Management Discussion and Analysis

For the Fourth Quarter Ended December 31, 2023

To Our Shareholders

Management and Directors of Gamehost Inc. (the “Company”) present results for the twelve and three months ended December 31, 2023 (the "Year" and "Quarter" respectively).

Operating revenue for the Quarter was up 13.4% to $21,296.0 thousand ($18,776.6 thousand - 2022) and EBITDA to Shareholders was up 36.1% to $8,698.9 thousand ($6,391.4 thousand - 2022). Earnings per share for the Quarter was $0.25 ($0.19 - 2022). All revenue streams produced year over year gains during the Quarter.

All three regions of the province where the Company operates, Calgary, Grande Prairie and Fort McMurray, turned in year-over-year gains in revenue, cashflow and margins for the Quarter. The rate of population growth in Alberta is at levels not seen since the 1980's. The population growth is generally positive and indicative of the provinces strong economy and relative affordability compared to many of our provincial counterparts.

Comparative results for the Quarter reflect a two percentage point increase in the operators share of electronic gaming device Hold from 15% to 17%. AGLC approved the temporary, two year, increase effective April 1, 2023. The increase is intended to incentivize operators to make investments in their facilities or promotions that will increase gaming revenues and will be evaluated at regular intervals by AGLC during the two year period. Management is hopeful that results following the two year period will support the change being made permanent.

Effective the month of November 2023, the Company's board of directors approved a 33.3% increase in the regular monthly dividend from $0.03 per share to $0.04 per share for a new annualized rate of $0.48 per share. The Company's directors review dividend policy at all regularly scheduled meetings. The dividend payout ratio at the end of the Year was 36.0%.

During the Quarter, the Company repurchased 331,149 shares for an aggregate $2,958.5 thousand. It is expected that a proposed share buyback tax will receive royal assent in the new year resulting in a 2.0% tax being applied to the value of any share buybacks beginning January 1, 2024. Management and the Company's board of directors are evaluating the impact of the new tax. Remaining surplus cash was applied to revolving debt. Together with scheduled debt repayments, during the Quarter, the Company retired $1,125.7 thousand of debt reducing debt to EBITDA ratio to 1.3.

2023 has been one of Gamehost's best years ever. We are cautiously optimistic for continued strong Company performance in 2024. The major energy infrastructure projects of Transmountain Pipeline and Coastal Gaslink Pipeline are set for completion/commissioning in the new year. Both projects, long in development, will continue to support Alberta's economy and businesses like ours for decades.

12-Mar-24

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, 2023

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 12, 2024. This MD&A should be read in conjunction with the Consolidated Financial Statements of the Company and accompanying notes for the period ended December 31, 2023 ("Financial Statements").

This MD&A covers the twelve and three months ended December 31, 2023 (the "Year" and "Quarter" respectively) with commentary focused on 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 relevant to the comparable period:

- 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.

- June 19, 2022. Alberta Health Services ended all remaining mandatory mask requirements at hospitals, treatment centres and long-term 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-related calculations exclude any gains or losses on retirement of assets, foreign exchange gains or losses, and any fair market value adjustments recorded. EBITDA 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, 2023, 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 21,374.5 thousand common shares issued and outstanding as at December 31, 2023 (22,291.8 thousand - December 31, 2022) and 21,374.5 thousand common shares issued and outstanding as at February 29, 2024, 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 all in 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 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 $2,519.4 thousand or 13.4% from $18,776.6 thousand to $21,296.0 thousand, EBITDA to shareholders was up $2,307.5 thousand or 36.1% from $6,391.4 thousand to $8,698.9 thousand and net earnings to shareholders was up $1,112.6 thousand or 26.0% from $4,277.1 thousand to $5,389.7 thousand.

At the end of the Quarter, the Company had $179,396.7 thousand in total assets, a decrease of $4,012.8 thousand from the start of 2023. Cash balances of $13,979.2 thousand are down $1,635.3 thousand from start of 2023. Total bank debt at $46,167.1 thousand is down $8,335.1 thousand from $54,502.2 thousand at the start of 2023.

(In thousands, unless stated otherwise)

