Amortization	**-**	**(14.9)**	**(16.2)**	**-**	**(31.1)**
Balance at March 31, 2021	**$ (11.2)**	**$ (474.2)**	**$ (294.5)**	**$ -**	**$ (779.9)**
Carrying amount					
At December 31, 2020	$ 71.8	$ 840.8	$ 198.0	$ 354.9	$ 1,465.5
At March 31, 2021	**$ 71.8**	**$ 826.1**	**$ 182.2**	**$ 388.1**	**$ 1,468.2**

(1) The Company capitalized borrowing costs of $3.1 to properties under development during the three months ended March 31, 2021 (2020 - $1.7) related to the development of gaming properties in Ontario.

b) Impairment analysis

The temporary business interruption, as discussed in Note 1(b), has had a significant impact on the Company's business and therefore management has undertaken an assessment for indicators of impairment of the carrying values of its long-lived assets, including property, plant and equipment, intangible assets, and goodwill. As a result, management performed an impairment test to assess whether the recoverable amount of each cash generating unit ("CGU") exceeded their carrying values. The recoverable amounts of each CGU was based on fair value less costs to sell determined by discounting the future cash flows expected to be generated by the CGU. The determination of the recoverable amount required use of significant estimates and judgments regarding forecasted cash flows used, including the extent of operating restrictions on the Company's business, and the discount rates used. Based on procedures performed, no impairment was required as at March 31, 2021.

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

3. LEASES

The Company's right-of-use assets and corresponding lease liabilities primarily consist of property, vehicle and office equipment leases. Modifications and remeasurements to the lease liability relate to changes in lease terms and changes in future lease payments arising from changes in the inflation rate, with the corresponding adjustment made to the carrying amount of the right-of-use asset.

Lease payments recognized in net (loss) earnings primarily consisted of short-term leases related to gaming equipment and variable lease payments on property leases which are calculated based on performance or usage. Included in variable lease payments are $0.3 related to lease concessions granted as a result of the Pandemic.

a) Right-of-use assets

		Land		Building and Building Improvements		Equipment		Total
Cost								
Balance at January 1, 2020	$	19.8	$	1,020.8	$	0.2	$	1,040.8
Modifications and remeasurements		-		30.2		-		30.2
Balance at December 31, 2020	$	19.8	$	1,051.0	$	0.2	$	1,071.0
Remeasurements		**-**		**5.8**		**-**		**5.8**
Balance at March 31, 2021	**$**	**19.8**	**$**	**1,056.8**	**$**	**0.2**	**$**	**1,076.8**
Accumulated Amortization								
Balance at January 1, 2020	$	(1.0)	$	(54.0)	$	(0.1)	$	(55.1)
Amortization		(1.0)		(54.7)		-		(55.7)
Balance at December 31, 2020	$	(2.0)	$	(108.7)	$	(0.1)	$	(110.8)
Amortization		**(0.3)**		**(13.8)**		**-**		**(14.1)**
Balance at March 31, 2021	**$**	**(2.3)**	**$**	**(122.5)**	**$**	**(0.1)**	**$**	**(124.9)**
Carrying amount								
At December 31, 2020	$	17.8	$	942.3	$	0.1	$	960.2
At March 31, 2021	**$**	**17.5**	**$**	**934.3**	**$**	**0.1**	**$**	**951.9**

b) Lease liabilities

The following table reconciles the opening and ending balances of the lease liabilities:

Current and non-current lease liabilities at January 1, 2020	$	960.2
Lease payments		(87.0)
Interest accretion		50.9
Lease modification and other remeasurements		30.2
Current portion of lease liabilities		(36.8)
Non-current portion of lease liabilities at December 31, 2020	**$**	**917.5**

Current and non-current lease liabilities at January 1, 2021	$	954.3
Lease payments		(22.1)
Interest accretion		12.7
Remeasurements		5.8
Current portion of lease liabilities		(36.6)
Non-current portion of lease liabilities at March 31, 2021	**$**	**914.1**

The Company expects the following maturities of its undiscounted lease liabilities:

Contractual undiscounted cash flows:		
Less than one year	$	85.7
Two to three years		170.1
Four to five years		165.6
More than five years		1,034.3
Total undiscounted lease liabilities as at March 31, 2021	**$**	**1,455.7**

