GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month and Six Month Periods Ended
June 30, 2021

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

TABLE OF CONTENTS

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 9, 2021.

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, 2021 ("Condensed Interim Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2020 ("Annual Financial Statements"), our MD&A for the year ended December 31, 2020 and our Annual Information Form for the year ended December 31, 2020. 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

The COVID-19 coronavirus pandemic (the "Pandemic"), which resulted in the temporary suspension of all of the Company's gaming facilities and ancillary amenities on March 16, 2020, continues to have a significant impact on the Company's business during the three and six months ended June 30, 2021. The Company operated certain gaming properties in Ontario and Atlantic under restricted operating conditions for a portion of the first six months 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 June 30, 2021, all properties, except for the Atlantic properties, were closed. Subsequent to June 30, 2021, the Company's B.C. and Ontario properties reopened under restricted operating conditions.

Any reopened sites follow rigorous and detailed health and safety protocol developed by the Company which meet or exceed all requirements from corresponding provincial health authorities. The operational environment at all reopened gaming properties includes reduced guest capacity and availability of slot machines, table games and non-gaming amenities. Operating restrictions vary by province, which include capacity limits that impact business levels at certain times, such as peak times. The Company will continue to follow the direction of provincial governments and local health authorities, which continues to be rapidly fluctuating and will require the Company to adjust the operating environment in the future as conditions evolve.

The Company's capital program has also been impacted by the Pandemic due to the suspension of non-critical construction projects for certain periods as mandated by the Government of Ontario. The Company was required to suspend all non-critical construction activities in Ontario for certain periods in the first six months of 2021. As of June 11, 2021, restrictions on non-critical construction activities have been lifted. The Company continues to reassess the timing of its development projects in Ontario. Despite the impact on timing, the Company does not expect a material impact to the total planned capital spend on its development projects.

The Company undertook several measures in response to the Pandemic. Management monitored 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, 2021, the Company had $437.2 in cash and $912.6 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 temporary business interruption period. In response to the closures of its sites, the Company made operational adjustments to reduce its human resources and property, marketing and administration expenses in an effort to reduce its cash outflows during the temporary suspension period.

In addition, the Company has applied for eligible government assistance related to the Pandemic to further reduce its cash outflows. For the three and six months ended June 30, 2021, the Company recognized $8.3 (2020 – $5.9) and $18.9 (2020 – $5.9), respectively, of eligible government assistance which was recorded as a reduction against related costs.

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

The Company's actions, taken in response to the temporary business interruption noted above, have been focused on maintaining its capital structure and minimizing its cash outflows. Given the dynamic nature of the Pandemic, the duration and magnitude of the operating restrictions remains uncertain, including the impact of any additional health and safety measures introduced on reopening.

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 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, and foreign exchange (gain) loss. Adjusted EBITDA is derived from the Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss, 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. 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 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
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, as discussed in the "Temporary Business Interruption" section of this MD&A. 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.

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 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, 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, 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 operating agreements with lottery corporations; changes to gaming laws and regulations that may impact the operating 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 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 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 MD&A.

FINANCIAL HIGHLIGHTS

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Gaming revenues	**$ 67.7**	$ 60.5	12%	**$ 116.5**	$ 301.8	(61%)
Hospitality revenues	**0.2**	-		**0.3**	19.2	(98%)
Racetrack, lease and other revenues	**2.8**	2.3	22%	**6.2**	15.6	(60%)
Revenues	**70.7**	62.8	13%	**123.0**	336.6	(63%)
Less:						
Human resources	**16.0**	11.9	34%	**33.8**	107.8	(69%)
Property, marketing and administration	**13.9**	19.8	(30%)	**28.6**	95.2	(70%)
Share of profit of equity investment	**(1.0)**	(0.7)	43%	**(1.7)**	(1.2)	42%
Adjusted EBITDA [(1)]	**$ 41.8**	$ 31.8	31%	**$ 62.3**	$ 134.8	(54%)
Changes in non-cash working capital	**13.5**	(22.2)		**9.0**	(39.9)	
Capital expenditures, net of related accounts payable	**(35.4)**	(98.6)	(64%)	**(91.7)**	(183.3)	(50%)
Payment of lease liabilities	**(21.7)**	(20.9)	4%	**(43.8)**	(42.3)	4%
Interest paid	**(20.3)**	(13.5)	50%	**(26.7)**	(29.3)	(9%)
Income taxes paid	**(0.7)**	-		**(2.4)**	(14.2)	(83%)
Free Cash Flow [(1)]	**$ (22.8)**	$ (123.4)	(82%)	**$ (93.3)**	$ (174.2)	(46%)
Cash flow information						
Cash generated by operating activities	**48.6**	5.1		**57.8**	69.2	(16%)
Cash used in investing activities	**(34.5)**	(97.9)	(65%)	**(90.0)**	(180.0)	(50%)
Cash (used in) generated by financing activities	**(14.5)**	(290.7)	(95%)	**34.4**	279.3	(88%)
Effect of foreign exchange on cash	**0.1**	(0.2)		**0.2**	-	
Cash (outflow) inflow	**$ (0.3)**	$ (383.7)	(100%)	**$ 2.4**	$ 168.5	(99%)
Net (loss) earnings information:						
Net (loss) earnings attributable to:						
Shareholders of the company	**$ (20.2)**	$ (31.4)	(36%)	**$ (49.0)**	$ (12.2)	
Non-controlling interests	**(6.8)**	(5.0)	36%	**(22.2)**	4.3	
Net loss	**$ (27.0)**	$ (36.4)	(26%)	**$ (71.2)**	$ (7.9)	
Shareholders' net loss per common share						
Basic	**$ (0.35)**	$ (0.57)		**$ (0.85)**	$ (0.22)	
Diluted	**$ (0.35)**	$ (0.57)		**$ (0.85)**	$ (0.22)	
Weighted average number of common shares (in thousands)						
Basic	**57,606**	55,316		**57,382**	55,299	
Diluted	**57,606**	55,316		**57,382**	55,299	

