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## **Shoal Games to Acquire Kidoz to Create Global Content and Distribution KidTech Platform**

*Rooplay OTT System and the Kidoz Network will Reach 50 Million Kids a Month with a Premium Subscription System Offering*

ANGUILLA, B.W.I., December 28, 2018 - Shoal Games Ltd. (TSXV: SGW) (OTCQB: SGLDF) (“Shoal Games” or the “Company”), mobile software developer, owner of the Rooplay edu-games platform ([www.rooplay.com](http://www.rooplay.com)) and publisher of the Rooplay Originals games library, announces that it has entered into an agreement to acquire 100% of the issued and outstanding shares of Kidoz Ltd. (“Kidoz”) ([www.kidoz.net](http://www.kidoz.net)), a privately held Israeli company. Based in Netaniya, Israel, Kidoz is a fast-growing industry-leader in the global kids’ content distribution and monetization market - its platform is preloaded by Lenovo, Acer, PBS Kids and other device manufacturers on millions of kids tablets as their official kid-mode and is embedded in thousands of popular kids apps as their developers’ main kid-friendly monetization solution.

The combination of the two companies will marry the global reach of Kidoz’s content network with Shoal Games’ Rooplay subscription OTT platform, to create a unique player in the high growth digital kids market. With the decline in kids’ terrestrial television viewing and their increasing shift to digital media, the combined company will be positioned to grow by owning exclusive content, having access to tens of millions of kids each month, an OTT subscription platform, and a safe monetization platform from top kids advertisers.

### **Highlights of the Transaction**

- Industry-leading market position: The combined company will provide a unique Kid Safe platform for digital content distribution and monetization that reaches over 50 million children and parents worldwide every month.
- Established digital edu-game product strategy: Combining the companies will significantly enhance the cost-effectiveness and reach of Shoal Games’ distribution strategies for its consumer-focused EdTech games platform, Rooplay.
- “Rooplay Originals” games library and the Kidoz global product offerings: Shoal Games has an extensive games library of curated COPPA-compliant games that can be commercialized using Kidoz sponsored promotions deals with top kids brands like Hasbro, LEGO, Disney, Viacom, Crayola, and many others.
- Distribution of Rooplay over the Kidoz content discovery network: Leveraging Kidoz’s distribution capabilities will enable the combined company to bring unique, child safe games to the worldwide market into thousands of popular kids apps that use the Kidoz Network.

- Accretive economics on both trailing and forward metrics: Kidoz has recently achieved positive adjusted EBITDA, and its lean operations are highly complementary to Shoal Games operations. In combination with Shoal Games' extensive management track record in video game development and in the public markets, the combined entity looks forward to rapidly increasing combined revenues and improving overall economic performance.
- Combined company synergies: The combined company is expected to realize improved management efficiencies, leveraging Shoal Games' cost-effective public company management practices and experience and both companies' combined development knowledge and libraries; the Kidoz worldwide distribution platform; cross-selling and up-selling to customers through a broader content portfolio; integrated operations and controls; and implementation of best practices.
- Highly experienced management teams with worldwide focus: Kidoz and Shoal Games have been working together for over a year and determined to enter into the Transaction after recognizing that the synergies available from joining together in today's complex technological environment would provide the combined company with a strong global foothold in the continually expanding kids' digital market.

### **Transaction summary**

The outstanding shares of Kidoz are valued at approximately US\$21 million and are to be acquired from the Kidoz shareholders by issuance to them of 52,450,286 common shares of Shoal Games (the "Kidoz Acquisition"). Immediately after the Kidoz Acquisition is closed, Shoal Games will conduct an initial closing of the Concurrent Financing it currently has underway (the "Initial Concurrent Financing Closing"), for gross proceeds of approximately (but not less than) US\$2.0 million.

After the Kidoz Acquisition and the Initial Concurrent Financing Closing are closed, the shares to be issued to the Kidoz shareholders will constitute 40% of the issued and outstanding common shares of Shoal Games. None of the Kidoz shareholders will, as a result of the issuance of shares to them in connection with the Kidoz Acquisition, become an insider, affiliate or control person of Shoal Games. The shares to be issued to the Kidoz shareholders: (a) will be issued at a deemed price of US\$0.40 per share, reflecting the price at which Shoal Games common shares are currently being offered under the Concurrent Financing; and (b) are being offered and sold pursuant to exemptions to the registration requirements of the United States Securities Act of 1933, as amended (the "1933 Act"), and will not be registered under the 1933 Act.

The Concurrent Financing was announced November 21, 2018. The shares being offered and to be sold thereunder have not been and will not be offered or sold in the United States or to U.S. Persons, are being offered and are to be sold in accordance with the provisions of Regulation S made under the 1933 Act, and will not be registered under the 1933 Act.

