GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month and Six Month Periods Ended
June 30, 2020

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

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, labour relations, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other information of Great Canadian Gaming Corporation ("Great Canadian", "GCGC", the "Company", "we", "our") is dated as of August 11, 2020.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 ("Condensed Interim Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2019 ("Annual Financial Statements"), our MD&A for the year ended December 31, 2019 and our Annual Information Form for the year ended December 31, 2019. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Certain information and note disclosures normally included in the Annual 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. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

This MD&A is presented on a regional and/or consolidated basis as described (and defined) in the "Business Description" and "Consolidated Results of Operations" section of this document. Capitalized terms are defined when they first appear.

Temporary Business Interruption

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") and to protect the health of its team members and guests. The suspension of the Company's gaming facilities was made in conjunction with each of the respective Provincial Crown corporations in regard to announcements and mandates from health authorities and local governments.

The Company has undertaken several measures in response to the pandemic. Management has worked diligently 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 June 30, 2020, the Company had $498.2 in cash and $1,106.7 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 suspension period.

In addition, the Company has applied for eligible government assistance related to the pandemic to further reduce its cash outflows during the closure period. For the three and six months ended June 30, 2020, the Company recognized $5.9 of eligible government assistance which was recorded as a reduction against related expenses.

The Government of Ontario mandated the closure of all non-critical construction projects by April 4, 2020, which temporarily halted the remainder of the Company's Ontario capital projects under development. These restrictions were lifted on May 19, 2020, and the Company has resumed certain Ontario capital projects with appropriate workplace safety measures in place.

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 waiver, further waiver amendments may be required to be negotiated with creditors in a scenario of an extended temporary suspension.

The Company believes that its actions taken in response to the temporary business interruption noted above, will allow the Company to effectively maintain its capital structure and minimize its cash outflows. The Company will continue to follow the orders of the health authorities and local governments and will resume operations and construction once deemed safe and appropriate to do so. Given the dynamic nature of the pandemic, the duration and magnitude of the temporary suspension remains unknown, including the impact of any additional health and safety measures introduced on reopening. Accordingly, the long-term impact on the Company's consolidated results of operations, cash flows and financial position cannot be reasonably estimated at this time.

Non-IFRS Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net (loss) earnings determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

Adjusted EBITDA

Except as otherwise noted in this MD&A, 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 loss (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. Unless otherwise noted, Adjusted EBITDA for the current and comparative periods exclude the results of discontinued operations. We believe Adjusted EBITDA is a useful measure because it provides information to management about the ongoing 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 the investors and analysts for the purpose of valuing the Company. A reconciliation of Adjusted EBITDA to net (loss) earnings under IFRS is shown in the "Financial Highlights - Reconciliation of Non-IFRS Measures to IFRS Measures" section of this MD&A.

In order to view its operations on a more stand-alone basis based on its shareholders' proportionate interests in its Ontario partnerships, the Company has presented its Adjusted EBITDA attributable to the shareholders of the Company for the Ontario region. Adjusted EBITDA attributable to shareholders of the Company is Adjusted EBITDA, as defined above, less the non-controlling interest portion of Adjusted EBITDA.

Free Cash Flow

As a result of the temporary suspension of operations, which began on March 16, 2020, as discussed in the "Temporary Business Interruption" section of this MD&A, 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 this closure 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. A reconciliation of Free Cash Flow to cash generated by operating activities is shown in the "Financial Highlights – Reconciliation of Non-IFRS Measures to IFRS Measures" section of this MD&A. Unless otherwise noted, Free Cash Flow for the current and comparative periods exclude discontinued operations.

Forward-Looking Information

This MD&A 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 impact of COVID-19 on the Company's operations and capital structure, the Company's strategy for growth and objectives, expected future expenditures, costs, operating and financial results, the Company's continued ability to obtain and maintain credit facilities and waivers of covenants as a result of adjustments to operating capacity, business closures or temporary shutdowns due to COVID-19, expected impact of future commitments, 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 Company's normal course issuer bids, the Company's expected share of B.C. 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 operating agreements with lottery corporations; changes to gaming laws and regulations that may impact the operating 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 operating 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 and maintain credit facilities and waivers of covenants arising from COVID-19; 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 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 MD&A.

FINANCIAL HIGHLIGHTS

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
Gaming revenues	**$ 60.5**	$ 311.2	(81%)	**$ 301.8**	$ 575.6	(48%)
Hospitality revenues	**-**	27.7	(100%)	**19.2**	51.6	(63%)
Racetrack, lease and other revenues	**2.3**	15.5	(85%)	**15.6**	30.0	(48%)
Revenues	**62.8**	354.4	(82%)	**336.6**	657.2	(49%)
Human resources	**11.9**	107.3	(89%)	**107.8**	213.3	(49%)
Property, marketing and administration	**19.8**	94.1	(79%)	**95.2**	182.1	(48%)
Share of profit of equity investment	**(0.7)**	(0.7)	0%	**(1.2)**	(1.3)	(8%)
	31.0	200.7	(85%)	**201.8**	394.1	(49%)
Adjusted EBITDA (1)	**$ 31.8**	$ 153.7	(79%)	**$ 134.8**	$ 263.1	(49%)
Changes in non-cash working capital	**(22.2)**	(0.9)		**(39.9)**	(2.7)	
Capital expenditures, net of related accounts payable	**(98.6)**	(82.9)	19%	**(183.3)**	(147.9)	24%
Payment of lease liabilities	**(20.9)**	(19.9)	5%	**(42.3)**	(39.8)	6%
Interest paid	**(13.5)**	(10.3)	31%	**(29.3)**	(18.6)	58%
Income taxes paid	**-**	(36.5)	(100%)	**(14.2)**	(53.7)	(74%)
Free Cash Flow (1)	**$ (123.4)**	$ 3.2		**$ (174.2)**	$ 0.4	
Cash flow information						
Cash generated by operating activities	**5.1**	113.4		**69.2**	204.1	
Cash used in investing activities	**(97.8)**	(15.9)		**(180.0)**	(65.0)	
Cash (used in) generated by financing activities	**(290.8)**	6.3		**279.3**	(68.1)	
Effect of foreign exchange on cash	**(0.2)**	(0.2)		**-**	(0.2)	
Cash (outflow) inflow	**$ (383.7)**	$ 103.6		**$ 168.5**	$ 70.8	
Net (loss) earnings information:						
Net (loss) earnings from continuing operations	**$ (36.4)**	$ 73.4		**$ (7.9)**	$ 113.6	
Net earnings attributable to discontinued operations	**-**	48.8		**-**	50.4	
Net (loss) earnings	**$ (36.4)**	$ 122.2		**$ (7.9)**	$ 164.0	
Net (loss) earnings from continuing operations attributable to:						
Shareholders of the company	**$ (31.4)**	$ 48.0		**$ (12.2)**	$ 79.0	
Non-controlling interests	**(5.0)**	25.4		**4.3**	34.6	
	$ (36.4)	$ 73.4		**$ (7.9)**	$ 113.6	
Net (loss) earnings attributable to:						
Shareholders of the company	**$ (31.4)**	$ 96.8		**$ (12.2)**	$ 129.4	
Non-controlling interests	**(5.0)**	25.4		**4.3**	34.6	
	$ (36.4)	$ 122.2		**$ (7.9)**	$ 164.0	
Shareholders' net (loss) earnings per common share from continuing operations						
Basic	**$ (0.57)**	$ 0.81		**$ (0.22)**	$ 1.34	
Diluted	**$ (0.57)**	$ 0.79		**$ (0.22)**	$ 1.30	
Shareholders' net (loss) earnings per common share						
Basic	**$ (0.57)**	$ 1.64		**$ (0.22)**	$ 2.20	
Diluted	**$ (0.57)**	$ 1.59		**$ (0.22)**	$ 2.13	
Weighted average number of common shares (in thousands)						
Basic	**55,316**	59,097		**55,299**	58,932	
Diluted	**55,316**	60,747		**55,299**	60,868	

