Gamehost Inc.

Management Discussion and Analysis

For the twelve and three months ended December 31, 2022

To Our Shareholders

Management and Directors of Gamehost Inc. (the “Company”) present results for the twelve and three months ended December 31, 2022 (the "Year" and "Quarter" respectively).

The Quarter was the third consecutive quarter of operations without COVID-19 restrictions of any kind. Results in the Quarter are compared with both the comparable prior year quarter and (pre-COVID-19 quarter in 2019). Operating revenue was $18.8 million versus $13.6 million ($17.3 million - 2019), EBITDA was $6.4 million versus $5.0 million ($6.8 million - 2019), and Earnings per share for the Quarter was $0.19 versus $0.07 ($0.16 - 2019).

Major renovations at the Company's Great Northern Casino were completed in the Quarter and have been well received by the City of Grande Prairie and our customers. An exterior face lift of the Company's investment property will be undertaken in the new year and mark the completion of our multi-year property improvement plan. All facilities will have received major exterior and interior expansions and/or interior/exterior refreshes over a three year period.

During the Quarter, the Company continued regular monthly dividends of $0.03 per common share for a cash outflow of $2.0 million, repurchased shares of the Company totaling $0.8 million, invested $0.4 million in capital improvements and reduced debt by $1.7 million.

Inflation has begun to show signs of moderating and the Bank of Canada is now indicating that it will pause their monetary tightening while it monitors the effects of eight rate increases in the space of one year. These two economic headwinds have an adverse impact on consumer discretionary spending. However, our customer base have thus far proved resilient. Strong employment opportunities, above average wages, a lower cost of living supporting active interprovincial and international in-migration are all redefining the Alberta 'Advantage'. The oil and gas sector is having a moment again. This moment looks to have some extended runway as world economies recover from Covid-19 fallout and the Russian invasion of Ukraine continues to unsettle secure energy supply. Alberta's economy is moving toward greater diversification and along with neighbouring Saskatchewan will lead Canada in renewable energy growth and investment.

We are looking forward to 2023 with optimism. The year ahead is not without its challenges, but we will meet them head-on with energy and success.

14-Mar-23

On behalf of all Management and Directors, sincerely,

<signed David J. Will>

David J. Will
President and Chief Executive Officer
Gamehost Inc.

<signed Darcy J. Will>

Darcy J. Will
Vice President and Secretary
Gamehost Inc.

Management's discussion and analysis

For the twelve and three months ended December 31, 2022

This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity, capital resources, and other financial information of Gamehost Inc. (the "Company") is prepared as at March 14, 2023. This MD&A should be read in conjunction with the Consolidated Financial Statements of the Company and accompanying notes for the Year ended December 31, 2022 ("Annual Financial Statements") and the Company's Annual Information Form for the Year ended December 31, 2022.

This MD&A covers the twelve months ended December 31, 2022 (the "Year") but focuses on year-over-year comparative results for the three months ended December 31, 2022 (the "Quarter"). Readers are directed to prior MD&A for specific discussion of results of previous quarters. Previously issued financial statements and management discussion, and other disclosures of the Company, can be found on the Company website at www.gamehost.ca or SEDAR at www.sedar.com.

COVID-19

The following points record a timeline of significant events and Company responses to the COVID-19 pandemic during the Year:

- January 20, 2022. Alberta Gaming, Liquor and Cannabis ("AGLC") restricted operations by mandating beverage sales end by 11:00 PM and no beverage consumption outside of seated dining and lounge areas.

- February 9, 2022. Alberta entered Step 1 of a phased approach to elimination of all COVID-19 related restrictions. Step 1 includes an end to the Restriction Exemption Program ("REP") including proof of vaccination requirement at Company casinos. Food and beverage service on gaming floors can also resume, but termination of service at 11:00 PM remains in force.

- March 1, 2022. Alberta entered Step 2 of its phased approach to elimination of all COVID-19 related restrictions. Step 2 lifted the only remaining restrictions that have a direct impact on our business. Food and beverage service returns to normal operating hours.

- June 14, 2022. Alberta ended all remaining COVID-19 restrictions including masking on public transit and mandatory isolation. Some COVID-19 measures remain in place in Alberta's hospitals and senior care facilities.

Caution to the reader

Use of Non-International Financial Reporting Standards ("IFRS") financial measures

This MD&A makes reference to financial measures that do not have any standardized meaning prescribed by IFRS. Specifically, the MD&A may reference earnings before interest, taxes, depreciation, and amortization (EBITDA), EBITDA attributable to shareholders of the Company ("EBITDA to shareholders"), and EBITDA to shareholders margin, which are all non-IFRS financial measures. EBITDA-related calculations exclude any gains or losses on retirement of assets, foreign exchange gains or losses, and any fair market value adjustments recorded. EBITDA to shareholders is reconciled to Profit and comprehensive profit on page 13. Dividend pay-out ratio, and normalized dividend pay-out ratio are both non-IFRS financial measures. Dividend pay-out ratio excludes gains or losses on the sale of assets and any capital expenditures funded by debt. Normalized pay-out ratio excludes additional items such as the cost of share repurchases and capital expenditures funded from operating cash flow.

Other industry specific terms and measures relating to the operations of the Company, used throughout this MD&A, are defined when they first appear and capitalized throughout this MD&A.

Forward-looking statements

This MD&A may contain forward-looking information. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements contain wording such as “anticipates,” “believes,” “could,” “expects,” “indicates,” “plans,” or other similar expressions that suggest future outcomes or events. Forward looking information contains risks and uncertainties of varying significance. The Company attempts to minimize the use of forward-looking information. Any use of forward-looking information reflects reasonable assumptions made on the basis of management’s current beliefs, with information known by management at the time of writing. Factors that may affect results include, but are not limited to, governmental legislation and regulation at the national, provincial or municipal level, general or local business and economic conditions, financial market volatility, the good standing of our business, gaming and liquor licenses, competition, consumer preferences and disposable incomes, demographic shifts, and weather patterns. Any number of these factors, or others, could cause actual results to differ from forward-looking information. Additional discussion about the inherent risks in forward-looking information and any Company assumptions of risk can be found in the "Business risks, opportunities and outlook" section at the end of this MD&A.

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, and included in the “Risk Factors” section of the Company’s most recent Annual Information Form. Continuous disclosure documents are on public record through SEDAR at www.sedar.com.

Forward-looking information contained in this MD&A or documents incorporated by reference are relevant only at the date of the MD&A or document date. Readers should not place undue reliance on forward-looking information, as there can be no assurances that the plans, intentions, or expectations upon which they are based will occur. The Company undertakes no obligation to publicly revise forward-looking information to reflect subsequent events or circumstances.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company’s internal control over financial reporting and disclosure controls and procedures include policies and procedures that: (1) pertain to the maintenance of records that reasonably, accurately, and fairly represent transactions of the Company; (2) provide reasonable assurance that transactions are recorded as required to permit the preparation of consolidated financial statements in accordance with IFRS and that receipts and expenditures are made with appropriate authorization of the Company’s management and directors; (3) and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

There has been no change in the Company's internal control over financial reporting or disclosure controls and procedures that occurred during the Year that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting. The effectiveness of internal control over financial reporting has been evaluated at December 31, 2022, and management has concluded that the Company's internal control over financial reporting is designed and operating effectively. There is no “material weakness” relating to the design of the Company's internal control over financial reporting. A “material weakness” is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the reporting issuer's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The Company used COSO 2013 as its framework for establishing internal control over financial reporting.

Organizational structure

Gamehost Inc. is incorporated in Canada under the Business Corporations Act (Alberta). The consolidated financial statements of the Company are comprised of the Company and its subsidiaries.

Shares

The Company had 22.3 million common shares issued and outstanding as at December 31, 2022 (22.7 million - December 31, 2021) and 22.1 million common shares issued and outstanding as at February 28, 2023, which trade on the Toronto Stock Exchange ("TSX") under the symbol GH. The Company is authorized to issue any number, and any class, of shares.