Quarterly performance summary

Quarterly performance	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenue	**$ 21,296.0**	$ 21,392.6	$ 20,833.1	$ 19,838.6	$ 18,776.6	$ 18,089.4	$ 17,927.9	$ 14,942.4
Cost of sales	**(12,561.8)**	(12,084.9)	(12,192.7)	(11,727.3)	(12,611.1)	(12,138.4)	(11,419.9)	(9,837.6)
Gross profit	**8,734.2**	9,307.7	8,640.4	8,111.3	6,165.5	5,951.0	6,508.0	5,104.8
Lease and other income (loss)	**51.2**	54.9	43.2	42.8	(5.5)	40.8	(133.5)	(462.1)
Administrative expenses	**(1,165.3)**	(1,094.1)	(1,075.3)	(1,274.1)	(1,032.9)	(974.9)	(978.0)	(1,072.3)
Profit from operating activities	**7,620.1**	8,268.5	7,608.3	6,880.0	5,127.1	5,016.9	5,396.5	3,570.4
Fair value adjustment	**-**	-	-	-	(354.1)	-	-	-
Net finance costs	**(727.6)**	(741.4)	(778.3)	(768.5)	(753.1)	(703.8)	(562.0)	(440.7)
Profit before income taxes	**6,892.5**	7,527.1	6,830.0	6,111.5	4,019.9	4,313.1	4,834.5	3,129.7
Income tax (expense) recovery	**(1,502.8)**	(1,752.8)	(1,483.5)	(1,564.5)	257.2	(1,230.7)	(1,377.3)	(979.4)
Profit and comprehensive profit	**5,389.7**	5,774.3	5,346.5	4,547.0	4,277.1	3,082.4	3,457.2	2,150.3
Non-controlling interest	**-**	-	-	-	-	-	(119.1)	(177.0)
Profit and comprehensive profit attributable to shareholders	**$ 5,389.7**	$ 5,774.3	$ 5,346.5	$ 4,547.0	$ 4,277.1	$ 3,082.4	$ 3,338.1	$ 1,973.3
Earnings per share								
Basic and diluted	**$ 0.25**	$ 0.27	$ 0.25	$ 0.21	$ 0.19	$ 0.14	$ 0.15	$ 0.09
Weighted average shares outstanding	**21,459.0**	21,706.5	21,761.2	22,161.1	22,339.0	22,433.1	22,497.1	22,651.8
Total Revenue to Shareholders [1]	**21,406.3**	21,534.7	20,950.8	19,962.8	18,820.3	18,146.0	17,433.6	13,748.3
EBITDA to Shareholders	**$ 8,698.9**	$ 9,459.7	$ 8,773.6	$ 8,022.6	$ 6,391.4	$ 6,182.3	$ 6,510.0	$ 4,528.8
EBITDA to Shareholders %	**40.6%**	43.9%	41.9%	40.2%	34.0%	34.1%	37.3%	32.9%
Dividends declared	**2,357.9**	1,953.6	1,956.1	1,988.5	2,009.2	2,018.2	2,023.4	677.5
Dividends declared per share	**$ 0.11**	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.03
Normalized dividend payout ratio	**41.1%**	31.4%	33.8%	38.4%	53.3%	52.1%	45.7%	26.2%

[1] Includes food revenue at gross, finance income, lease and other income.

(In thousands, unless stated otherwise)

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 electronic gaming tables, 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, 2023	**Gaming**	**Hotel**	**Food & Beverage**	**Corporate and Other [1]**	**Total**
Total revenues	**48,680.2**	**16,217.8**	**18,614.2**	**40.1**	**83,552.3**
Profit (loss) before income taxes	**24,007.3**	**4,184.9**	**3,853.9**	**(4,684.9)**	**27,361.2**
Segment assets	**83,293.8**	**67,032.8**	**27,008.9**	**2,061.2**	**179,396.7**
Segment liabilities	**27,786.5**	**23,334.6**	**10,700.8**	**8,776.7**	**70,598.6**
Capital expenditures	**274.1**	**272.3**	**128.9**	**(56.2)**	**619.1**

twelve months ended December 31, 2022	Gaming	Hotel	Food & Beverage	Corporate and Other [1]	Total
Total revenues	40,358.2	13,696.6	15,234.0	(112.8)	69,176.0
Profit (loss) before income taxes	16,698.5	2,522.9	1,847.1	(4,771.4)	16,297.1
Segment assets	85,670.2	67,651.5	27,622.6	2,465.2	183,409.5
Segment liabilities	31,172.5	27,380.5	12,274.4	8,711.2	79,538.6
Capital expenditures	1,506.2	466.7	526.0	61.8	2,560.7

[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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Operating revenue	**83,360.3**	69,736.4	19.5%	**21,296.0**	18,776.6	13.4%

Operating revenues for the Quarter include a temporary 2% increased in operators share of slot win that was not in place for the comparable quarter.

(In thousands, unless stated otherwise)

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)		
	2023	2022	+(-)	**2023**	2022	+(-)
Room revenue	**15,709.0**	13,391.0	17.3%	**3,552.1**	3,343.8	6.2%
Occupancy	**67.9%**	62.3%	5.6%	**61.4%**	60.8%	0.6%
ADR	**$157.79**	$147.74	$10.05	**$155.81**	$151.69	$4.12
% of operating revenue	**18.8%**	19.2%	(0.4%)	**16.7%**	17.8%	(1.1%)

Rate increases implemented during the Year and continued moderate recovery in occupancy rates resulted in improved revenue during the Quarter.

At Encore Suites in Grande Prairie occupancy was 50.7% for the Quarter compared to 52.2% the prior year. ADR for the Quarter was $152.08 vs $150.50 in the prior year. Occupancy and ADR combined for a 2.0% reduction in guest room revenue for the Quarter.