Balance sheet information:	**June 30, 2020**	December 31, 2019	% Chg
Cash	**$ 498.2**	$ 329.7	51%
Total assets	**$ 3,124.7**	$ 2,851.9	10%
Long-term debt	**$ 1,236.1**	$ 869.8	42%

(1) Adjusted EBITDA and Free Cash Flow are non-IFRS measures, as defined in the "Non-IFRS Measures" section of this MD&A, and excludes discontinued operations. Reconciliations of these non-IFRS measures to IFRS measures are provided on the following page.

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

Reconciliation of Non-IFRS Measures to IFRS Measures

Reconciliation of Adjusted EBITDA to net (loss) earnings from continuing operations

	Three months ended June 30,					Six months ended June 30,				
		2020		2019	% Chg		**2020**		2019	% Chg
Adjusted EBITDA	**$**	**31.8**	$	153.7	(79%)	**$**	**134.8**	$	263.1	(49%)
Less:										
Amortization		**38.6**		36.8	5%		**77.1**		74.2	4%
Share-based compensation		**11.0**		0.7			**9.6**		4.4	118%
Interest and financing costs, net		**26.3**		22.6	16%		**49.5**		44.8	10%
Business acquisition, restructuring and other		**0.8**		2.6	(69%)		**6.8**		4.5	51%
Gain on sale of land		**-**		-			**-**		(6.6)	100%
Foreign exchange loss (gain)		**0.2**		(0.1)			**-**		(0.4)	100%
Income tax		**(8.7)**		17.7			**(0.3)**		28.6	
Net (loss) earnings from continuing operations	**$**	**(36.4)**	$	73.4		**$**	**(7.9)**	$	113.6	

Reconciliation of Free Cash Flow to cash generated by operating activities

	Three months ended June 30,					Six months ended June 30,				
		2020		2019			**2020**		2019	
Free Cash Flow	**$**	**(123.4)**	$	3.2		**$**	**(174.2)**	$	0.4	
Add (less):										
Capital expenditures, net of related accounts payable		**98.6**		82.9	19%		**183.3**		147.9	24%
Payment of lease liabilities		**20.9**		19.9	5%		**42.3**		39.8	6%
Interest paid		**13.5**		10.3	31%		**29.3**		18.6	58%
Other(1)		**(4.5)**		(4.9)	8%		**(11.5)**		(7.0)	(64%)
Cash generated by operating activities from discontinued operations		**-**		2.0	(100%)		**-**		4.4	(100%)
Cash generated by operating activities	**$**	**5.1**	$	113.4		**$**	**69.2**	$	204.1	

(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.

Revenues
Revenues of $62.8 and $336.6 for the three and six months ended June 30, 2020 decreased by $291.6 and $320.6, respectively, when compared to the same periods in 2019, primarily due to the closure of all gaming facilities on March 16, 2020 in response to COVID-19, as discussed in the "Temporary Business Interruption" section of this MD&A. Revenues for the three months ended June 30, 2020 primarily consisted of the Ontario bundles' annual entitlement of service provider fees for permitted capital expenditures recognized in full in the second quarter of 2020 and continued service provider base fixed fees, as discussed in the "Major Developments" section of this MD&A.

Adjusted EBITDA
Adjusted EBITDA of $31.8 and $134.8 for the three and six months ended June 30, 2020 decreased by $121.9 and $128.3, respectively, when compared to the same periods in 2019, due to the above mentioned facility closures, which had a negative impact on revenues. Despite the closure for the full quarter, Adjusted EBITDA for the three months ended June 30, 2020 was positively impacted due to the revenues as discussed above, and by the accounting treatment of the payment of lease liabilities of $20.9, which were not recognized as property, marketing and administration expense due to the implementation of IFRS 16, the lease accounting standard adopted in the prior year.

In response to the facility closures, the Company took measures to significantly reduce its operating expenses to mitigate the decline in revenues, as discussed in the "Temporary Business Interruption" section of this MD&A. Human resource expenses in the three months ended June 30, 2020 primarily consisted of costs related to remaining personnel required to support the business during the closure period, net of eligible government assistance. For the three months ended June 30, 2020, approximately half of the property, marketing and administration expenses were related to direct property operating costs, including property taxes, insurance, utilities and maintenance, with the remaining half related to administration costs, including license, subscriptions and professional fees.

Free Cash Flow
The Company had negative Free Cash Flow of $123.4 and $174.2 in the three and six months ended June 30, 2020, respectively, compared to positive Free Cash Flow of $3.2 and $0.4 for the same periods in 2019. The change in Free Cash Flow was primarily due to lower Adjusted EBITDA, as mentioned above, and increased capital expenditures due to the developments to expand the Ontario properties, partially offset by lower income taxes paid.

For the three months ended June 30, 2020, the negative Free Cash Flow of $123.4 consisted of Adjusted EBITDA of $31.8, as discussed above, less changes in non-cash working capital of $22.2, capital expenditures of $98.6, substantially all of which was in Ontario, payment of lease liabilities of $20.9, and interest paid of $13.5. The Company funded the negative Free Cash Flow of $123.4 by borrowing an additional $60.7 on its credit facilities for capital expenditures in Ontario and the remainder from available cash balances.

Cash (outflow) inflow
The Company had cash outflow of $383.7 for the three months ended June 30, 2020. Prior to the end of the first quarter of 2020, the Company drew $325.0 on the revolving portion of the Senior Secured Credit Facilities to ensure it had sufficient liquidity available, which was repaid in full during the three months ended June 30, 2020. Other cash outflows for the second quarter of 2020 included payments to satisfy working capital obligations, payment of lease liabilities, and capital expenditures. Cash inflow of $103.6 for the three months ended June 30, 2019 primarily consisted of cash generated by operating activities, proceeds from the sale of discontinued operations, increased borrowings under the credit facilities, partially offset by capital expenditures to expand the Ontario properties, and the repurchase of common shares under the normal course issuer bid.

