



IPLAYCO to Purchase, Retire 51% of its Common Shares from Controlling Shareholder and Adopt Advance Notice By-Law

Langley, BC / TheNewswire / July 19, 2018/ Iplayco Corporation Limited (TSX VENTURE: IPC) ("Iplayco" or the "Corporation") announces that it has entered into a share purchase agreement (the Acquisition") with FAS Entertainment B.C. Ltd., Saudi FAS Holding Company, and Billy Games Company Ltd. (collectively "FAS") to buy back 10,650,000 of the Corporation's common shares (the "Acquired Shares"). The Acquired Shares represent FAS's entire ownership position in Iplayco and constitute 51.03% of all Iplayco common shares issued and outstanding.

Under the terms of the agreement, and subject to regulatory and disinterested shareholder approval, Iplayco will pay FAS US\$2,500,000 (the "Cash Consideration") and offer price discounts of up to US\$1,000,000 toward future purchases of playground equipment from Iplayco (the "Future Purchase Credit"). Upon completion of the Acquisition, Iplayco will cancel all of the Acquired Shares.

Iplayco's management and its board of directors (the "Board") unanimously recommend that disinterested shareholders vote in favour of the Acquisition.

Highlights of the Acquisition:

- FAS currently owns 10,650,000 common shares of Iplayco (51.03% of issued and outstanding common shares), purchased by way of a private placement in November 2014;
- Iplayco will purchase all of common shares held by FAS for Cash Consideration of US\$2,500,000 and the Future Purchase Credit;
- The Cash Consideration of US\$2,500,000 is comprised of US\$1,500,000 in cash and US\$1,000,000 in settlement of trade receivables (the "Trade Receivable Amount");
- The Future Purchase Credit is the right to receive a non-assignable credit (unless assigned to an affiliate of FAS) to a maximum aggregate amount of US\$1,000,000 in the form of five purchase price discounts of 20% each to be applied toward future purchases by FAS of playground equipment from Iplayco on or before September 29, 2021;
- FAS has agreed to settle all outstanding trade receivables in cash, net of the Trade Receivable Amount, by the end of November 2018. Trade receivables from FAS amount to US\$5,741,452 (or approximately \$7,560,000 in Canadian dollars) as at June 30, 2018;
- Upon completion of the Acquisition and cancellation of the Acquired Shares, Iplayco will have 10,220,187 common shares issued and outstanding;
- Closing of the Acquisition is subject to conditions standard for a transaction of this nature, including, without limitation, approval of the Acquisition by the disinterested shareholders of Iplayco, approval of the TSX Venture Exchange (the "TSXV"), as the Acquisition is considered a "related party transaction" (for more information, see "MI 61-101 and TSXV Requirements" below), and receiving the resignations of Sultan Alhokair, Muhamad Awad, Shad Azimi, Zaher Fattouh and Shaun Kriel, being all the nominees of FAS to Iplayco's Board.

"The agreement we are announcing today achieves several important objectives for Iplayco shareholders, including a very significant strengthening of our balance sheet and reducing shares outstanding by over 50%, both of which we anticipate will have a direct and positive impact on earnings per share in future years," said Scott Forbes, President and Chief Executive Officer of Iplayco. "We thank the FAS group for working with us to reach an agreement that serves the interests of all parties involved and look forward to continuing to support the expansion of the Billy Beez network with Iplayco's industry-leading playcenter equipment. The agreement positions Iplayco to re-balance our sales strategy and more fully leverage opportunities in Europe and other overseas markets, as well as in North America."

Commented FAS Vice Chairman Sultan Fawaz Abdulaziz Al Hokair: "With FAS's decision to sell its stake in Iplayco, our affiliates remain committed to the global playcenter market and these affiliates look forward to continue working with Iplayco on existing and new playcenters in the future."



Background to the Acquisition

FAS acquired 51.03% of Iplayco through a private placement in November 2014 to secure supply of playcenter equipment for the planned expansion of its Billy Beez brand of family entertainment centers. From 2014 to 2017, Iplayco generated aggregate sales of US\$21.5 million (\$26.9 million Canadian dollars) from Billy Beez. However, owing to capital constraints, the expansion of Billy Beez has slowed significantly and is no longer expected to reach the number of new locations originally forecast at the time of the private placement. The purpose of the Acquisition is to reverse the dilution from the 2014 private placement, as the transaction is no longer accretive for Iplayco's shareholders.