Balance sheet information:	**June 30, 2021**	December 31, 2020	% Chg
Cash	**$ 437.2**	$ 434.8	1%
Total assets	**$ 3,107.8**	$ 3,120.0	0%
Long-term debt	**$ 1,397.1**	$ 1,333.9	5%

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

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Adjusted EBITDA	**$ 41.8**	$ 31.8	31%	**$ 62.3**	$ 134.8	(54%)
Less:						
Amortization	**47.0**	38.6	22%	**94.3**	77.1	22%
Share-based compensation	**0.9**	11.0	(92%)	**2.0**	9.6	(79%)
Interest and financing costs, net	**25.2**	26.3	(4%)	**50.2**	49.5	1%
Business acquisition, restructuring and other	**3.3**	0.8		**5.8**	6.8	(15%)
Foreign exchange (gain) loss	**(0.1)**	0.2		**(0.2)**	-	
Income tax	**(7.5)**	(8.7)	(14%)	**(18.6)**	(0.3)	
Net loss	**$ (27.0)**	$ (36.4)	(26%)	**$ (71.2)**	$ (7.9)	

Reconciliation of Free Cash Flow to cash generated by operating activities

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Free Cash Flow	**$ (22.8)**	$ (123.4)	(82%)	**$ (93.3)**	$ (174.2)	(46%)
Add (less):						
Capital expenditures, net of related accounts payable	**35.4**	98.6	(64%)	**91.7**	183.3	(50%)
Payment of lease liabilities	**21.7**	20.9	4%	**43.8**	42.3	4%
Interest paid	**20.3**	13.5	50%	**26.7**	29.3	(9%)
Other[1]	**(6.0)**	(4.5)	33%	**(11.1)**	(11.5)	(3%)
Cash generated by operating activities	**$ 48.6**	$ 5.1		**$ 57.8**	$ 69.2	(16%)

[1] Consists of (i) "business acquisition, restructuring and other" from the Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss 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.

Discussion of Financial Highlights

Revenues

Revenues for the three months ended June 30, 2021 and 2020 primarily consisted of the Ontario bundles' annual entitlement of service provider fees for Permitted Capital Expenditures ("PCE") recognized in full in the second quarter of each year and continued service provider base fixed fees, as discussed in the "Major Developments" section of this MD&A. The increase in revenue for the three months ended June 30, 2021, when compared to the same period in the prior year, was mainly due to the reopening of the Atlantic properties under restricted operating conditions for a portion of the second quarter of 2021.

Revenues for the six months ended June 30, 2021 decreased by $213.6, when compared to the same period in the prior year, primarily due to the temporary suspension of operations and restricted operating conditions, as discussed in the "Temporary Business Interruption" section of this MD&A.

Adjusted EBITDA

Adjusted EBITDA of $41.8 for the three months ended June 30, 2021 increased by $10.0, when compared to the same period in 2020, primarily due to decreased property, marketing and administration expenses in Ontario and the reopening of the Atlantic properties under restricted operating conditions for a portion of the second quarter of 2021.

Adjusted EBITDA of $62.3 for the six months ended June 30, 2021 decreased by $72.5 when compared to the same period in the prior year, due to the above mentioned temporary business interruption, which had a negative impact on revenues.

Free Cash Flow
The Company had negative Free Cash Flow of $22.8 and $93.3 in the three and six months ended June 30, 2021, which decreased when compared to negative Free Cash Flow of $123.4 and $174.2 in the same periods in 2020. The decreases in negative Free Cash Flow were primarily due to decreased capital expenditures due to construction timing of the Company's development projects in Ontario and payments made in 2020 to settle payables incurred prior to the start of the temporary business interruption period.

Cash (outflow) inflow
Cash outflow for the three months ended June 30, 2021 of $0.3 decreased, when compared to cash outflow of $383.7 in the same period in the prior year. The decrease was primarily due to no repayments of debt in 2021, fewer capital expenditures and the receipt of PCE remuneration in the second quarter of 2021.

Cash inflow for the six months ended June 30, 2021 of $2.4 decreased, when compared to cash inflow of $168.5 in the same period in the prior year. The decrease was primarily due to proceeds received in 2020 from the issuance of the Senior Unsecured Debentures, increased borrowings in the prior year under the credit facilities and a decrease in net earnings during the temporary business interruption period, as discussed in the "Temporary Business Interruption" section of this MD&A.

Shareholders' net loss
For the three months ended June 30, 2021, shareholders' net loss of $20.2 decreased, when compared to shareholders' net loss of $31.4 in the same period in 2020. The decrease was primarily due to higher Adjusted EBITDA in Ontario and Atlantic, as described above, and decreased share-based compensation expense, partially offset by increased amortization related to capital investments made to expand the Ontario properties.

For the six months ended June 30, 2021, shareholders' net loss was $49.0, compared to shareholders' net loss of $12.2 in the same period in 2020. The increase in shareholders' net loss was due to the above mentioned temporary business interruption.

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

BUSINESS DESCRIPTION

As at June 30, 2021, the Company's principal operating entities which the Company consolidates were:

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

Under these principal operating entities, the Company operated 25 gaming, entertainment and hospitality facilities in the Ontario, B.C. and Atlantic regions:

Ontario

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

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

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

FDL
Flamboro Downs Racetrack(2)

GDL
Georgian Downs Racetrack

British Columbia

GCCI (3)
River Rock Casino Resort
Hard Rock Casino Vancouver
Elements Casino Victoria
Casino Nanaimo

ORL
Elements Casino Surrey

CGL
Elements Casino Chilliwack

GCEC
Chances Dawson Creek
Chances Maple Ridge

HEI
Hastings Racecourse & Casino

Atlantic

GCGNB
Casino New Brunswick

MEG
Casino Nova Scotia Halifax
Casino Nova Scotia Sydney

(1) The construction of the casino portion of Pickering Casino Resort was completed by the end of 2020. The casino opened on July 26, 2021, resulting in the commencement of its land lease.
(2) Elements Casino Flamboro and Flamboro Downs Racetrack operate in the same location, and together, they are considered one gaming facility.
(3) Bingo Esquimalt permanently closed upon expiry of its lease on April 23, 2021.