For the six months ended June 30, 2020, the Company had cash inflow of $168.5, which was higher than cash inflow of $70.8 for the six months ended June 30, 2019. The increase was primarily due to $189.0 of gross proceeds received from the Senior Unsecured Debentures and increased borrowings under the credit facilities of OTG and OGWGLP. The increase was partially offset by a decrease in cash generated from operating activities as a result of the closure of all gaming facilities on March 16, 2020.

Shareholders' net (loss) earnings from continuing operations
For the three and six months ended June 30, 2020, shareholders' net loss from continuing operations was $31.4 and $12.2, respectively, compared to shareholders' net earnings from continuing operations of $48.0 and $79.0 of the same periods in 2019. Shareholders' net loss for three and six months ended June 30, 2020 were due to the above mentioned facility closures.

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

BUSINESS DESCRIPTION

As at June 30, 2020, 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 25 gaming, entertainment and hospitality facilities in the Ontario, B.C. and Atlantic regions:

Ontario

OTG
Casino Woodbine
Casino Ajax
Great Blue Heron Casino

OGWGLP
Elements Casino Mohawk
Elements Casino Brantford
Elements Casino Flamboro(1)
Elements Casino Grand River

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

FDL
Flamboro Downs Racetrack(1)

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) Elements Casino Flamboro and Flamboro Downs Racetrack operate in the same location, and together, they are considered one gaming facility.

MAJOR DEVELOPMENTS

As discussed in the "Temporary Business Interruption" section of this MD&A, the Company, in conjunction with each of the respective Provincial Crown corporations, closed all of its gaming facilities in response to the pandemic.

Ontario

As a result of the temporary suspension of operations that stemmed from Regulation 82/20, the *Emergency Management and Civil Protection Act* mandated the closure of all places of non-essential business in Ontario, as discussed in the "Temporary Business Interruption" section of this MD&A. In collaboration with Ontario Lottery and Gaming Corporation ("OLG"), the following has been temporarily agreed to for a defined period, subject to further extension(s) on mutual agreement, for each Ontario bundle: (i) the continuation of the service provider base fixed fee payments as required by the respective casino operating agreements (the "COSAs"); and (ii) the temporary suspension of the payment of the portion of the gaming revenue represented by the threshold, such that the threshold does not apply during the casino closure period while there is no gaming revenue. In addition, it has been agreed with OLG to work on a graduated and commercially reasonable phase-in of threshold to accommodate the extended business ramp up periods once health concerns are curtailed and approvals are obtained to reopen the Company's facilities. Also, in collaboration and cooperation with OLG, the Company will work on respective casino restart plans to effect the safe, orderly, and commercially reasonable restart of the Company's operations at the end of the extended casino closure periods.

In addition, the Government of Ontario mandated the closure of all non-critical construction projects by April 4, 2020, which included the Company's capital development projects at GTA and West GTA gaming bundles. Revised timelines for the completion of these developments continue to be re-assessed as the Company cautiously resume certain of its Ontario capital development projects since the restrictions on constructions projects were lifted on May 19, 2020.

As at June 30, 2020, OTG had letters of credit totaling $82.9 (December 31, 2019 - $66.4). Letters of credits issued since December 31, 2019 were to secure commitments for ongoing construction projects.

British Columbia

In response to the state of emergency and guidelines declared by the Province of British Columbia, and in conjunction with British Columbia Lottery Corporation ("BCLC"), the Company completed an orderly shut down of all of its gaming facilities in the province.

BCLC has provided appropriate support and assurances to the Company for each B.C. property that the Company operates under Operating Services Agreements (collectively, the "OSAs") with BCLC. This includes assurances that provisions of the OSA mandating continuous operations of the sites will not be considered breached during the suspension period. As well, during the suspension period, the Company has been granted a number of waivers and short-term approvals that will minimize certain costs while the sites remain closed. In addition, although no date for reopening has been set, the Company is collaborating and working cooperatively with BCLC on pandemic mitigation measures, and a return to business plan.

Atlantic

Nova Scotia

As a result of the declaration of emergency pronounced by the Province of Nova Scotia and an order of the Medical Officer of Health in Nova Scotia, the Company worked cooperatively with Nova Scotia Gaming Corporation ("NSGC"), for the orderly shut down of all of its facilities in the province effective March 16, 2020.

The Company's amended and restated casino operating contract (collectively, the "AROC") has specific provisions (i.e., Force Majeure Events) relating to pandemic declarations, and NSGC has provided appropriate assurances to the Company for each of the Company's Nova Scotia properties that none of the terms in the AROC will be considered breached during the suspension period.

During the closure period, the Company will be working with NSGC on various options that may help the Company minimize certain costs while the sites are closed. The Company is working cooperatively with NSGC on a reopening plan, despite the fact that no formal date for reopening has been formalized to date.

On June 15, 2020, the Company received confirmation from NSGC that its gaming operations in Halifax and Sydney can reopen in adherence to the Company's COVID-19 operating plan, and any applicable laws, provincial public health guidelines, orders and directives. The Company continues to work with the NSGC on preparations required to determine and establish a reopening date for the Company's Nova Scotia properties.

New Brunswick

In response to the state of emergency and guidelines declared by the Province of New Brunswick, and in conjunction with New Brunswick Lotteries and Gaming Corporation ("NBLGC"), the Company completed an orderly shut down of its gaming facility in the province.

In relation to the Company's casino service provider agreement (the "CSPA"), NBLGC has provided appropriate guidance and assurances to the Company that none of the terms in the CSPA will be breached as a result of the closure.

The Company will continue to monitor economic impacts and respond proactively to the needs of NBLGC, while at the same time helping the Company minimize certain costs and mitigate expenses while the site is closed. NBLGC is working collaboratively with the Company on a restart plan, despite the fact that no formal reopening date has been set.

On June 23, 2020, the Company received confirmation from NBLGC that casinos are included as part of the next phase of New Brunswick's "COVID-19 recovery plan", allowing all businesses in the province to reopen as of June 26, 2020 that adhere to appropriate distancing, sanitizing and operational plans that respect Public Health Guidelines. The Company continues to work with the NBLGC on preparations required to determine and establish a reopening date for Casino New Brunswick.

Corporate

Senior Unsecured Debentures of GCGC

On March 2, 2020, the Company closed a senior unsecured debenture offering for gross proceeds of $180.0. On April 30, 2020, the over-allotment option was completed for additional gross proceeds of $9.0, bringing the aggregate total received for the debenture offering to $189.0, less applicable transaction costs. The debentures 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.

