



GREAT CANADIAN GAMING CORPORATION

GREAT CANADIAN GAMING ANNOUNCES FIRST QUARTER 2021 RESULTS

May 4, 2021 – 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, 2021 (the “first quarter”).

FIRST QUARTER 2021 UPDATES

- The Company announced on April 5, 2021 that Raptor Acquisition Corp (the “Purchaser”), an affiliate of funds managed by affiliates of Apollo Global Management, Inc. (**NYSE:APO**) (“Apollo Funds”), has received approval under the *Investment Canada Act* for the acquisition of Great Canadian, pursuant to a previously announced plan of arrangement (the “Arrangement”) involving Great Canadian, the Purchaser and Company securityholders. The Arrangement remains subject to certain other closing conditions. It is expected to be completed in the second quarter of 2021.
- 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 quarter-end, the remaining Ontario and Casino Nova Scotia properties were mandated to close, and all non-critical construction activities on the Company’s Ontario developments were suspended.

“Significant progress has been made in the closing of the Arrangement with Apollo Funds, as demonstrated by the recent *Investment Canada Act* approval. We believe this transaction is beneficial for our shareholders, our team members, our guests, and other stakeholders, and we are working diligently to satisfy all remaining closing conditions, including required regulatory approvals,” stated Terrance Doyle, the Company’s Interim Chief Executive Officer.

“Great Canadian remains committed to help contain the spread of COVID-19 by adhering to all directives and guidance issued by public health authorities in each jurisdiction that we operate, including suspending our operations when mandated to do so. Our ability to respond to local health mandates promptly and efficiently is a testament to the preparation and readiness of our team members,” continued Mr. Doyle. “The Company remains focused on reopening our gaming properties and ancillary amenities as appropriate, and our teams have demonstrated through our results thus far that we can operate while continuing to prioritize the health and safety of team members and guests.”

“We have reason to remain optimistic, despite the challenges we have faced since the start of the Pandemic. For our properties that were allowed to reopen, we have observed encouraging visitation levels despite operating under restricted conditions. Additionally, we are encouraged by the continued progress of the mass vaccination program across Canada, as well as the initial results of the wider reopening of other markets where vaccination levels are higher,” added Mr. Doyle.

FINANCIAL REVIEW

The temporary suspension of operations and restricted operating conditions that the Company's gaming facilities experienced in the first quarter of 2021 resulted in decreased revenues, expenses, Adjusted EBITDA¹, shareholders' net (loss) earnings, Free Cash Flow¹, and total cash flows, when compared to the same period in the prior year. While certain of the Company's Ontario and Atlantic properties were permitted to open under restricted operating conditions for a portion of the first quarter of 2021, gaming revenues at these properties were significantly reduced when compared to the same period in the prior year.

The Company had negative Free Cash Flow of \$70.5 million in the first quarter of 2021, compared to \$50.8 million in the same period in 2020. The increase in negative Free Cash Flow was primarily due to decreased Adjusted EBITDA, as mentioned above, partially offset by lower income taxes paid, interest paid and capital expenditures. For the first quarter of 2021, the Company funded the negative Free Cash Flow with net borrowings from its credit facilities of \$32.6 million and the remaining \$37.9 million from available cash balances.

Cash inflow in the first quarter of 2021 of \$2.7 million was primarily due to the proceeds from the exercise of incentive share options of \$44.8 million. Cash inflow in the first quarter of 2021 was lower than cash inflow of \$552.2 million in the same period in 2020, primarily due to decreased cash generated from operating activities as a result of the temporary suspension of operations and reduced cash generated by financing activities, partially offset by lower cash used in investing activities due to construction timing of the Company's development projects in Ontario. Cash inflow in the first quarter of 2020 included the issuance of the Senior Unsecured Debentures and a \$325.0 million draw on the revolving portion of the Senior Secured Credit Facilities.

OUTLOOK

"We have completed the construction of the casino portion at Pickering Casino Resort, which will be ready to open when it is safe and appropriate to do so. We believe this casino will be a spectacular addition to the gaming and entertainment marketplace in the Greater Toronto Area. We continue to work on the remaining non-gaming amenities at Pickering Casino Resort and other projects in Ontario, including Casino Woodbine and Great Blue Heron, which will be funded by One Toronto Gaming's capital expenditures credit facility. The timing of completing these developments will depend on the extent of Pandemic-related restrictions on non-essential construction activities, which have been suspended again on April 16, 2021. Despite the impact that the Pandemic has had on the timing of these developments, we do not anticipate any impact to our total planned capital spend."