MAJOR DEVELOPMENTS

Arrangement with Apollo Funds

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

The transaction is not subject to a financing condition but is subject to a number of closing conditions, including required regulatory approvals. To date, the Arrangement has received approval from the Company's shareholders, the Supreme Court of British Columbia, the *Competition Act* (Canada), the *Investment Canada Act,* and the Canadian Pari-Mutuel Agency. Additionally, Crown corporations and gaming regulators continue to undertake their regulatory approval processes; the Company expects the Arrangement to close in the third quarter of 2021.

If the Arrangement is terminated by the Company in certain circumstances, including as a result of the Company failing to satisfy any closing conditions, the Company must pay a $75.0 termination fee to Apollo Funds.

On June 30, 2021, the Company announced the closing of a private offering by RAC and an affiliate of RAC of US$350.0 aggregate principal amount of its 4.875% senior secured notes due 2026, the proceeds of which were placed and will be held in escrow until the satisfaction of all closing conditions of the Arrangement.

Ontario

During the temporary suspension period, as discussed in the "Temporary Business Interruption" section of this MD&A, the following was temporarily agreed to with Ontario Lottery and Gaming Corporation ("OLG") for each Ontario bundle: (i) the continuation of the service provider base fixed fee payments as required by the respective Casino Operating and Services Agreements ("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 conjunction with the reopening of the Company's Ontario gaming properties, the Company entered into COSA amendments with OLG that allows the Company to operate pursuant to an interim compensation model that is intended to compensate the Company for its services during the Pandemic and a period of subsequent ramp up of operations as the business returns to historical levels. During this period, the interim fee arrangement includes the customary base fixed fee payments and an additional variable component fee based on a fixed percentage of gross gaming revenue. The fixed percentage is unique to each bundle and is similar to the historical percentage of gross gaming revenue earned by each bundle prior to closure. The interim fee arrangement will continue in effect for 36 months plus the period of time in which the 50-guest maximum restriction and any required temporary re-suspensions are in place, or earlier if gross gaming revenue exceed agreed performance targets that reflect pre-Pandemic revenue levels. Upon termination of the interim fee arrangement, the historical COSA compensation models applicable to each gaming bundle will apply.

On September 28, 2020, the Company reopened its 11 gaming properties under restricted operating conditions, which included indoor gathering limits up to a maximum of 50 guests, and did not resume the operation of table games and substantially all non-gaming amenities remained closed. Since then, the Company was required to temporarily close all of these properties again at various dates due to localized health authority mandates. As at June 30, 2021, all Ontario properties were closed.

On July 16, 2021, all Ontario properties reopened under new restricted operating conditions, which include capacity limits that impact business levels at certain times, such as peak times. The casino portion of Pickering Casino Resort, which was completed at the end of 2020, opened on July 26, 2021.

As discussed in the "Temporary Business Interruption" section of this MD&A, the Company's capital program has also been impacted by the Pandemic due to the suspension of non-critical construction projects for certain periods in the first six months of 2021 as mandated by the Government of Ontario. The Company continues to reassess the timing of its development projects at Pickering Casino Resort, Casino Woodbine, and Great Blue Heron Casino. Despite the impact on timing, the Company does not expect a material impact to the total planned capital spend on its development 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 assurances to the Company for each B.C. property that the provisions of the Operational Services Agreements ("OSAs") 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 late September 2020, the Company entered into amended OSAs for each B.C. property with BCLC. The amended OSAs introduce a new service provider fee effective March 16, 2020 for the Company's participation and promotion of BCLC's Encore Rewards loyalty program, which can be used at both land-based gaming properties and on PlayNow.com, an online gaming platform owned and operated by BCLC. Under the amended OSAs, going forward the Company receives a proportionate share of PlayNow.com revenues generated from its eligible patrons that wager on this online gaming platform.

On July 1, 2021, the Company's B.C. properties reopened under restricted operating conditions, which include capacity limits that impact business levels at certain times, such as peak times. The properties reopened with reduced availability of slot machines and live table games capacity, and limited food and beverage services.

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 indicated to the Company that none of the terms in the AROC will be considered breached during the period where the properties were required to close. In addition, the annual Capital Reserve contribution (see "Capital Spending" section of this MD&A for more information) for the fiscal period ended March 31, 2021 has been waived by NSGC.

On October 5, 2020, the Company reopened its Casino Nova Scotia properties. The reopening of the properties have been premised upon rigorous and detailed health and safety protocol developed by the Company, and in adherence with direction from provincial health authorities and NSGC's reopening plan. Operational revisions at both properties include reduced guest capacity to approximately one-third of historical levels, the availability of approximately 60% of slot machines, and the temporary closure of substantially all non-gaming amenities.

Due to localized health authority mandates, Casino Nova Scotia Halifax was mandated to close on November 26, 2020 but reopened on January 11, 2021. Casino Nova Scotia Halifax has resumed the operation of high limit and private room table games and both Casino Nova Scotia properties began providing limited food and beverage offerings. Casino Nova Scotia Halifax and Casino Nova Scotia Sydney were mandated to close on April 22, 2021 and April 27, 2021, respectively. On June 16, 2021, Casino Nova Scotia Halifax and Casino Nova Scotia Sydney reopened under restricted operating conditions. Since June 30, 2021, Casino Nova Scotia properties are permitted to operate at maximum capacity adhering to public health measures in place.

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 initially completed an orderly shut down of its gaming facility in the province on March 16, 2020.

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.

On September 28, 2020, the Company reopened Casino New Brunswick as part of New Brunswick's "COVID-19 recovery plan". The reopening of the property has been premised upon following prescriptive operational plans and protocols developed by the Company, including reduced facility guest capacity to approximately 25%, the availability of just over 50% of the property's slot machines, and the suspension of substantially all non-gaming amenities. Due to additional provincial restrictions, Casino New Brunswick was required to close on October 9, 2020, but reopened again on October 23, 2020 under the same restricted conditions described above.

During the first quarter of 2021, Casino New Brunswick closed on January 20, 2021 and reopened on February 12, 2021. Casino New Brunswick is permitted to operate at 50% occupancy and has resumed the operation of table games and began providing limited food and beverage offerings.

