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Shoal Games Ltd. Announces Fiscal 2018 Financial Results

ANGUILLA, B.W.I., March 21, 2019 / Shoal Games Ltd. (TSXV:SGW) <http://www.shoalgames.com> (“the Company”), kid-tech software developer, owner of the Rooplay edu-games platform (www.rooplay.com), owner of the Kidoz content discovery network (www.kidoz.net), owner of the Kidoz safe operating system, and publisher of the Rooplay Originals games library, today announced its audited financial results for the Year ended December 31, 2018. All amounts are presented in United States dollars and in accordance with United States Generally Accepted Accounting Principles.

2018 and Recent Shoal Games Ltd. highlights include:

- Signing of Mr, Bean, Peter Rabbit and Pororo brand license agreements
- Secured more than 600,000 downloads into Rooplay Platform
- Launch of new Rooplay Original games bringing the total catalog to over 40 games
- Completion of equity financings raising \$2,551,500 at \$0.35 per share
- Subsequent to the year ended December 31, 2018, acquisition of Kidoz Ltd.
- Subsequent to the year ended December 31, 2018, completed an equity financing raising \$2,000,000 at \$0.40 per share.

Shoal Games has been focused on core system development of its consumer products with the Rooplay Edtech platform for children and families. The Company has studied the market extensively with its Android and browser versions of Rooplay as it prepares to complete the full OTT system with the launch of iOS and Smart TV versions which are complete but pending platform and distribution partner approvals. With significant software development investments made to enable global marketing of the Rooplay content subscription system and over 40 Rooplay Original games, the Company was interested in vertically integrating with a partner that will enable the distribution of its products.

On March 4, 2019 the Company completed the acquisition of all of the issued and outstanding equity securities of Kidoz Ltd. (“Kidoz”) (www.kidoz.net), a privately held Israeli company engaged in childrens’ digital content distribution and monetization. The Acquisition enables the global reach of Kidoz’s content discovery network to be efficiently combined with Shoal Games’ Rooplay subscription OTT platform and Rooplay Original games, to create a unique player in the high growth digital kids market. The combined company is positioned to grow through exclusive ownership of content which the Kidoz network will make accessible to tens of millions of kids each month, utilizing our proprietary OTT subscription platform and a kid-safe monetization platform to attract top kids advertisers.

Shoal Games pursues both business-to-consumer strategies and a business-to-business strategies with Rooplay and Kidoz. With the Company's direct to consumer strategy, new users of Rooplay are created via paid performance marketing, search engine marketing, word-of-mouth, and from placements in the Kidoz network. The Company's business-to-business strategy involves selling advertising to premium brands (Disney, Lego, Crayola, ect) and distributing these ads across the Kidoz network. Shoal Games intends to link these two strategies to create a global content and monetization system that is a market leader.

Shoal Games management believes that through the development of the Rooplay and Kidoz platforms, and the integration of EdTech content into our global network that it can create a unique and defensible position in the market. Rooplay generates revenue for the Company from consumer subscriptions which customers

pay to unlock the Rooplay game catalog. Kidoz generates revenue through the sale of advertising to brands and the delivery of ads through its global content network. Kidoz also generates licensing revenue to OEM manufacturers who wish to install the Kidoz safe operating system on their hardware products. Shoal Games management believes that the development of a platform system that optimizes the strengths of both Rooplay and Kidoz will create multiple sustainable revenue streams for the Company.

“With the Kidoz transaction complete, we have made structural and strategic changes to the underlying business during the first quarter of 2019,” stated Jason Williams, Shoal Games Co-CEO. “The Kidoz adtech business is growing fast and we are aligning our content strategies around this business segment to unlock the many synergies of our combined businesses. We anticipate that in the second quarter of 2019, our results will be substantially improved as the transaction and integration costs will be complete and the potential of our new, combined strategies released for the first time in a full quarter of results.”

Total revenue from operations were \$106,978 for the year ended December 31, 2018, an increase of 14% from revenue of \$93,475 for the same period in the prior year. The increase in total revenue compared to fiscal 2017, is due to research revenue earned.

