



## **INTEGRITY GAMING CORP.**

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**TSXV: IGAM**  
**OTCQX: IGAMF**

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### **Integrity Gaming Corp. Announces 2018 First Quarter Financial Results**

*— Continued growth in installed base from exclusive product portfolio driving revenue growth —*

**Vancouver, BC, May 22, 2018 – INTEGRITY GAMING CORP.** (TSX-V: IGAM) (OTCQX: IGAMF) (“Integrity” or the “Company”) today announces financial results for the first quarter ended March 31, 2018 (all amounts stated in U.S. dollars unless otherwise indicated).

#### **First Quarter 2018 Highlights & Financial Results**

- 6.9% increase in revenue to \$4.4 million, over \$4.2 million in Q1 2017.
- Adjusted EBITDA relatively flat year-over-year at \$2.4 million, compared to \$2.4 million in Q1 2017.
- Operating cash flow before changes in current non-cash working capital of \$976k, compared to \$944k in Q1 2017.
- Net loss of \$0.9 million for Q1 2018, compared to a net loss of \$1.2 million in Q1 2017.
- At quarter end, Integrity held participating interests in approximately 2,707 revenue generating machines, compared to 2,650 at March 31, 2017.

“We achieved solid growth in revenue in the first quarter of 2018, reflecting our success at increasing our machine base, both through exclusive and non-exclusive products offerings, and optimizing machines placements to achieve better unit economics,” said Peter Macy, CEO of Integrity. “We’re off to a good start for the year and we will continue to drive growth by actively managing our current machines, increasing our penetration with new and exclusive product offerings, adding new casinos to our roster, and introducing innovative games and technologies including iGaming that will enhance our profile as a leader in the tribal gaming industry.”

Selected operating and financial information and reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Weighted average number of machines	2,701	2,622	2,529	2,583	2,650	2,548
Leasing Payments *	4,276,700	3,781,240	3,833,128	3,922,972	4,058,507	4,001,201
Reported Revenue	4,443,280	4,062,627	3,898,110	4,250,547	4,157,374	4,027,458
COGS: Casino supplies and equipment	(633,979)	(320,786)	(428,829)	(428,595)	(354,373)	(337,437)
Operating expenses	(2,252,720)	(2,317,861)	(2,474,213)	(2,335,795)	(2,268,483)	(2,797,730)
General and administrative expenses	(1,439,193)	(1,372,907)	(1,554,085)	(1,546,981)	(1,490,607)	(800,093)
Amortization of intangible assets	(198,775)	(200,375)	(200,642)	(199,576)	(198,775)	(218,337)
Gain (loss) on disposal of assets	-	-	990	23,200	108,212	(12,750)
Impairment of placement fees	-	-	-	-	-	(1,732,152)
<b>Loss from operations</b>	<b>(81,387)</b>	<b>(149,302)</b>	<b>(758,669)</b>	<b>(237,200)</b>	<b>(46,652)</b>	<b>(1,871,041)</b>
Financing costs	(932,950)	(3,882,101)	(1,163,893)	(1,145,358)	(1,140,346)	(1,153,146)
Foreign exchange gain (loss)	1,897	(299)	(1,948)	196	(8,466)	(745)
Gain on sale of Bingo	-	139,032	-	-	-	-
Gain on settlement of debt	-	194	580	(224)	28,380	-
Revaluation of exit fee liability	105,464	-	-	-	-	-
Revaluation of earn-out liability	-	-	-	-	-	(30,000)
Income tax recovery (expense)	(10,000)	(3,307)	(98,199)	-	-	119,904
<b>Net Income (loss)</b>	<b>(916,976)</b>	<b>(3,895,783)</b>	<b>(2,022,129)</b>	<b>(1,382,586)</b>	<b>(1,167,084)</b>	<b>(2,935,028)</b>
Adjustments:						
Depreciation of equipment	1,277,063	1,321,685	1,599,168	1,525,644	1,390,548	1,074,475
Amortization of placement fees	441,393	441,393	424,863	449,658	449,658	533,904
Amortization of intangible assets	198,775	200,375	200,642	199,576	198,775	218,337
Income tax expense (recovery)	10,000	3,307	98,199	-	-	(119,904)
Finance lease receivable reduction	525,263	204,521	538,231	308,392	467,486	513,064
Financing costs	932,950	3,882,101	1,163,893	1,145,358	1,140,346	1,153,146
Foreign exchange (gain) loss	(1,897)	299	1,948	(196)	8,466	745
Impairment of placement fees	-	-	-	-	-	1,732,152
Gain on settlement of debt	-	(194)	(580)	224	(28,380)	-
Loss (gain) on disposal of assets	-	(139,032)	(990)	(23,200)	(108,212)	12,750
Revaluation of earn-out liability	-	-	-	-	-	30,000
Revaluation of exit fee liability	(105,464)	-	-	-	-	-
Stock based compensation	56,627	89,024	92,691	116,416	92,919	102,272
Employee separation fees	-	-	290,000	-	-	-
<b>Adjusted EBITDA</b>	<b>2,417,734</b>	<b>2,107,696</b>	<b>2,385,936</b>	<b>2,339,286</b>	<b>2,444,522</b>	<b>2,315,913</b>