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

4. LONG-TERM DEBT

			March 31, 2021		December 31 2020
Senior Secured Credit Facilities of GCGC, net of unamortized transaction costs of $3.5 (December 31, 2020 - $3.8)	Note 4(a)	**$**	**346.5**		346.2
Senior Unsecured Debentures of GCGC, net of unamortized transaction costs of $6.9 (December 31, 2020 - $7.2)	Note 4(b)		**182.1**		181.8
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $6.7 (December 31, 2020 - $7.6)	Note 4(c)		**604.6**		571.1
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $2.2 (December 31, 2020 - $2.3)	Note 4(d)		**138.7**		138.6
Non-recourse Revolving Credit Facility of OGELP, net of unamortized transaction costs of $0.7 (December 31, 2020 - $0.8)	Note 4(e)		**96.3**		96.2
		$	**1,368.2**	$	1,333.9

a) *Senior Secured Credit Facilities of GCGC*

The Company has a Senior Secured Credit Facilities agreement with an aggregate capacity of $900.0, comprising a $550.0 revolving facility and a fully drawn $350.0 term loan facility, which matures on November 6, 2023. The Senior Secured Credit Facilities are guaranteed and secured by the assets of the Company and its wholly owned subsidiaries, except for OGWGLP, which has its own credit facility as described in Note 4(d).

As at March 31, 2021, the Company had $497.7 of available undrawn credit on its Senior Secured Credit Facilities (December 31, 2020 – $497.7) after deducting outstanding letters of credit of $52.3 (December 31, 2020 - $52.3). The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants.

As a result of the temporary suspension of operations (as described in Note 1(b)), compliance with the financial covenants under the Senior Secured Credit Facilities have been temporarily waived pursuant to an amending agreement that the Company entered into with its lenders on November 27, 2020, subject to maintaining a minimum liquidity balance of $250.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until September 29, 2021.

b) *Senior Unsecured Debentures of GCGC*

The Company has issued $189.0 senior unsecured debentures, which bear interest from the date of issuance at 5.25% per annum, payable semi-annually and will mature on December 31, 2026. The debentures are listed on the Toronto Stock Exchange (“TSX”) under the symbol GC.DB.

The debentures will not be redeemable before December 31, 2022, except upon the occurrence of a change of control of the Company in accordance with the terms of the Indenture governing the debentures. There are customary provisions for early redemptions of the Senior Unsecured Debentures during defined periods prior to maturity with payment of defined premiums.

The Senior Unsecured Debentures are not subject to any financial covenants. As at March 31, 2021, GCGC was in compliance with its operational and other covenants under the terms of the Indenture.

On June 2, 2020, the Company received approval from the TSX to commence a normal course issuer bid to purchase up to $18.9 of its debentures, representing approximately 10% of the $189.0 aggregate principal. The bid commenced on June 5, 2020 and will expire on June 4, 2021. All debentures purchased by the Company will be subsequently cancelled. The Company has not purchased any debentures for cancellation under this issuer bid. Any future repurchases of debentures under the normal course issuer bid require approval from Apollo Funds under the Arrangement described in Note 12.

4. LONG-TERM DEBT (CONTINUED)

c) Non-recourse Revolving and Capital Expenditures Credit Facilities of OTG

OTG has non-recourse credit facilities that provide an aggregate capacity of up to $1,100.0, comprising a $900.0 capital expenditures facility and a $200.0 revolving facility. OTG's assets are pledged as collateral on the credit facilities. The credit facilities agreement matures on March 6, 2023.

As at March 31, 2021, OTG had $405.8 of available undrawn credit on its Non-recourse Revolving and Capital Expenditures credit facilities (December 31, 2020 - $438.4), after deducting outstanding letters of credit of $82.9 (December 31, 2020 – $82.9). The availability of undrawn credit is subject to certain conditions. OTG's credit facilities are not subject to any financial covenants.

As a result of the temporary suspension of operations (as described in Note 1(b)), compliance with certain operational and other covenants under the non-recourse revolving and capital expenditures credit facilities have been temporarily waived pursuant to an amending agreement that OTG entered into with its lenders on November 27, 2020. The waiver period will be in effect until June 30, 2021 and can be extended to September 29, 2021 at OTG's option.

d) Non-recourse Revolving Credit Facility of OGWGLP

OGWGLP has a non-recourse revolving credit facility that provides a capacity of $160.0. OGWGLP's assets are pledged as collateral on the credit facility. The non-recourse revolving credit facility agreement matures on November 1, 2024.