Service Plus in Grande Prairie occupancy was 63.7% for the Quarter, down marginally from 65.2% the prior year. ADR for the Quarter was $130.52 vs $124.42 the prior year. Occupancy and ADR combined for a 3.1% increase in guest room revenue for the Quarter.

Deerfoot Inn in Calgary occupancy was 65.6% for the Quarter, up from 63.6% the prior year. ADR for the Quarter was $173.37 vs $169.17 the prior year. Occupancy and ADR combined for a 6.2% increase in guest room revenue for the Quarter.

Table game revenue

Table play and table revenue sharing is regulated in Alberta by 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.

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.

(In thousands, unless stated otherwise)

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 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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
General, progressive and high limit	**12,593.3**	10,498.1	20.0%	**3,320.7**	2,592.4	28.1%
Poker	**3,761.4**	3,016.6	24.7%	**784.0**	606.1	29.4%
Total	**16,354.7**	13,514.7	21.0%	**4,104.7**	3,198.5	28.3%
% of operating revenue	**19.6%**	19.4%	0.2%	**19.3%**	17.0%	2.3%

# of tables	**End of Quarter**		
	2023	2022	+(-)
All Others	**35**	36	(1)
Poker	**16**	15	1
Progressive Table Games	**17**	16	1
Total	**68**	67	1

Drop and Hold %	**Q4 (twelve months)**			**Q4 (three months)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Drop	**101,105.7**	96,192.6	5.1%	**25,004.9**	23,700.7	5.5%
Hold %	**22.8%**	20.2%	2.6%	**24.1%**	19.8%	4.3%

Tables had another strong Quarter on solid Table Drop and above average Hold %.

Rivers table Drop for the Quarter was up 18.0% in year-over-year comparison. Hold % was lower by 6.3 percentage points in year-over-year comparison. Drop and Hold % combined for a 8.1% decrease in Hold for the casino. Poker revenues were down 11.1% in year-over-year comparison for the Quarter. Operating hours for tables was increased by eleven hours per week beginning November 1, 2023.

Great Northern table Drop for the Quarter was up 30.7% in year-over-year comparison. Hold % was higher by 4.7 percentage points in year-over-year comparison. Drop and Hold % combined for a 55.5% increase in Hold for the casino. Poker revenues were up 9.1% in year-over-year comparison for the Quarter. The property added 17 hours per week to their table operations effective September 30, 2023 to meet increased demand.

Deerfoot table Drop for the Quarter was down 1.3% in year-over-year comparison. Hold % was higher by 5.8 percentage points in year-over-year comparison. Drop and Hold % combined for a 31.4% increase in Hold for the Quarter. Poker revenues were up 43.7% in year-over-year comparison for the Quarter.

(In thousands, unless stated otherwise)

Electronic Gaming Device Revenue ("EGD")

EGD revenue includes revenue from slot machines and electronic gaming tables. In Alberta, EGD machine odds are regulated by AGLC. The revenue sharing arrangement for amounts won by the machines (Win) is also set by AGLC. Under the current arrangement, casino operators, charities and the Government of Alberta ("GOA") share the Win on a 17/15/68 split respectively. This is a temporary allocation of Win from April 1, 2023 through March 31, 2025 following which it may return to the original 15/15/70 split. 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 or chits fed into EGD's and machine credits awarded. Revenue to the operator, or 'Net,' is determined by all of the above factors.

EGD statistics	Q4 (twelve months)			Q4 (three months)		
	2023	2022	+(-)	**2023**	2022	+(-)
Cash Play	**2,045,331.9**	1,865,452.5	9.6%	**512,189.3**	469,552.3	9.1%
Win %	**7.5%**	7.4%	0.1%	**7.3%**	7.6%	(0.3%)
Average active machines [1]	**1,606**	1,617	(11.0)	**1,602**	1,606	(4.0)

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

EGD revenue	Q4 (twelve months)			Q4 (three months)		
	2023	2022	+(-)	**2023**	2022	+(-)
Net	**25,298.5**	20,708.5	22.2%	**6,395.3**	5,320.4	20.2%
% of operating revenue	**30.3%**	29.7%	0.6%	**30.0%**	28.3%	1.7%

Trailing 52 week provincial Cash Play in Alberta continued producing weekly records through the Quarter. Coupled with a temporary two year increase in the operators' share of EGD Win, from 15.0% to 17.0%, EGD revenues were significantly higher.

Rivers Cash Play for the Quarter was down slightly by 1.1% and Win % was 10 basis points lower. Together with a 2.0% increase in the operator's share of the Win these factors combined for an increase in Net revenue of 10.5%.

Great Northern Cash Play for the Quarter was up 22.4% while Win % was lower by 40 basis points. Together with a 2.0% increase in the operator's share of Win these factors combined for an increase in Net revenue of 32.2%.

Deerfoot Cash Play for the Quarter was up 8.1% while Win % was 20 basis points lower. Together with a 2.0% increase in the operator's share of Win these factors combined for an increase in Net revenue of 19.3%.