Address

The head office of the Company is located at #104, 548 Laura Avenue, Red Deer County, Alberta, T4E 0A5. The registered office of the Company is located at 1400, 350 – 7th Avenue SW, Calgary, Alberta, T2P 3N9.

Overview of Gamehost

The Company's activities are currently confined to the province of Alberta, Canada. Operations include Rivers Casino & Entertainment Centre ("Rivers") in Fort McMurray, and Great Northern Casino ("Great Northern") in Grande Prairie, as well as Service Plus Inns & Suites ("Service Plus"), and Encore Suites by Service Plus Inns ("Encore Suites"), both limited service hotels, in Grande Prairie, and the Deerfoot Inn & Casino Inc. ("Deerfoot"), in Calgary.

Gaming operations of the Company are controlled by the AGLC and the Interprovincial Lottery Corporation ("ILC"). Operations include Company owned live table games, AGLC owned slot machines, video lottery terminals ("VLT"), electronic gaming tables ("EGT"), and ILC owned lottery ticket kiosks. Hotel operations of the Company include full and limited service hotels, and banquet and convention services. Food, beverages, and entertainment are offered at each of the Company's casino locations.

The Company believes in a combined entertainment and hospitality model. Our model targets the entertainment seeker and social occasional gamer. Clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation, together with gaming, are situated in community-based locales.

Overall financial results and condition of the Company

In year-over-year comparison for the Quarter, operating revenue was up $5.2 million or 38.2% from $13.6 million to $18.8 million, EBITDA to shareholders was up $1.7 million or 36.6% from $4.7 million to $6.4 million, net earnings to shareholders was up $2.6 million or 152.9% from $1.7 million to $4.3 million.

At the end of the Quarter, the Company had $183.4 million in total assets, a decrease of $5.0 million from the start of 2022. Cash balances of $15.6 million are flat to start of 2022. Total bank debt at $54.5 million is up $5.5 million from $49.0 million at the start of 2022 after acquiring a non-controlling interest in the Deerfoot for $13.6 million in an all cash deal during the Year.

(In millions of CDN dollars, unless otherwise stated)

Quarterly performance summary

Quarterly performance	**2022**				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenue	**$ 18.8**	$ 18.1	$ 17.9	$ 14.9	$ 13.6	$ 15.7	$ 2.9	$ 1.1
Cost of sales	**(12.6)**	(12.1)	(11.4)	(9.8)	(10.0)	(8.4)	(3.6)	(2.8)
Gross profit (loss)	**6.2**	6.0	6.5	5.1	3.6	7.3	(0.7)	(1.7)
Lease and other income (loss)	**-**	-	(0.1)	(0.5)	0.8	1.2	1.3	1.3
Administrative expenses	**(1.1)**	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(0.8)	(0.6)
Profit (loss) from operating activities	**5.1**	5.0	5.4	3.6	3.4	7.5	(0.2)	(1.0)
Fair value adjustment	**(0.3)**	-	-	-	(0.5)	-	-	-
Finance costs net of finance income	**(0.8)**	(0.7)	(0.5)	(0.4)	(0.5)	(0.4)	(0.3)	(0.4)
Profit (loss) before income tax	**4.0**	4.3	4.9	3.2	2.4	7.1	(0.5)	(1.4)
Income tax (expense) recovery	**0.3**	(1.2)	(1.4)	(1.0)	(0.5)	(1.4)	0.1	0.3
Profit (loss)	**4.3**	3.1	3.5	2.2	1.9	5.7	(0.4)	(1.1)
Less non-controlling interest	**-**	-	(0.1)	(0.2)	(0.2)	(0.4)	-	0.1
Profit (loss) attributable to shareholders	**$ 4.3**	$ 3.1	$ 3.4	$ 2.0	$ 1.7	$ 5.3	$ (0.4)	$ (1.0)
Earnings (loss) per share								
Basic and diluted	**$ 0.19**	$ 0.14	$ 0.15	$ 0.09	$ 0.07	$ 0.23	$ (0.02)	$ (0.04)
Weighted average shares outstanding	**22.3**	22.4	22.5	22.7	22.7	23.0	23.1	23.3
Total Revenue to Owners	**18.8**	18.1	17.4	13.7	13.6	16.0	4.1	2.4
EBITDA to Shareholders	**$ 6.4**	$ 6.2	$ 6.5	$ 4.5	$ 4.7	$ 8.1	$ 0.8	$ -
EBITDA to Shareholders %	**34.0%**	34.3%	37.4%	32.8%	34.6%	48.2%	19.5%	0.0%
Normalized dividend payout ratio	**52.6%**	50.0%	40.8%	26.9%	0.0%	0.0%	0.0%	0.0%

(In millions of CDN dollars, unless otherwise stated)

Operating segments

The Company's reportable segments are strategic business units that offer different services. They are managed separately because of their unique operational and marketing requirements. Each segment compliments the other segments. The Gaming segment includes three casinos offering slot machines and EGT, together electronic gaming devices ("EGD"), VLT's, lottery ticket kiosks and live table games. The Hotel segment includes three hotels catering to mid-range clients. The Food and Beverage segment has operations that are located within the casinos and hotels as a compliment to those segments.

twelve months ended December 31, 2022	**Gaming**	**Hotel**	**Food & Beverage**	**Corporate and Other [1]**	**Total**
Total revenues	**40.3**	**13.7**	**15.2**	**(0.1)**	**69.1**
Profit (loss) before income taxes	**16.7**	**2.5**	**1.8**	**(4.7)**	**16.3**
Segment assets	**85.7**	**67.7**	**27.6**	**2.4**	**183.4**
Segment liabilities	**31.2**	**27.4**	**12.3**	**8.6**	**79.5**
Capital expenditures	**1.5**	**0.5**	**0.5**	**-**	**2.5**

twelve months ended December 31, 2021	Gaming	Hotel	Food & Beverage	Corporate and Other [1]	Total
Total revenues	23.0	8.4	6.3	0.2	37.9
Profit (loss) before income taxes	10.2	1.0	0.2	(3.8)	7.6
Segment assets	88.6	68.9	28.4	2.5	188.4
Segment liabilities	29.9	24.4	11.1	8.5	73.9
Capital expenditures	5.2	0.2	3.5	-	8.9

[1] Corporate and Other consists of revenues and expenses which are not allocated to segments and do not meet the definition of an operating segment on their own.

Operating revenue

Operating revenue consists of revenues generated by the Company's operating assets: Rivers, Great Northern, Service Plus, Encore Suites, and Deerfoot. Major revenue streams include rooming revenue, table gaming, slot machines, food and beverage sales, and ancillary revenues.

Operating revenue	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Operating revenue	**69.7**	33.3	109.3%	**18.8**	13.6	38.2%

Operating revenues for the Quarter exceed those of the comparable quarter in 2019. Pent up demand after two and a half years of pandemic related business interruptions and strength in the energy sector have Albertan's spending again.

(In millions of CDN dollars, unless otherwise stated)

Room revenue

Room revenue includes both guest and meeting room sales at hotels. Occupancy is calculated on guest rooms sold plus complimentary guest rooms, while Average Daily Rate ("ADR") is calculated as guest room revenue divided by sold rooms.

Room revenue	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Room revenue	**13.4**	7.2	86.1%	**3.3**	2.1	57.1%
Occupancy	**62.3%**	35.6%	26.7%	**60.8%**	38.6%	22.2%
ADR	**$147.74**	$139.04	$8.70	**$151.69**	$150.72	$0.97
% of operating revenue	**19.2%**	21.6%	(2.4%)	**17.6%**	15.4%	2.2%

Management continues efforts to raise room rates to offset inflationary cost pressures. Post-COVID travel and increased field activity in the energy sector is boosting results.

At Encore Suites in Grande Prairie occupancy was 52.2% for the Quarter compared to 39.8% the prior year. ADR for the Quarter was $150.50 vs $144.67 in the prior year.

Service Plus in Grande Prairie occupancy was 65.2% for the Quarter, up from 48.2% the prior year. ADR for the Quarter was $124.42 vs $116.84 the prior year.

