



## **IPLAYCO Announces Financial Results for its Second Quarter Ended March 31, 2018**

**Langley, BC / TheNewswire / May 22, 2018/** Iplayco Corporation Limited (TSX VENTURE: IPC) ("Iplayco" or the "Corporation") announces financial results for its second quarter ended March 31, 2018. All amounts are in Canadian dollars unless otherwise noted.

This news release contains financial information derived from Iplayco's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2018. More detailed information can be found in the unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis for the three and six months ended March 31, 2018, which are being filed with the applicable Canadian regulatory authorities.

### **Highlights:**

- Sales for the quarter ended March 31, 2018 ("Q2-18") of \$4,009,735, down 22.2% compared to the previous quarter ended December 31, 2017 ("Q1-18"), due primarily to smaller sales backlog at the start of Q2-18;
- Gross profit percentage of 39.8%, down 8.7 percentage points compared to Q1-18, due to lower margin sales mix from smaller orders in Q2-18;
- Selling and administrative expenses of \$2,063,967, up 7.4% compared to Q1-18, due primarily to continued roll-out of European operations;
- Net loss of \$218,250, compared to net income of \$383,806 in Q1-18;
- Loss per share of \$0.01;
- Earnings per share of \$0.01 for the six months ended March 31, 2018.

The Asia Pacific region remained a strong source of revenue for Iplayco in Q2-18 and business in the United States nearly doubled compared to Q1. European sales also grew significantly. The quarter-on-quarter decline in overall sales was mainly attributable to a marked reduction in business from customers in the Middle East.

Iplayco continues to dedicate personnel and other resources to positioning its new European operations as strongly as possible. In the current quarter, Europe is playing the prominent role in total sales anticipated at the time Iplayco acquired its local portfolio of brands and other assets.

### **Important information about Iplayco's relationship with Billy Beez:**

In the Management's Discussion and Analysis released today, Iplayco discusses diminished near-term expectations for business with Billy Beez, a family entertainment centre brand that has been Iplayco's largest customer for the past four years. Iplayco's controlling shareholder, FAS Entertainment B.C. Ltd., is a wholly owned subsidiary of Saudi FAS Holding Company, which also owns Billy Beez.

FAS acquired control of Iplayco in November 2014 to secure supply of playgrounds for its planned expansion of the Billy Beez brand throughout the Middle East, Europe and North America. From 2014 to 2017, Iplayco generated aggregate sales of U.S. \$21.5 million (\$26.9 million in Canadian dollars) from Billy Beez.

Billy Beez is experiencing some capital constraints and has entered into a payment plan with Iplayco and the bank that purchased certain receivables from Billy Beez to finance Iplayco. Under the payment plan, Iplayco would recover a total of U.S. \$7,307,114 (\$9,421,793 in Canadian dollars) in combined trade and finance receivables outstanding as of March 31, 2018. The final payment would be made by Billy Beez in October 2018.

Iplayco expects to collect the entire balance of trade and finance receivables from Billy Beez according to the timeline stipulated in the payment plan. If Billy Beez were to default on its payment obligations, Iplayco's third-party insurance provider would pay up to 90% of the unpaid balance.



Iplayco does not anticipate further playground sales to Billy Beez in the current financial year ending September 30, 2018.

"While the changing nature of Iplayco's business relationship with Billy Beez is disappointing, we see clear opportunities to expand business in our key regional markets," commented Scott Forbes, President & Chief Executive Officer of Iplayco. "Demand for Iplayco playcentres and equipment in Asia Pacific and the US remained strong in the second quarter, and going forward our expansion in Europe should enable us to achieve a more balanced sales mix than in the past. Iplayco's project pipeline leads us to anticipate better performance in the third and fourth quarters, and positive earnings per share for the full financial year through September 30, 2018.

**Results for the three months ended March 31, 2018 ("Q2-18") as compared to the three months ended December 31, 2017 ("Q1-18")**

Sales decreased by 22.2% to \$4,009,735 in Q2-18 from \$5,154,335 in Q1-18. Gross profit percentage decreased to 39.8% of sales in Q2-18 from 48.5% in Q1-18. Operating expenses, including foreign exchange gains and losses and finance costs, decreased to \$1,854,867, or 46.3% of sales, in Q2-18 from \$1,980,946, or 38.4% of sales, in Q1-18. The net loss amounted to \$218,250, or net loss per share of \$0.01, in Q2-18, as compared to net income of \$383,806, or diluted net income per share of \$0.02, in Q1-18.

**Results for the three months ended March 31, 2018 ("Q2-18") as compared to the three months ended March 31, 2017 ("Q2-17")**

Sales increased by 9.2% to \$4,009,735 in Q2-18 from \$3,670,669 in Q2-17. Gross profit percentage decreased to 39.8% of sales in Q2-18 from 50.5% in Q2-17. Operating expenses, including foreign exchange gains and losses and finance costs, increased to \$1,854,867, or 46.3% of sales, in Q2-18 from \$1,765,090, or 48.1% of sales, in Q2-17. The net loss amounted to \$218,250, or net loss per share of \$0.01, in Q2-18, as compared to net income of \$58,796, or diluted net income per share of \$0.00, in Q2-17.

**Results for the six months ended March 31, 2018 ("YTD – Q2-18") as compared to the six months ended March 31, 2017 ("YTD – Q2-17")**

Sales decreased by 15.9% to \$9,164,070 for YTD – Q2-18 from \$10,899,632 for YTD – Q2-17. Gross profit percentage increased to 44.7% of sales for YTD – Q2-18 from 43.3% for YTD – Q2-17. Operating expenses, including foreign exchange gains and losses and finance costs, increased to \$3,835,813 or 41.9% of sales for YTD – Q2-18 from \$3,314,278 or 30.4% of sales for YTD – Q2-17. Net income amounted to \$165,556, or diluted net income per share of \$0.01, for YTD – Q2-18, as compared to net income of \$1,018,005, or diluted net income per share of \$0.05, for YTD – Q2-17.

**About Iplayco Corporation Limited**

Iplayco is a global leader in the design and supply of premium-quality, fun, safe and durable indoor playgrounds for children. In its 18-year history, Iplayco has supplied playgrounds to over 60 countries worldwide. For more information, please visit [www.iplaycoltd.com](http://www.iplaycoltd.com).

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### **Cautionary Note Regarding Forward-looking Statements**

This news release contains “forward-looking statements” and certain “forward-looking information”, within the meaning of applicable Canadian securities legislation, concerning the business, operations, financial performance and condition of the Corporation. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expected to”, “intend”, “continue”, “plans”, or similar terminology.

Forward-looking statements and information are based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Corporation to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Iplayco will operate in the future including but not limited to: unanticipated costs and expenses and uncertainties relating to the availability and costs of financing needs in the future.

Forward-looking statements and information are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, level of activity, performance or achievements of Iplayco to be materially different from those expressed or implied by such forward-looking statements and information, including but not limited to: fluctuation in foreign exchange rates and interest rates; stock market volatility; the requirement for regulatory approvals and third party consents; the impact of general business and economic conditions; risks related to international operations and government relations; liability, competition, loss of key employees and other related risks and uncertainties. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements and information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or information. Iplayco does not undertake to update any forward-looking information that are contained or are incorporated by reference, except in accordance with applicable securities laws.

Important factors that could cause actual results to differ materially from the Corporation’s expectations are disclosed elsewhere in documents that are available to the public.

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