



GREAT CANADIAN GAMING CORPORATION

GREAT CANADIAN GAMING ANNOUNCES SECOND QUARTER 2021 RESULTS

August 10, 2021 – Toronto, ON – Great Canadian Gaming Corporation (**TSX:GC**) (“Great Canadian,” or “the Company”) today announced its financial results for the three month period ended June 30, 2021 (the “second quarter”).

SECOND QUARTER 2021 UPDATES

- By the end of the second quarter of 2021, Raptor Acquisition Corp (the “RAC”), an affiliate of funds managed by affiliates of Apollo Global Management, Inc. (**NYSE:APO**) (“Apollo Funds”), has received approval under the *Investment Canada Act* and the Canadian Pari-Mutuel Agency for the acquisition of Great Canadian, pursuant to a previously announced plan of arrangement (the “Arrangement”) involving Great Canadian, the Purchaser and Company securityholders. 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.
- 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 second quarter. 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 the second quarter, all of the Company’s properties are now operating.
- The casino at Pickering Casino Resort, which was completed at the end of 2020, opened on July 26, 2021.

“With significant progress being made with the mass vaccination program across Canada and the gradual lifting of restrictions by provincial governments, we are finally able to open all of our properties. We are happy to welcome back many more of our team members who have shown patience, perseverance and understanding during the temporary suspensions. These past 16 months have proven to be the most challenging in the Company’s history, but Great Canadian is still well-positioned to remain a leader as we emerge from the Pandemic. We want to thank all of our team members for their continued hard work and support for the business during these unprecedented times,” stated Terrance Doyle, the Company’s Interim Chief Executive Officer. “As restrictions begin to gradually lift in each province that we operate in, Great Canadian remains committed to adhering to all directives issued by public health authorities and prioritizing the health and safety of our team members and guests at all times. We are excited to finally be moving forward in rebuilding our business and delivering great entertainment to our guests.”

“We continue to make progress on the closing of the Arrangement with Apollo Funds, as demonstrated by the approvals received so far and the closing of a private offering by RAC and its affiliate of US\$350.0 million senior secured notes. We are assisting Apollo Funds to satisfy all remaining closing conditions, including the required regulatory approvals,” continued Mr. Doyle.

FINANCIAL REVIEW

Revenues in the second quarter of 2021 and 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 each year and continued service provider base fixed fees. The increase in revenue in the second quarter, 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.

Adjusted EBITDA of \$41.8 million in the second quarter increased by \$10.0 million, 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.

The Company had negative Free Cash Flow of \$22.8 million in the second quarter, which decreased when compared to negative Free Cash Flow of \$123.4 million in the same period in 2020. The decrease in negative Free Cash Flow was 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 for the second quarter of \$0.3 million decreased, when compared to cash outflow of \$383.7 million in the same period in 2020. The decrease was primarily due to no repayments of debt in 2021, fewer capital expenditures and the receipt of permitted capital expenditures remuneration in the second quarter of 2021, which is generally received in the third quarter of each year.

Shareholders' net loss for the second quarter of \$20.2 million decreased, when compared to shareholders' net loss of \$31.4 million 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.

OUTLOOK

"We are pleased to finally announce that the casino at Pickering Casino Resort has opened on July 26, 2021. This is a major milestone for the Company as we have worked on completing this significant part of our Ontario development since 2018. We have eagerly anticipated for the opening of this casino, which is a preeminent addition to the gaming and entertainment marketplace in the Greater Toronto Area. We continue to work on the remaining non-gaming amenities at Pickering Casino Resort and other projects in Ontario, including Casino Woodbine and Great Blue Heron, which will be funded by One Toronto Gaming's capital expenditures credit facility. While the timing of completing these developments were delayed as a result of the Pandemic, we do not anticipate any impact to our total planned capital spend."

"The Company's financial and operational covenants under its credit facilities continue to be temporarily waived pursuant to amended credit facility agreements which were entered into in the fourth quarter of 2020. As at June 30, 2021, Great Canadian continues to remain in stable capital and liquidity position with a cash balance of \$437.2 million and \$912.6 million of available undrawn credit on its credit facilities, subject to applicable covenants," concluded Mr. Doyle.