Deerfoot Inn in Calgary occupancy was 63.6% for the Quarter, up from 38.7% the prior year. ADR for the Quarter was $169.17 vs $153.33 the prior year. Companies are hosting Christmas parties again and a recovering banquet business has boosted room nights.

Table game revenue

Table play and table revenue sharing is regulated in Alberta by the AGLC. In general terms, 'Drop' is the total amount of money cashed to chips at most table games. 'Hold' is the amount kept by the table from the Drop. Hold % is the measure of the Hold to the Drop, and can fluctuate significantly. Table Hold % should average in the 17% range where practised players are involved. Greater participation by inexperienced players can result in higher Hold percentages. Drop, Hold, and Hold % are not always reliable indicators of table activity or performance.

Example 1 – A player buys $20,000 in chips at a table. The player plays one hand, loses $2,000, and cashes out. The Drop is high at $20,000, and the Hold is good at $2,000 considering the amount and duration of play. The Hold Percentage is low at 10%. The table was not busy.

Example 2 – A player buys $5,000 in chips at a table. The player plays all evening before losing $1,000 and cashing out. The Drop is low at $5,000, and the Hold is low at $1,000 considering the amount and duration of play. The Hold Percentage is high at 20%. The table was busy.

(In millions of CDN dollars, unless otherwise stated)

The preceding examples demonstrate how variables can provide fluctuating results for Drop, Hold, and Hold %. These statistics can be misleading. At the end of the day, the only measure that really counts is Hold.

Hold is shared in varying percentages between charities and the casino operator depending on the size and location of the casino. The operator's percentage of the Hold is the 'Net' or Net Table Revenue. The game of Poker has a 'Pot' rather than a Drop. The Pot is the total amount anted and bet by players at a poker table. 'Rake' is the total amount of the Pot that is retained by the table and is usually a flat fee for each hand played. Rake is shared in varying percentages between charities and the casino operator depending on agreements with the AGLC. The operator's percentage of the Rake is the 'Net.' Consolidated financial statements of the Company report only the Net of the Hold or Rake.

Net table revenue	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
General, progressive and high limit	**10.5**	6.5	61.5%	**2.6**	2.9	(10.3%)
Poker	**3.0**	0.9	233.3%	**0.6**	0.4	50.0%
Total	**13.5**	7.4	82.4%	**3.2**	3.3	(3.0%)
% of operating revenue	**19.4%**	22.2%	(2.8%)	**17.0%**	24.3%	(7.3%)

# of tables	**End of Quarter**		
	2022	2021	+(-)
All Others	**21**	18	3
Poker	**15**	14	1
Progressive Table Games	**16**	16	-
Total	**52**	48	4

[1] Operating at the end of the Quarter

Drop and Hold	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Drop	**96.2**	49.7	93.6%	**23.7**	21.7	9.2%
Hold %	**20.2%**	23.9%	(3.7%)	**19.8%**	24.6%	(4.8%)

Table activity was strong during the Quarter but Hold % was below historical levels.

Rivers table Drop for the Quarter was up 17.2% and Hold % was lower by 1.3 percentage points but still above historical average for a combined increase to Hold of 12.2% versus the prior year quarter. Poker revenues were up 46.2% in year-over-year comparison for the Quarter.

Great Northern table Drop for the Quarter was up 79.7% and Hold % was down 6.7 percentage points and below historical average combining for a 41.2% increase in Hold from the comparable year ago quarter. Poker revenues for the Quarter were double those of the prior year. The property renovations completed during the Quarter have boosted play.

Deerfoot table Drop for the Quarter was up 1.0% but, it was a difficult Quarter for Hold % which was down 5.7 percentage points and below historical average combining for a 23.9% reduction in Hold from the comparable year ago quarter. Poker revenues for the Quarter were 27.6% higher then the previous year.

(In millions of CDN dollars, unless otherwise stated)

Electronic Gaming Device Revenue ("EGD")

EGD revenue includes revenue from slot machines and electronic gaming tables. In Alberta, EGD machine odds are regulated by the AGLC. The revenue sharing arrangement for amounts won by the machines ("Win") is also set by the AGLC. Under the current arrangement, casino operators, charities and the Government of Alberta ("GOA") share the Win on a 15/15/70 split respectively. Average machine Win/day is determined by the number of hours each machine operates, how much money is played on each machine ("Cash Play") during hours of operation, and amount of Win for each machine. Cash Play will be the sum of all cash and TITO chits fed into EGD's. Revenue to the operator ("Net") is determined by all of the above factors.

EGD statistics	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Cash Play	**1,865.5**	928.7	100.9%	**469.6**	385.4	21.8%
Win %	**7.4%**	7.4%	0.0%	**7.6%**	7.3%	0.3%
Average active machines [1]	**1,617**	894	723.0	**1,606**	1,624	(18.0)

[1] Simple average of machines in operation at the end of each month

EGD revenue	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Net	**20.7**	10.3	101.0%	**5.3**	4.2	26.2%
% of operating revenue	**29.7%**	30.9%	(1.2%)	**28.2%**	30.9%	(2.7%)

Rivers Cash Play for the Quarter was up 30.5% while Hold % was down 10 basis points for a year-over-year improvement in Net revenue of 29.5%.

Great Northern Cash Play for the Quarter was up 36.0% and Hold % was higher by 70 basis points for a combined increase in Net revenue of 45.9%.

Deerfoot Cash Play for the Quarter was up 11.9% and Hold % was 30 basis points higher combining for Net revenues that were 16.7% higher in year-over-year comparison.

(In millions of CDN dollars, unless otherwise stated)

Food & beverage (“F&B”) revenue

Food service operating arrangements differ by property from 100% owner operations to combinations of owner and third party operating agreements. Only beverage service is delivered directly by the Company at all locations. Where food operations are run by a third party, the Company records only the commission on those sales.

F&B Revenue	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Food & mix	**6.3**	2.0	215.0%	**2.1**	1.0	110.0%
Liquor	**8.9**	3.3	169.7%	**2.9**	1.6	81.3%
Total	**15.2**	5.3	186.8%	**5.0**	2.6	92.3%
% of operating revenue	**21.8%**	15.9%	5.9%	**26.6%**	19.1%	7.5%

Rivers F&B revenues, net of commissions, were up 124.8% in year-over-year comparison for the Quarter. The comparable quarter was still impacted by construction related closures. New food operations have been well received and continue to gain traction.

Great Northern F&B revenues, net of commissions, were up 144.5% in year-over-year comparison for the Quarter. Major renovations in the food and beverage areas at Great Northern concluded during the Quarter boosting sales.

Deerfoot F&B revenues were up 72.4% in year-over-year comparison for the Quarter with significant contributions from banquets returning as a major contributor. Food revenues were up 95.0% for the Quarter and beverage revenue up 47.4%. Food outlets within the casino were still closed for a portion of the prior year quarter to accommodate construction activities.

Ancillary revenue

Ancillary revenue includes the more significant items of automated teller (ATM) fees including cash call kiosks, VLT, lottery ticket sales, live entertainment sales, cigarette sales, equipment rentals, other guest room charges and miscellaneous revenues.

Ancillary revenue	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**6.9**	3.1	122.6%	**2.0**	1.4	42.9%
% of operating revenue	**9.9%**	9.3%	0.6%	**10.6%**	10.3%	0.3%

Cost of sales

The Company's consolidated statement of comprehensive income uses the 'Function' rather than the 'Nature' method of reporting operating expenses. Costs are reported based on their function within the Company. For example, wage costs that are a function of generating revenue are considered a cost of sales rather than by nature a human resource expense. The Company includes in cost of sales all costs of product sold, direct marketing and promotion expenses, direct human resources costs and administrative personnel where they are integral to managing sales, and all other direct operating costs at the facility level. Depreciation of the facility assets are also included in cost of sales.