As at March 31, 2021, OGWGLP had $19.1 (December 31, 2020 – $19.1) of available credit on its non-recourse revolving credit facility. The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants. OGWGLP did not have any letters of credit outstanding as at March 31, 2021 (December 31, 2020 - $nil).

As a result of the temporary suspension of operations (as described in Note 1(b)), compliance with financial and certain other covenants under the non-recourse revolving credit facility have been temporarily waived pursuant to an amending agreement that OGWGLP entered into with its lenders on November 27, 2020, subject to maintaining a minimum liquidity balance of $20.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until September 29, 2021.

e) Non-recourse Revolving Credit Facility of OGELP

OGELP has a non-recourse revolving credit facility that provides a capacity of up to $130.0 and matures on September 6, 2023. OGELP's assets are pledged as collateral on the credit facility.

As at March 31, 2021, OGELP had $17.1 (December 31, 2020 - $17.1) of available undrawn credit on its credit facility after deducting outstanding letters of credit of $15.9 (December 31, 2020 - $15.9). The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants.

As a result of the temporary suspension of operations (as described in Note 1(b)), compliance with financial and certain other covenants under the non-recourse revolving credit facility have been temporarily waived pursuant to an amending agreement that OGELP entered into with its lenders on November 27, 2020, subject to maintaining a minimum liquidity balance of $20.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until September 29, 2021.

5. SHARE CAPITAL AND RESERVES

The Company is authorized to issue an unlimited number of common shares with no par value.

a) Share repurchases

On June 29, 2020, the Company announced receiving approval from the TSX to renew a normal course issuer bid for up to 3,674,077 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2020 and will end on July 2, 2021, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. All shares purchased by the Company will be subsequently cancelled. The Company has not repurchased any common shares under this issuer bid since the Company entered into the Arrangement on November 10, 2020, as described in Note 12. Any future repurchases of shares under the normal course issuer bid require approval from Apollo Funds. Prior to the Arrangement, the Company purchased for cancellation 300,471 common shares at a weighted-average price per share of $26.55 under this current issuer bid.

The Company did not purchase any shares under the current issuer bid during the three months ended March 31, 2021 (2020 – 172,724 common shares at a weighted-average price per share of $42.29 under a previous issuer bid).

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the three months ended March 31, 2021 and 2020 were as follows:

	March 31, 2021			March 31, 2020		
	Options [1]		**Weighted-Average Exercise Price**	Options [1]		Weighted-Average Exercise Price
Outstanding, beginning of period	**2,324**	**$**	**28.77**	4,707	$	30.20
Forfeited	**(1)**		**24.07**	(1)		24.07
Exercised	**(1,544)**		**28.99**	(111)		20.55
Outstanding, end of period	**779**	**$**	**28.34**	4,595	$	30.45

[1] Option information is presented in thousands.

Related to these share options, the Company recorded equity-settled share-based compensation expense of $nil for the three months ended March 31, 2021 (2020 - $3.1).

The Company did not grant any share options during the three months ended March 31, 2021 and 2020.

5. SHARE CAPITAL AND RESERVES (Continued)

c) Deferred Share Units ("DSUs")

The changes in DSUs provided to non-employee directors of the Company were as follows:

	Three months ended March 31,	
Number of Units (in thousands)	**2021**	2020
Outstanding, beginning of period	**185**	166
Issued	**-**	3
Settled in cash	**(50)**	-
Outstanding, end of period	**135**	169

Related to these DSUs, the Company recorded a liability of $6.1 in "deferred credits, provisions and other liabilities" at March 31, 2021 (December 31, 2020 - $8.3) and cash-settled share-based compensation recovery of $0.1 for the three months ended March 31, 2021 (2020 – recovery of $3.1).

d) Restricted Share Units ("RSUs")

The changes in RSUs provided to employees of the Company were as follows:

	Three months ended March 31,	
Number of Units (in thousands)	**2021**	2020
Outstanding, beginning of period	**119**	245
Issued	**159**	-
Forfeited	**(7)**	(4)
Outstanding, end of period	**271**	241

Assuming both a constant market price for the Company's common shares and no award forfeitures, the RSUs would result in cash settlement payments of $3.4 to employees after they vest in 2021, $4.1 in 2022, $2.5 in 2023 and $2.3 in 2024.

Related to these RSUs, the Company recorded a liability of $3.6 in "accounts payable and accrued liabilities" at March 31, 2021 (December 31, 2020 - $3.0), $1.4 in "deferred credits, provisions and other liabilities" at March 31, 2021 (December 31, 2020 - $0.9) and cash-settled share-based compensation expense of $1.2 for the three months ended March 31, 2021 (2020 – recovery of $1.4).

