



KIDOZ Inc.

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Kidoz Inc. Announces Q4 2019 Financial Results

ANGUILLA, B.W.I., February 26, 2020 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), kid-tech software developer, owner of the KIDOZ Safe Advertising Network (www.kidoz.net), the KIDOZ Kid-Mode Operating System, and the Rooplay edu-games platform (www.rooplay.com), announced today its unaudited financial results for its fourth quarter ended December 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:

- Net Revenue of \$2,022,259 for the quarter increased 60% over our third quarter of \$1,271,028.
- Fourth quarter net profit of \$97,747, compared to a loss of (\$58,932) in our third quarter.
- Record quarterly revenue.
- Record international revenue.
- Sales partnerships with PML Media and Hub of Hype secured for Latin America.
- Sales partnership with YDigital launched in Portugal, Brazil and South Africa.
- Advancements in Kidoz programmatic advertising systems open up new revenue opportunities.

"The fourth quarter of 2019 was the best in the history of Kidoz," commented Eldad Ben Tora, Kidoz Co-CEO. "The business crossed a record quarterly revenue milestone of \$2,000,000, which took the Company to profitability for the quarter. Our commitment to children's privacy and safety has created one of the fastest growing mobile networks in the world. Every campaign we deliver on the Kidoz platform is free of location information, device identifiers, behavioral data, and other trackers commonly used in digital advertising. By addressing the needs of our users, putting children first, we ensure our regulatory compliance with privacy laws and Google and Apple's strict rules for mobile apps on the Android and iOS platforms. Advertisers benefit from the brand safety that our technology and rigorous methodologies create and our brand clients enjoy some of the highest performing media on the Kidoz system as a result of our industry leading mobile COPPA contextual targeting. In 2019, Kidoz secured a leadership position in global reach with app developer partners, and the results from the fourth quarter are a testament to our advertisers' commitment to our products."

"Building on our performance in 2019, we plan to continue our successful growth strategies in 2020," said Jason Williams, Kidoz Co-CEO. "Our sales, product and operational strategies are custom fit to match the favourable regulatory, consumer and technological trends occurring in the market. As developments in privacy laws in almost every country worldwide look to provide additional protection to minors by controlling digital services and, in some cases, potentially raising the age of minority, Kidoz's importance in the eco-system increases. For consumers, the ubiquity of mobile devices and increasing mobile usage is a long-established trend. For children growing up in a digital world mobile is their preferred device, and with kids representing more than thirty percent of internet users globally, children are a consumer segment of immense size and influence. As we invest in the Kidoz products and methodologies to protect kids and help our mobile partners monetize their content safely, we increase the value we can provide to our advertiser customers. As more content developers prioritize segmenting their customers to protect the minors on their systems, the market increases in size, and those companies providing compliant solutions, like Kidoz, benefit accordingly. We are very pleased with the results of our latest quarter and believe that our strategy will continue to be successful in 2020."

Fourth Quarter Financial Results

Total Current Assets as at December 31, 2019 were \$3,514,485, compared to \$2,849,606 at the end of the third quarter of 2019, and Total Current Liabilities as at December 31, 2019, were \$1,295,267, compared to \$740,756 at the end of the third quarter of 2019.

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the quarter ended December 31, 2019 increased to \$2,022,259, an increase of 59% over total revenue net of fees and withholding taxes of \$1,271,028 for the third quarter of fiscal 2019 and an increase from total revenue of \$17,342 for the fourth quarter of fiscal 2018. Ad Tech advertising revenue for the quarter ended December 31, 2019, increased to \$1,875,958, an increase of 61% over Ad Tech advertising revenue of \$1,165,609 for the third quarter of fiscal 2019. Content revenue for the quarter ended December 31, 2019 increased to \$146,301, an increase of 39% over content revenue of \$105,419 for the third quarter of fiscal 2019 and an increase from content revenue of \$17,342 for the fourth quarter of fiscal 2018. The increase in quarterly total revenue over the third quarter of fiscal 2019 is due to the strong demand for kid-safe advertising generated by the introduction of strong regulations worldwide.

Sales and marketing expenses for the quarter ended December 31, 2019 were \$90,614, a decrease of 4% over selling and marketing expenses of \$94,289 for the fourth quarter of fiscal 2019 and an increase of 109% over selling and marketing expenses of \$43,291 for the fourth quarter of fiscal 2018. The increase in quarterly sales and marketing expenses over the fourth quarter of 2018 was due to our business focus change and the acquisition of Kidoz Ltd. Selling and marketing expenses consist primarily of sales staff salaries and benefits and publishing services and user acquisition costs incurred to acquire game players.

General and administrative expenses consist primarily of premises costs for our offices and development facilities, legal and professional fees, and other general corporate and office expenses. General and administrative expenses decreased to \$116,356 for the quarter ended December 31, 2019, a decrease of 13% from general and administrative expenses of \$134,085 in the third quarter of fiscal 2019 and an increase of 66% over general and administrative expenses of \$70,087 for the fourth quarter of fiscal 2018. The decrease in quarterly general and administrative expenses from those incurred for the third quarter of fiscal 2019 is due to the third quarter completion of reorganization costs incurred in connection with the acquisition of Kidoz Ltd. The increase in quarterly general and administrative expenses over the fourth quarter of fiscal 2018 was due to our change in business focus and the acquisition of Kidoz Ltd.

Salaries, wages, consultants and benefits increased to \$157,886 for the quarter ended December 31, 2019, an increase of 15% over salaries, wages, consultants and benefits of \$136,762 for the third quarter of fiscal 2019 and an increase of 9% over salaries, wages, consultants and benefits of \$145,169 for the fourth quarter of fiscal 2018. These increases over the third quarter of fiscal 2019 and the fourth quarter of fiscal 2018, are due primarily to the employee incentive bonus structure we have implemented.

We do not capitalize our development costs. Content and software development costs of \$271,436 were expensed for the quarter ended December 31, 2019, an increase from content and software development costs of \$270,441 expensed for the third quarter of fiscal 2019 and an increase of 33% from content and software development costs of \$204,787 expensed during the fourth quarter of fiscal 2018.

Net profit for the quarter ended December 31, 2019, after taxation but before depreciation and amortization, was \$97,747, a profit of \$0.00 per share, compared to a net loss after taxation but before applicable depreciation and amortization of (\$58,932), or (\$0.00) per share for the third quarter of 2019, and compared to a net loss of (\$370,814) or (\$0.01) per share for the fourth quarter of 2018. The increase in quarterly net profitability before depreciation and amortization from net losses incurred in the third quarter of 2019 and the fourth quarter of 2018 is primarily due to revenue increases resulting from increased advertising demand during the fourth quarter of fiscal 2019.

During the quarter ended December 31, 2019 we generated cash of \$195,829 from operating activities, compared to cash used in operating activities of (\$160,306) during the third quarter of 2019 and cash used in operating activities of (\$356,011) during the fourth quarter of 2018.

We had cash of \$1,005,624 and working capital of \$2,219,217 at December 31, 2019. This compares to cash of \$812,477 and working capital of \$2,108,850 at September 30, 2019 and 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 the www.sedar.com website.

About Kidoz Inc.

KIDOZ Inc. (TSXV:KIDZ) (www.kidoz.net) owns a popular Kid-Safe mobile network. Engaging more than 100 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. 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 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.

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