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Shoal Games Announces Q3 2018 Results

ANGUILLA, B.W.I., November 14, 2018 - Shoal Games Ltd. (TSXV: SGW) (OTCQB: SGLDF) ("the Company"), mobile software developer, owner, and publisher of Rooplay, the EdTech games platform (www.rooplay.com) and the Rooplay Originals games featuring Garfield, Moomin, Mr. Men & Little Miss, Pororo, Peter Rabbit and Mr. Bean today announced its unaudited financial results for the third quarter ended September 30, 2018. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Recent Shoal Games Ltd. highlights include:

- Revenue increase of 68% to \$40,942 over second quarter of fiscal 2018
- Reduced loss by 60% to \$397,176 from fiscal second quarter 2018 loss of \$989,473
- Launched Rooplay.com web platform for desktop and mobile web subscriptions
- Launched new game categorizations by Age and Grade

"With the launch of the Rooplay games platform on www.rooplay.com we now have two complete platforms live and synchronized with hundreds of educational games for children," commented Jason Williams, CEO of Shoal Games. "Soon we will be adding Apple iOS and Smart TV support for Rooplay which will create one of the first fully cross platform OTT games systems in existence. We continue to advance all aspects of Rooplay to improve usability, personalization, engagement, and the content catalog. With more than 40 Rooplay Original games and hundreds of hand-picked licensed games Rooplay offers a unique and growing selection of high quality educational games for kids. In our next phase of development, we will be sharing the Shoal.JS game development framework to partner developers so they can port existing games to the Rooplay platform. As we simultaneously improve the Rooplay system and expand the Rooplay game library, the value of our offering becomes stronger and our position in the market solidified.

"For kids, traditional TV viewing is in decline and the growth of digital entertainment and OTT services will help to distribute Rooplay to millions of households. Rooplay is in a strong position to become the leading OTT gaming solution for children. Building an OTT system of any content type is a large endeavor that requires time, investment, and strong partners. However, the rewards for establishing an OTT platform as the leader of a content type are large and we are confident that our strategy and technology will enable us to be successful."

Third Quarter Financial Results

Total revenue, net of platform fees to Apple, Google and Amazon, for the quarter ended September 30, 2018, increased to \$40,942, an increase of 68% in revenue of \$24,343, in the second quarter of 2018 and an increase of 117% from revenue of \$18,853 for third quarter of 2017. The increase in total revenue compared to the second quarter of fiscal 2018 and the third quarter of fiscal 2017, is due to research revenue earned.

Sales and marketing expenses were \$36,787 for the quarter ended September 30, 2018, a decrease of 68% from sales and marketing expenses of \$115,508 in the second quarter of fiscal 2018 and a decrease of 48% over expenses of \$71,351 in the third quarter of fiscal 2017. This decrease in sales and marketing expenses in the quarter ended September 30, 2018, compared to the second quarter of fiscal 2018 and the third quarter of fiscal 2017 and was due to a smaller marketing campaigns in the third quarter of fiscal 2018, due to delays in launching

Rooplay on additional platforms. Selling and marketing expenses principally include publishing services and user acquisition costs to acquire players.

General and administrative expenses consist primarily of premises costs for our office, legal and professional fees, and other general corporate and office expenses. General and administrative expenses decreased to \$51,200 for the quarter ended September 30, 2018, a decrease of 23% from costs of \$66,282 in the second quarter of 2018 and a decrease of 47% from costs of \$96,369 for the third quarter of fiscal 2017. The decrease in general and administrative expenses compared to the second quarter of fiscal 2018 and the third quarter of fiscal 2017, is due to the legal expenses and filing fees incurred in preparing the private placements completed in those periods.

Salaries, wages, consultants, and benefits decreased to \$143,477 for the quarter ended September 30, 2018, a decrease of 15%, over salaries, wages, consultants, and benefits of \$168,211 in the second quarter of 2018 and an increase of 18% compared to salaries, wages, consultants, and benefits of \$121,697 in the third quarter of 2017. This decrease compared to the second quarter of fiscal 2018, is due to lower consulting charges incurred for financing and marketing of the Company. The increase compared to the third quarter of fiscal 2017, is due to higher consulting charges incurred for financing and marketing of the Company.

The Company does not capitalize its development costs. The Company expensed \$207,483 in software development costs during the quarter ended September 30, 2018, a decrease of 22% in software development costs of \$265,445 expensed during the second quarter of 2018 and an increase of 7% in software development costs compared to software development costs of \$194,594 expensed during the third quarter of fiscal 2017. The decrease compared to the second quarter of fiscal 2018 is due to lower software development expenses, particularly development staff, incurred in the development of the fully cross platform OTT games system, Rooplay, Rooplay Originals, and related technology. The increase compared to the third quarter of fiscal 2017 is due to higher software development expenses incurred in the development of our full Rooplay technology.

The net loss after taxation for the quarter ended September 30, 2018, amounted to (\$397,176), a loss of (\$0.01) per share, compared to a net loss of (\$989,473), or (\$0.01) per share in the second quarter of fiscal 2018 and a net loss of (\$462,710) or (\$0.01) per share in the quarter ending September 30, 2017 and.

During the quarter ended September 30, 2018, we used cash of (\$437,850) in operating activities compared to using cash of (\$657,524) in the second quarter of 2018 and compared to cash used in operating activities of (\$432,240) in the same period in the prior year.

Net cash used by financing activities was \$nil in the quarter ended September 30, 2018, which compares to net cash used of (\$1,923) in the quarter ended June 30, 2018 and to cash generated by financing activity of \$999,760 in the same period in the prior year. The cash generated in the third quarter of fiscal 2017 is due to the private placements.

We had cash and cash equivalents of \$1,001,760 and working capital of \$1,032,394 at September 30, 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) (OTCQB:SGLDF) (www.shoalgames.com) is the owner of the EdTech Games Platform Rooplay (www.rooplay.com). Rooplay's pioneering curated games platform brings calm, structure and accountability for children and parents in an increasingly confusing and fragmented digital world. Empowering children with inspired play, engagement and innovative learning prepares them for success in their futures. Rooplay is available exclusively on Android and is live worldwide in the Google Play Store and on the web at www.rooplay.com. Featuring Garfield, Moomin, Mr. Men, Little Miss, Pororo and Mr. Bean, the product offers families a handpicked and growing selection of hundreds of educational games for a monthly subscription fee. 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 20, 2018, 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.

For further information, please contact:

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