



IPLAYCO Announces Q3 Financial Results (in U.S. dollars)

Langley, BC / TheNewswire / August 21, 2018/ Iplayco Corporation Limited (TSX VENTURE: IPC) ("Iplayco" or the "Corporation") announces financial results for its third quarter ended June 30, 2018. All amounts are in U.S. dollars unless otherwise noted.

This news release contains financial information derived from Iplayco's unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 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 nine months ended June 30, 2018, which are filed with the applicable Canadian regulatory authorities.

Highlights:

- Iplayco begins reporting its financial results in U.S. dollars ("USD") instead of in Canadian dollars ("CAD") due to the USD becoming the predominant currency impacting its net cash flows (see "Change in functional and presentation currency");
- Sales for the quarter ended June 30, 2018 ("Q3-18") of \$2,458,451, lower by 22.6% compared to the previous quarter ended March 31, 2018 ("Q2-18");
- Gross profit percentage of 38.6%, a reduction of 1.2 percentage points compared to Q2-18;
- Selling and administrative expenses of \$1,544,528, up 5.1% compared to Q2-18;
- Net loss of \$453,879, compared to a net loss of \$172,854 in Q2-18;
- Loss per share of \$0.02 in Q3-18 and for the nine months ended June 30, 2018;
- Sales increase expected in fourth quarter ending September 30, 2018 ("Q4-18") as work on several large orders begins.

The quarter-on-quarter decline in overall sales was mainly attributable to a reduction in business from customers in the Asia Pacific region, combined with longer lead times required to process new orders won by Iplayco's rapidly growing European operations. Iplayco devoted significant resources during Q2-18 and Q3-18 to streamlining operations in Europe and expects lead times to equal or better those in its other regional markets by November 2018.

Large orders announced in April and August are expected to provide an increase in sales for Q4-18, as compared to Q3-18, even though a substantial portion of these orders will likely be realized in the business year beginning October 1, 2018 (the Corporation recognizes sales based on the portion of a project completed at the end of a given reporting period).

"While we lost a degree of sales momentum from the second quarter to the third quarter, partly owing to slower Asia Pacific business, timing also played a role, as much of the \$7.13 million in new orders announced in April and August will be recognized in subsequent quarters," said Iplayco Chief Executive Officer Scott Forbes. "We are pleased with the strong contribution by our new European operations, and once set-up costs there are complete, margins should respond accordingly."

Change in functional and presentation currency

On March 31, 2018, the Corporation determined that the functional currency of its two European subsidiaries has changed from the CAD to the Euro ("EUR") due to their net cash flow exposures being predominantly in EUR. The functional currency of the Corporation and its other subsidiaries has changed from the CAD to the USD due to the diminishing net cash flow exposures in CAD, since the acquisition of the European operations, and the USD becoming the predominant currency impacting net cash flows. This change in accounting treatment is applied prospectively and the assets and liabilities of the Corporation have been translated from the CAD to the USD at the exchange rate on the date of change of the functional currency.



In addition, the Corporation has changed its presentation currency from CAD to USD. Accordingly, all comparative amounts in the condensed consolidated interim statements of operations and comprehensive income or loss, the condensed consolidated interim statements of changes in shareholders' equity and the condensed consolidated interim statements of cash flows have been re-presented in USD using the foreign exchange rates in effect at the date of the transactions. The comparative amounts for assets and liabilities in the condensed consolidated interim statements of financial position have been re-presented in USD at the closing rate applicable at the end of each reporting period, and those for equity accounts have been re-presented using the rates at the date of the transactions. All resulting exchange rate differences are reported as accumulated other comprehensive income or loss in the condensed consolidated statements of changes in shareholders' equity.

The change in presentation currency resulted in the following impact on the statements of financial position as at March 31, 2018 and September 30, 2017:

	March 31, 2018 (Reported in CAD)	Impact of change in presentation currency	March 31, 2018 (Restated in USD)
Total Assets	\$ 21,696,619	\$ (4,869,774)	\$ 16,826,845
Total Liabilities	8,183,260	(1,836,698)	6,346,562
Total Shareholders' Equity	13,513,359	(3,033,076)	10,480,283

	September 30, 2017 (Reported in CAD)	Impact of change in presentation currency	September 30, 2017 (Restated in USD)
Total Assets	\$ 23,100,915	\$ (4,590,657)	\$ 18,510,258
Total Liabilities	9,753,112	(1,938,116)	7,814,996
Total Shareholders' Equity	13,347,803	(2,652,541)	10,695,262

Results for the three months ended June 30, 2018 ("Q3-18") as compared to the three months ended March 31, 2018 ("Q2-18")

Sales decreased by 22.6% to \$2,458,451 in Q3-18 from \$3,175,714 in Q2-18. Gross profit percentage decreased to 38.6% of sales in Q3-18 from 39.8% in Q2-18. Operating expenses, including foreign exchange gains and losses and finance costs, increased to \$1,544,528, or 62.8% of sales, in Q3-18 from \$1,469,058, or 46.3% of sales, in Q2-18. The net loss amounted to \$453,879, or net loss per share of \$0.02, in Q3-18, as compared to a net loss of \$172,854, or net loss per share of \$0.01, in Q2-18.

Results for the three months ended June 30, 2018 ("Q3-18") as compared to the three months ended June 30, 2017 ("Q3-17")

Sales decreased by 40.0% to \$2,458,451 in Q3-18 from \$4,094,225 in Q3-17. Gross profit percentage decreased to 38.6% of sales in Q3-18 from 45.0% in Q3-17. Operating expenses, including foreign exchange gains and losses and finance costs, increased to \$1,544,528, or 62.8% of sales, in Q3-18 from \$1,393,448, or 34.0% of sales, in Q3-17. The net loss amounted to \$453,879, or net loss per share of \$0.02, in Q3-18, as compared to net income of \$325,954, or diluted net income per share of \$0.02, in Q3-17.



Results for the nine months ended June 30, 2018 (“YTD – Q3-18”) as compared to the nine months ended June 30, 2017 (“YTD – Q3-17”)

Sales decreased by 21.2% to \$9,690,629 for YTD – Q3-18 from \$12,290,907 for YTD – Q3-17. Gross profit percentage decreased to 43.1% of sales for YTD – Q3-18 from 43.9% for YTD – Q3-17. Operating expenses, including foreign exchange gains and losses and finance costs, increased to \$4,572,592 or 47.2% of sales for YTD – Q3-18 from \$3,888,560 or 31.6% of sales for YTD – Q3-17. The net loss amounted to \$324,678, or net loss per share of \$0.02, for YTD – Q3-18, as compared to net income of \$1,090,316, or diluted net income per share of \$0.05, for YTD – Q3-17.

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 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: 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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