Subject to required regulatory approval and provided no event of default has occurred under the terms of the governing indenture agreement, the Company has the option to satisfy its obligation to pay the principal amount of the debentures due on or before maturity (plus any applicable premium) by cash or by issuing common shares.

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 did not purchase any debentures for cancellation under this issuer bid.

LABOUR RELATIONS

The Company employs unionized employees at 16 of its properties. Below is a summary of the union related activities during 2020:

Ontario

- Casino Woodbine and Teamsters, representing surveillance operators, reached a collective agreement on February 5, 2020 for a four-year term from October 1, 2019 to September 30, 2023.

- The Public Service Alliance of Canada, representing auditors and audit clerks of Casino Woodbine, was certified on January 21, 2020. Notice to bargain was received on March 31, 2020. Bargaining dates are yet to be determined.

- Elements Casino Flamboro and United Steelworkers, representing security team members, commenced bargaining for a first collective agreement in September 2019. Bargaining dates are yet to be determined.

- Unifor, Local 1090, representing hourly non-supervisory team members of Shorelines Casino Belleville (excluding security and surveillance, office and clerical team members), was certified on March 16, 2020.

- Shorelines Casino Belleville and Teamsters, representing security team members, have agreed to postpone negotiations for a first collective agreement.

- Flamboro Downs Racetrack and Service Employees International Union reached a collective agreement on February 19, 2020 for a three-year term from January 1, 2020 to December 31, 2022.

British Columbia

- Hastings Racecourse & Casino and Unite Here, Local 40, reached a collective agreement on January 31, 2020. The collective agreement has a term from July 1, 2016 to May 1, 2022.

- Elements Casino Victoria and BC Government and Service Employees' Union ("BCGEU"), representing gaming team members, reached a first collective agreement on February 27, 2020 for a four-year term from February 27, 2020 to February 26, 2024.

- Elements Casino Victoria received an application to certify notification on March 16, 2020 from the Labour Relations Board for security team members to be represented by the BCGEU. A mail in ballot campaign took place from March 24 to April 21, 2020. Security team members have voted in favour to join the union. Bargaining dates are yet to be determined.

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

CONSOLIDATED RESULTS OF OPERATIONS

The Company's operating results are discussed on a regional basis as follows:

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
REVENUES						
Ontario	**$ 62.8**	$ 241.3	(74%)	**$ 251.7**	$ 436.8	(42%)
British Columbia	**-**	89.2	(100%)	**66.8**	174.6	(62%)
Atlantic	**-**	23.9	(100%)	**18.1**	45.8	(60%)
Total Revenues	**$ 62.8**	$ 354.4	(82%)	**$ 336.6**	$ 657.2	(49%)
ADJUSTED EBITDA[1]						
Ontario	**$ 45.2**	$ 117.2	(61%)	**$ 124.6**	$ 194.5	(36%)
British Columbia	**(5.4)**	36.2		**23.1**	71.1	(68%)
Atlantic	**(3.1)**	7.9		**1.2**	14.3	(92%)
Corporate & Other	**(4.9)**	(7.6)	36%	**(14.1)**	(16.8)	16%
Total Adjusted EBITDA	**$ 31.8**	$ 153.7	(79%)	**$ 134.8**	$ 263.1	(49%)
FREE CASH FLOW[1]						
Ontario	**$ (97.9)**	$ (19.7)		**$ (150.4)**	$ (25.8)	
British Columbia	**(5.3)**	30.6		**11.5**	55.2	(79%)
Atlantic	**(4.3)**	4.2		**(2.1)**	9.2	
Corporate & Other	**(15.9)**	(11.9)	(34%)	**(33.2)**	(38.2)	13%
Total Free Cash Flow	**$ (123.4)**	$ 3.2		**$ (174.2)**	$ 0.4	
CASH (OUTFLOW) INFLOW						
Ontario	**$ (53.1)**	$ 32.8		**$ (1.2)**	$ (3.7)	
British Columbia	**(4.7)**	8.4		**(7.0)**	5.2	
Atlantic	**(4.1)**	2.9		**(5.6)**	0.2	
Corporate & Other	**(321.8)**	(8.0)		**182.3**	(0.5)	
Cash inflow from discontinued operations	**-**	67.5		**-**	69.6	
Total Cash (outflow) inflow	**$ (383.7)**	$ 103.6		**$ 168.5**	$ 70.8	

(1) Adjusted EBITDA and Free Cash Flow are non-IFRS measures, as defined in the "Non-IFRS Measures" section of this MD&A, and excludes discontinued operations.

Refer to the "Business Description" section of this MD&A for a list of properties under each of the regions.

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

Ontario

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
Gaming revenues	**$ 60.5**	$ 226.5	(73%)	**$ 235.3**	$ 407.5	(42%)
Hospitality revenues	**-**	6.1	(100%)	**6.0**	12.0	(50%)
Racetrack, lease and other revenues	**2.3**	8.7	(74%)	**10.4**	17.3	(40%)
Revenues	**62.8**	241.3	(74%)	**251.7**	436.8	(42%)
Human resources	**5.6**	62.5	(91%)	**63.1**	123.9	(49%)
Property, marketing and administration	**12.0**	61.6	(81%)	**64.0**	118.4	(46%)
Adjusted EBITDA	**$ 45.2**	$ 117.2	(61%)	**$ 124.6**	$ 194.5	(36%)
Changes in non-cash working capital	**(21.0)**	1.0		**(33.1)**	3.8	
Capital expenditures, net of related accounts payable	**(97.0)**	(80.6)	20%	**(179.8)**	(141.8)	27%
Payment of lease liabilities	**(20.7)**	(19.7)	5%	**(41.9)**	(39.5)	6%
Interest paid	**(4.4)**	(6.6)	(33%)	**(15.2)**	(10.4)	46%
Income taxes paid	**-**	(31.0)	(100%)	**(5.0)**	(32.4)	(85%)
Free Cash Flow	**$ (97.9)**	$ (19.7)		**$ (150.4)**	$ (25.8)	
Cash (outflow) inflow	**$ (53.1)**	$ 32.8		**$ (1.2)**	$ (3.7)	

Recent Developments
On March 16, 2020, the Company temporarily closed all gaming facilities and ancillary amenities, as discussed in the "Temporary Business Interruption" section of this MD&A, resulting in a decrease in revenues, expenses, Adjusted EBITDA, Free Cash Flow, and cash flows for the three and six months ended June 30, 2020, when compared to the same periods in the prior year.

On June 6, 2020, Georgian Downs Racetrack began its live racing events for simulcast wagering only.

Revenues
Revenues for the three months ended June 30, 2020 primarily consisted of the Ontario bundles' annual entitlement of service provider fees for permitted capital expenditures recognized in full in the second quarter of 2020 and continued service provider base fixed fees, as discussed in the "Major Developments" section of this MD&A.