LABOUR RELATIONS

The Company employs unionized employees at 16 of its properties. Below is a summary of the union related activities during 2021:

Ontario

- Elements Casino Flamboro and United Steelworkers, representing security team members reached a first collective agreement on June 24, 2021 for a four-year term from January 15, 2020 to January 14, 2024.
- Shorelines Casino Belleville and Unifor, Local 1090, representing hourly non-supervisory team members (excluding security and surveillance, office and clerical team members), began bargaining for a first collective agreement in February 2021. Bargaining is ongoing.
- Shorelines Casino Belleville and Teamsters, representing security team members, reached a first collective bargaining agreement on May 11, 2021 for a three-year term from February 1, 2021 to January 31, 2024.
- Georgian Downs Racetrack and PSAC, Local 00500, representing mutuels, housekeeping, facilities (maintenance and track), money room and food and beverage employees reached a new collective agreement, ratified on August 3, 2021, for a four-year term from January 1, 2021 to December 31, 2023.

British Columbia

- Elements Casino Victoria and BCGEU, representing security team members, began bargaining for a first collective agreement in February 2021. Bargaining has been ongoing with further dates 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,		
	2021	2020	% Chg	**2021**	2020	% Chg
REVENUES						
Ontario	**$ 63.6**	$ 62.8	1%	**$ 106.5**	$ 251.7	(58%)
British Columbia	**1.0**	-		**2.2**	66.8	(97%)
Atlantic	**6.1**	-		**14.3**	18.1	(21%)
Total Revenues	**$ 70.7**	$ 62.8	13%	**$ 123.0**	$ 336.6	(63%)
ADJUSTED EBITDA[(1)]						
Ontario	**$ 52.6**	$ 45.2	16%	**$ 79.9**	$ 124.6	(36%)
British Columbia	**(5.4)**	(5.4)	0%	**(9.3)**	23.1	
Atlantic	**2.1**	(3.1)		**5.4**	1.2	
Corporate & Other	**(7.5)**	(4.9)	(53%)	**(13.7)**	(14.1)	3%
Total Adjusted EBITDA	**$ 41.8**	$ 31.8	31%	**$ 62.3**	$ 134.8	(54%)
FREE CASH FLOW[(1)]						
Ontario	**$ (9.8)**	$ (97.9)	(90%)	**$ (66.8)**	$ (150.4)	(56%)
British Columbia	**(1.1)**	(5.3)	(79%)	**(5.9)**	11.5	
Atlantic	**2.0**	(4.3)		**6.2**	(2.1)	
Corporate & Other	**(13.9)**	(15.9)	(13%)	**(26.8)**	(33.2)	(19%)
Total Free Cash Flow	**$ (22.8)**	$ (123.4)	(82%)	**$ (93.3)**	$ (174.2)	(46%)
CASH (OUTFLOW) INFLOW						
Ontario	**$ 12.2**	$ (53.1)		**$ (31.0)**	$ (1.2)	
British Columbia	**(10.3)**	(4.7)	119%	**(15.5)**	(7.0)	121%
Atlantic	**2.3**	(4.1)		**7.3**	(5.6)	
Corporate & Other	**(4.5)**	(321.8)	(99%)	**41.6**	182.3	(77%)
Total Cash (outflow) inflow	**$ (0.3)**	$ (383.7)	(100%)	**$ 2.4**	$ 168.5	(99%)

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

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,		
	2021	2020	% Chg	**2021**	2020	% Chg
Gaming revenues	**$ 61.0**	$ 60.5	1%	**$ 101.1**	$ 235.3	(57%)
Hospitality revenues	**-**	-		**-**	6.0	(100%)
Racetrack, lease and other revenues	**2.6**	2.3	13%	**5.4**	10.4	(48%)
Revenues	**63.6**	62.8	1%	**106.5**	251.7	(58%)
Less:						
Human resources	**6.3**	5.6	13%	**14.7**	63.1	(77%)
Property, marketing and administration	**4.7**	12.0	(61%)	**11.9**	64.0	(81%)
Adjusted EBITDA	**$ 52.6**	$ 45.2	16%	**$ 79.9**	$ 124.6	(36%)
Changes in non-cash working capital	**6.7**	(21.0)		**4.4**	(33.1)	
Capital expenditures, net of related accounts payable	**(35.2)**	(97.0)	(64%)	**(90.4)**	(179.8)	(50%)
Payment of lease liabilities	**(21.5)**	(20.7)	4%	**(43.4)**	(41.9)	4%
Interest paid	**(11.7)**	(4.4)	166%	**(14.9)**	(15.2)	(2%)
Income taxes paid	**(0.7)**	-		**(2.4)**	(5.0)	(52%)
Free Cash Flow	**$ (9.8)**	$ (97.9)	(90%)	**$ (66.8)**	$ (150.4)	(56%)
Cash inflow (outflow)	**$ 12.2**	$ (53.1)		**$ (31.0)**	$ (1.2)	

Recent Developments
As discussed in the "Major Developments" section of this MD&A, the Company operated certain gaming properties in Ontario under restricted operating conditions for a portion of the first quarter of 2021, but was required to temporarily close all of these properties again at various dates due to localized health authority mandates. On July 16, 2021, all Ontario properties reopened with higher capacity than previous reopenings under restricted operating conditions. The casino portion of Pickering Casino Resort, which was completed at the end of 2020, opened on July 26, 2021.

Revenues
Revenues for the three months ended June 30, 2021 and 2020 primarily consisted of the Ontario bundles' continued service provider base fixed fees, as discussed in the "Major Developments" section of this MD&A, and the Ontario bundle's annual entitlement of service provider fees for PCE recognized in full in the second quarter of each year.

Revenues for the six months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to the temporary suspension of operations and restricted operating conditions, as discussed in the "Temporary Business Interruption" section of this MD&A.

Expenses
Human resource expenses for the three months ended June 30, 2021 increased, when compared to the same period in the prior year, primarily due to increased employer paid benefits for team members on temporary suspension.