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)		
	2023	2022	+(-)	**2023**	2022	+(-)
Food & mix	**7,870.2**	6,329.2	24.3%	**2,303.4**	2,079.8	10.8%
Liquor	**10,214.8**	8,852.1	15.4%	**2,887.1**	2,878.9	0.3%
Total	**18,085.0**	15,181.3	19.1%	**5,190.5**	4,958.7	4.7%
% of operating revenue	**21.7%**	21.8%	(0.1%)	**24.4%**	26.4%	(2.0%)

(In thousands, unless stated otherwise)

There does appear to be the beginnings of a pull back in discretionary spending by our consumers. It notably shows in F&B sales. Though quarterly comparable F&B sales are positive, they did not keep pace with revenue streams in gaming. Earlier in 2023 customers were itching to get out without much concern for prices. They wanted to return to former enjoyments. Consumers are now starting to pay attention to how the costs for those enjoyments have increased.

Rivers F&B revenues, net of commissions, were down 4.4% in year-over-year comparison for the Quarter. Gross food sales were down 15.8% during the Quarter and liquor sales declined 4.9%.

Great Northern F&B revenues, net of commissions, were up 3.8% in year-over-year comparison for the Quarter. Though positive, F&B revenue did not keep pace with growth in gaming activity. Gross food sales were up 8.4% while liquor was higher by 3.7%.

Deerfoot F&B revenues were up 6.6% in year-over-year comparison for the Quarter. Food sales were the main contributor being up 10.2% while liquor was up 1.3%.

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)		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**7,913.1**	6,940.9	14.0%	**2,053.4**	1,955.2	5.0%
% of operating revenue	**9.5%**	10.0%	(0.5%)	**9.6%**	10.4%	(0.8%)

Ancillary revenue followed the trajectory of EGD's higher on the back of ATM revenues.

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)		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**48,566.6**	46,007.0	5.6%	**12,561.8**	12,611.1	(0.4%)
% of operating revenue	**58.3%**	66.0%	(7.7%)	**59.0%**	67.2%	(8.2%)

(In thousands, unless stated otherwise)

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Food & Mix	**2,491.9**	2,199.6	13.3%	**730.3**	652.5	11.9%
Liquor	**1,990.7**	1,743.0	14.2%	**555.1**	545.3	1.8%
Other	**288.1**	205.8	40.0%	**74.7**	78.1	(4.4%)
Total	**4,770.7**	4,148.4	15.0%	**1,360.1**	1,275.9	6.6%
% of operating revenue	**5.7%**	5.9%	(0.2%)	**6.4%**	6.8%	(0.4%)

Cost of product %	**Q4 (twelve months)**			**Q4 (three months)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Food & Mix	**31.7%**	34.8%	(3.1%)	**31.7%**	31.4%	0.3%
Liquor	**19.5%**	19.7%	(0.2%)	**19.2%**	18.9%	0.3%
Other	**44.8%**	43.9%	0.9%	**34.0%**	55.4%	(21.4%)

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, choices and meal portioning have been modified at all locations during the Year to mitigate the effects of higher input costs.

The Company implemented some new software at Deerfoot during the Year. The new technology has improved food portioning and inventory at the property.

Promotional efforts to shift the liquor sales mix to higher margin products had moderate success during the Year.

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Operating labour	**22,957.8**	20,658.3	11.1%	**6,077.8**	5,567.0	9.2%
% of operating revenue	**27.5%**	29.6%	(2.1%)	**28.5%**	29.6%	(1.1%)

Though the company has responded to higher wage demands, higher gaming revenues in particular, are providing economies of scale for labour and driving down cost as a percentage of income.

(In thousands, unless stated otherwise)

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**3,861.7**	3,898.3	(0.9%)	**1,020.0**	1,016.7	0.3%
% of operating revenue	**4.6%**	5.6%	(1.0%)	**4.8%**	5.4%	(0.6%)

Promotional spending is shifted to more direct to customer loyalty type spending controlling expenses while maintaining effectiveness.

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**16,976.4**	17,302.0	(1.9%)	**4,103.9**	4,751.5	(13.6%)
% of operating revenue	**20.4%**	24.8%	(4.4%)	**19.3%**	25.3%	(6.0%)

Lower repairs and maintenance ("R&M") spending and benefits kicking in from forward contracted electricity resulted in significant year-over-year reductions in other operating expenses during the Quarter.

Lease and other income

Lease and other income	**Q4 (twelve months)**			**Q4 (three months)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Investment property						
Gross revenue	**95.2**	-	100.0%	**32.4**	-	100.0%
Operating costs	**(125.7)**	(131.6)	4.5%	**(33.7)**	(59.6)	43.5%
Net profit	**(30.5)**	(131.6)	76.8%	**(1.3)**	(59.6)	97.8%
Lease revenues from food services operators	**207.3**	178.9	15.9%	**51.8**	51.9	(0.2%)
Other income (loss)	**15.2**	(607.7)	102.5%	**0.7**	2.2	(68.2%)
Total	**192.0**	(560.4)	134.3%	**51.2**	(5.5)	1030.9%

The Company has an investment property, a commercial strip, located adjacent to its other Grande Prairie properties. The property is partially leased for a term of ten years with two five year renewal options. The company continues to pursue tenants for vacant space.