Expenses
Human resource expenses in the three months ended June 30, 2020 primarily consisted of costs related to remaining personnel required to support the business during the closure period, net of eligible government assistance. Property, marketing and administration expenses for the three months ended June 30, 2020 primarily consisted of property taxes on the Company's gaming properties and license and subscription costs.

Free Cash Flow
The Ontario region had negative Free Cash Flow of $97.9 and $150.4 in the three and six months ended June 30, 2020, respectively, compared to negative Free Cash Flow of $19.7 and $25.8 for the same periods in 2019. The change in Free Cash Flow was primarily due to lower Adjusted EBITDA as a result of the above mentioned closures, and increased capital expenditures, partially offset by lower income taxes paid.

Cash (outflow) inflow
Cash outflow for the three months ended June 30, 2020 consisted of payments to satisfy working capital obligations during the closure period, including payment of lease liabilities related to the Company's leased properties in Ontario, as well as capital expenditures related to the Ontario developments.

Cash outflow for the six months ended June 30, 2020 primarily consisted of capital expenditures, partially offset by net earnings generated up to the temporary suspension of operations on March 16, 2020, and increased borrowings under the credit facilities of OTG and OGWGLP.

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

Adjusted EBITDA attributable to the shareholders of the Company

Adjusted EBITDA attributable to the shareholders of the Company for the Ontario region, as defined in the "Non-IFRS Measures" section of this MD&A, is presented below:

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
Adjusted EBITDA	**$ 45.2**	$ 117.2	(61%)	**$ 124.6**	$ 194.5	(36%)
Less: non-controlling interests' portion of Adjusted EBITDA	**(11.6)**	(48.0)	(76%)	**(38.9)**	(79.9)	(51%)
Adjusted EBITDA attributable to the shareholders of the Company	**$ 33.6**	$ 69.2	(51%)	**$ 85.7**	$ 114.6	(25%)

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

British Columbia

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
Gaming revenues	**$ -**	$ 66.0	(100%)	**$ 52.5**	$ 132.5	(60%)
Hospitality revenues	**-**	17.3	(100%)	**9.8**	31.2	(69%)
Racetrack and other revenues	**-**	5.9	(100%)	**4.5**	10.9	(59%)
Revenues	**-**	89.2	(100%)	**66.8**	174.6	(62%)
Human resources	**2.4**	31.8	(92%)	**27.3**	62.7	(56%)
Property, marketing and administration	**3.7**	21.9	(83%)	**17.6**	42.1	(58%)
Share of profit of equity investment	**(0.7)**	(0.7)	0%	**(1.2)**	(1.3)	(8%)
Adjusted EBITDA	**$ (5.4)**	$ 36.2		**$ 23.1**	$ 71.1	(68%)
Changes in non-cash working capital	**1.0**	(0.4)		**(3.6)**	2.8	
Capital expenditures, net of related accounts payable	**(0.6)**	(1.8)	(67%)	**(1.6)**	(5.3)	(70%)
Payment of lease liabilities	**(0.1)**	(0.1)	0%	**(0.2)**	(0.2)	0%
Interest paid	**(0.2)**	(0.2)	0%	**(0.4)**	(0.4)	0%
Income taxes paid	**-**	(3.1)	(100%)	**(5.8)**	(12.8)	(55%)
Free Cash Flow	**$ (5.3)**	$ 30.6		**$ 11.5**	$ 55.2	(79%)
Cash (outflow) inflow	**$ (4.7)**	$ 8.4		**$ (7.0)**	$ 5.2	

Recent Developments
On March 16, 2020, the Company temporarily closed all gaming facilities and ancillary amenities, as discussed in the "Temporary Business Interruption" section of this MD&A, resulting in a decrease in revenues, expenses, Adjusted EBITDA, Free Cash Flow, and cash flows for the three and six months ended June 30, 2020, when compared to the same periods in the prior year.

On July 6, 2020, Hastings Racecourse commenced live racing for a condensed season for simulcast wagering only.

Revenues
Revenues for the six months ended June 30, 2020 consisted of revenues earned up until the above mentioned facility closures on March 16, 2020.

Expenses
Human resource expenses in the three months ended June 30, 2020 primarily consisted of costs related to remaining personnel required to support the business during the closure period, net of eligible government assistance. Property, marketing and administration expenses for the three months ended June 30, 2020 primarily consisted of property taxes on the Company's gaming properties and license and subscription costs.

Free Cash Flow
For the three months ended June 30, 2020, the change in Free Cash Flow, when compared to the same period in the prior year, was due to a decrease in Adjusted EBITDA as a result of the above mentioned closures. Free Cash Flow for the six months ended June 30, 2020 decreased when compared to the same period in the prior year, due to a decrease in Adjusted EBITDA as a result of the above mentioned closures, partially offset by lower income taxes paid.

Cash (outflow) inflow
Cash outflows for the three and six months ended June 30, 2020 consisted of payments to satisfy working capital obligations.

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

Atlantic

	Three months ended June 30, 2020	2019	% Chg	Six months ended June 30, 2020	2019	% Chg
Gaming revenues	**$ -**	$ 18.7	(100%)	**$ 14.0**	$ 35.6	(61%)
Hospitality revenues	**-**	4.3	(100%)	**3.4**	8.4	(60%)
Other revenues	**-**	0.9	(100%)	**0.7**	1.8	(61%)
Revenues	**-**	23.9	(100%)	**18.1**	45.8	(60%)
Human resources	**0.7**	7.4	(91%)	**7.2**	14.5	(50%)
Property, marketing and administration	**2.4**	8.6	(72%)	**9.7**	17.0	(43%)
Adjusted EBITDA	**$ (3.1)**	$ 7.9		**$ 1.2**	$ 14.3	(92%)
Changes in non-cash working capital	**(1.1)**	(3.1)	(65%)	**(2.1)**	(3.5)	(40%)
Capital expenditures, net of related accounts payable	**-**	-		**-**	(0.4)	(100%)
Payment of lease liabilities	**(0.1)**	(0.1)	0%	**(0.2)**	(0.1)	100%
Income taxes paid	**-**	(0.5)	(100%)	**(1.0)**	(1.1)	(9%)
Free Cash Flow	**$ (4.3)**	$ 4.2		**$ (2.1)**	$ 9.2	
Cash (outflow) inflow	**$ (4.1)**	$ 2.9		**$ (5.6)**	$ 0.2	

Recent Developments
On March 16, 2020, the Company temporarily closed all gaming facilities and ancillary amenities, as discussed in the "Temporary Business Interruption" section of this MD&A, resulting in a decrease in revenues, expenses, Adjusted EBITDA, Free Cash Flow, and cash flows for the three and six months ended June 30, 2020, when compared to the same periods in the prior year.