The Kidoz Acquisition and the Initial Concurrent Financing Closing are subject to acceptance by the TSX Venture Exchange (the "Exchange"). All of the shares issued to the Kidoz shareholders will be held in escrow for such period as the Exchange may require as a condition of its acceptance of the Kidoz Acquisition. The three major shareholders of Shoal Games have undertaken to the Kidoz shareholders not to sell any of their Shoal Games shares during that escrow period. All of the shares issued pursuant to the Concurrent Financing will be subject to a four-month hold period, as required under the rules and policies of the Exchange and applicable securities legislation. After the Kidoz Acquisition is closed, the Kidoz shareholders will be entitled to have three persons nominated by a shareholding-majority of them appointed to the Shoal Games board of directors.

Subject to approval by the Exchange, a US\$130,000 fee will be payable to Kidoz's M&A advisor, Ibis Capital Limited, for services provided in connection with the Kidoz Acquisition (the "Ibis Fee Payment").

The Kidoz Acquisition closing, the Initial Concurrent Financing Closing and the Ibis Fee Payment are anticipated to occur by January 31, 2019. After closing of the Kidoz Acquisition, Kidoz will operate as a wholly-owned subsidiary of Shoal Games, and its current management and employees will remain with the combined company.

### **Management Commentary**

Kidoz's solutions help App Developers, leading brands and OEM manufacturers optimize their mobile presence. For App Developers focused on kids, Kidoz offers the leading GDPR and COPPA-compliant Ad monetization solution, already used by thousands of kids' games and apps to safely monetize their traffic. For kids brands, Kidoz is the leading mobile distribution network for kids 13 and under – the network enables brands to reach and engage millions of kids and parents on thousands of apps through one focal point. For OEMs and Carriers, Kidoz's KIDOZ Mode is the official software solution that powers their youth-dedicated products, including custom content libraries, parental control and kid friendly monetization.

"This is an exciting time for Shoal Games, Kidoz, and Rooplay," said Jason Williams, Shoal Games CEO. "We have been working with Kidoz for over a year and the synergies were so strong that both companies were motivated to come together and complete this transaction. Rooplay will benefit from access to millions of potential customers each month and Kidoz will gain a library of exclusive content and a premium subscription platform of its own to feature on the Kidoz content network. Further, Shoal Games will gain the leadership and experience of the Kidoz CEO, Eldad Ben Tora, and the entire Kidoz team of skilled software and publishing personnel. Eldad, who will join me as Co-CEO of Shoal Games, and we are now tasked with leading Shoal Games to success, by integrating our considerable assets, creating synergies to unlock revenue growth, and capturing the kids digital market. I believe that Shoal Games has never been stronger and our potential for rapid growth in 2019 is high."

"I'm excited to be working with Jason and the entire Shoal Games team," said Eldad Ben Tora, Kidoz CEO. "Kidoz has been growing its global distribution rapidly and it was our mandate to add exclusive content to our monetization offering, so that we could grow our revenue potential from subscribers. We have been working closely with the world's largest app developers and most successful kids brands for years now, and joining our two companies will expand our offering with fully branded games and playable ads within apps. Integrating Rooplay's content platform into our network will bring enormous value to our device manufacturer partners."

For full details of the Company's operations and financial results, please refer to Shoal Games corporate website at <http://investor.shoalgames.com> or its continuous disclosure record on SEDAR.

### **About Shoal Games Ltd.**

Shoal Games Ltd. (TSXV:SGW) (OTCQB:SGLDF) ([www.shoalgames.com](http://www.shoalgames.com)) is the owner of the "Rooplay" EdTech games platform ([www.rooplay.com](http://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 on Android, worldwide in the Google Play Store, and on browsers of web enabled digital devices at [www.rooplay.com](http://www.rooplay.com). Featuring Garfield, Moomin, Mr. Men, Little Miss, Pororo, Peter Rabbit 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.

### **About Kidoz Ltd.**

KIDOZ Ltd. Is a leading distribution and monetization platform for kids content, reaching over 50 million children worldwide. KIDOZ is the owner and developer of the KIDOZ OS and the Kidoz Network. KIDOZOS serves as the official Kid Mode for over 40 top tier OEMs, carriers and kids brands including Lenovo, PBS Kids, Sprout TV, Acer and more. The solution is preloaded on millions of devices, providing safe content for kids and safety features for parents.

The Kidoz Network is a complete AdTech platform helping hundreds of developers monetize their apps in a COPPA & GDPR-compliant manner, and enabling top kids' brands including Hasbro, Nintendo, Lego, Crayola and more to reach and engage kids with their content.

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.

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