Property, marketing and administration expenses for the three months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to additional government assistance recognized in the second quarter of 2021 and lower than anticipated compliance costs due to the temporary suspension of operations.

Human resource and property, marketing and administration expenses for the six months ended June 30, 2021 decreased, when compared to the same period in 2020, due to management's response to mitigate expenses during the temporary business interruption period. Human resource expenses primarily consisted of costs related to remaining personnel required to support the business, net of related government assistance, and the continuation of employer paid benefits for team members on temporary suspension. Property, marketing and administration expenses primarily consisted of direct property operating costs, including property taxes, insurance, utilities and maintenance, as well as license and subscription costs, net of related government assistance.

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

Free Cash Flow
Negative Free Cash Flow of $9.8 and $66.8 for the three and six months ended June 30, 2021 decreased, when compared to negative Free Cash Flow of $97.9 and $150.4 for the same periods in the prior year. The decreases were primarily due to decreased spending on capital development projects due to construction timing of the Company's development projects in Ontario and payments made in 2020 to settle payables incurred prior to the start of the temporary business interruption period.

Cash inflow (outflow)
Cash inflow of $12.2 for the three months ended June 30, 2021 was primarily due to the receipt of PCE remuneration. Cash outflow for the three months ended June 30, 2020 was due to payments made to settle payables incurred prior to the start of the temporary business interruption period, as well as capital expenditures related to the Ontario developments.

Cash outflow of $31.0 for the six months ended June 30, 2021 increased, when compared to cash outflow of $1.2 in the same period in 2020. The increase was due to higher draws made on credit facilities during the six months ended June 30, 2020.

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,**		
	2021	2020	% Chg	**2021**	2020	% Chg
Adjusted EBITDA	**$ 52.6**	$ 45.2	16%	**$ 79.9**	$ 124.6	(36%)
Less: non-controlling interests' portion of Adjusted EBITDA	**(13.4)**	(11.6)	16%	**(19.0)**	(38.9)	(51%)
Adjusted EBITDA attributable to the shareholders of the Company	**$ 39.2**	$ 33.6	17%	**$ 60.9**	$ 85.7	(29%)

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

British Columbia

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Gaming revenues	**$ 0.9**	$ -		**$ 1.7**	$ 52.5	(97%)
Hospitality revenues	**-**	-		**-**	9.8	(100%)
Racetrack and other revenues	**0.1**	-		**0.5**	4.5	(89%)
Revenues	**1.0**	-		**2.2**	66.8	(97%)
Less:						
Human resources	**3.5**	2.4	46%	**7.1**	27.3	(74%)
Property, marketing and administration	**3.9**	3.7	5%	**6.1**	17.6	(65%)
Share of profit of equity investment	**(1.0)**	(0.7)	43%	**(1.7)**	(1.2)	42%
Adjusted EBITDA	**$ (5.4)**	$ (5.4)	0%	**$ (9.3)**	$ 23.1	
Changes in non-cash working capital	**4.5**	1.0		**4.5**	(3.6)	
Capital expenditures, net of related accounts payable	**-**	(0.6)	(100%)	**(0.7)**	(1.6)	(56%)
Payment of lease liabilities	**(0.1)**	(0.1)	0%	**(0.2)**	(0.2)	0%
Interest paid	**(0.1)**	(0.2)	(50%)	**(0.2)**	(0.4)	(50%)
Income taxes paid	**-**	-		**-**	(5.8)	(100%)
Free Cash Flow	**$ (1.1)**	$ (5.3)	(79%)	**$ (5.9)**	$ 11.5	
Cash outflow	**$ (10.3)**	$ (4.7)	119%	**$ (15.5)**	$ (7.0)	121%

Recent Developments
All B.C. gaming properties were initially temporarily suspended on March 16, 2020 as discussed in the "Temporary Business Interruption" section of this MD&A. On July 1, 2021, the B.C. gaming properties reopened under restricted operating conditions.

Revenues
Gaming revenues for the three and six months ended June 30, 2021 consisted of the Company's proportionate share of revenues from PlayNow.com, as discussed in the "Major Developments" section of this MD&A. Revenues for the six months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to the above mentioned temporary suspension of operations.

Expenses
Human resource expenses for the three months ended June 30, 2021 increased, when compared to the same period in the prior year, primarily due to team members returning in preparation of the July 1, 2021 reopening of all B.C. gaming properties. Property, marketing and administration expenses for the three months ended June 30, 2021 remained relatively consistent, when compared to the same period in the prior year.

Expenses for the six months ended June 30, 2021 decreased, when compared to the same period in 2020, primarily due to management's response to mitigate expenses during the temporary suspension period. Since the closures began on March 16, 2020, human resource expenses primarily consisted of costs related to remaining personnel required to support the business during the temporary suspension period, net of related government assistance, and the continuation of employer paid benefits for team members on temporary suspension. Property, marketing and administration expenses primarily consisted of direct property operating costs, including property taxes, insurance, utilities and maintenance, as well as license and subscription costs, net of related government assistance.

Free Cash Flow
Negative Free Cash Flow of $1.1 for the three months ended June 30, 2021 decreased, when compared to Negative Free Cash Flow of $5.3 in the same period in 2020. The decrease was due to payments made in 2020 to settle payables incurred prior to the start of the temporary suspension period.

For the six months ended June 30, 2021, Free Cash Flow was negative, compared to positive Free Cash Flow for the same period in the prior year. The decrease in Free Cash Flow was primarily due to decreased Adjusted EBITDA as a result of the above mentioned temporary suspension of operations.

Cash outflow
Cash outflow for the three and six months ended June 30, 2021 increased, when compared to the same periods in the prior year, due to decreased cash generated from operating activities as a result of the temporary suspension of operations.