Revenues
Revenues decreased for the three and six months ended June 30, 2020, when compared to the same periods in the prior year, as a result of the above mentioned facility closures.

Expenses
Human resource expenses in the three months ended June 30, 2020 primarily consisted of costs related to remaining personnel required to support the business during the closure period, net of eligible government assistance. Property, marketing and administration expenses for the three months ended June 30, 2020 primarily consisted of property taxes on the Company's gaming properties and license and subscription costs.

Free Cash Flow
For the three and six months ended June 30, 2020, Free Cash Flow was negative $4.3 and $2.1, respectively, compared to positive Free Cash Flow of $4.2 and $9.2 for the same periods in the prior year. The change in Free Cash Flow was primarily due to the decrease in Adjusted EBITDA as a result of the above mentioned closures.

Cash (outflow) inflow
Cash outflows for the three and six months ended June 30, 2020 consisted of payments to satisfy working capital obligations.

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

Corporate & Other

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Chg	**2020**	2019	% Chg
Human resources	**$ 3.2**	$ 5.6	(43%)	**$ 10.2**	$ 12.3	(17%)
Property, marketing and administration	**1.7**	2.0	(15%)	**3.9**	4.5	(13%)
Adjusted EBITDA	**$ (4.9)**	$ (7.6)	36%	**$ (14.1)**	$ (16.8)	16%
Changes in non-cash working capital	**(1.1)**	1.6		**(1.1)**	(5.8)	(81%)
Capital expenditures, net of related accounts payable	**(1.0)**	(0.5)	100%	**(1.9)**	(0.4)	375%
Interest paid	**(8.9)**	(3.5)	154%	**(13.7)**	(7.8)	76%
Income taxes paid	**-**	(1.9)	(100%)	**(2.4)**	(7.4)	(68%)
Free Cash Flow	**$ (15.9)**	$ (11.9)	34%	**$ (33.2)**	$ (38.2)	(13%)
Cash (outflow) inflow	**$ (321.8)**	$ (8.0)		**$ 182.3**	$ (0.5)	

Expenses

Human resource expenses and property, marketing, and administration expenses for the three and six months ended June 30, 2020 decreased, when compared to the same periods in 2019, primarily due to management's response to mitigate expenses as a result of the facility closures, as discussed in the "Temporary Business Interruption" section of this MD&A.

Human resource expenses in the three months ended June 30, 2020 primarily consisted of costs related to remaining personnel required to support the business during the closure period, net of eligible government assistance. Property, marketing and administration expenses for the three months ended June 30, 2020 primarily consisted of fixed licenses and subscriptions and professional fees incurred.

Free Cash Flow

Negative Free Cash Flow of $15.9 for the three months ended June 30, 2020, increased, when compared to negative Free Cash Flow of $11.9 for the same period in 2019, primarily due to increased interest paid mainly related to the Senior Unsecured Debentures. Negative Free Cash Flow of $33.2 for the six months ended June 30, 2020 was lower than negative Free Cash Flow of $38.2 for the same period in 2019, due to lower income taxes paid and a higher Adjusted EBITDA as a result of decreased expenses, partially offset by increased interest paid.

Cash (outflow) inflow

Cash outflow for the three months ended June 30, 2020 was primarily due to $325.0 in debt repayments for amounts drawn on the Company's Senior Secured Credit Facilities in the first quarter of 2020.

Cash inflow for the six months ended June 30, 2020 was primarily due to $189.0 of gross proceeds received from the Senior Unsecured Debentures.

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

DISCUSSION OF ITEMS EXCLUDED FROM ADJUSTED EBITDA

	Three months ended June 30, 2020	2019	% Chg	Six months ended June 30, 2020	2019	% Chg
Adjusted EBITDA	**$ 31.8**	$ 153.7	(79%)	**$ 134.8**	$ 263.1	(49%)
Less:						
Amortization	**38.6**	36.8	5%	**77.1**	74.2	4%
Share-based compensation	**11.0**	0.7		**9.6**	4.4	118%
Interest and financing costs, net	**26.3**	22.6	16%	**49.5**	44.8	10%
Business acquisition, restructuring and other	**0.8**	2.6	(69%)	**6.8**	4.5	51%
Gain on sale of land	**-**	-		**-**	(6.6)	100%
Foreign exchange loss (gain)	**0.2**	(0.1)		**-**	(0.4)	100%
Income tax	**(8.7)**	17.7		**(0.3)**	28.6	
Net (loss) earnings from continuing operations	**$ (36.4)**	$ 73.4		**$ (7.9)**	$ 113.6	

Amortization
Amortization increased for the three and six months ended June 30, 2020, when compared to the same periods in 2019, primarily due to capital investments made to expand the Ontario properties.

Share-based compensation
Share-based compensation of $11.0 and $9.6 for the three and six months ended June 30, 2020 increased by $10.3 and $5.2, respectively, when compared to the same periods in the prior year, primarily due to the voluntary cancellation of share options resulting in immediate recognition of the remaining compensation costs of $6.9 associated with these options. For the six months ended June 30, 2020, the increase in share-based compensation, when compared to the same period in the prior year, was partially offset by cash-settled share-based compensation recovery due to a decrease in the underlying share price and fewer unvested options outstanding.

Interest and financing costs, net
Interest and financing costs, net, for the three and six months ended June 30, 2020, increased when compared to the same periods in the prior year, due to additional interest expense on the Senior Unsecured Debentures issued on March 2, 2020, as discussed in the "Major Developments" section of this MD&A, and additional draws on credit facilities near the end of the first quarter of 2020 for general working capital purposes.

Business acquisition, restructuring and other
Business acquisition, restructuring and other for the three and six months ended June 30, 2020 consisted primarily of pre-opening costs related to the Pickering Casino Resort, partially offset by a decrease in the estimated provision for the Company's contingent future trailing payments for Elements Casino Chilliwack.

Business acquisition, restructuring and other of $2.6 and $4.5 for the three and six months ended June 30, 2019 consisted primarily of restructuring costs related to severance payments for redundant positions due to the integration of the GTA Gaming Bundle and West GTA Gaming Bundle.

Gain on sale of land
Gain on sale of land for the six months ended June 30, 2019 consisted of the sale of a parcel of vacant land in B.C. that was sold for proceeds of $15.9 during the first quarter of 2019, resulting in a gain of $6.6, net of associated disposal costs.

Foreign exchange loss (gain)
Changes in foreign exchange gain were primarily due to unrealized foreign exchange on revaluation of U.S. dollar denominated monetary balances.

Income taxes
Income tax generally changes as a result of changes to shareholders' net (loss) earnings from continuing operations before income taxes. Income tax recoveries for the three and six months ended June 30, 2020 were due to shareholders' net loss from continuing operations before income taxes for the corresponding periods.