Lease revenues arise from leases to third party food service operators occupying space at each of Great Northern and Rivers. The Company is currently negotiating a new lease with the food service operator at Great Northern.

(In thousands, unless stated otherwise)

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**4,608.9**	4,058.2	13.6%	**1,165.3**	1,032.9	12.8%
% of operating revenue	**5.5%**	5.8%	(0.3%)	**5.5%**	5.5%	0.0%

Higher administration costs for the Quarter result most significantly from higher management fees which are revenue and profit based.

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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Total	**3,015.6**	2,459.6	22.6%	**727.6**	753.1	(3.4%)

Three rate increases on variable rate debt during the first half of the Year were offset by accelerated debt reduction of $8,334.3 thousand during the Year resulting in lower net finance costs in comparative results for the Quarter.

Income tax

Income tax includes provision for current income taxes, timing differences between depreciation recorded and amounts allowed for tax purposes on property, plant and equipment, capital property and leases. 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)**		
	2023	2022	+(-)	**2023**	2022	+(-)
Provision for current income tax	**6,277.1**	4,024.4	56.0%	**1,555.2**	1,123.9	38.4%
Taxes arising from changes in timing differences	**26.6**	(694.2)	(103.8%)	**(52.4)**	(1,381.1)	(96.2%)
Income tax expense	**6,303.7**	3,330.2	89.3%	**1,502.8**	(257.2)	(684.3%)

The combined federal and provincial tax rate in Alberta is 23.0% for 2023 (23.0% - 2022).

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.

(In thousands, unless stated otherwise)

Reconciliation of EBITDA to shareholders to Profit and comprehensive profit

EBITDA to shareholders to Profit and comprehensive profit	Q4 (twelve months)			Q4 (three months)		
	2023	2022	+(-)	**2023**	2022	+(-)
EBITDA to shareholders	**34,954.8**	23,612.5	48.0%	**8,698.9**	6,391.4	36.1%
Adjustments:						
Amortization on property, plant and equipment	**(4,275.7)**	(4,735.2)	(9.7%)	**(1,019.7)**	(1,215.1)	(16.1%)
Fair value adjustment	**-**	(354.1)	(100.0%)	**-**	(354.1)	(100.0%)
Finance costs	**(3,317.9)**	(2,592.2)	28.0%	**(786.7)**	(802.4)	(2.0%)
Income tax (expense) recovery	**(6,303.7)**	(3,330.2)	89.3%	**(1,502.8)**	257.2	(684.3%)
EBITDA attributable to non-controlling interest	**-**	366.1	(100.0%)	**-**	0.1	(100.0%)
Profit and comprehensive profit	**21,057.5**	12,966.9	62.4%	**5,389.7**	4,277.1	26.0%

Facility enhancement

Capital expenditures	Q4 (twelve months)			Q4 (three months)		
	2023	2022	+(-)	**2023**	2022	+(-)
Capital maintenance	**619.1**	2,560.8	(75.8%)	**71.2**	349.0	(79.6%)

Following extensive renovations and improvements undertaken in recent years, capital maintenance costs have normalized on an annualized basis.

Financial condition

Liquidity

Net cash provided by operating activities totaled $5,026.3 thousand for the Quarter versus $4,786.0 in the comparable prior year quarter. Cash balances totaled $13,979.2 thousand compared to $15,614.5 thousand at the start of 2023. 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 a $30,000.0 thousand revolving credit facility of which $11,078.8 thousand was available to be drawn at the end of the Quarter.

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 165% of combined average daily slot and VLT 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 include statutory and AGLC amounts which can expected to be cleared within 30 days. Other trade 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.

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. The Company is compliant with all debt covenants.

Commitments

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
	149.5	129.1	20.4	-

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).

The Company's board of directors has currently endorsed a regular monthly dividend of $0.04 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.

(In thousands, unless stated otherwise)

Dividend pay-out ratio	**Q4 (twelve months)**			**Q4 (three months)**		
	2023	2022	+(-)	**2023**	2022	+(-)
EBITDA to Shareholders	**34,954.8**	23,612.5	48.0%	**8,698.9**	6,391.4	(36.1%)
Adjustments (excl. Non-controlling interest portions)						
Scheduled principal payments on demand debt	**(1,693.1)**	(1,494.6)	13.3%	**(431.2)**	(428.4)	0.7%
Interest expensed	**(2,894.3)**	(2,140.1)	35.2%	**(686.0)**	(717.0)	(4.3%)
Depreciation and interest - right of use assets	**(1,166.3)**	(1,294.9)	(9.9%)	**(294.1)**	(350.6)	(16.1%)
Current Income tax expense	**(6,277.1)**	(4,024.4)	56.0%	**(1,555.2)**	(1,123.9)	38.4%
Cash available for distribution	**22,924.0**	14,658.5	56.4%	**5,732.4**	3,771.5	52.0%
Dividends declared	**8,256.0**	6,728.4	22.7%	**2,357.8**	2,009.2	17.4%
Surplus to dividends declared	**14,668.0**	7,930.1	85.0%	**3,374.6**	1,762.3	91.5%
Normalized dividend pay-out ratio [1]	**36.0%**	**45.9%**	(9.9%)	**41.1%**	**53.3%**	(12.2%)

