



KIDOZ Inc.

Hansa Bank Building, Ground Floor
Landsome Road, The Valley
AI 2640, Anguilla, BWI
Ph: +1 888-374-2163
Fax: +1 604-694-0301

Kidoz Inc. Announces Q2 2019 Results

ANGUILLA, B.W.I., August 14, 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), the Rooplay edu-games platform (www.rooplay.com), and publisher of the Rooplay Originals games library, announced today its unaudited financial results for the second quarter ended June 30, 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 \$818,286 for the second quarter of fiscal 2019
- Quarterly loss reduced to \$398,296 from \$826,304 in the first quarter of fiscal 2019
- 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
- Certified by Google as a Kid Safe Network

"Securing positive growth in both our business units, AdTech and Content, is an exciting milestone for the Company," commented Jason Williams, KIDOZ Co-CEO. "We have successfully integrated our teams in Israel, Canada, and the UK to maximize all potential synergies and minimize costs through a number of strategic restructuring decisions to optimize the resources of the company. The company is aligned behind the common goal of platform growth by expanding our global AdTech and Content businesses and building on the sales channel relationships working with the KIDOZ brand. We have secured new sales partners in Germany, Italy, India, the Nordics and many more regions as the digital budgets of advertisers continue to increase and the high performance of the KIDOZ in-app network is recognized by marketers. Growth of the KIDOZ network is propelled by consumer behaviour, advertiser demand, and the increased regulation that ensures advertising to kids be safe, secure and relevant. Google recently certified KIDOZ as a kid safe network which has increased demand from advertisers and publishers thus increasing our scale. The digital segment of kids advertising is projected by PwC to grow at more than 20% per year until 2021 and KIDOZ management believes that the Company is in the ideal place to capture a large portion of the increase in global market size. For the remainder of 2019, KIDOZ is focused on securing growth through organic and other strategic means that will create synergies and increase our scale."

Second Quarter Financial Results

Total Current Assets as at June 30, 2019 were \$2,847,026 and Total Current Liabilities were \$688,137.

Total revenue, net of platform fees to Apple, Google and Amazon and withholding taxes, for the quarter ended June 30, 2019, increased to \$818,286, an increase from revenue of \$305,956, in the first quarter of 2019 and an increase from revenue of \$24,343 for second quarter of 2018. Ad Tech advertising revenue increased to \$579,052 for the quarter ended June 30, 2019, an increase from ad tech advertising revenue of \$230,862 in the first quarter of 2019. Content revenue increased to \$239,234 for the quarter ended June 30, 2019, an increase from revenue of \$75,094, in the first quarter of 2019 and an increase from revenue of \$24,343 in the second quarter of 2018. The

increase in total revenue compared to the first quarter of fiscal 2019 and the second of fiscal 2018, is due to acquisition of Kidoz Ltd.

Sales and marketing expenses were \$95,639 for the quarter ended June 30, 2019, an increase of 11% from selling and marketing expenses of \$86,352 in the first quarter of fiscal 2019 and a decrease of 17% over expenses of \$115,508 in the second quarter of fiscal 2018. The increase in sales and marketing expenses compared to the first quarter of fiscal 2019 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 June 30, 2019, compared to the second quarter of fiscal 2018 was due to a reduced marketing campaign in the second 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 \$174,977 for the quarter ended June 30, 2019, an increase of 65% from costs of \$105,928 in the first quarter of 2019 and an increase from costs of \$66,282 for the second quarter of fiscal 2018. The increase in general and administrative expenses compared to the first quarter of fiscal 2019 and the second 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 June 30, 2019.

Salaries, wages, consultants, and benefits of \$144,284 for the quarter ended June 30, 2019, a decrease of 50%, over salaries, wages, consultants, and benefits of \$288,663 in the first quarter of 2019 and a decrease of 14% compared to salaries, wages, consultants, and benefits of \$168,211 in the second quarter of 2018. This decrease compared to the first quarter of fiscal 2019 and the second of fiscal 2018, is due to a reduction of staff and lower consulting charges incurred by the Company for the acquisition of Kidoz Ltd.

The Company does not capitalize its development costs. The Company expensed \$285,304 in content and software development costs during the quarter ended June 30, 2019, an increase of 12% in content and software development costs of \$254,457 expensed during the first quarter of 2019 and an increase of 7% in content and software development costs compared to content and software development costs of \$265,445 expensed during the second quarter of fiscal 2018. The increase compared to the first quarter of fiscal 2019 and the second of fiscal 2018, is due to the acquisition of Kidoz Ltd.

The net loss after taxation for the quarter ended June 30, 2019, amounted to (\$398,296), a loss of (\$0.00) per share, compared to a net loss of (\$826,304), or (\$0.01) per share in the first quarter of fiscal 2019 and a net loss of (\$989,473) or (\$0.02) per share in the quarter ending June 30, 2018. This decrease in total loss for the quarter compared to the first quarter of fiscal 2019 and the second quarter of fiscal 2018 includes the one-time restructuring and acquisition costs of Kidoz Ltd.

During the quarter ended June 30, 2019, we used cash of (\$628,368) in operating activities compared to cash used in operating activities of (\$657,524) in the same period in the prior year and compared to using cash of (\$597,833) in the first quarter of 2019.

Net cash used by financing activities was \$131,541 in the quarter ended June 30, 2019, for the repayment of the short-term loan. This compares to cash used by financing activity of \$1,923 in the same period in the prior year and cash generated by financing activities of \$1,616,678 in the first quarter of fiscal 2019.

We had cash of \$1,049,044 and working capital of \$2,158,890 at June 30, 2019. This compares to cash 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 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) 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 Kidoz Inc.

For further information, please contact:

For more information contact:

Henry Bromley

CFO

ir@kidoz.net

(888) 374-2163