Income tax expense for OTG, OGWGLP, and OGELP only includes the Company's share of corporate income tax based on its respective ownership interests in OTG, OGWGLP, and OGELP.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019[1]	Q4 2018[1][2]	Q3 2018[1][2]
Revenues	$ 62.8	$ 273.8	$ 357.4	$ 341.1	$ 354.4	$ 302.8	$ 331.4	$ 332.7
Adjusted EBITDA	$ 31.8	$ 103.0	$ 152.0	$ 142.3	$ 153.7	$ 109.3	$ 117.8	$ 137.9
Adjusted EBITDA as a % of Revenues	50.6%	37.6%	42.5%	41.7%	43.4%	36.1%	35.5%	41.4%
Shareholders' net (loss) earnings from continuing operations	$ (31.4)	$ 19.2	$ 45.8	$ 49.7	$ 48.0	$ 30.9	$ 26.3	$ 50.8
Shareholders' net (loss) earnings per common share from continuing operations								
Basic	$ (0.57)	$ 0.35	$ 0.81	$ 0.85	$ 0.81	$ 0.53	$ 0.44	$ 0.83
Diluted	$ (0.57)	$ 0.34	$ 0.79	$ 0.82	$ 0.79	$ 0.51	$ 0.42	$ 0.79

(1) These quarters have been re-presented to exclude the results of discontinued operations.

(2) These quarters do not reflect the impact of IFRS 16, *Leases*, which was adopted by the Company on January 1, 2019.

Revenues

Revenues in 2020 were negatively impacted by the closure of all gaming facilities on March 16, 2020 in response to COVID-19, as discussed in the "Temporary Business Interruption" section of this MD&A.

Revenues in the fourth quarter of 2019 were higher relative to the other quarters in 2019 and 2018, primarily due to increased revenues at the Ontario properties. Revenues in the third quarter of 2019 were lower than the second quarter of 2019 primarily due to the recognition of substantially all of the annual entitlement of permitted capital expenditures ("PCE") for the Ontario gaming bundles in the second quarter of 2019.

The second and third quarters typically generate higher revenues than the first and fourth quarters due to peak tourist seasons and improved weather conditions impacting player attendance. The second quarter of 2019 generated higher revenues than the first quarter of 2019, as a result of this seasonal trend and the recognition of substantially all of the annual entitlement of PCE. Higher patron attendance is also observed on key holidays such as Christmas, New Year's Eve and Chinese New Year.

Revenues generally increased in each quarter of 2019, when compared to the same quarter in 2018, primarily due to the expansion of gaming and non-gaming amenities at the Ontario properties. Revenues decreased in the first quarter of 2019, when compared to the fourth quarter of 2018, primarily due to extreme winter conditions experienced in Ontario, which negatively impacted guest attendance at the Ontario gaming facilities.

Adjusted EBITDA

Adjusted EBITDA generally changes as a result of changes in revenues. Adjusted EBITDA in each quarter of 2020 and 2019 include the positive accounting impact from adopting IFRS 16, which decreased property, marketing and administration expenses. Adjusted EBITDA decreased in the first quarter of 2019, when compared to the fourth quarter of 2018, due to extreme winter conditions as noted above.

Shareholders' net (loss) earnings from continuing operations

Shareholders' net (loss) earnings from continuing operations generally reflects trends in revenues and Adjusted EBITDA, but may fluctuate each period due to various items excluded from Adjusted EBITDA. Shareholders' net (loss) earnings from continuing operations in each quarter of 2020 and 2019 reflect the negative accounting impact of adopting IFRS 16.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risks by closely monitoring its capital structure and operating costs, regularly monitoring forecast and actual cash flows, taking a conservative approach to capital investment, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its credit facilities. Details of the Company's long-term debt and cash by region are disclosed in Note 4 and 10, respectively, of the Condensed Interim Consolidated Financial Statements.

As at June 30, 2020, the Company had the following cash, accounts receivable, and available undrawn credit on its credit facilities.

- Cash of $498.2, an increase of $168.5 since December 31, 2019, as further discussed in the "Cash Flows" section of this MD&A.
- Accounts receivable of $66.5, of which the majority were due from the Provincial Crown corporations, federal government, and racetrack operators.
- Low exposure to foreign currency exchange rate movements since it has relatively low levels of foreign denominated assets and liabilities.
- $497.7 available credit on the Senior Secured Credit Facilities of GCGC, subject to compliance with the related financial covenants.
- $530.5 available credit under OTG's Non-recourse Revolving and Capital Expenditures Credit Facilities, subject to verified construction draws under the credit agreement and equity commitments as applicable.
- $61.4 available credit under OGWGLP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants, verified construction draws under the credit agreement and equity commitments as applicable.
- $17.1 available credit under OGELP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants.

As discussed in the "Temporary Business Interruption" section of this MD&A, the Company's operations were temporarily suspended and until operations can resume, the Company will generate negative net operating cash flows. The Company's ability to settle its contractual obligations are subject to the temporary waivers on its credit agreements (see Note 4 of the Condensed Interim Consolidated Financial Statements) remaining in place during the temporary suspension, including any future extensions, as required, and/or the timing of the reopening of the Company's gaming facilities. The Company's capital spending and commitments are described further below.

Capital Spending

In response to the pandemic, as discussed in the "Temporary Business Interruption" section of this MD&A, the Government of Ontario mandated the closure of all non-critical construction projects by April 4, 2020, which included the Company's capital development projects. The impact to the timing of completing these developments continue to be reassessed as the Company cautiously resumes certain of its Ontario capital development projects since the restrictions on construction projects were lifted on May 19, 2020. As at June 30, 2020, the Company had $310.7 of contractual commitments primarily related to the Ontario capital developments. The estimated capital spend timing related to these developments, including contractual commitments, will also be reassessed accordingly.

The Company's capital expenditures, net of related accounts payable, for the three and six months ended June 30, 2020 were $98.6 (2019 - $82.9) and $183.3 (2019 - $147.9), respectively. Capital expenditures during the three months and six months ended June 30, 2020 were primarily related to the development of the gaming facilities in the GTA Gaming Bundle.

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

Commitments

For the three and six months ended June 30, 2020, there were no material changes to the Company's contractual obligations, except for the issuance of the Senior Unsecured Debentures (refer to "Major Developments" section of this MD&A) and amendments to the Company's credit agreements to temporarily waive compliance with financial and other covenants during the closure period (refer to the "Temporary Business Interruption" section of this MD&A).

The Company also has commitments related to its capital developments in Ontario. The estimated timing of settling these commitments continue to be reassessed, as discussed in the "Capital Spending" section of this MD&A.

