



**KIDOZ Inc.**

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## **Kidoz Inc. Announces Q1 2019 Results**

ANGUILLA, B.W.I., May 15, 2019 – Kidoz Inc. (TSXV:KIDZ) (previously Shoal Games Ltd.) (the "Company"), kid-tech software developer, owner of the KIDOZ content discovery network, the KIDOZ Kid-Mode Operating System ([www.kidoz.net](http://www.kidoz.net)), the Rooplay edu-games platform ([www.rooplay.com](http://www.rooplay.com)), and publisher of the Rooplay Originals games library, announced today its unaudited financial results for the first quarter ended March 31, 2019. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

### **Recent Kidoz Inc. highlights include:**

- Revenue increase to \$305,956 for the first quarter of fiscal 2019
- Completed the acquisition of Kidoz Ltd.
- Closed a private placement of US\$2,000,000
- Completed Company name change to Kidoz Inc.
- Changed TSX Venture Exchange stock ticker symbol to KIDZ
- Implemented the Direct Registration System (DRS) service for shareholders

"The combination of KIDOZ and Shoal Games has created a unique Company in the KidTech market," commented Jason Williams, KIDOZ Co-CEO. "The Acquisition enables the global reach of the KIDOZ content discovery network to be efficiently combined with the Rooplay subscription OTT platform and Rooplay Original games. The combined company is positioned to grow through our exclusive ownership of both content and distribution. The KIDOZ network reaches tens of millions of kids each month attracting top advertisers and allowing the insertion of our proprietary OTT subscription platform which we intend to scale globally. Media budgets continue to shift from Linear TV to digital platforms like KIDOZ as brands seek to engage their customers where kids spend most of their screen time. Digital media buying in the kids market is constrained by the requirement imposed on companies by regulators for the content to be COPPA (in the US) and GDPR-K (in Europe) compliant. The KIDOZ business has been focused, since inception, to meet these stringent requirements thereby making it one of the most respected and safe kids solution providers in the market. KIDOZ management believes that with the further development of both the Rooplay and KIDOZ platforms, and the integration of EdTech content into our global network, that we can create a unique and defensible position in the market."

### **First Quarter Financial Results**

Total Current Assets as at March 31, 2019 were \$3,033,657 and Total Current Liabilities were \$789,985.

Total revenue, net of platform fees to Apple, Google and Amazon, for the quarter ended March 31, 2019, increased to \$305,956, an increase from revenue of \$17,342, in the fourth quarter of 2018 and an increase from revenue of \$24,351 for first quarter of 2018. Ad Tech advertising revenue was \$230,862 for the quarter ended March 31, 2019. Content revenue increased to \$75,094 for the quarter ended March 31, 2019, an increase from revenue of \$17,342, in the fourth quarter of 2018 and an increase from revenue of \$24,351 in the first quarter of 2018. The increase in total revenue compared to the first and fourth quarter of fiscal 2018, is due to acquisition of Kidoz Ltd.

Sales and marketing expenses were \$86,352 for the quarter ended March 31, 2019, an increase of 99% from sales and marketing expenses of \$43,291 in the fourth quarter of fiscal 2018 and a decrease of 45% over expenses of

\$157,184 in the first quarter of fiscal 2018. The increase in sales and marketing expenses compared to the fourth quarter of fiscal 2018 is due to the acquisition of Kidoz Ltd. in the quarter ended March 31, 2019. The decrease in sales and marketing expenses in the quarter ended March 31, 2019, compared to the first quarter of fiscal 2018 was due to reduced marketing campaigns in the first quarter of fiscal 2019, due to delays in launching Rooplay on additional platforms. Selling and marketing expenses principally include sales staff and the publishing services and user acquisition costs to acquire players.

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 \$105,928 for the quarter ended March 31, 2019, an increase of 51% from costs of \$70,087 in the fourth quarter of 2018 and an increase of 27% from costs of \$83,708 for the first quarter of fiscal 2018. The increase in general and administrative expenses compared to the first and fourth quarter of fiscal 2018, is due to the acquisition of Kidoz Ltd. and costs incurred to change the name of the Company to Kidoz Inc. in the quarter ended March 31, 2019.

Salaries, wages, consultants, and benefits increased to \$288,663 for the quarter ended March 31, 2019, an increase of 99%, over salaries, wages, consultants, and benefits of \$145,169 in the fourth quarter of 2018 and an increase of 79% compared to salaries, wages, consultants, and benefits of \$161,422 in the first quarter of 2018. This increase compared to the first and fourth quarter of fiscal 2018, is due to the acquisition of Kidoz Ltd. and higher consulting charges incurred for the Company.

The Company does not capitalize its development costs. The Company expensed \$254,457 in content and software development costs during the quarter ended March 31, 2019, an increase of 24% in content and software development costs of \$204,787 expensed during the fourth quarter of 2018 and a decrease of 6% in content and software development costs compared to content and software development costs of \$270,619 expensed during the first quarter of fiscal 2018. The increase in content and software development expenses compared to the fourth quarter of fiscal 2018 is due to greater software development expenses, particularly development staff, incurred in the development of Rooplay Originals and related technology. The decrease compared to the first quarter of fiscal 2018 is due to less development staff incurred in the development of Rooplay Originals and related technology in the first quarter of fiscal 2018 which is offset by the acquisition of Kidoz Ltd. and the development of the Kidoz Ltd technology.

The net loss after taxation for the quarter ended March 31, 2019, amounted to (\$826,304), a loss of (\$0.01) per share, compared to a net loss of (\$370,814), or (\$0.01) per share in the fourth quarter of fiscal 2018 and compared to a net loss of (\$835,368) or (\$0.01) per share in the quarter ending March 31, 2018. This increase in total loss for the quarter compared to the fourth quarter of fiscal 2018 includes the one-time restructuring and acquisition costs of Kidoz Ltd.

During the quarter ended March 31, 2019, we used cash of (\$608,546) in operating activities compared to using cash of (\$356,011) in the fourth quarter of 2018 and compared to cash used in operating activities of (\$657,412) in the same period in the prior year.

Net cash generated by financing activities was \$1,616,678 in the quarter ended March 31, 2019, which compares to cash used by financing activities of \$734 in the fourth quarter of fiscal 2018 and to cash generated by financing activity of \$2,286,742 in the same period in the prior year.

We had cash and cash equivalents of \$1,831,085 and working capital of \$2,278,297 at March 31, 2019. This compares to cash and cash equivalents of \$641,536 and working capital of \$662,573 at December 31, 2018

For full details of the Company's operations and financial results, please refer to the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or the Kidoz Inc. corporate website at <https://investor.kidoz.net> or on the [www.sedar.com](http://www.sedar.com) website.

### **About Kidoz Inc.**

KIDOZ Inc. (TSXV:KIDZ) ([www.kidoz.net](http://www.kidoz.net)) is the Internet of Kids (IoK). Engaging more than 50 million kids a month across the leading mobile KidTech network, KIDOZ provides an essential suite of services that unites kids brands, content publishers and families. Trusted by Disney, Hasbro, Nintendo, Lego and more, the KIDOZ 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 Garfield, 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 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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