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

Atlantic

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Gaming revenues	**$ 5.8**	$ -		**$ 13.7**	$ 14.0	(2%)
Hospitality revenues	**0.2**	-		**0.3**	3.4	(91%)
Other revenues	**0.1**	-		**0.3**	0.7	(57%)
Revenues	**6.1**	-		**14.3**	18.1	(21%)
Less:						
Human resources	**1.2**	0.7	71%	**3.2**	7.2	(56%)
Property, marketing and administration	**2.8**	2.4	17%	**5.7**	9.7	(41%)
Adjusted EBITDA	**$ 2.1**	$ (3.1)		**$ 5.4**	$ 1.2	
Changes in non-cash working capital	**-**	(1.1)		**1.0**	(2.1)	
Payment of lease liabilities	**(0.1)**	(0.1)	0%	**(0.2)**	(0.2)	0%
Income taxes paid	**-**	-		**-**	(1.0)	
Free Cash Flow	**$ 2.0**	$ (4.3)		**$ 6.2**	$ (2.1)	
Cash inflow (outflow)	**$ 2.3**	$ (4.1)		**$ 7.3**	$ (5.6)	

Recent Developments
As discussed in the "Major Developments" section of this MD&A, the Company operated the gaming properties in Atlantic under restricted operating conditions for a portion of the first six months of 2021. Casino New Brunswick was opened for the entire second quarter of 2021.

Revenues
Revenues for the three and six months ended June 30, 2021 consisted primarily of gaming revenues from operating the Atlantic properties under restricted operating conditions. Revenues for the six months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to the temporary suspension of operations and restricted operating conditions, as discussed in the "Temporary Business Interruption" section of this MD&A.

Expenses
Human resource and property, marketing and administration expenses for the three months ended June 30, 2021 increased, when compared to the same period in the prior year, due to the reopening of the Atlantic properties.

Expenses for the six months ended June 30, 2021, decreased when compared to the same period in 2020, due to management's response to mitigate expenses during the temporary business interruption period. Human resource expenses primarily consisted of costs related to remaining personnel required to support the business, net of related government assistance, and the continuation of employer paid benefits for team members on temporary suspension. Property, marketing and administration expenses primarily consisted of direct property operating costs, including property taxes, insurance, utilities and maintenance, as well as license and subscription costs, net of related government assistance.

Free Cash Flow
Free Cash Flow was positive for the three and six months ended June 30, 2021, compared to Negative Free Cash Flow in the same periods in the prior year. The positive Free Cash Flow in 2021 was due to the reopening of the Atlantic properties under restricted operating conditions for a portion of first six months of 2021. Negative Free Cash Flow in the three and six months ended June 30, 2020 was primarily due to the temporary suspension of operations.

Cash inflow (outflow)
Cash inflow for the three and six months ended June 30, 2021 was primarily due to cash generated from operating activities. Cash outflow for the three and six months ended June 30, 2020 primarily consisted of payments made to settle payables incurred prior to the start of the temporary business interruption period.

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

Corporate & Other

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Human resources	**$ (5.0)**	$ (3.2)	56%	**$ (8.8)**	$ (10.2)	(14%)
Property, marketing and administration	**(2.5)**	(1.7)	47%	**(4.9)**	(3.9)	26%
Adjusted EBITDA	**$ (7.5)**	$ (4.9)	(53%)	**$ (13.7)**	$ (14.1)	3%
Changes in non-cash working capital	**2.3**	(1.1)		**(0.9)**	(1.1)	(18%)
Capital expenditures, net of related accounts payable	**(0.2)**	(1.0)	(80%)	**(0.6)**	(1.9)	(68%)
Interest paid	**(8.5)**	(8.9)	(4%)	**(11.6)**	(13.7)	(15%)
Income taxes paid	**-**	-		**-**	(2.4)	
Free Cash Flow	**$ (13.9)**	$ (15.9)	(13%)	**$ (26.8)**	$ (33.2)	(19%)
Cash (outflow) inflow	**(4.5)**	$ (321.8)	(99%)	**$ 41.6**	$ 182.3	(77%)

Expenses
Human resource expenses increased in the three months ended June 30, 2021, when compared to the same period in the prior year, primarily due to less government assistance recognized in 2021.

Human resource expenses decreased in the six months ended June 30, 2021, when compared to the same period in the prior year, due to management's response to mitigate expenses during the temporary suspension period, as discussed in the "Temporary Business Interruption" section of this MD&A. During the temporary suspension period, human resource expenses primarily consisted of costs related to remaining personnel required to support the business during the temporary suspension period, net of related government assistance.

Property, marketing and administration expenses increased for the three and six months ended June 30, 2021, when compared to the same periods in 2020, primarily due to increased insurance costs. Property, marketing and administration expenses during the temporary suspension period also included fixed licenses and subscriptions and professional fees, net of related government assistance.

Free Cash Flow
Negative Free Cash Flow for the three and six months ended June 30, 2021 decreased, when compared to the same periods in the prior year, due to decreased capital expenditures and decreased interest paid on debt as a result of additional draws in 2020 on the Company's Senior Secured Credit Facilities that were repaid at the end of the second quarter of 2020.

Cash (outflow) inflow
Cash outflow for the three months ended June 30, 2021 decreased, when compared to the same period in 2020, due to $325.0 repayment on the revolving portion of the Senior Secured Credit Facilities in the prior year.

Cash inflow for the six months ended June 30, 2021 decreased, when compared to the same period in 2020, due to decreased cash generated from financing activities. Cash generated by financing activities for the six months ended June 30, 2021 primarily consisted of proceeds from the exercise of incentive share options, net of issuance costs, of $45.2, which was higher when compared to $2.7 in proceeds from the exercise of share options in the six months ended June 30, 2020. Cash inflow for the six months ended June 30, 2020 included the proceeds from the issuance of 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,					Six months ended June 30,				
		2021		2020	% Chg		**2021**		2020	% Chg
Adjusted EBITDA	**$**	**41.8**	$	31.8	31%	**$**	**62.3**	$	134.8	(54%)
Less:										
Amortization		**47.0**		38.6	22%		**94.3**		77.1	22%
Share-based compensation		**0.9**		11.0	(92%)		**2.0**		9.6	(79%)
Interest and financing costs, net		**25.2**		26.3	(4%)		**50.2**		49.5	1%
Business acquisition, restructuring and other		**3.3**		0.8			**5.8**		6.8	(15%)
Foreign exchange (gain) loss		**(0.1)**		0.2			**(0.2)**		-	
Income tax		**(7.5)**		(8.7)	(14%)		**(18.6)**		(0.3)	
Net loss	**$**	**(27.0)**	$	(36.4)	(26%)	**$**	**(71.2)**	$	(7.9)	

Amortization
Amortization increased for the three and six months ended June 30, 2021, when compared to the same periods in 2020, primarily due to capital investments made to expand the Ontario properties, including the completed casino portion of Pickering Casino Resort.