Cash dividends declared

2023 dividend summary		**Date**				
Month	**Per Share**	**Declared**	**Record**	**Payment**	**Shares o/s**	**Dividends**
January	**$ 0.0300**	**16-Jan-23**	**31-Jan-23**	**15-Feb-23**	**22,287.7**	**668.6**
February	**0.0300**	**10-Feb-23**	**28-Feb-23**	**15-Mar-23**	**22,088.1**	**662.6**
March	**0.0300**	**14-Mar-23**	**31-Mar-23**	**14-Apr-23**	**21,907.2**	**657.2**
April	**0.0300**	**17-Apr-23**	**30-Apr-23**	**15-May-23**	**21,790.1**	**653.7**
May	**0.0300**	**9-May-23**	**31-May-23**	**15-Jun-23**	**21,706.5**	**651.2**
June	**0.0300**	**15-Jun-23**	**30-Jun-23**	**14-Jul-23**	**21,706.5**	**651.2**
July	**0.0300**	**17-Jul-23**	**31-Jul-23**	**15-Aug-23**	**21,706.5**	**651.2**
August	**0.0300**	**8-Aug-23**	**31-Aug-23**	**15-Sep-23**	**21,706.5**	**651.2**
September	**0.0300**	**18-Sep-23**	**30-Sep-23**	**13-Oct-23**	**21,706.5**	**651.2**
October	**0.0300**	**16-Oct-23**	**31-Oct-23**	**15-Nov-23**	**21,595.7**	**647.9**
November	**0.0400**	**14-Nov-23**	**30-Nov-23**	**15-Dec-23**	**21,374.5**	**855.0**
December	**0.0400**	**19-Dec-24**	**31-Dec-23**	**15-Jan-24**	**21,374.5**	**855.0**
Total	**$ 0.3800**					**8,256.0**

2022 dividend summary		Date				
Month	Per Share	Declared	Record	Payment	Shares o/s	Dividends
January	$ -				22,673.4	-
February	-				22,658.9	-
March	0.0300	7-Mar-22	31-Mar-22	15-Apr-22	22,583.7	677.6
April	0.0300	18-Apr-22	30-Apr-22	13-May-22	22,498.7	675.0
May	0.0300	16-May-22	31-May-22	15-Jun-22	22,481.0	674.4
June	0.0300	13-Jun-22	30-Jun-22	15-Jul-22	22,467.6	674.0
July	0.0300	15-Jul-22	31-Jul-22	15-Aug-22	22,453.2	673.6
August	0.0300	9-Aug-22	31-Aug-22	15-Sep-22	22,420.0	672.6
September	0.0300	15-Sep-22	30-Sep-22	14-Oct-22	22,400.0	672.0
October	0.0300	17-Oct-22	31-Oct-22	15-Nov-22	22,363.5	670.8
November	0.0300	8-Nov-22	30-Nov-22	15-Dec-22	22,318.8	669.6
December	0.0300	15-Dec-22	31-Dec-22	13-Jan-23	22,291.8	668.8
Total	$ 0.3000					6,728.4

(In thousands, unless stated otherwise)

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 three 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 1,602 EGD's, 54 VLT's, 68 table/poker games, and other ancillary equipment.

Productive capacity	**Gaming sq. ft**	**Non-gaming sq. ft.**	**Guest rooms**	**F&B, banquet, live event seating**	**EGD's and VLT's**	**Tables including poker**	**Lease/ retail sq. ft.**
At January 1, 2022	114,356	26,074	404	3,270	1,703	62	15,043
Additions (deletions)							
Deerfoot					(20)	4	
Rivers					(1)		
Great Northern - renovation				20	(18)	1	
At December 31, 2022	114,356	26,074	404	3,290	1,664	67	15,043
Additions (deletions)							
Deerfoot - into-service (out-of-service)					(5)	1	
Great Northern, into-service (out-of-service)					(3)		
at December 31, 2023	114,356	26,074	404	3,290	1,656	68	15,043

AGLC, from time to time, will adjust machine types and placements with new product or higher performing product. The Company added 1 poker table at Deerfoot during the year to accommodate increased demand.

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 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 AGLC wholesale division.

EGD's and VLTs are owned and maintained by 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 renewed for six year terms expiring in June 30, 2029. The Company considers the licenses to have indefinite life.

Normal 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 to a ratio of 1.5 to 1 or less until such time as opportunities encourage or conditions require a different strategy.

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.

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).

(In thousands, unless stated otherwise)

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.