Financial Position

		June 30, 2020		December 31, 2019	% Chg
Cash	**$**	**498.2**	$	329.7	51%
Accounts receivable		**66.5**		79.6	(16%)
Other current assets		**37.3**		25.0	49%
Property, plant and equipment		**1,381.2**		1,275.3	8%
Right-of-use assets		**985.1**		985.7	0%
Cash on deposit with Canada Revenue Agency		**38.9**		38.9	0%
Other long-term assets		**117.5**		117.7	0%
Total Assets	**$**	**3,124.7**	$	2,851.9	10%
Current liabilities	**$**	**193.7**	$	282.0	(31%)
Long-term debt		**1,236.1**		869.8	42%
Long-term lease liabilities		**933.3**		925.8	1%
Other long-term liabilities		**107.5**		113.1	(5%)
Total Liabilities		**2,470.6**		2,190.7	13%
Equity attributable to shareholders of the company		**522.8**		527.4	(1%)
Non-controlling interests		**131.3**		133.8	(2%)
Total Equity		**654.1**		661.2	(1%)
Total Liabilities and Equity	**$**	**3,124.7**	$	2,851.9	10%

Total Assets
Total assets as at June 30, 2020 increased by 10% when compared to the balance as at December 31, 2019. The increase was primarily due to an increase in cash from financing activities, as discussed in the "Cash Flows" section of this MD&A and additions to property, plant and equipment for the development of the Ontario properties.

Total Liabilities
Total liabilities as at June 30, 2020 increased by 13% when compared to the balance as at December 31, 2019. The increase was primarily due an increase in borrowings under the credit facilities of OTG, OGWGLP and OGELP and the issuance of the Senior Unsecured Debentures for proceeds of $189.0, as discussed in the "Major Developments" section of this MD&A.

Equity
Total equity as at June 30, 2020 decreased by 1% when compared to the total equity as at December 31, 2019. This decrease was primarily due to distributions of $6.8 to non-controlling interests made in the first quarter of 2020, net loss of $7.9, repurchase of common shares under the normal course issuer bid of $7.3, partially offset by equity settled share-based compensation of $12.3.

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

Cash Flows

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash generated by operating activities	**$ 5.1**	$ 113.4	**$ 69.2**	$ 204.1
Cash used in investing activities	**(97.8)**	(15.9)	**(180.0)**	(65.0)
Cash (used in) generated by financing activities	**(290.8)**	6.3	**279.3**	(68.1)
Effect of foreign exchange on cash	**(0.2)**	(0.2)	**-**	(0.2)
Cash (outflow) inflow	**$ (383.7)**	$ 103.6	**$ 168.5**	$ 70.8

Cash generated by operating activities for the three and six months ended June 30, 2020 decreased, when compared to the same periods in 2019, primarily due to a decrease in net earnings from the closure of all gaming facilities on March 16, 2020 in response to COVID-19, as discussed in the "Temporary Business Interruption" section of this MD&A, partially offset by a decrease in income taxes paid. Cash generated by operating activities for the three and six months ended June 30, 2019 also included cash generated by operating activities from discontinued operations of $2.0 and $4.4 respectively.

Cash used in investing activities for the three and six months ended June 30, 2020 was higher, when compared to the same periods in 2019, mainly due to higher purchases of property, plant and equipment related to the expansion of the Ontario properties. Cash used in investing activities for the three and six months ended June 30, 2019 also included cash generated by investing activities from discontinued operations of $65.5 and $65.2, respectively, which primarily consisted of the proceeds from the sale of the Company's U.S. region.

Cash used in financing activities for the three months ended June 30, 2020 primarily consisted of $325.0 in debt repayments for amounts drawn on the Senior Secured Credit Facilities in the first quarter of 2020, partially offset by increased borrowings under OTG and OGWGLP's credit facilities and payment of lease liabilities. Cash generated by financing activities for the three months ended June 30, 2019 included increase in borrowings under the credit facilities, partially offset by the repurchase of common shares under the normal course issuer bid and payment of lease liabilities.

Cash generated by financing activities for the six months ended June 30, 2020 primarily consisted of proceeds received from the issuance of the Senior Unsecured Debentures (as discussed in the "Major Developments" section of this MD&A) and increased borrowings under the credit facilities of OTG and OGWGLP. Cash used in financing activities for the six months ended June 30, 2019 included distributions to non-controlling interests and repurchase of shares under the normal course issuer bid.

Share Capital

Normal Course Issuer Bid

On June 27, 2019, the Company received approval from the TSX to renew a normal course issuer bid for up to 3,971,976 of its common shares. The bid commenced on July 3, 2019 and expired July 2, 2020. All purchases under this issuer bid ended in January 2020 when the Company purchased for cancellation the remaining 172,724 common shares available under the bid at a weighted-average price per share of $42.29.

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. No purchases will be made other than by means of open market transactions during the term of the normal course issuer bid and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled.

Subsequent to June 30, 2020, the Company purchased for cancellation 300,471 common shares at a weighted-average price per share of $26.55.

Outstanding Share Data

As at June 30, 2020, there were 55,330,921 common shares issued and outstanding compared to 55,367,493 as at December 31, 2019. This decrease was due to the repurchase of common shares by the Company, partially offset by the exercise of employee stock options during the six months ended June 30, 2020.

As at June 30, 2020 there were 3,354,595 share options outstanding at a weighted-average exercise price of $25.43.

As at August 11, 2020, there were 55,031,650 common shares outstanding and 3,353,395 share options outstanding.

Litigation and Disputes

The Company is subject to legal proceedings, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

CRA Disputes and Audit

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 $57.9, deferred tax expense would decrease $56.8, and interest and financing costs would increase $16.7, resulting in a one-time $17.8 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.32 per share, based on the number of shares outstanding as at June 30, 2020.

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 June 30, 2020, the Company and its subsidiaries have deposited a net amount of $38.9 (2019 - $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.

OTHER INFORMATION

Significant Accounting Policies

The accounting policies applied in the Condensed Interim Consolidated Financial Statements are the same as those disclosed in Note 4 of the Company's Annual Financial Statements and include the additional disclosures in Note 1(c) of the Company's Condensed Interim Consolidated Financial Statements.

Critical Accounting Estimates and Judgments

The critical accounting estimates and judgments applied in the Condensed Interim Consolidated Financial Statements are the same as those disclosed in Note 5 of the Company's Annual Financial Statements and include the additional disclosures in Note 1(d) of the Company's Condensed Interim Consolidated Financial Statements.

Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than the Canadian dollar and, with the exception of revolving lines of credit, evaluate market conditions to fix its floating interest rate debt when appropriate. 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 as described in Note 11 of the Company's Condensed Interim Consolidated Financial Statements.

Internal Control over Financial Reporting

For the three and six months ended June 30, 2020, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Additional Information

Additional information relating to the Company, including the Company's latest Annual Financial Statements and Annual Information Form, can be located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

Shareholders of the Company may obtain copies of the Company's TSX Form 12 Notice of Intention to Make a Normal Course Issuer Bid as filed with and as accepted by the TSX, at no charge, by contacting the Company.