Share-based compensation
Share-based compensation expense for the three and six months ended June 30, 2021 decreased, when compared to the same periods in the prior year, primarily due to fewer options vested in the current period. Share-based compensation expense in the second quarter of 2020 included the voluntary cancellation of share options which resulted in the immediate recognition of the remaining compensation costs of $6.9 associated with these options.

Interest and financing costs, net
Interest and financing costs, net for the three months ended June 30, 2021 decreased, when compared to the same period in 2020, primarily due to interest on additional draws in 2020 on the Company's Senior Secured Credit Facilities that were repaid at the end of the second quarter of 2020, partially offset by a decrease in interest income.

Interest and financing costs, net, for the six months ended June 30, 2021 increased, when compared to the same period in 2020, primarily due to a full period of interest expense on the Senior Unsecured Debentures which were issued in March and April 2020 and a decrease in interest income, partially offset by interest paid on additional draws in 2020 on the Company's Senior Secured Credit Facilities that were repaid at the end of the second quarter of 2020.

Business acquisition, restructuring and other
Business acquisition, restructuring and other costs in the three and six months ended June 30, 2021 primarily consisted of pre-opening costs related to Pickering Casino Resort and severance costs related to restructuring. The increase for the three months ended June 30, 2021, when compared to the same period in the prior year, was due to a recovery recorded in the second quarter of 2020 related to a decrease in the estimated contingent future trailing payments for Elements Casino Chilliwack as a result of the temporary suspension of operations. The decrease for the six months ended June 30, 2021, when compared to the same period in the prior year, was due to decreased pre-opening costs related to the Pickering Casino Resort as a result of management's response to mitigate expenses during the temporary business interruption period.

Foreign exchange (gain) loss
Changes in foreign exchange (gain) loss 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 before income taxes. Income tax recovery for the three months ended June 30, 2021 decreased, when compared to the same period in the prior year, due to a decrease in shareholders' net loss. Income tax recovery for the six months ended June 30, 2021 increased, when compared to the same period in the prior year, due to an increase in shareholders' net loss.

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

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenues	$ 70.7	$ 52.3	$ 62.6	$ 43.1	$ 62.8	$ 273.8	$ 357.4	$ 341.1
Adjusted EBITDA	$ 41.8	$ 20.5	$ 25.5	$ 8.9	$ 31.8	$ 103.0	$ 152.0	$ 142.3
Adjusted EBITDA as a % of Revenues	59.1%	39.2%	40.7%	20.6%	50.6%	37.6%	42.5%	41.7%
Shareholders' net (loss) earnings	$ (20.2)	$ (28.8)	$ (33.6)	$ (36.5)	$ (31.4)	$ 19.2	$ 45.8	$ 49.7
Shareholders' net (loss) earnings per common share								
Basic	$ (0.35)	$ (0.50)	$ (0.60)	$ (0.66)	$ (0.57)	$ 0.35	$ 0.81	$ 0.85
Diluted	$ (0.35)	$ (0.50)	$ (0.60)	$ (0.66)	$ (0.57)	$ 0.34	$ 0.79	$ 0.82

Revenues

Revenues in each quarter of 2020 and 2021 were negatively impacted by the temporary suspension of operations and restricted operating conditions since March 16, 2020, as discussed in the "Temporary Business Interruption" section of this MD&A. The Company's properties were closed for the entire second quarter of 2020 and substantially all of the third quarter of 2020. The Company operated certain gaming properties in Ontario and Atlantic under restricted operating conditions for a portion of the fourth quarter of 2020 and first six months of 2021, as discussed in the "Major Developments" section of this MD&A.

The second quarter of each year generally includes the recognition of substantially all of the annual entitlement of PCE. The Company continued to recognize its annual entitlement of PCE in the second quarter of 2020 and 2021.

Under normal operating conditions, 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. Higher patron attendance is also observed on key holidays such as Christmas, New Year's Eve and Lunar New Year.

Adjusted EBITDA

Adjusted EBITDA generally changes as a result of changes in revenues.

Shareholders' net (loss) earnings

Shareholders' net (loss) earnings generally reflects trends in revenues and Adjusted EBITDA, but may fluctuate each period due to various items excluded from Adjusted EBITDA.

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, 2021, the Company had the following cash, accounts receivable, and available undrawn credit on its credit facilities.

- Cash of $437.2, an increase of $2.4 since December 31, 2020, as further discussed in the "Cash Flows" section of this MD&A.
- Accounts receivable of $26.9, which primarily consisted of sales tax receivable, receivables related to capital project reimbursements, and amounts due from Provincial Crown corporations.
- 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.
- $378.7 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.
- $19.1 available credit under OGWGLP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants.
- $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 have resumed under restricted operating conditions. Depending on the extent of operating restrictions on the Company's business, the Company may generate negative net operating cash flows. The Company's ability to settle its contractual obligations are subject to the temporary waivers on its credit agreements (see Note 4 of the Condensed Interim Consolidated Financial Statements) remaining in place, including any future extensions, as required, and/or the timing of when operating restrictions are lifted. The Company's capital spending and commitments are described further below.

Capital Spending

In response to the Pandemic, non-critical construction projects were suspended for certain periods in 2020 and 2021 as mandated by the Government of Ontario, as discussed in the "Temporary Business Interruption" section of this MD&A. The Company continues to reassess the timing of its development projects in Ontario, including the estimated timing in settling these commitments. Despite the impact on timing, the Company does not expect a material impact to the total planned capital spend on its development projects. As at June 30, 2021, the Company had $280.6 of contractual commitments primarily related to the Ontario capital developments. The estimated timing in settling these 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, 2021 were $35.4 (2020 - $98.6) and $91.7 (2020 – $183.3), respectively. Capital expenditures during the three and six months ended June 30, 2021 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, 2021, there were no material changes to the Company's contractual obligations.