Cost of sales	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**46.0**	24.9	84.7%	**12.6**	10.0	26.0%
% of operating revenue	**66.0%**	74.8%	(8.8%)	**67.0%**	73.5%	(6.5%)

(In millions of CDN dollars, unless otherwise stated)

Cost of sales - cost of product

Cost of product includes the costs of food, beverage and other incidental items purchased for resale. Cost of product will follow the performance of F&B revenue. Other incidental items of cost of product are made up of mostly room service charges in the hotel for such items as long distance telephone calls, movie rentals, laundry, etc. Cost of product as a percentage of corresponding revenues will fluctuate moderately for food & mix and liquor categories depending on the sales mix of individual products. More significant variations in the cost of product percentage can be experienced for sales of other incidental items, due to the dissimilar nature of the products included.

Cost of product	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Food & Mix	**2.1**	0.6	250.0%	**0.7**	0.4	75.0%
Liquor	**1.7**	0.7	142.9%	**0.5**	0.3	66.7%
Other	**0.3**	0.1	200.0%	**0.1**	-	-
Total	**4.1**	1.4	192.9%	**1.3**	0.7	85.7%
% of operating revenue	**5.9%**	4.2%	1.7%	**6.9%**	5.1%	1.8%

Cost of product %	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Food & Mix	**33.3%**	30.0%	3.3%	**33.3%**	40.0%	(6.7%)
Liquor	**19.1%**	21.2%	(2.1%)	**17.2%**	18.8%	(1.6%)
Other	**43.9%**	33.6%	10.3%	**55.4%**	28.7%	26.7%

Great Northern and Rivers have commission-based third party arrangements for food services. Neither location figures prominently into cost of sales % for food. Menu prices and choices have been modified all locations to mitigate the effects of higher input costs.

Food sales at Deerfoot climbed sharply during the Quarter with an uptick in banquet and party business. The higher volume provides for greater efficiency and improved margins.

Cost of sales - operating labour

Operating labour includes wages, salaries, bonuses, benefit costs, payroll taxes and other miscellaneous human resource costs directly attributable to the smooth and safe operation of each facility. No corporate overhead costs are included.

Operating labour	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Operating labour	**20.7**	11.3	83.2%	**5.6**	4.6	21.7%
% of operating revenue	**29.7%**	33.9%	(4.2%)	**29.8%**	33.8%	(4.0%)

Though wages have increased, the higher business volumes are providing economies of scale for labour and driving down cost as a percentage of income.

(In millions of CDN dollars, unless otherwise stated)

Cost of sales - marketing and promotions

Marketing and promotions include all donations, sponsorships, and complimentary services offered at properties in addition to direct sales and advertising expenses. Staff promotions, including discounted meal vouchers, are also included under this heading.

Marketing	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**3.9**	1.5	160.0%	**1.0**	0.7	42.9%
% of operating revenue	**5.6%**	4.5%	1.1%	**5.3%**	5.1%	0.2%

Live entertainment has been ramped back up and with an additional showroom to fill at Rivers, marketing and promotional efforts have been stepped up as well.

Cost of sales - other operating costs

Significant expenditures in this classification include entertainment, certain components of premises leases, repairs & maintenance, utilities, property taxes, depreciation, and operating supplies.

Other operating costs	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**17.3**	10.7	61.7%	**4.7**	4.0	17.5%
% of operating revenue	**24.8%**	32.1%	(7.3%)	**25.0%**	29.4%	(4.4%)

Inflationary pressures have been most acute in the area of other operating costs and most significantly the cost of utilities. Management has taken steps to mitigate the high cost of electricity into 2023.

Lease and other income

Lease and other income	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
Gross revenue from investment property	**-**	0.1	(100.0%)	**-**	-	-
Operating costs of investment property	**(0.1)**	(0.1)	0.0%	**-**	(0.1)	(100.0%)
Lease revenues	**0.2**	0.1	100.0%	**0.1**	0.1	0.0%
Other income	**(0.7)**	4.5	(115.6%)	**(0.1)**	0.8	(112.5%)
Total	**(0.6)**	4.6	(113.0%)	**-**	0.8	(100.0%)

Lease revenues arise from leases to third party food service operators occupying space at each of Great Northern and Rivers.

The Company has an investment property located adjacent to its other Grande Prairie properties. During the Year, the Company leased a portion of the property to a national tenant who is currently performing tenant improvements. The tenant will begin paying rent effective March 1, 2023.

During the Year, the company repaid $0.5 million in COVID-19 relief subsidies received in 2021 under the Canada Recovery Hiring Program.

(In millions of CDN dollars, unless otherwise stated)

Administrative expenses

Administrative expenditures include all costs not directly attributable to the operation of the Company's operating assets. Management fees, costs associated with being a public issuer, professional fees, corporate office costs, corporate travel expenses, and depreciation of corporate assets are included in this category.

Administrative expenses	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**4.0**	3.3	21.2%	**1.1**	1.0	10.0%
% of operating revenue	**5.7%**	9.9%	(4.2%)	**5.9%**	7.4%	(1.5%)

Higher administrative expenses are the result of Management fees which are based on a percentage of gross revenues and a percentage of gross operating profit before interest, taxes, depreciation and amortization.

Net finance costs

Interest expense is recorded on the Company's demand term debt and revolver. Interest expense also includes interest accretion on leased right-of-use assets. Interest income is earned on cash balances held in the Company's bank accounts. Amounts are netted for presentation purposes.

Net finance costs	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Total	**2.5**	1.6	56.3%	**0.8**	0.5	60.0%

Comparable finance costs for the Year and Quarter are higher on larger revolving loan balances, debt financing for the acquisition of a non-controlling interest in Deerfoot, and seven rate increases totalling 4.0% on variable interest loans.

On May 3, 2022 the Company acquired a 9% non-controlling/arms length interest in the Deerfoot for $13.6 million that was financed 100% by variable rate debt at the lenders prime rate.

Income tax

Income tax includes provision for current income taxes, timing differences between depreciation recorded by the Company on property, plant and equipment versus amounts allowed for tax purposes, and timing differences on amortization of cumulative eligible capital and that allowed for tax purposes. Originations and changes in timing differences are also recorded to income tax expense in the period in which the originations or changes occur. Taxes are calculated using corporate tax rates substantively enacted for the period the taxes are expected to be payable.

Income tax	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Provision for current income tax	**4.0**	1.6	150.0%	**1.1**	0.5	120.0%
Taxes arising from changes in timing differences	**(0.7)**	(0.1)	600.0%	**(1.4)**	-	n/a
Income tax expense (recovery)	**3.3**	1.5	120.0%	**(0.3)**	0.5	(160.0%)

The combined federal and provincial tax rate in Alberta is 23.0% for 2022 (23.0% - 2021).

(In millions of CDN dollars, unless otherwise stated)

The Company has deferred tax assets related to leased assets which are netted against lease liabilities. Management expects the future benefits of these assets to be fully realized. A future tax adjustment arising from the purchase of the NCI interest in Deerfoot resulted in an overall income tax recovery during the Quarter.

Reconciliation of EBITDA to shareholders to Profit and comprehensive profit

EBITDA to shareholders to Profit and comprehensive profit	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
EBITDA to shareholders	**23.6**	13.5	74.8%	**6.4**	4.7	36.2%
Adjustments:						
Amortization on property, plant and equipment	**(4.8)**	(4.4)	9.1%	**(1.2)**	(1.6)	(25.0%)
Fair value adjustment	**(0.3)**	(0.5)	(40.0%)	**(0.3)**	(0.5)	(40.0%)
Finance costs	**(2.6)**	(1.7)	52.9%	**(0.8)**	(0.5)	60.0%
Income tax (expense) recovery	**(3.3)**	(1.5)	120.0%	**0.3**	(0.5)	(160.0%)
EBITDA attributable to non-controlling interest	**0.4**	0.7	(42.9%)	**(0.1)**	0.3	(133.3%)
Profit and comprehensive profit	**13.0**	6.1	113.1%	**4.3**	1.9	126.3%

Facility enhancement

Capital expenditures	Q4 (twelve months)			Q4 (three months)		
	2022	2021	+(-)	**2022**	2021	+(-)
Capital maintenance	**2.5**	0.1	2400.0%	**0.3**	-	n/a
Capital expansion	**-**	8.8	(100.0%)	**-**	3.0	(100.0%)
	2.5	8.9	(71.9%)	**0.3**	3.0	(90.0%)

The Company completed renovation projects at Great Northern and Service Plus during the Year.