CONFERENCE CALL

Due to limited operations and the pending Arrangement with Apollo Funds, the Company will not be hosting a conference call for investors and analysts to review its financial results. For detailed financial information and analysis, please refer to the Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis at www.gcgaming.com or www.sedar.com (available on August 10, 2021).

ABOUT GREAT CANADIAN GAMING CORPORATION

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

GREAT CANADIAN GAMING CORPORATION

Financial Highlights

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

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

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Chg	2021	2020	% Chg
Revenues	\$ 70.7	\$ 62.8	13%	\$ 123.0	\$ 336.6	(63%)
<i>Less:</i>						
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	\$ 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	\$ (22.8)	\$ (123.4)	(82%)	\$ (93.3)	\$ (174.2)	(46%)
<i>Cash flow information</i>						
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%)
<i>Net (loss) earnings information:</i>						
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	
<i>Balance sheet information:</i>						
				June 30,	December 31,	% Chg
				2021	2020	
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%			

DISCLAIMER

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

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: compliance with the terms of operational services agreements with lottery corporations; changes to gaming laws and regulations that may impact the operational services agreements; the Company’s ability to successfully close its anticipated arrangement with Raptor Acquisition Corp.; pending, proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact high limit play), volatile gaming holds, the effects of competition in the market; the Company’s ability to successfully develop properties in Ontario; the Company’s ability to obtain and renew required business licenses, leases, and operational services agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; impairment of the Company’s ability to obtain banking waivers; actual and possible reassessments of the Company’s prior tax filings by tax authorities; the results of the Company’s notices of objection and subsequent appeals challenging reassessments received by the Canada Revenue Agency; the Company’s tax position on its facility development commission prevailing; temporary business interruption and closure of the Company’s facilities due to COVID-19; effects of COVID-19 physical distancing measures in reopened facilities; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; adverse changes in public opinion and acceptance of gambling; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company’s ability to successfully integrate new key personnel; the timing and results of collective bargaining negotiations and potential labour disruption; adverse changes in the Company’s labour relations; the Company’s ability to manage its capital projects and its expanding operations in jurisdictions where it operates; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; the risk associated with partnership relationships; First Nations rights with respect to certain land on which the Company conducts operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; privacy breaches or data theft; integration of acquired properties in Ontario; changes to anti-money laundering procedures and protocols including additional requirements for determining source of funds; unusual weather or natural disasters could adversely affect the Company’s operations and financial results; and disease outbreaks. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company’s continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the “Risk Factors” section of the Company’s Annual Information Form for fiscal 2020, and as identified in the Company’s disclosure record on SEDAR at www.sedar.com.

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

The Company has included non-International Financial Reporting Standards (“non-IFRS”) measures in this press release. Adjusted EBITDA, as defined by the Company, means earnings before interest and financing costs (net of interest income), income taxes, depreciation and amortization, share-based compensation, business acquisition, restructuring and other, and foreign exchange (gain) 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. The Company

believes Adjusted EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt, and fund future capital expenditures. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing the Company. The Company has reported Free Cash Flow as an additional measure of its operating performance, particularly to monitor the Company's non-discretionary cash requirements during the Pandemic period. Free Cash Flow can be computed as Adjusted EBITDA less the following items derived from the Condensed Interim Consolidated Statements of Cash Flows: changes in non-cash working capital, capital expenditures, net of related accounts payable, payment of lease liabilities, interest paid and income taxes paid.

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

ON BEHALF OF

GREAT CANADIAN GAMING CORPORATION

“Original Signed By Terrance M. Doyle”

Terrance M. Doyle
Interim Chief Executive Officer

Great Canadian Gaming Corporation

39 Wynford Drive
North York, ON
M3C 3K5
Website: www.gcgaming.com

For investor enquiries:

ir@gcgaming.com, or
Ms. Tanya Ruskowski
Executive Assistant to the Interim Chief Executive Officer
(604) 303-1000

For media enquiries:

Mr. Chuck Keeling
Executive Vice President, Stakeholder Relations & Responsible Gaming
ckeeling@gcgaming.com