\* Leasing Payments consist of leasing revenue reported under IFRS plus finance lease receivable reduction.

**Conference Call**

The Company will hold a conference call to discuss the results for its first quarter ended March 31, 2018. The call will be hosted by Peter Macy, CEO, and Adam Kniec, CFO on Thursday, May 24, 2018 at 8:30 a.m. PST (11:30 a.m. EST), followed by a question and answer period. All interested parties are invited to participate.

**Conference Call Details:**

**Date:** Thursday, May 24, 2018  
**Time:** 8:30 a.m. Pacific Time / 11:30 a.m. Eastern Time

**Dial-In Numbers:** North America Toll-Free Dial-In Number: 1 (888) 231-8191  
For Toronto: (647) 427-7450  
For Vancouver: (778) 371-9827

**Conference ID:** 8596356  
**TAPED** 1 (855) 859-2056  
**REPLAY:** Available until 12:00 midnight (EST) Thursday, May 31, 2018  
Reference number: 8596356

**For further information, please contact:**

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**About Integrity Gaming Corp.:**

Formerly Poydras Gaming Finance Corp., Integrity Gaming Corp. is a regional slot route operator with over 2,700 gaming machines in operation across over 30 casinos in Oklahoma and Texas. The Company primarily derives its revenue from short- and long-term revenue share contracts with Native American casinos. It provides gaming equipment such as slot machines and electronic table games, and project financing to owners, operators, and managers of casinos and other regulated gaming venues. The Company works with casinos, new casino developments, and gaming machine suppliers. Additional information about the Company can be found on the Company's website at [www.integritygaming.com](http://www.integritygaming.com) and on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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**Cautionary Note Regarding Forward-Looking Statements**

Certain information in this news release is considered forward-looking within the meaning of certain securities laws and is subject to important risks, uncertainties and assumptions. This forward-looking information includes, among other things, information with respect to the Company's beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target" and similar words and expressions are used to identify forward-looking information. The forward-looking information in this news release, including those statements relating to expected

EBITDA, and the placement of additional machines by the Company, describes the Company's expectations as of the date of this news release.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. Material factors which could cause actual results or events to differ materially from such forward-looking information include, among others, risks arising from general economic conditions and adverse industry events.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME.

**Non-IFRS Measures**

Adjusted EBITDA is a financial measure that does not have a standardized meaning under IFRS. Adjusted EBITDA is defined as earnings before financing costs, income taxes, depreciation, amortization, stock based compensation, unrealized foreign exchange, impairment of loans receivable, impairment of placement fees, gain/loss on settlement of debt, gain/loss on disposal of assets, gain/loss on disposal of BitBoss, finance lease receivable reduction, revaluation adjustment of earn-out liability, revaluation of exit fee liability, employee separation fees and non-recurring costs.

During the current quarter, the Company modified its definition of Adjusted EBITDA by adjusting its earnings by revaluation of exit fee liability. The Company believes that to measure the Company's core business performance and liquidity, and to measure its ability to purchase additional machines, it is important to include this adjustment in determination of Adjusted EBITDA.

As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Company considers Adjusted EBITDA to be a relevant indicator for measuring trends in performance and its ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.