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

6. REVENUES

	Three months ended March 31, 2021	2020
Gaming revenues	**$ 48.8**	$ 241.3
Hospitality revenues	**0.2**	19.2
Racetrack, lease and other revenues	**3.3**	13.3
	$ 52.3	$ 273.8

7. INCOME TAXES

a) *Income tax recognized in net (loss) earnings*

The Company's income tax expense is as follows:

	Three Months ended March 31, 2021	2020
Current tax (recovery) expense	**$ (9.6)**	$ 9.9
Deferred tax recovery	**(1.5)**	(1.5)
Total income tax	**$ (11.1)**	$ 8.4

The Company's income tax for the three months ended March 31, 2021 and March 31, 2020 can be reconciled to (loss) earnings before income taxes as follows:

	Three Months ended March 31, 2021	2020
Applicable statutory income tax rate (1)	**26.69%**	26.66%
(Loss) earnings before income taxes (2)	**$ (55.3)**	$ 36.9
Expected income tax for the period	**(14.8)**	9.8
Effect of:		
Non-deductible share-based compensation	**-**	0.9
Non-controlling interest(2)	**4.1**	(2.5)
Other items	**(0.4)**	0.2
Total income tax	**$ (11.1)**	$ 8.4

(1) The income tax rate used for the reconciliation is the weighted average applicable statutory rates used by the entities in Ontario, B.C., New Brunswick and Nova Scotia.

(2) (Loss) earnings before income taxes includes 100% of OTG's and OGELP's earnings, however, the Company is only required to pay corporate income tax on its share of OTG's and OGELP's taxable income, respectively, with the remaining taxable income picked up by the non-controlling interest partners of the partnerships. Accordingly, there is a reconciling item relating to the partnerships' earnings allocated to the non-controlling interest.

7. INCOME TAXES (Continued)

b) Other income-tax related matters

The Canada Revenue Agency ("CRA") has conducted audits of the Company's and its subsidiaries' Facility Development Commission ("FDC") filing positions of its B.C. operations for the 2009 to 2014 years. CRA has taken the position that FDC was received by the Company and its subsidiaries during 2009 and subsequent years as service fee income and should be included in taxable income when received. For income tax purposes, the Company and its subsidiaries treat the reimbursement by BCLC of the approved gaming related property, plant and equipment costs as a reduction in the capital cost of the asset. CRA's current position is inconsistent with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary for the 2000 and 2001 taxation years.

If CRA's current position prevails, it would accelerate the timing of the Company's and its subsidiaries' recognition of taxable income, but would also increase the tax depreciation deduction (capital cost allowance) that they could recognize in prior and future years.

Based on the FDC received from BCLC between January 1, 2009 and June 2, 2018, if CRA's current position on FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase $55.9, deferred tax expense would decrease $54.8, and interest and financing costs would increase $17.6, resulting in a one-time $18.7 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.33 per share, based on the number of shares outstanding as at March 31, 2021.

During 2015, the Company received notices of reassessment from CRA for itself and three of its subsidiaries related to the income tax treatment of FDC received from BCLC in 2009 and 2010. During 2016, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2011, and 2012, and in some cases 2013. As a part of the notices of reassessment received during 2016, the CRA waived $1.1 of interest relating to the 2011 and 2012 taxation years. During 2017, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2013 and 2014.

The Company strongly disagrees with the CRA's current position on FDC and CRA's adjustments to the taxable income of it and its subsidiaries in respect of FDC. Management believes that it is probable that the Company's and its subsidiaries' tax filing positions with respect to FDC will prevail and consequently the Company and its subsidiaries have not accrued for additional income tax liabilities, income tax expenses, and interest as a result of the reassessments received from CRA.

The Company and its subsidiaries intend to vigorously defend their tax filing positions and the five subsidiaries that have received notices of reassessment from CRA for 2009 to 2014 have filed notices of objection with CRA's Appeals Division. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. As at March 31, 2021, the Company and its subsidiaries have deposited a net amount of $38.9 (December 31, 2020 - $38.9) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Condensed Interim Consolidated Statements of Financial Position.