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, 2021		December 31, 2020	% Chg
Cash	**$**	**437.2**	$	434.8	1%
Accounts receivable		**26.9**		40.8	(34%)
Other current assets		**82.7**		66.5	24%
Property, plant and equipment		**1,471.8**		1,465.5	0%
Right-of-use assets		**939.8**		960.2	(2%)
Cash on deposit with Canada Revenue Agency		**38.9**		38.9	0%
Other long-term assets		**110.5**		113.3	(2%)
Total Assets	**$**	**3,107.8**	$	3,120.0	(0%)
Current liabilities	**$**	**153.2**	$	187.1	(18%)
Long-term debt		**1,397.1**		1,333.9	5%
Long-term lease liabilities		**906.2**		917.5	(1%)
Other long-term liabilities		**104.7**		108.9	(4%)
Total Liabilities		**2,561.2**		2,547.4	1%
Equity attributable to shareholders of the company		**461.4**		465.2	(1%)
Non-controlling interests		**85.2**		107.4	(21%)
Total Equity		**546.6**		572.6	(5%)
Total Liabilities and Equity	**$**	**3,107.8**	$	3,120.0	(0%)

Total Assets
Total assets as at June 30, 2021 was relatively consistent when compared to the balance as at December 31, 2020. Other current assets increased due to increased income taxes receivable, while right-of-use assets decreased primarily due to amortization. The increase in cash was primarily due to the proceeds received from the exercise of incentive share option in the first quarter of 2021 and the receipt of PCE remuneration in the second quarter of 2021.

Total Liabilities
Total liabilities as at June 30, 2021 was relatively consistent when compared to the balance as at December 31, 2020. Current liabilities decreased due to decreased accounts payable, while long-term debt increased due to an increase in borrowings under the credit facilities of OTG used for the Ontario developments.

Total Equity
Total equity as at June 30, 2021 was relatively consistent when compared to the balance as at December 31, 2020. The change in equity was due to the exercise of share options of $45.2 offset by net loss of $71.2.

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

Cash Flows

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Cash generated by operating activities	**$ 48.6**	$ 5.1		**$ 57.8**	$ 69.2	(16%)
Cash used in investing activities	**(34.5)**	(97.9)	(65%)	**(90.0)**	(180.0)	(50%)
Cash (used in) generated by financing activities	**(14.5)**	(290.7)	(95%)	**34.4**	279.3	(88%)
Effect of foreign exchange on cash	**0.1**	(0.2)		**0.2**	-	
Cash (outflow) inflow	**$ (0.3)**	$ (383.7)	(100%)	**$ 2.4**	$ 168.5	(99%)

Cash generated by operating activities
Cash generated by operating activities for the three months ended June 30, 2021 increased, when compared to the same period in 2020, primarily due to the receipt of PCE remuneration received in the second quarter of 2021. Cash generated by operating activities for the three months ended June 30, 2020 was partially offset by payments made to settle payables incurred prior to the start of the temporary business interruption period, as discussed in the "Temporary Business Interruption" section of this MD&A.

Cash generated by operating activities for the six months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to a decrease in net earnings during the temporary business interruption period, partially offset by the above mentioned receipt of PCE remuneration and decreased income taxes paid.

Cash used in investing activities
Cash used in investing activities for the three and six months ended June 30, 2021 was lower, when compared to the same periods in 2020, as a result of decreased capital expenditures due to the completion of the casino portion of Pickering Casino Resort in the fourth quarter of 2020 and construction timing of the Company's development projects in Ontario.

Cash (used in) generated by financing activities
Cash used in financing activities for the three months ended June 30, 2021 decreased, when compared to the same period in the prior year, primarily due to no repayments of debt in 2021. Cash used in financing activities for the three months ended June 30, 2020 consisted of $325.0 debt repayment on the revolving portion of the Senior Secured Credit Facilities.

Cash generated by financing activities for the six months ended June 30, 2021 decreased, when compared to the same period in the prior year, due to proceeds received in 2020 from the issuance of the Senior Unsecured Debentures and from increased borrowings in the prior year under the credit facilities.

Share Capital

Normal Course Issuer Bids

Common Shares

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 expired on July 2, 2021. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. All shares purchased by the Company will be subsequently cancelled. The Company has not repurchased any common shares under this issuer bid since the Company entered into the Arrangement on November 10, 2020, as described in the "Major Developments" section of this MD&A. Prior to the Arrangement, the Company purchased for cancellation 300,471 common shares at a weighted-average price per share of $26.55 under this current issuer bid. The Company did not purchase any shares in 2021 under the current issuer bid.

Senior Unsecured Debentures

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 expired on June 4, 2021. The Company did not purchase any debentures for cancellation under this issuer bid.

Outstanding Share Data

As at June 30, 2021, there were 57,622,678 common shares issued and outstanding compared to 56,061,179 as at December 31, 2020. This increase was due to the exercise of employee stock options during the six months ended June 30, 2021.

As at June 30, 2021, there were 761,533 share options outstanding at a weighted-average exercise price of $28.44.

As at August 9, 2021, there were 57,622,678 common shares outstanding and 761,533 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 $55.3, deferred tax expense would decrease $54.2, and interest and financing costs would increase $18.2, resulting in a one-time $19.3 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.34 per share, based on the number of shares outstanding as at June 30, 2021.

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

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

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

During 2018, five of the Company's subsidiaries received notices of confirmation for the taxation years under audit. The five subsidiaries filed notices of appeal to the Tax Court of Canada to each notice of confirmation received. During the first quarter of 2019, the Company and its subsidiaries received the Respondent's Replies to the notices of appeal. In response to the Pandemic, the Company and the Respondent agreed to delay the process with revised timelines still to be determined. During the three months ended June 30, 2021, the Company completed the examination for discovery process at the end of June. Responses to undertakings from the discovery process are due in the fourth quarter of 2021.

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 3 of the Company's Annual 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 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.

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, 2021, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's 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.