Financial condition

Liquidity

Net cash provided by operating activities totaled $20.8 million for the Year. Cash balances totaled $15.6 million compared to $15.6 million at the start of 2022. Factors affecting the Company's ability to generate cash in the near and longer terms are listed in the section 'Forward looking statements.' These factors are discussed in more specific terms in the section 'Business risks, opportunities and outlook.'

The company has $4.4 million available on a $30.0 million revolving facility.

The Company's cash balances are made up of cash floats and traditional bank balances.

Working capital

Internal working capital requirements for the Company consists of cash floats for the operation of gaming tables, EGD's, VLT, ATM machines, TITO terminal, POS terminals, progressive jackpots and petty cash. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Management works to minimize any float balances on premises to a maximum 150% of combined slot Cash Play and table Drop activity levels with cash surplus held in bank accounts or used to reduce revolving debt.

In addition to cash floats on premises, the Company maintains cash sufficient to fund one month's operating expenses, one month's interest cost on traditional debt facilities and one month's dividends payable to the Common Shareholders less amounts due to related parties. Unused portions of revolving debt are considered working capital in the Company's determination of internal working capital.

Inventory levels and receivable targets vary by operation. Minimum targets include a food and beverage inventory turnover ratio of 8.0 times. Receivables are limited to hotel and banquet operations. Operations are expected to maintain a day's-sales-outstanding ("DSO") not greater than 45 days. The Company's objective is to maintain the highest relationship with suppliers and remit all payables within stated terms, typically 30 days, but the Company will take advantage of all early payment discounts offered.

The AGLC requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses, and one month's interest costs on debt facilities.

The Company's term debt, includes demand clauses in the event certain performance covenants are not met. The Company's lender does not consider term debt to be current obligations.

Commitments

Prior to the May 3, 2022 purchase of a non-controlling interest ("NCI") in Deerfoot, the Company had an 87.75% Contributing Interest Responsibility ("CIR") to Deerfoot for any capital funding and debt servicing requirements with the remainder of CIR belonging to the NCI.

The Company has various other contractual commitments. Future undiscounted minimum payments of these commitments are:

Commitments

Total	One year or less	Two to five years	More than five years
0.1	0.1	-	-

Dividend policy and practice

The board of directors of the Company is responsible for determining the dividend policy of the Company. Under the Alberta Business Corporations Act ("ABCA"), the dividend policy must comply with the requirements of the ABCA, including satisfying the dividend test applicable to ABCA companies (i.e. an ABCA company shall not declare or pay a dividend if there are reasonable grounds for believing that (a) a company is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realizable value of the company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes).

(In millions of CDN dollars, unless otherwise stated)

The Company's board of directors has currently endorsed a regular monthly dividend of $0.03 per common share. The Company's Board of Directors retain the right to modify the dividend policy from time to time at its discretion.

Dividend pay-out ratio

There is no standardized method for calculating dividend pay-out ratio under IFRS. The Company's method for determining its dividend pay-out ratio deducts all debt service costs, depreciation and interest expenses on right-of-use assets and current income tax expenses from EBITDA earned during the same period, regardless of the timing of settlement for those costs. Dividend pay-out ratio is normalized for reporting purposes by removing non-routine or volatile items such as capital maintenance or share repurchases paid for from operating cash flow and any gains or losses on disposal of assets.

Dividend pay-out ratio	**Q4 (twelve months)**			**Q4 (three months)**		
	2022	2021	+(-)	**2022**	2021	+(-)
EBITDA to Shareholders	**23.6**	13.5	74.8%	**6.4**	4.7	(36.2%)
Adjustments (excl. Non-controlling interest portions)						
Scheduled principal payments on demand debt	**(1.5)**	(1.2)	25.0%	**(0.4)**	(0.3)	33.3%
Interest expensed	**(2.1)**	(1.3)	61.5%	**(0.7)**	(0.4)	75.0%
Lease amortizations	**(1.3)**	(1.2)	8.3%	**(0.4)**	(0.3)	33.3%
Current Income tax expense	**(4.0)**	(1.6)	150.0%	**(1.1)**	(0.5)	120.0%
Cash available for distribution	**14.7**	8.2	79.3%	**3.8**	3.2	18.8%
Dividends delared	**6.7**	-	0.0%	**2.0**	-	nmf
Surplus (deficit) to dividends declared	**8.0**	8.2	(2.4%)	**1.8**	3.2	(43.8%)
Normalized dividend pay-out ratio [1]	**45.6%**	**0.0%**	45.6%	**52.6%**	**0.0%**	52.6%

Cash dividends declared

2023 dividend summary		**Date**				
Month	**$'s per Share**	**Declared**	**Record**	**Payment**	**Shares o/s**	**Dividends**
January	**0.0300**	**16-Jan-23**	**31-Jan-23**	**15-Feb-23**	**22,287,719**	**0.669**
February	**0.0300**	**10-Feb-23**	**28-Feb-23**	**15-Mar-23**	**22,087,819**	**0.663**
Total	**0.0600**					**1.3**

2022 dividend summary		**Date**				
Month	**$'s per Share**	**Declared**	**Record**	**Payment**	**Shares o/s**	**Dividends**
January	**-**				**22,673,448**	**-**
February	**-**				**22,658,948**	**-**
March	**0.0300**	**7-Mar-22**	**31-Mar-22**	**15-Apr-22**	**22,583,748**	**0.678**
April	**0.0300**	**18-Apr-22**	**30-Apr-22**	**13-May-22**	**22,498,248**	**0.675**
May	**0.0300**	**16-May-22**	**31-May-22**	**15-Jun-22**	**22,481,048**	**0.674**
June	**0.0300**	**13-Jun-22**	**30-Jun-22**	**15-Jul-22**	**22,467,648**	**0.674**
July	**0.0300**	**15-Jul-22**	**31-Jul-22**	**15-Aug-22**	**22,453,162**	**0.674**
August	**0.0300**	**9-Aug-22**	**31-Aug-22**	**15-Sep-22**	**22,420,019**	**0.673**
September	**0.0300**	**15-Sep-22**	**30-Sep-22**	**14-Oct-22**	**22,400,019**	**0.672**
October	**0.0300**	**17-Oct-22**	**31-Oct-22**	**15-Nov-22**	**22,363,519**	**0.671**
November	**0.0300**	**8-Nov-22**	**30-Nov-22**	**15-Dec-22**	**22,318,819**	**0.670**
December	**0.0300**	**15-Dec-22**	**31-Dec-22**	**13-Jan-23**	**22,291,819**	**0.669**
Total	**0.3000**					**6.7**

(In millions of CDN dollars, unless otherwise stated)

The Company restarted its regular monthly dividend in March 2022 at an annualized rate of $0.36 per common share. The dividend had been suspended beginning April 2020 from the then annualized rate of $0.69 per common share due to fallout from the COVID-19 pandemic.

Productive capacity

The Company's assets include land, land improvements, buildings, leases, leasehold improvements, and furniture, fixtures and equipment. At the end of the Quarter, productive capacity of the Company consisted of 122 guest rooms and 1 meeting room at Service Plus, 94 guest rooms and one meeting room at Encore Suites, and 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and 3 lounges at Deerfoot. Both Great Northern and Rivers have a showroom for live events and separate cafe and/or lounge dining areas. Also included in productive capacity are the Company's interests in three gaming licenses, one each for Rivers Casino & Entertainment Centre, Great Northern Casino, and Deerfoot Inn & Casino. Together these licenses provide a revenue stream for the Company from an available 1,610 EGD's, 54 VLT's, 67 table/poker games, and other ancillary equipment.