Current income tax

twelve months ended December 31	2023	2022
Current tax expense	6,277.1	4,024.4
Deferred tax expense (recovery)		
Permanet differences in deferred tax carrying values	26.6	(694.2)
Income tax expense	6,303.7	3,330.2

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	2023	2022
Shareholder profit excluding income tax	27,361.2	16,000.9
Income tax using Company's domestic tax rate	23.0%	23.0%
Expected income tax expense	6,293.1	3,680.2
Changes in income tax expense resulting from:		
Effect of changes in temporary differences in deferred tax carrying values	(26.6)	(650.0)
Adjustment to income taxes from prior year CRA return	-	300.0
Permanent differences in income	37.2	-
Income tax expense	6,303.7	3,330.2

(In thousands, unless stated otherwise)

Capital resources

The Company has two 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 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.

	Amortization Period	December 31, 2023	December 31, 2022
Credit facilities available at face value			
Revolving credit line		30,000.0	30,000.0
Term loan 1	1-Mar-40	12,748.7	13,321.5
Term loan 2	1-Dec-30	3,730.0	4,129.3
Term loan 3	1-Mar-40	4,606.8	4,809.7
Term loan 4	1-May-32	6,160.4	6,678.4
		57,245.9	58,938.9
Carrying value of borrowed amounts			
Current liabilities			
Revolving credit line		18,921.2	25,563.3
Term loan 1		592.0	572.8
Term loan 2		424.6	408.2
Term loan 3		209.7	202.9
Term loan 4		551.6	512.5
		20,699.1	27,259.7
Non-current liabilities			
Term loan 1		12,156.7	12,748.7
Term loan 2		3,305.4	3,721.1
Term loan 3		4,397.1	4,606.8
Term loan 4		5,608.8	6,165.9
		25,468.0	27,242.5
		46,167.1	54,502.2
Interest rate			
Revolving credit line [1]		7.20% (P +0.00%)	6.450% (P +0.00%)
Term loan 1 [2]		3.50%	3.50%
Term loan 2 [1]		7.20% (P +0.00%)	6.450% (P +0.00%)
Term loan 3 [2]		3.50%	3.50%
Term loan 4 [1]		7.20% (P +0.00%)	6.450% (P +0.00%)

[1] Rate at the end of the Year

[2] Interest rate secured to December 1, 2024

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 $28,811.7 thousand. The Company is paying interest at 7.20% on variable rate debt at the end of the Quarter. A 1.0 percentage point increase in interest rates would have an unfavourable impact on earnings of $288.1 thousand or $0.01/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. Strength in the fossil fuel sector has reduced credit risk. Management continues to monitor all accounts. DSO at the end of the Period is well within Company targets. 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 December 2030, May 2032, and March 2040.

(In thousands, unless stated otherwise)

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, 2023	Carrying amount	Contractual cash flows	1 year or less	2 to 5 years	More than 5 years
Trade and other payables	4,546.3	4,546.3	4,546.3	-	-
Term loans	27,245.9	35,804.3	3,056.4	12,225.5	20,522.4
Revolving credit facility	18,921.2	18,921.2	18,921.2	-	-
Dividends payable	855.0	855.0	855.0	-	-
	51,568.4	60,126.8	27,378.9	12,225.5	20,522.4
As at December 31, 2022					
Trade and other payables	4,624.6	4,624.6	4,624.6	-	-
Term loans	28,938.9	38,462.3	2,988.3	11,953.2	23,520.8
Revolving credit facility	25,563.3	25,563.3	25,563.3	-	-
Dividends payable	668.8	668.8	668.8	-	-
	59,795.6	69,319.0	33,845.0	11,953.2	23,520.8

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.

Inflation risk

The Company is exposed to inflation risk. Waning supply/demand imbalances lingering from COVID-19, geopolitical events, 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.

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, 2022 the Company commenced a normal course issuer bid (the "2022 Bid"). Pursuant to the 2022 Bid, Gamehost was authorized to purchase for cancellation up to a maximum of 1,124.7 thousand common shares, being equal to 10% of Gamehost's public float on July 11, 2022. The 2022 Bid terminated on July 20, 2023. Common shares purchased under the 2022 Bid totaled 756.3 thousand at prices averaging $8.31/common share before commissions for an aggregate $6,284.2 thousand. During the Year, the Company purchased for cancellation 585.3 thousand common shares under the 2022 Bid at prices averaging $8.39/common share including commissions for an aggregate $4,908.6 thousand.

On August 14, 2023 the Company commenced a normal course issuer bid (the "2023 Bid"). Pursuant to the 2023 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1,085.3 thousand common shares, being equal to 5% of Gamehost's issued and outstanding common shares on July 31, 2023. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 2,445 common shares in any one day, such amount being equal to 25.0% of the average daily trading volume for the six months ended July 31, 2023 which was 9.8 thousand common shares. The 2023 Bid will terminate on August 13, 2024 or such earlier time as the 2023 Bid is completed or terminated at the option of the Company. During the Year, the Company purchased for cancellation 331.9 thousand common shares under the 2023 Bid at prices averaging $8.93/common share including commissions for an aggregate $2,965.7 thousand.