During 2018, five of the Company's subsidiaries received notices of confirmation for the taxation years under audit. The five subsidiaries filed notices of appeal to the Tax Court of Canada to each notice of confirmation received. During the first quarter of 2019, the Company and its subsidiaries received the Respondent's Replies to the notices of appeal. In response to the Pandemic, the Company and the Respondent agreed to delay the process with revised timelines still to be determined.

The Company and its subsidiaries plan to file notices of objection to CRA's Appeals Division to each notice of reassessment that may be received for any subsequent years.

8. SHARE INFORMATION

Share information below is presented in thousands.

	Three months ended March 31, **2021**	2020
Weighted-average number of common shares outstanding	**57,155**	55,282
Dilutive adjustment for share options	**-**	1,015
Diluted weighted-average number of common shares	**57,155**	56,297

The number of outstanding share options (in thousands) that are anti-dilutive and therefore are not included in the above calculation were 779 at March 31, 2021 (2020 – 1,215). During a loss period, the assumed exercise of in-the-money share options has an anti-dilutive effect and therefore are excluded from the computation of dilutive earnings per share.

9. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash operating working capital

	Three months ended March 31, **2021**	2020
Accounts receivable	**$ 6.4**	$ 8.6
Prepaids, deposits and other assets	**(3.3)**	(3.5)
Accounts payable and accrued liabilities	**(7.6)**	(22.8)
	$ (4.5)	$ (17.7)

b) Capital expenditures, net of related accounts payable

	Three months ended March 31, **2021**	2020
Purchases of property, plant and equipment	**$ (33.8)**	$ (105.3)
Change in related accounts payable	**(22.5)**	20.6
	$ (56.3)	$ (84.7)

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

10. SEGMENT INFORMATION

As a result of the temporary business interruption, as discussed in Note 1(b), the Chief Operating Decision Maker ("CODM") now evaluates Free Cash Flow as an additional measure during the Pandemic period in assessing each region's performance and allocating resources to each region. Segment information for each operating segment are as follows:

	Ontario	B.C.	Atlantic	Corporate	Total
Three months ended March 31, 2021					
Gaming revenues	**$ 40.1**	**$ 0.8**	**$ 7.9**	**$ -**	**$ 48.8**
Hospitality revenues	**-**	**-**	**0.2**	**-**	**0.2**
Racetrack, lease and other revenues	**2.8**	**0.4**	**0.1**	**-**	**3.3**
Revenues	**$ 42.9**	**$ 1.2**	**$ 8.2**	**$ -**	**$ 52.3**
Adjusted EBITDA	**$ 27.3**	**$ (4.1)**	**$ 3.4**	**$ (6.1)**	**$ 20.5**
Free Cash Flow	**$ (57.0)**	**$ (5.0)**	**$ 4.3**	**$ (12.8)**	**$ (70.5)**
Three months ended March 31, 2020					
Gaming revenues	$ 174.8	$ 52.5	$ 14.0	$ -	$ 241.3
Hospitality revenues	6.0	9.8	3.4	-	19.2
Racetrack, lease and other revenues	8.1	4.5	0.7	-	13.3
Revenues	$ 188.9	$ 66.8	$ 18.1	$ -	$ 273.8
Adjusted EBITDA	$ 79.4	$ 28.5	$ 4.3	$ (9.2)	$ 103.0
Free Cash Flow	$ (52.4)	$ 16.8	$ 2.2	$ (17.4)	$ (50.8)

Segment Assets	**Ontario**	**B.C.**	**Atlantic**	**Corporate**	**Total**
As at March 31, 2021					
Cash	**$ 153.8**	**$ 53.7**	**$ 11.6**	**$ 218.4**	**$ 437.5**
Total assets	**$ 2,180.5**	**$ 610.0**	**$ 99.4**	**$ 230.9**	**$ 3,120.8**
As at December 31, 2020					
Cash	$ 196.8	$ 58.9	$ 6.6	$ 172.5	$ 434.8
Total assets	$ 2,220.2	$ 618.5	$ 96.6	$ 184.7	$ 3,120.0

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

10. SEGMENT INFORMATION (CONTINUED)

The following table is a reconciliation of Adjusted EBITDA, as presented above, to net (loss) earnings as presented in the Company's Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) Income:

	Three months ended March 31, 2021	2020
Adjusted EBITDA	**$ 20.5**	$ 103.0
Less:		
Amortization	**47.3**	38.5
Share-based compensation	**1.1**	(1.4)
Interest and financing costs, net	**25.0**	23.2
Business acquisition, restructuring and other	**2.5**	6.0
Foreign exchange gain	**(0.1)**	(0.2)
Income taxes	**(11.1)**	8.4
Net (loss) earnings	**$ (44.2)**	$ 28.5