Productive capacity	**Gaming sq. ft**	**Non-gaming sq. ft.**	**Guest rooms**	**F & B, Live Event seating**	**EGD's and VLT's**	**Tables including poker**	**Lease/ retail sq. ft.**
At January 1, 2021	109,356	19,107	404	578	1,447	54	12,823
Additions (deletions)							
Great Northern - into-service (out-of-service)					87		
Deerfoot - into-service (out-of-service)					49	4	
Deerfoot - expansion	5,000	2,500		120		3	
Rivers, expansion		4,467		188	120	1	2,220
At December 31, 2021	**114,356**	**26,074**	**404**	**886**	**1,703**	**62**	**15,043**
Additions (deletions)							
Deerfoot - into-service (out-of-service)					(20)	4	
Rivers, into-service (out-of-service)					(1)		
Great Northern, into-service (out-of-service)					(18)	1	
at December 31, 2022	**114,356**	**26,074**	**404**	**886**	**1,664**	**67**	**15,043**

Changes in total available capacity of gaming seats results from temporary removal to accommodate construction activities and or changes in the product mix offered to the patrons. Some machines have been removed permanently to improve pedestrian flow on the casino floor.

Productive capacity maintenance

Productive capacity maintenance costs for facilities of the Company are minimal. Maintaining the shine on our properties so that they continue to attract guests is largely a program of regular refurbishment such as paint or new carpets. For the most part, maintenance costs are treated as operational expenses at the time they are incurred and as such are already included in the periodic cash provided by (used for) operating activities as reported in consolidated financial statements. Management may, however, undertake smaller capital projects to be paid from cash generated from operating activities. These capital costs, when funded from operating cash flow, would fall into the category of productive capacity maintenance.

Liquor sales require the Company to hold valid liquor licenses issued by the AGLC. Productive capacity maintenance of liquor sales is most significantly related to keeping these licenses in good standing, and requires the Company to pay for liquor orders electronically prior to delivery from the AGLC wholesale division.

EGD's and VLTs are owned and maintained by the AGLC. Lottery equipment is owned and maintained by ILC. Live table games are owned or leased and maintained by the Company. Productive capacity maintenance of both tables and electronic gaming devices are more significantly measured in terms of maintenance of the Company's charitable gaming facility operator licenses issued by AGLC. Holders of these licenses must adhere to a strict set of terms and conditions. The Company's three licenses were issued for six year terms expiring in June 30, 2023. The Company is currently moving through the AGLC dilligence process for license renewal. The Company anticipates a sucessful renewal and considers the licenses to have indefinite life.

Average annual capitalized costs for productive capacity maintenance are not expected to exceed $0.8 million in any given year.

Discretionary and other items

From time to time, at their discretion, management or directors may elect to use or reserve cash for other purposes. Discretionary uses of cash reduce the availability of cash for distribution to shareholders.

Long-term unfunded contractual obligations

The Company has no long-term unfunded contractual obligations. The Company does not have a pension plan or stock based compensation plan. The benign nature of the Company's operations does not require that reserves be set up for environmental clean up, asset retirement, or other real or potential liabilities.

Capital Strategy

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. Debt maintenance includes regular amortized monthly principal payments, and intermittent payments on outstanding revolving debt instruments when surplus cash is available. Management's objective is to limit total debt to EBITDA (excluding lease liabilities) to a ratio of 2.0 to 1 or less until such time as opportunities encourage or conditions require a different strategy. The Company currently exceeds this ratio at 2.3 to 1, following the opportunity to purchase the Deerfoot non-controlling interest, but expects to be back to the objective range within one year of the purchase date.

Larger scale expansions or acquisitions would be funded by debt or equity at the discretion of the directors of the Company.

The Company intends to repay existing non-revolving debt obligations over a period of time, which will allow it to pay dividends in the manner described under "Dividend policy and practice." Current loan agreements and interest rates allow for scheduled amortization periods of between 10 years and 20 years, 3 months.

Financing restrictions on dividends caused by debt covenants

The Company has four term loans secured by assets owned or leased by the Company. The loans require blended principal and interest payments, which are scheduled to amortize over 10 years and 20 years, 3 months. The Company also has a revolving loan secured by the same assets requiring interest only payments.

Income taxes

The Company is subject to income taxes and makes installment payments based on estimated taxable income.

(In millions of CDN dollars, unless otherwise stated)

Tax attributes of dividends to Shareholders

Dividends paid to Shareholders are considered ‘eligible dividends.’ Eligible dividends are subject to a schedule of gross-up rates and enhanced dividend tax credits, providing the investor with a more favourable income stream for tax purposes. Generally, the Income Tax Act aims to provide a lower tax rate on all dividends ultimately sourced from income subject to the usual corporate level tax rates in Canada (i.e., income that is not income of a Canadian-controlled private corporation ("CCPC") subject to the small business rate).

Income taxes

Income taxes include provisions for income taxes payable on current year taxable income, and temporary differences and carry-forwards, which give rise to future income tax assets and liabilities. Taxes are calculated using the applicable combined federal and Alberta tax rate substantively enacted. To the extent taxes can be deferred, they will be calculated at the rate of tax expected at the time the future tax asset or liability will be realized. The Company restarted tax installments during the Quarter.

Current income tax

twelve months ended December 31	2022	2021
Current tax expense	4.0	1.6
Deferred tax expense		
Origination and reversal of temporary differences	(0.7)	(0.1)
Income tax expense	3.3	1.5

Reconciliation of effective tax rate

Actual income tax expense differs from the expected income tax expense that would have been computed by applying the statutory income tax rate to earnings before income taxes for the following reasons:

twelve months ended December 31	2022	2021
Shareholder profit excluding income tax	16.0	7.1
Income tax using Company's domestic tax rate	23.0%	23.0%
Expected income tax expense	3.7	1.6
Changes in income tax expense resulting from:		
Effect of changes in temporary differences	(0.7)	(0.1)
Adjustment to tax estimate from prior year CRA return	0.3	-
Income tax expense	3.3	1.5

(In millions of CDN dollars, unless otherwise stated)

Capital resources

The Company has two 5 year term loans secured by its Fort McMurray and Grande Prairie assets, Term loan 1 and Term loan 2. The Company is making blended monthly principal and interest payments on the loans.

The Company has a revolving loan secured by its Fort McMurray and Grande Prairie assets with an available limit of $30.0 million. The revolving loan requires interest-only payments at the lender's prime rate.

The Company has two 5 year term loans secured by its Deerfoot assets, Term loan 3 and Term loan 4. The Company is making blended monthly principal and interest payments on the loans.

	Term	Maturity	December 31, 2022	December 31, 2021
Credit facilities available at face value				
Revolving credit line			30.0	30.0
Term loan 1	1-Dec-24	1-Mar-40	13.3	13.9
Term loan 2		1-Dec-30	4.1	4.6
Term Loan 3	1-Dec-24	1-Mar-40	4.8	5.0
Term Loan 4		1-May-32	6.7	-
			58.9	53.5
Carrying value of borrowed amounts				
Current liabilities				
Revolving credit line			25.6	25.5
Term loan 1			0.6	0.5
Term loan 2			0.4	0.5
Term Loan 3			0.2	0.2
Term Loan 4			0.5	-
			27.3	26.7
Non-current liabilities				
Term loan 1			12.7	13.4
Term loan 2			3.7	4.1
Term Loan 3			4.6	4.8
Term Loan 4			6.2	-
			27.2	22.3
			54.5	49.0
Interest rate				
Revolving credit line [1]			6.450% (P +0.00%)	2.45% (P +0.00%)
Term loan 1			3.50%	3.50%
Term loan 2 [1]			6.450% (P +0.00%)	2.45% (P +0.00%)
Term loan 3			3.50%	3.50%
Term loan 4 [1]			6.450% (P +0.00%)	n/a

[1] Rate at the end of the Year following seven increases to the Prime rate ("P").

The Company may cause to be issued unlimited numbers of shares or other securities provided they do not rank ahead of the common shares of the Company as to dividends, voting rights, and other rights protected by the Limited Partnership Agreement.