Board of Directors Review and Approval

At a meeting of the Corporation's Board held on May 3, 2018, management presented the material terms of the Acquisition. At that meeting, the Board resolved to pursue the Acquisition, and management subsequently presented FAS with a draft letter of intent.

The Board determined it was not necessary to strike a special committee to consider the Acquisition, as only four directors, none of whom was or represented an "interested party" (as defined by Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* ("MI 61-101")) in the Acquisition, were eligible to participate in the Board's vote thereon.

The Board considered the fairness of the Acquisition and determined it to be in the best interests of Iplayco's shareholders. The Board notes that as a result of the Acquisition, FAS will settle all outstanding trade receivables in cash, net of US\$1,000,000 (the "Trade Receivable Amount") included as part of the Cash Consideration. Iplayco will use US\$1,500,000 from the collection of trade receivables from FAS to satisfy the balance of the Cash Consideration. Iplayco will thus be able to significantly reduce the number of its issued and outstanding common shares without having to turn to the financial markets to finance the Acquisition.

Iplayco's management and its Board unanimously recommend that disinterested shareholders confirm their support for the Acquisition to allow Iplayco to purchase and cancel the Acquired Shares.

MI 61-101 and TSXV Requirements

Since FAS holds approximately 51% of the issued and outstanding shares of Iplayco, FAS is a "related party" (as defined by MI 61-101) which results in the Acquisition being a "related party transaction" (as defined by MI 61-101). TSXV Policy 5.9 – *Protection of Minority Securityholders in Special Transactions* and MI 61-101 require formal valuation of and minority shareholder approval for related party transactions, unless exempted. As noted below, Iplayco is obtaining minority shareholder approval and is relying on the following exemption from the formal valuation requirement pursuant to sections 5.5(b) of MI 61-101, on the basis that Iplayco is listed on the TSXV and not listed or quoted on one of the exchanges specified in MI 61-101.

The Acquisition also requires TSXV approval pursuant to TSXV Policy 5.3 – *Acquisitions and Dispositions of Non-cash Assets* on the basis that the transaction involves FAS which is a "Non-Arm's Length Party" (as that term is defined in TSXV Corporate Finance Manual).



Special Meeting of the Shareholders

Iplayco will call a special meeting of shareholders to be held on September 13, 2018, for the purpose of obtaining disinterested shareholder approval of the Acquisition, shareholder approval of adoption of advance notice by-law (see below "*Adoption of Advance Notice By-Law*") and such other purposes as the Board may determine. Further details relating to the Acquisition will be provided in a Management Information Circular to be filed with regulatory authorities and mailed to Iplayco shareholders in accordance with applicable laws.

Iplayco shareholders are advised to read the materials relating to the proposed Acquisition that will be filed by Iplayco with securities regulatory authorities in Canada when they become available. Anyone may obtain copies of these documents free of charge at the Canadian Securities Administrators' website at www.sedar.com.

Adoption of Advance Notice By-Law

The Corporation also announces that its Board has approved certain amendments to the Corporation's By-law No. 1 (the "By-law Amendment") with immediate effect, to require provisions requiring advance notice of director nominees from shareholders (the "Advance Notice Provisions").

The purpose of the Advance Notice Provisions is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. Among other things, the Advance Notice Provisions fixes a deadline by which shareholders of the Corporation must submit nominations to the Corporation before any annual or special meeting of the shareholders and sets forth the minimum information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

In the case of an annual meeting of the shareholders of the Corporation, notice to the Corporation must be made not less than 30 days and no more than 65 days before the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders, (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The amended by-laws, which includes the Advance Notice Provisions, are effective immediately and will be placed before shareholders for ratification at the next meeting of shareholders of the Corporation, to be held on September 13, 2018. A copy of the Advance Notice Provisions can be viewed at www.sedar.com. If the By-law Amendment is not approved by the shareholders at the meeting, it will terminate and be of no further force or effect.

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 19-year history, Iplayco has supplied playgrounds to over 60 countries worldwide. For more information, please visit 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 statements with respect to the transactions contemplated under the Acquisition, adoption of an advance notice by-law for the Corporation, the requisite regulatory and shareholder approvals in respect thereof, the completion of the Acquisition, and proposed future transactions Iplayco may undertake and their expected timing.

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: risks related to the requirement for shareholder and regulatory approvals for the Acquisition and adoption of advance notice by-law, risks related to the Acquisition not being completed in the event that the conditions precedent thereto are not satisfied, fluctuation in foreign exchange rates and interest rates; stock market volatility; 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 Iplayco 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.

For more information, please contact:

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This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell the shares or a solicitation of a proxy.

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