"The Company's financial and operational covenants under its credit facilities continue to be temporarily waived pursuant to amended credit facility agreements which were entered into in the fourth quarter of 2020. As at March 31, 2021, Great Canadian continues to remain in stable capital and liquidity position with a cash balance of \$437.5 million and \$939.7 million of available undrawn credit on its credit facilities, subject to applicable covenants," concluded Mr. Doyle.

CONFERENCE CALL

Due to limited operations and the pending Arrangement with Apollo Funds, the Company will not be hosting a conference call for investors and analysts to review its financial results. For detailed financial information and analysis, 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 4, 2021).

ABOUT GREAT CANADIAN GAMING CORPORATION

Founded in 1982, Great Canadian Gaming Corporation is an Ontario based company that operates 26 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.

¹ Adjusted EBITDA and Free Cash Flow are non-IFRS measures, as described in the disclaimer section of this press release.

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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,		
	2021	2020	% Chg
Revenues	\$ 52.3	\$ 273.8	(81%)
<i>Less:</i>			
Human resources	17.8	95.9	(81%)
Property, marketing and administration	14.7	75.4	(81%)
Share of profit of equity investment	(0.7)	(0.5)	40%
Adjusted EBITDA	\$ 20.5	\$ 103.0	(80%)
Changes in non-cash working capital	(4.5)	(17.7)	(75%)
Capital expenditures, net of related accounts payable	(56.3)	(84.7)	(34%)
Payment of lease liabilities	(22.1)	(21.4)	3%
Interest paid	(6.4)	(15.8)	(59%)
Income taxes paid	(1.7)	(14.2)	(88%)
Free Cash Flow	\$ (70.5)	\$ (50.8)	39%
<u>Cash flow information</u>			
Cash generated by operating activities	9.2	64.1	(86%)
Cash used in investing activities	(55.5)	(82.1)	(32%)
Cash generated by financing activities	48.9	570.0	(91%)
Effect of foreign exchange on cash	0.1	0.2	(50%)
Cash inflow	\$ 2.7	\$ 552.2	100%
<u>Net (loss) earnings information:</u>			
Net (loss) earnings attributable to:			
Shareholders of the company	\$ (28.8)	\$ 19.2	
Non-controlling interests	(15.4)	9.3	
Net (loss) earnings	\$ (44.2)	\$ 28.5	
Shareholders' net (loss) earnings per common share			
Basic	\$ (0.50)	\$ 0.35	
Diluted	\$ (0.50)	\$ 0.34	
Weighted average number of common shares (in thousands)			
Basic	57,155	55,282	
Diluted	57,155	56,297	
<u>Balance sheet information:</u>			
	March 31,	December 31,	
	2021	2020	% Chg
Cash	\$ 437.5	\$ 434.8	1%
Total assets	\$ 3,120.8	\$ 3,120.0	0%
Long-term debt	\$ 1,368.2	\$ 1,333.9	3%

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 anticipated arrangement with Raptor Acquisition Corp., the Company’s strategy for growth and objectives, the status and prospects of the industries in which the Company operates, 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, the Company and its affiliates meeting threshold revenue growth amounts in the Ontario gaming industry, 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; the Company’s ability to successfully close its anticipated arrangement with Raptor Acquisition Corp.; 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 Company’s ability to successfully develop 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; effects of COVID-19 physical distancing measures in reopened facilities; 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 certain 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 2020, 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, and foreign exchange gain. Adjusted EBITDA is derived from the Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) 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. 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. The Company has reported Free Cash Flow as an additional measure of its operating performance, particularly to monitor the Company's non-discretionary cash requirements during the Pandemic period. Free Cash Flow can be computed as Adjusted EBITDA less the following items derived from the Condensed Interim Consolidated Statements of Cash Flows: changes in non-cash working capital, capital expenditures, net of related accounts payable, payment of lease liabilities, interest paid and income taxes paid.

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 Terrance M. Doyle”

Terrance M. Doyle
Interim Chief Executive Officer

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