Financial instruments

Fair value

The fair value of cash, restricted cash, trade and other receivables, trade and other payables, loans and borrowings and dividends payable, approximate their carrying value due to the short-term maturities of these instruments.

Interest rate risk

The Company's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $36.4 million. The Company is paying interest at 6.45% on variable rate debt at the end of the Quarter. A 1.0% increase in interest rates would have an unfavourable impact on earnings of $0.4 million or $0.02/common share on an annualized basis.

Credit risk

Credit risk arises from cash held with banks and credit exposure to customers and lessees. The Company's day-to-day commercial banking is with 'A' rated Canadian financial institutions. Day-to-day commercial banking is not concentrated with a single financial institution.

The Company, in the normal course of operations, monitors the financial condition of its customers, lessees and other receivables. A significant portion of lessee receivables are tied to point-of-sale systems ("POS") owned by the Company from which the Company collects all revenues. Amounts due to the lessee are paid net of any commissions or past due rents. Therefore, lessee receivables are considered low risk. The Company does not have significant exposure to any individual customer or counterparty. Stated credit terms are typically 30 days, but in practice extend 90 to 120 days for select customers operating in the energy sector which is common industry practise. Individual accounts are monitored at minimum monthly and any unexpected changes are escalated to senior management on a case-by-case basis. Individual accounts are considered fully collectable until a notice of receivership is received or communication from the customer ceases.

Carrying amounts of accounts receivable are reduced for expected credit losses ("ECL") based on historical results and a factor for any deterioration in the economic and credit environment. Direct losses are recorded on an account-specific basis when appropriate. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. The COVID-19 pandemic's impact on the general economy is waning and strength in the fossil fuel sector has reduced credit risk. Management continues to monitor all accounts. DSO at the end of the Year was well within Company targets. At the end of the Year, past due accounts and accounts written off are not material. The Company has not recorded an adjustment for ECL.

Liquidity risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient, readily available reserves in order to meet on-going liquidity requirements.

Accounts payable, excluding accrued liabilities, are due in 90 days or less.

The Company has term loans scheduled for monthly blended payments that will fully amortize term loan balances by, May 2032, December 2030 and March 2040.

(In millions of CDN dollars, unless otherwise stated)

The AGLC requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses, and one month's interest costs on debt facilities. The Company is in compliance with this requirement.

Following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2022	Carrying amount	Contractual cash flows	1 year or less	2 to 5 years	More than 5 years
Trade and other payables	4.6	4.6	4.6	-	-
Term loans	28.9	38.5	3.0	12.0	23.5
Revolving credit facility	25.6	25.6	25.6	-	-
Dividends payable	0.7	0.7	0.7	-	-
	59.8	69.4	33.9	12.0	23.5
As at December 31, 2021					
Trade and other payables	3.9	3.9	3.9	-	-
Term loans	23.5	30.6	2.0	8.0	20.6
Revolving credit facility	25.5	25.5	25.5	-	-
Dividends payable	-	-	-	-	-
	52.9	60.0	31.4	8.0	20.6

Foreign currency risk

The Company's foreign currency risk arises primarily from the purchases of specialized goods and services in United States dollars. While not significant, fluctuations in the exchange rate between the Canadian and United States dollar result in exchange gains or losses. The Company mitigates foreign currency risk by purchasing United States dollars when deterioration in exchange rates is expected. United States currency is held in United States dollar denominated bank accounts for this purpose.

Industry risk

The Company's operations are all located in Alberta, and to varying extents derive portions of their business income from corporate clients in the energy sector. As a result, the Company is exposed to some industry risk. Economic conditions in the energy sector have improved dramatically since the commodity crash of 2014. Nevertheless, the Company has taken steps to increase diligence on new hotel customers applying for credit. Management has also increased the frequency of routine collection calls and continues to monitor all customers for any perceived change in financial strength.

Inflation risk

The Company is exposed to inflation risk. Ongoing supply/demand imbalances lingering from COVID-19, the Russian invasion of Ukraine, and labour shortages are all putting pressure on inflation. The Company has increased wages, and prices for Company products and services where possible. Inflation has been most significant in rising food and utility costs. The Company may not be able to pass inflated operating costs onto consumers.

Non-controlling interest

A joint venture partner in Deerfoot was entitled to a 9% non-controlling Participating Interest in the assets, non-debt liabilities, equity, income, and any distributions of Deerfoot. The joint venture partner had a 12.25% Contributing Interest Responsibility for any capital expenditures and debt service costs of Deerfoot. The non-controlling interest was purchased by the Company effective May 3, 2022.

Shareholder equity

The Company is authorized to issue an unlimited number of shares of any class. Common shares are valued at the original contributed capital amount, as at the 2003 plan of arrangement forming the former Gamehost Income Fund, plus fair value adjustments on former Class B limited partnership units that were converted to common shares, plus shares purchased by the Company for cancellation under normal course issuer bids, plus convertible debentures that were converted to common shares, and amortization of a conversion privilege on the Company's matured debentures.

On July 21, 2021 the Company commenced a normal course issuer bid (the "2021 Bid") to purchase for cancellation up to 1.2 million of its common shares. The 2021 Bid ended on July 20, 2022. The Company purchased for cancellation 540,700 common shares under the 2021 Bid at prices averaging $8.18/common share before commissions for an aggregate $4.5 million.

On July 21, 2022 the Company commenced a normal course issuer bid (the "2022 Bid"). Pursuant to the 2022 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1.1 million common shares, being equal to 10% of Gamehost's public float on July 11, 2022. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 3,643 common shares in any one day, such amount being equal to 25.0% of the average daily trading volume for the six months ended June 30, 2022. Common shares purchased under the 2022 Bid will be made in the open market through the facilities of the TSX and any other Canadian marketplaces at the prevailing market price of the shares on the TSX and any other Canadian marketplaces at the time of purchase. The 2022 Bid will terminate on July 20, 2023 or such earlier time as the 2022 Bid is completed or terminated at the option of the Company. During the Year, the Company purchased for cancellation 170,979 common shares under the 2022 Bid at prices averaging $7.98/common share before commissions for an aggregate $1.4 million.

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount agreed to by the Company and the related parties. Related party balances are unsecured and non-interest bearing, with no specific terms of repayment.

The Company had related party transactions with David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will (collectively the "Wills"). The Wills are key management personnel, directors of the Company, and significant shareholders. Together, the Wills control 33.5% (33.1% - December 31, 2021) of the outstanding common shares of the Company at end of the Year.

- The Company incurred $1.3 million ($0.8 million - 2021) in management compensation with the Wills for the Year which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements, and a general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes, depreciation and amortization.

    - A management services agreement between the Company and the Wills stipulates that the Wills are entitled to 1.5% of gross operating profit before interest, taxes, depreciation, amortization, and extraordinary items of the Company. These amounts are included in administrative expenses.

    - The management services company engaged to perform the services referred to above is also the general partner of Gamehost Limited Partnership. The partnership agreement stipulates that the general partner is entitled to 0.01% of all cash distributions of the partnership. These amounts are included in administrative expenses.

    - A management services agreement between Deerfoot and the Wills stipulates that the Wills are entitled to 1.5% of the gross revenues plus 2.0% of operational earnings before interest, taxes, depreciation, amortization, and extraordinary items of Deerfoot. These amounts are included in administrative expenses.

- The Company incurred $0.1 million ($0.1 million – 2021) of office rent expenses for the Year which is included in administrative expenses. Deerfoot rents its head office space from DJ Will Holdings Limited, a company wholly owned by David Will.

- The Company incurred $0.6 million ($0.4 million – 2021) in allocated expenses during the Year which is included in operating expenses. DJ Will Holdings Limited and DarcyCo Holdings Ltd, companies wholly owned by David Will and Darcy Will respectively, allocate portions of their holding companies expenses incurred for the benefit of the Company based on usage.

- The Company advanced $2.5 million ($8.8 million - 2021) for construction projects during the Year which is included in property, plant and equipment. From time to time, the Company engages DJ Will Construction Inc, a company controlled by the Wills, to act as general contractor for capital projects. $nil ($0.5 million - 2021) remains in accounts payable at the end of the Year.