Sales and marketing expenses from operations were \$352,770 for the year ended December 31, 2018, an increase of 44% over expenses of \$244,810 for the same period in the prior year. This increase in sales and marketing expenses was due to larger test marketing campaigns to acquire new subscribers for Rooplay. Selling and marketing expenses principally include publishing services and user acquisition costs to acquire players for the Rooplay platform.

Salaries, wages, consultants and benefits expenses, excluding salaries incurred for the development of our products increased to \$618,279 during the year ended December 31, 2018, an increase of 34% over expenses of \$461,416 for the previous year. This increase compared to fiscal 2017, is due to higher consulting charges incurred for financing and brand marketing of the Company.

The Company expensed \$948,334 in development costs during the year ended December 31, 2018, an increase of 14% over \$833,202 of development costs in the prior year. This increase in development costs is due to higher software development expenses incurred in the development of Rooplay Originals and related technology, including developing Rooplay on additional platforms in order to achieve the Companies objective of becoming fully operational on all recent digital devices.

General and administrative expenses were \$271,277 for the year ended December 31, 2018, an increase of 6% over costs of \$256,303 for the previous year. This increase in general and administrative expenses is due to the increased expenditures incurred in raising capital in 2018, including travel and conferences. In addition, in 2018, the Company leased a second office facility in Vancouver, Canada. General and administrative expenses consist primarily of legal and professional fees, premises costs for our offices, and other general corporate and office expenses.

The net loss after taxation for the year ended December 31, 2018, amounted to \$2,592,831 a loss of \$0.04 per share, compared to a net loss of \$1,741,951, a loss of \$0.03 per share, in year ended December 31, 2017. The net loss in fiscal 2018 included non-cash stock compensation expenses of \$595,580 from the issuance of 855,000 stock options at CAD\$0.54 per option and the issuance of 1,275,000 stock options at USD\$0.50 per option compared to stock compensation expenses of \$43,212 in fiscal 2017 from the issuance of 725,000 stock options at CAD\$0.54 per option.

During the year ended December 31, 2017, the Company received Canadian Scientific Research and Development tax credits of \$89,521 cash. These credits were recognized upon receipt of funds.

We had cash of \$641,536 and working capital of \$662,573 at December 31, 2018. This compares to cash of \$478,397 and working capital of \$345,184 at December 31, 2017.

For full details of the Company's operations and financial results, please refer to the Securities and Exchange Commission website at www.sec.gov or the Shoal Games Ltd. corporate website at <http://investor.shoalgames.com> or on the www.sedar.com website.

About Shoal Games Ltd.

Shoal Games Ltd. (TSXV:SGW) (www.shoalgames.com) is the owner of the Rooplay EdTech games platform (www.rooplay.com) and the Kidoz content discovery network (Kidoz.net). Rooplay's curated games platform empowers children with inspired play, engagement and innovative learning. These games feature Garfield, Moomin,

Mr. Men, Little Miss, Pororo, Peter Rabbit or Mr. Bean, which offers families a handpicked and growing selection of hundreds of educational games for a monthly subscription fee. Kidoz is a mobile content discovery and recommendation platform for kids, reaching over 50 million children worldwide. Rooplay is available on Android, worldwide in the Google Play Store, and on browsers of web enabled digital devices at www.rooplay.com. Kidoz helps app developers and device makers generate revenue from their work in a COPPA-compliant way that respects their values, using sponsored content recommendations. The Rooplay platform uses the same subscription business model as Netflix, but substitute's passive video content with active learning games designed to inspire children to success.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by the company) contains statements that are forward-looking, such as statements relating to anticipated future success of the company. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the company. For a description of additional risks and uncertainties, please refer to the company's filings with the Securities and Exchange Commission. Specifically, readers should read the Company's Annual Report on Form 10-K, filed with the SEC on March 21, 2019, and the prospectus filed under Rule 424(b) of the Securities Act on March 9, 2005 and the SB2 filed July 17, 2007, and the TSX Venture Exchange Listing Application for Common Shares filed on June 29, 2015 on SEDAR, for a more thorough discussion of the Company's financial position and results of operations, together with a detailed discussion of the risk factors involved in an investment in Shoal Games Ltd.

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