



IPLAYCO Announces Anticipated Loss for its Second Quarter

Langley, BC / TheNewswire / May 23, 2019/ Iplayco Corporation Limited (TSX VENTURE: IPC) ("Iplayco" or the "Corporation") announces an anticipated net loss of US\$1.72 million (or net loss per share of US\$0.17) for its second quarter ended March 31, 2019, due primarily to the combined effect of gross profit decreasing by 25 percentage points and operating expenses increasing by approximately 50% as compared to its first quarter ended December 31, 2018. Significant cost overruns on some €7.0 million (approximately US\$7.9 million) of fixed-priced contracts from a new product line developed by Iplayco in Europe has caused the decline in gross profit in the second quarter. The increase in operating expenses was due primarily to additional overhead expenses incurred to support the European operations.

"We are disappointed to be announcing a significant loss for the second quarter of our financial year, one that stems from our relatively new European operations," said Scott Forbes, President and Chief Executive Officer of Iplayco. "The European operations pushed Iplayco's overall sales higher by more than 35% compared to the same quarter last year, but much of the business came in new product lines where we experienced supply chain inefficiencies from ramping up so quickly. This loss reflects overly aggressive pricing on our part, combined with our European team encountering a particularly steep learning curve. Shareholders should be assured these issues are getting my fullest attention. We are already making changes to ensure that margins on future sales in this region are better, to bring them in line with the typically strong performance of our North American and Asian operations. We have immediately replaced our Vice-President of Global Operations with a regional Vice-President based in Europe, adjusted our pricing models, and are investing in more training and better project management, in anticipation of significant increases in sales and margins in the second half of our financial year ending September 30, 2019. It is imperative that we adjust quickly to take fullest advantage of the strong demand in Europe for Iplayco's products and services."

Iplayco's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2019, together with Management's Discussion and Analysis for the three and six months ended March 31, 2019, are in the process of being completed and will become available on SEDAR when filed with the applicable Canadian regulatory authorities on or about May 30, 2019. Management made the determination to release this information in advance of the filing of its second quarter interim financial statements to ensure shareholders are timely advised of this news.

The following tables set forth unaudited statements of operations data and unaudited statements of financial position data which, in the opinion of management, have been prepared on a basis consistent with the annual consolidated financial statements for the years ended September 30, 2018 and 2017:

Extract from Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
Unaudited (Expressed in U.S. dollars, except number of shares)

	<u>Three months ended March 31,</u>		<u>Six months ended March 31,</u>	
	2019	2018	2019	2018
Sales	\$ 4,089,957	\$ 3,022,616	\$ 8,261,790	\$ 6,974,061
Cost of sales	3,748,801	1,911,829	6,529,251	4,002,864
Gross profit	341,156	1,110,787	1,732,539	2,971,197
Selling and administrative expenses	2,537,560	1,634,663	4,197,990	3,147,050
Foreign exchange loss (gain)	6,681	(183,018)	51,917	(195,731)
	2,544,241	1,451,645	4,249,907	2,951,319



Extract from Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
Unaudited (Expressed in U.S. dollars, except number of shares)

	<u>Three months ended March 31,</u>		<u>Six months ended March 31,</u>	
	2019	2018	2019	2018
Operating income (loss)	(2,203,085)	(340,858)	(2,517,368)	19,878
Finance income	27,686	153,098	66,374	258,117
Finance costs	(62,513)	(17,413)	(109,988)	(76,745)
Income (loss) before income taxes	(2,237,912)	(205,173)	(2,560,982)	201,250
Income tax provision (recovery)	(517,634)	(32,319)	(603,670)	72,049
Net income (loss) from operations	(1,720,278)	(172,854)	(1,957,312)	129,201
Other comprehensive income	12,535	-	1,575	-
Total comprehensive income (loss)	(1,707,743)	(172,854)	(1,955,737)	129,201
Basic and diluted net income (loss) per common share	\$ (0.17)	\$ (0.01)	\$ (0.19)	\$ 0.01
Weighted average number of common shares outstanding:				
Basic and diluted	10,220,187	20,870,187	10,220,187	20,870,187

Extract from Condensed Consolidated Interim Statements of Financial Position
Unaudited (Expressed in U.S. dollars)

	March 31, 2019	September 30, 2018
Assets		
Current assets		
Cash	\$ 1,137,241	\$ 2,798,928
Trade and other receivables	3,938,463	2,906,832
Income taxes receivable	-	417,473
Inventories	2,553,464	2,338,552
Prepaid expenses and deposits	564,904	660,588
	8,194,072	9,122,373
Non-current assets		
Equipment	1,603,371	1,687,942
Intangible assets	696,719	697,089
Goodwill	117,109	117,109
Deferred income tax assets	681,579	43,860
Total Assets	\$ 11,292,850	\$ 11,668,373



Extract from Condensed Consolidated Interim Statements of Financial Position
Unaudited (Expressed in U.S. dollars)

	March 31, 2019	September 30, 2018
Liabilities and Shareholders' Equity		
Current liabilities		
Operating loans	\$ 2,649,696	\$ 330,000
Trade payables, accrued liabilities and other	1,997,731	1,866,124
Income taxes payable	15,177	17,144
Deferred revenue	1,610,497	2,621,847
Current portion of rent inducement	37,711	25,579
	6,310,812	4,860,694
Non-current liabilities		
Rent inducement	68,498	89,906
Deferred income tax liabilities	33,870	41,558
Total Liabilities	6,413,180	4,992,158
Shareholders' Equity		
Share capital	5,944,971	5,944,971
Warrants reserve	397,982	397,982
Share-based payments reserve	216,583	216,583
Retained earnings (deficit)	(379,833)	1,418,287
Accumulated other comprehensive loss	(1,300,033)	(1,301,608)
Total Shareholders' Equity	4,879,670	6,676,215
Total Liabilities and Shareholders' Equity	\$ 11,292,850	\$ 11,668,373

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 20-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: 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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