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.

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 34.8% (33.5% - 2022) of the outstanding common shares of the Company at end of the Year.

- The Company incurred $1,733.9 thousand ($1,298.2 thousand - 2022) 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 between Gamehost Inc, Gamehost Limited Partnership and the managing partner, Gamehost Management Inc. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes, depreciation and amortization. $3.6 thousand ($27.4 thousand - 2022) remains in accounts payable at the end of the Year.

    - 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 $69.4 thousand ($nil – 2022) of charter aircraft rental expenses for the Year with Will Air Inc., a company controlled by the Wills, which is included in administrative expenses.

- The Company incurred $91.0 thousand ($85.7 thousand – 2022) 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. $8.3 thousand ($nil - 2022) remains in accounts payable at the end of the Year.

- The Company incurred $547.9 thousand ($564.2 thousand – 2022) 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. $46.8 thousand ($8.9 thousand - 2022) remains in accounts payable at the end of the Year.

- The Company advanced $101.4 thousand ($2,469.7 thousand - 2022) 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 (Credit note $61.9 thousand - 2022) remains in accounts payable at the end of the Year.

The Company incurred $185.2 thousand ($112.5 thousand – 2022) in directors fees for the Year paid to other directors of the Company which is included in administrative expenses.

The Company directly incurred $215.4 thousand ($189.1 thousand – 2022) 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. $nil ($18.0 thousand - 2022) remains in accounts payable at the end of the Year.

The Company directly incurred $34.4 thousand ($nil – 2022) of office rental expenses during the Year with 669293 Alberta Ltd., a company controlled by the Company's COO. These costs are included in administrative expenses.

The Company incurred $635.0 thousand ($580.0 thousand – 2022) 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

Protectionism, geopolitical instability and inflation are contributing to slowing global growth. A protracted property crisis in China is front and centre in its global effect.

Eyes are ever present on the Bank of Canada in its efforts to fight inflation and still engineer a soft landing for the Canadian economy. The trend on inflation is encouraging and an easing in monetary policy is anticipated in 2024, but not assured. High interest rates are expected to take a greater toll on Canadian consumers as mortgages renew at high rates over the course of the next two years. It is argued that Canada is already in a technical recession, if not masked by the positive effects of high immigration.

Local economic outlook

Alberta is known foremost for it's oil and gas sector, but that is changing as the province diversifies. After leading the country with provincial growth of 2.6% in 2023, Alberta's economy is projected to slow to 1.2% in 2024. Inflation and elevated interest rates will take an increasing toll on the Alberta consumer who is carrying high levels of debt in relation to income.

The completion and commissioning of the Transmountain pipeline in 2024 is expected to reduce the differential on Western Canadian Select from Alberta and allow for increased production from Alberta's oil sands. This should spur additional investment in the Fort McMurray region.

The Grande Prairie region is expected to continue to benefit from elevated energy related activity due in large part to the completion and commissioning of LNG Canada's export facility on Canada's west coast and the Costal Gaslink pipeline that will ship the natural gas. LNG Canada is one of seven LNG export projects in various stages of approval/development off of British Columbia's coast. A recent pause on LNG development in the USA by the current administration provides Canada with a potential opportunity to realize more of these projects.

The City of Calgary has often been the leader in GDP per capita in all of Canada. The City's growth is expected to outpace the rest of Alberta as relative housing affordability and generally lower living costs continue to attract new population. The province and city continue to see positive trends in economic diversification.

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

AGLC's online gambling site, PlayAlberta.ca, which includes some sports betting, largely attracts net new money 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. In August 2023, AGLC announced a long term partnership with BtoBet to assist in the growth and improvement of the sportsbook on PlayAlberta.ca.

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. 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 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.

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 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)

<u>Standards, amendments and interpretations effective and applied</u>

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, 2023.

- *IFRS 17 - Insurance Contracts - The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively. Application of the amendments had no impact on the Company's financial statements.*

- *IAS 1 - Presentation of Financial Statements (Amendments to Disclosure of Accounting Policies and IFRS Practice Statement 2, Making Materiality Judgements). The amendments require entities to disclose material accounting policies instead of significant accounting policies. Application of the amendments had no material impact on the Company's financial statements.*

- *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to Definition of Accounting Estimates). The amendments clarify the difference between accounting policies and estimates to ensure changes are applied either retrospectively or prospectively. Application of the amendments had no impact on the Company's financial statements.*

- *IAS 12 - Income Taxes (Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction). The amendments require that entities recognize both a deferred tax asset and a deferred tax liability when transactions give rise to equal and offsetting temporary differences. Application of the amendments had no impact 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, 2023 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.

- *IFRS 16 - Leases (Amendments to Lease Liability in a Sale-and-Leaseback). The amendments affect the way a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The Amendments are effective for annual reporting periods on or after January 1, 2024.*

- *IAS 1 - Presentation of Financial Statements (Amendments to Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants). The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a entity's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The amendments are effective for annual reporting periods 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.