The following table is a reconciliation of Free Cash Flow, as presented above, to cash generated by operating activities as presented in the Company's Condensed Interim Consolidated Statements of Cash Flows:

	Three months ended March 31, 2021	2020
Free cash flow	**$ (70.5)**	$ (50.8)
Add (less):		
Capital expenditures, net of related accounts payable	**56.3**	84.7
Payment of lease liabilities	**22.1**	21.4
Interest paid	**6.4**	15.8
Other[1]	**(5.1)**	(7.0)
Cash generated by operating activities	**$ 9.2**	$ 64.1

(1) Consists of (i) "business acquisition, restructuring and other" from the Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) Income and (ii) "other" adjustments to reconcile earnings before income taxes to cash generated by operating activities from the Condensed Interim Consolidated Statements of Cash Flows.

11. FINANCIAL INSTRUMENTS

a) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by monitoring its capital structure, regularly monitoring forecast and actual cash flows, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its revolving credit facilities.

As discussed in Note 1(b), some of the Company’s operations resumed under restricted operating conditions, but were required or may be required to temporarily close depending on changes to localized health authority mandates. Depending on the extent of operating restrictions on the Company’s business, the Company may generate negative net operating cash flows. The Company’s ability to settle its contractual obligations is subject to the temporary waivers on its credit agreements (see Note 4) remaining in place, including any future extensions, as required, and/or the timing of when operating restrictions are lifted.

For the three months ended March 31, 2021, there were no material changes to the Company’s contractual obligations.

The Company has commitments for capital expenditures related to the developments of its Ontario gaming facilities, which will be settled over the duration of the related developments. In response to the Pandemic, non-critical construction projects were suspended for certain periods in 2020 and 2021 as mandated by the Government of Ontario, as discussed in Note 1(b). The Company continues to reassess the timing of its development projects in Ontario, including the estimated timing in settling these commitments.

b) *Interest rate risk*

The financial instruments that give rise or may give rise to the most significant exposure to floating interest rate risk are the Senior Secured Credit Facilities, OTG’s Non-recourse Revolving and Capital Expenditures Credit Facilities, OGWGLP’s Non-recourse Revolving Credit Facility, and OGELP’s Non-recourse Revolving Credit Facility (see Note 4).

A sensitivity analysis has been determined based on the exposure to interest rates for floating rate liabilities at the reporting date. The analysis is prepared assuming the amount of liability outstanding at reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net (loss) earnings would decrease or increase by $12.0.

11. FINANCIAL INSTRUMENTS (CONTINUED)

c) Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The Company's Senior Unsecured Debentures (Note 4(b)) are Level 1 financial instruments that are based on unadjusted quoted prices trading in active markets. As at March 31, 2021, the Senior Unsecured Debentures had a fair value of $187.6 (December 31, 2020 – $190.0) and a carrying value of $182.1 (December 31, 2020 – $181.8).

The Company's long-term debt instruments, except for the Senior Unsecured Debentures, are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at March 31, 2021, the Company's long-term debt instruments, excluding the Senior Unsecured Debentures, had a fair value of $1,199.2 (December 31, 2020 - $1,166.6) and a carrying value of $1,186.1 (December 31, 2020 - $1,152.1).

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 financial instruments during the periods.

12. ARRANGEMENT WITH APOLLO FUNDS

The Company entered into an arrangement agreement with Raptor Acquisition Corp., a company existing under the laws of British Columbia and an affiliate of funds managed by affiliates of Apollo Global Management, Inc. together with its subsidiaries ("Apollo Funds"), dated November 10, 2020 and amended on December 20, 2020, under which Apollo Funds agreed to acquire all the outstanding common shares of the Company for $45.00 per share (the "Arrangement").

The transaction is not subject to a financing condition but is subject to a number of closing conditions, including required regulatory approvals. The Arrangement has received approval from the Company's shareholders, the Supreme Court of British Columbia, as well as clearance under the *Competition Act* (Canada). On April 5, 2021, the Company announced that Raptor Acquisition Corp. has received approval under the *Investment Canada Act* for the acquisition of the Company. If the Arrangement is terminated by the Company in certain circumstances, including as a result of the Company failing to satisfy any closing conditions, the Company must pay a $75.0 termination fee to Apollo Funds. The Arrangement is expected to close in the second quarter of 2021.