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Kidoz Inc. Announces Strong Growth in Q1 2021 Results

ANGUILLA, B.W.I., May 12, 2021 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), mobile AdTech developer and owner of the market leading KIDOZ Contextual Ad Network (www.kidoz.net) and the Kidoz Publisher SDK, announced today its unaudited financial results for the first quarter ended March 31, 2021. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Recent Kidoz Inc. Q1 2021 highlights include:

- Total Revenue of \$1,557,942 - growth of 58% compared to Q1 2020 Total Revenue of \$983,979.
- AdTech revenue of \$1,504,300 – growth of 68% compared to Q1 2020 AdTech Revenue \$895,555.
- 2021 Gross Profit of \$685,041 – growth of 54% compared to Q1 2020 Gross Profit of \$444,175.
- 2021 EBITDA of (\$117,199) a 111% improvement from an EBITDA loss of (\$246,954) in Q1 2021.
- 2021 loss of (\$347,044) from a loss of (\$403,924) in Q1 2020.
- Cash provided by operations of \$393,060 compare to cash used in operations of (\$400,604) in Q1 2020.
- Cash of \$1,611,592 and working capital of \$2,951,465 as at March 31, 2021.
- Brands are increasingly selecting Kidoz as their feature provider for mobile advertising campaigns.
- Release of latest Kidoz Publisher SDK and adoption of hundreds of new apps into the Kidoz Ad Network.

"As Q1 is typically the most challenging quarter of the year, with the Kidoz Contextual Ad Network recording revenue growth of 68%, the Company is clearly in a phase of rapid growth," stated Jason Williams, Kidoz Co-CEO. "We experienced record Q1 demand from our advertisers in all regions in which we operate and we see no indication that this growth will slow for the foreseeable future. Kidoz has historically recorded only 12% of its yearly revenues in the first quarter, so if this trend continues, we are on pace for an exceptional year. As many strong macro, consumer, and market trends support the Kidoz strategy of mobile products built with pure contextual targeting, free of all invasive data tracking, our solutions are adopted and contribute to our rapid system growth and strong financial performance."

"We continue to invest heavily into our systems and technology to increase our network reach and expand our position as the market leader in mobile contextual advertising," commented Eldad Ben Tora, Kidoz Co-CEO. "We have several new programmatic advertising products that are coming to market in 2021 that we anticipate will increase our growth rate and our ability to fill the billions of impressions exposed monthly to the Kidoz Contextual Network. We are enthused by our market position, excited by the trajectory of our technology, and believe that 2021 will be another record year for Kidoz."

First Quarter 2021 Financial Results

Total Current Assets as at March 31, 2021 were \$4,137,237, compared to \$5,249,555 as at December 31, 2020, and Total Current Liabilities as at September 30, 2020, were \$1,185,772, compared to \$2,178,010 as at December 31, 2020.

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the quarter ended March 31, 2021, increased to \$1,557,942, an increase of 58% from revenue of \$983,979 for the first quarter of 2020. Ad Tech advertising revenue increased to \$1,504,300 for the quarter ended March 31, 2021, an increase of 68% from ad tech advertising revenue of \$895,555 in the first quarter of 2020. Content revenue decreased to

\$53,642, for the quarter ended March 31, 2021, a decrease of 39% from revenue of \$88,424 in the first quarter of 2020. The increase in total revenue compared to the first quarter of fiscal 2020 is due to the strong demand for kid safe advertising generated by the introduction of strong regulations worldwide.

Selling and marketing expenses were \$128,688 for the quarter ended March 31, 2021, an increase of 11% over expenses of \$115,707 in the first quarter of fiscal 2020. This increase in sales and marketing expenses in the quarter ended March 31, 2021, compared to the first quarter of fiscal 2020 is due to hiring additional sales staff.

General and administrative expenses consist primarily of premises costs for our offices, legal and professional fees, and other general corporate and office expenses. General and administrative expenses increased to \$157,695 for the quarter ended March 31, 2021, an increase of 10% from costs of \$143,255 for the first quarter of fiscal 2020. The increase in general and administrative expenses is due an increase in fees paid to our professional advisors. The Company continues to maintain its current office space despite the large majority of our staff continuing to work from home since early March 2020.

Salaries, wages, consultants, and benefits decreased to \$132,242 for the quarter ended March 31, 2021, a decrease of 3% compared to salaries, wages, consultants, and benefits of \$136,240 in the first quarter of 2020. This decrease compared to the first quarter of fiscal 2020 is due to reduction in consulting fees.

The Company does not capitalize its development costs. The Company expensed \$337,293 in content and software development costs during the quarter ended March 31, 2021, an increase of 18% compared to content and software development costs of \$284,723 expensed during the first quarter of fiscal 2020. The increase is due to an increase focus in development of our base technology and the development of playable ads as a result of hiring additional development staff.

The net loss after taxation for the quarter ended March 31, 2021, amounted to (\$347,044), a loss of (\$0.00) per share, compared to a net loss of (\$403,924) or (\$0.00) per share in the quarter ended March 31, 2020. This decrease in total loss for the quarter compared to the first quarter of fiscal 2020 is due to the strong demand for kid safe advertising generated by the introduction of strong regulations worldwide.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill (“EBITDA”) for the period ended March 31, 2021, amounted to (\$117,199), a reduction of 111%, compared to EBITDA of (\$246,954) in the period ended March 31, 2020.

During the quarter ended March 31, 2021, we provided cash of \$393,060 in operating activities compared to cash used in operating activities of (\$400,604) in the same period in the prior year.

During the quarter ended March 31, 2021, we used cash in investing activities of (\$2,265) compared to cash used in investing activities of (\$4,909) in the same period in the prior year.

Net cash used in financing activities was (\$5,248) in the quarter ended March 31, 2021. This compares to cash used in financing activity of (\$16,187) in the same period in the prior year.

We had cash of \$1,611,592 and working capital of \$2,951,465 at March 31, 2021. This compares to cash of \$1,226,045 and working capital of \$3,071,545 as at December 31, 2020.

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 Kidoz Inc. corporate website at <https://investor.kidoz.net> or on the www.sedar.com website.

About Kidoz Inc.

KIDOZ Inc. (TSXV:KIDZ) (www.kidoz.net) owns the popular Kid-Safe mobile network. Engaging more than 300 million kids a month across our leading mobile KidTech network, KIDOZ provides an essential suite of services that unites kids’ brands, content publishers and families. KIDOZ is certified safe by Google and Apple approved for use in the App Store. Trusted by Disney, Hasbro, Lego and more, the KIDOZ Safe Ad Network helps the world’s largest brands to safely reach and engage kids across thousands of mobile apps and sites. The KIDOZ OS solution helps carriers and brands such as Lenovo, Acer, and PBS Kids bring a kid-focused experience to their family devices, in a fully GDPR and COPPA compliant way. KIDOZ’s Rooplay (www.rooplay.com) offers an interactive learning experience worldwide with original content featuring Moomin, Mr. Men, Little Miss, Mr. Bean and hundreds more kid-focused learning games.

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 31, 2021, 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 Kidoz Inc.

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