The Company incurred $0.1 million ($0.1 million – 2021) in directors fees for the Year paid to other directors of the Company which is included in administrative expenses.

The Company directly incurred $0.2 million ($0.2 million – 2021) of charter aircraft rental expenses during the Year with Noren Air Inc., a company controlled by the Company's COO. These costs are included in administrative expenses.

The Company incurred $0.6 million ($0.6 million – 2021) during the Year in key management personnel compensation paid or accrued to other officers or companies controlled by other officers of the Company, which is included in administrative expenses. Included in these figures are monthly fees paid under an operational services agreement between the Company and the Company's COO for overseeing site operations of the Company.

Business risks, opportunities and outlook

General economic outlook

Global economic forecasts continue to be adjusted downwards and in particular for advanced economies. The World Bank projects global growth for advanced economies in 2023 at just 0.5%, a full 1.9 percentage points below their previously issued forecast. Inflation, elevated interest rates, reduced investment, and supply disruptions resulting from Russia's invasion of Ukraine are to blame.

Canadians can expect mediocre growth in 2023 of 0.5% driven by inflation and higher interest rates. Generally commodity producing provinces can expect to fair better than those geared more to real estate and consumer products which tend to be more interest rate sensitive

Alberta will not buck the trend of slowing economic growth, but is expected to lead all provinces in economic growth in 2023 in the range of 1.9%. Healthy immigration flows to Alberta should underpin population growth. The government of the province, now running surplus budgets, have pledged significant inflation relief to support households.

Government regulation

The Alberta and Canadian gaming industries are highly regulated by provincial governments resulting in high barriers of entry. Revenue sharing agreements between governments and operators are subject to change by unilateral government action. Revenue sharing and operator agreements are not the same from province to province. Neither are they the same for traditional casino operators and First Nations casino operators. Traditional casino operators in Alberta receive less favourable compensation when compared to competing Alberta First Nations operators and some of their provincial counterparts.

Competition

The AGLC's new online gambling site, PlayAlberta.ca, went live with virtual slot and table games in 2020. Some sports betting was added in February of this year. The AGLC expects the site to attract new money largely from unregulated offshore virtual sites rather than divert from Alberta's land-based casinos. Money gambled through PlayAlberta.ca goes directly into general revenues for the province with no direct benefit to charitable organizations as is the case through Alberta's land-based casinos. Two First Nation groups have launched a court challenge alleging that the GOA is unauthorized to operate a casino under Alberta's Gaming, Liquor and Cannabis Act.

AGLC has announced its intention to bring land-based and mobile-phone based sport wagering to Alberta casinos by the end of 2022. A request for proposal to this effect was expected to close February 14, 2022, but no further information has been made available. Management does not anticipate a negative impact to its land-based casino operations from any added sports wagering activities offered in the province, but will be monitoring developments for any possible benefits.

Management is not aware of any gaming expansions that could have a material effect on the Company's operations.

There are eight slot gaming licences issued in the Calgary region including a racing entertainment centre ("REC") located in an adjacent county to the north. The Company's Deerfoot Inn & Casino is located deep in the south east quadrant of the city with the nearest casino competition some 13 kilometres to the north west. There is sparse nearby competition to the Deerfoot's rooming business. The closest being a property operated by a related party to Deerfoot. This property operates at a different price point to the Deerfoot and has been beneficial in boosting room capacity for banquets and conferences held at Deerfoot Inn & Casino. Otherwise, the next closest comparable competition is an older property located 4.2 kilometres to the north, which also offers banquet and convention services.

A First Nations casino on Calgary's western edge also provides hotel accommodations, meeting/conference space and event space. The First Nations live entertainment showroom allows for larger single night performances than can be accommodated at Deerfoot, but otherwise, the Deerfoot maintains a superior overall location and conference packaging.

The Great Northern Casino in Grande Prairie is the only full service casino in the city. Wildhorse Casino & Lounge at Evergreen Park, the area's Agribition and trade grounds located 8.5 kilometres from the city centre, operates a small REC with off-track betting, 99 slot machines and VLTs. Great Northern Casino has the city's premier intimate live entertainment space. The F&B market is competitive and ever-changing, but the casino's unique offering and location give it a competitive niche.

The Company's Service Plus and Encore Suites hotel properties operate in a highly competitive market. Both properties succeed on superior location and service. The properties are located adjacent to and across the street, respectively, from the Great Northern Casino and help to drive foot traffic to the casino. The locations are in advantageous proximity to the area's community college, Gateway Power Centre big box shopping outlet, and the newly opened Grande Prairie Regional Hospital. Each of the two properties serve the mid-scale market at different price points catering to a wide clientele of business and leisure travellers.

The Company's Rivers Casino & Entertainment Centre Casino in Fort McMurray operates without any gaming-related competition in the trading area. At present, gaming demand is well served by the Company's current capacity. The Company expects to capitalize on a dearth of opportunity in the entertainment, food & beverage sector as competition has been reduced by the COVID-19 pandemic. The Company's completed expansion which includes a new full service restaurant and live entertainment showroom will fill a current void.

Information Security

Gamehost relies on information technology systems for the efficient management and operation of its business. Reliability and security of these systems is essential to effective uninterrupted operations and information privacy. The Company relies significantly on AGLC systems and security protocols related to AGLC owned and controlled electronic games. Additional Company owned and implemented technology systems are deployed and continually monitored. Although the AGLC and Company information technology systems contain safeguards against unauthorized access, there is risk that safeguards could fail or be breeched. Failure of, or malicious security breach to, any AGLC or Company systems could result in adverse consequences, including but not limited to: unavailability, disrupted functionality, loss, corruption, ransom, or unauthorized disclosure of sensitive Company, customer, vendor or employee information. The Company attempts to prevent any such failures or breeches through the implementation of effective internal controls, processes, procedures, and technology security measures. The Company contracts third party providers, skilled in the area of information systems to advise, implement, and manage network and information security, but there can be no assurance that these measures will be fully effective. There were no known or detected breeches during the Period. AGLC requires the Company to implement policies and procedures that effectively assess, monitor and test against cyber attacks. Accordingly, the Company has developed a rotating three year plan to mitigate cyber security risks and conducts ongoing training and awareness for all staff.

International Financial Reporting Standards ("IFRS")

Standards, amendments and interpretations effective and applied

During the Year, the Company adopted the following polices and/or applied the following amended International Accounting Standards ("IAS") and IFRS issued by the IASB that are effective for annual reporting periods beginning on or after January 1, 2022.

- *A narrow scope amendment to IAS 1, 'Presentation of financial statements'. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment had no effect on the Company's financial statements.*

- *A narrow scope amendment to IAS 16, 'Property, Plant and Equipment'. The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Such amounts must be recognised as sales proceeds and cost of sales in profit and loss. The amendment had no effect on the Company's financial statements.*

- *A narrow scope amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' specify which costs a company includes when assessing whether a contract will be loss-making. The amendment had no effect on the Company's financial statements.*

- *A narrow scope amendment to IFRS 3, 'Business Combinations' clarifies the definition of a business in Appendix A. Specifically the amendment substantiates that to be considered a business, an acquired set of activities must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment also narrows the current definition by removing the reference to an ability to reduce costs. The amendment had no effect on the Company's financial statements.*

Standards, amendments and interpretations not yet effective or applied

Standards and amendments to standards and interpretations that are not yet effective for the year ended December 31, 2022 have not been applied in preparing these consolidated financial statements but are described below. For those standards where earlier application is permitted, the Company expects to apply the changes at the effective date.

- *IAS 1 - Presentation of Financial Statements - The amendments aim to improve accounting policy disclosures and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.*

Management continues to assess the impact of the above future accounting changes on the Company’s consolidated financial statements.

Additional information

All required public disclosures including material documents, press releases, annual information form, and consolidated financial statements of the Company can be found on SEDAR at www.sedar.com. Additional information about the Company can be found at www.gamehost.ca.