



**KIDOZ Inc.**

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

ANGUILLA, B.W.I., April 22, 2020 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), kid-tech software developer, owner of the KIDOZ Safe Advertising Network ([www.kidoz.net](http://www.kidoz.net)), the KIDOZ Kid-Mode Operating System, the KIDOZ publisher SDK, and the Rooplay edu-games platform ([www.rooplay.com](http://www.rooplay.com)), announced today its audited financial results for the year 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:**

- Completed acquisition of Kidoz Ltd. of Israel in March 2019.
- Completed Company name change to Kidoz Inc. from Shoal Games Ltd.
- Changed TSX Venture Exchange stock ticker symbol to KIDZ.
- Record worldwide Revenue of \$4,517,379 for the 2019 fiscal year.
- Cash of \$967,212 and working capital of \$2,219,217 at December 31, 2019.
- 15 new sales partnerships expanding Kidoz sales to Germany, Sweden, Denmark, Norway, Finland, Italy, Spain, Portugal, Mexico, South Africa, LATAM, UAE, and many other regions.
- Google certified KIDOZ as an approved Kid Safe advertising network.
- Apple's updated rules endorse Kidoz's Safe Ad methodologies.
- Crossed 100 million monthly active users (MAU) on the KIDOZ Safe Ad Network.

"2019 was a pivotal year for the Company as we recorded record revenue and record usage on the Kidoz KidSafe network," stated Eldad Ben Tora, Kidoz Co-CEO. "For app developers focused on kids, the Kidoz solution allows them to safely monetize their traffic with brand advertisements from Lego, Disney and other leading brands. For brands, Kidoz is the leading mobile digital media network for reaching kids 13 and under with toys, content and promotions. Unlike most digital advertising, every campaign on the Kidoz platform is free of location information, device identifiers, behavioural data, and other trackers used by advertisers to identify and track users all over the Internet thereby protecting the privacy of our users, the kids. Our Advertisers benefit from the brand safety that our technology creates and the compliant contextual targeting opportunities that we deliver."

"By addressing the privacy concerns of our users, the children first," continued Ben Tora, "we ensure regulatory compliance with privacy laws and Google and Apple's strict rules for mobile apps on the Android and iOS platforms. Since Google's certification of Kidoz and Apple's updated rules endorsing Kidoz's methodologies, the Company is experiencing unprecedented demand for its safe advertising solutions which now reaches more than 100,000,000 kids a month. In 2019, Kidoz secured a leadership position in the market amongst app developers and the segment is only beginning to develop as new rules and stricter regulations are being enacted and enforced by Google, Apple, and governments around the world who are demanding privacy and safety for children online. The Kidoz KidSafe ad technology, all COPPA in America and GDPR-K in Europe approved, is now installed in more than 3,800 different apps, making it the most popular child focused mobile solution in the market."

"Driving our revenue growth is strong underlying system growth for both users and publishers that are using our

Kid Safe technology," stated Jason Williams, Kidoz Co-CEO. " 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. Building on our performance in 2019, we plan to continue our successful growth strategies in 2020. Our sales, product, and operational strategies are custom fit to match the favorable regulatory, consumer, and technological trends occurring in the market. At the same time, we are mindful and monitoring the impact of COVID-19 on our business during these difficult times across the globe. Although it's too early to assess the overall impact of the global COVID-19 pandemic, particularly the levels of advertising by our customers for the rest of the year, the Company has seen an increase in overall user engagement, since the pandemic began. As we invest in the Kidoz products and methodologies to protect kids and help our mobile partners to monetize their content safely, we can increase the value that we can provide to our advertiser customers. For children growing up in a digital world, mobile is their preferred device, and with kids representing more than 30% of internet users globally they are a consumer segment of immense size and influence. We are pleased with our 2019 results and believe that our strategy will continue to be a success in 2020."

### **2019 Annual Financial Results**

Total Current Assets as at December 31, 2019 were \$3,469,904, compared to \$753,378 as at December 31, 2018, and Total Current Liabilities as at December 31, 2019, were \$1,379,399, compared to \$90,805 as at December 31, 2018.

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the year ended December 31, 2019 increased to \$4,517,379, an increase over total revenue net of fees and withholding taxes of \$106,978 for fiscal 2018. Ad Tech advertising revenue for the year ended December 31, 2019, was \$3,828,914. Content revenue for year ended December 31, 2019 increased to \$688,465, an increase over content revenue of \$106,978 for fiscal 2018. The increase in total revenue over fiscal 2018 is due to the acquisition of Kidoz Ltd. and strong demand for kid-safe advertising generated by the introduction of strong regulations worldwide.

Sales and marketing expenses for the year ended December 31, 2019 were \$369,321, an increase of 5% over selling and marketing expenses of \$352,770 for fiscal 2018. The increase in sales and marketing expenses over fiscal 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 increased to \$526,914 for the year ended December 31, 2019, an increase of 94% from general and administrative expenses of \$271,277 in fiscal 2018. The increase in general and administrative expenses are due to the acquisition of Kidoz Ltd. and include the reorganization costs incurred in connection with the acquisition of Kidoz Ltd.

Salaries, wages, consultants and benefits increased to \$722,741 for the year ended December 31, 2019, an increase of 17% over salaries, wages, consultants and benefits of \$618,279 for fiscal 2018. These increases over fiscal 2018, are due the acquisition of Kidoz Ltd.

We do not capitalize our development costs. Content and software development costs of \$1,014,041 were expensed for year ended December 31, 2019, an increase of 7% from content and software development costs of \$948,334 expensed for fiscal 2018. These increases over fiscal 2018, is due the acquisition of Kidoz Ltd.

The Company acquired Kidoz Ltd. during the year which had a significant impact on the Consolidated Statements of Loss and Comprehensive Loss. The net loss after taxation for the year ended December 31, 2019, amounted to (\$14,654,232) a loss of \$0.12 per share, compared to a net loss of (\$2,592,831), a loss of \$0.04 per share, in the year ended December 31, 2018. The fiscal 2019 net loss includes the following significant items relating to the acquisition: acquisition expenses of \$190,228; the Company recognized impairment of goodwill relating to the acquisition of Kidoz Ltd. of \$13,877,385; other non-cash expenses including depreciation and amortization of \$473,854, particularly the amortization of intangible assets acquired in the acquisition of Kidoz Ltd. and share-based compensation expense of \$15,890. The Company considered market conditions including the existing challenges to the world economy due to COVID-19 and deemed the impairment write down of \$13,877,385 advisable.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill (“EBITDA”) for the year ended December 31, 2019, amounted to (\$779,966), compared to EBITDA of (\$2,007,754) in the year ended December 31, 2018.

During the year ended December 31, 2019, we used cash of \$1,210,357 in operating activities compared to using cash of \$2,108,797 in the prior year.

We had cash of \$967,212 and working capital of \$2,192,505 at December 31, 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](http://www.sec.gov) or the Kidoz Inc. corporate website at <https://investor.kidoz.net> or the [www.sedar.com](http://www.sedar.com) website.

### **About Kidoz Inc.**

KIDOZ Inc. (TSXV:KIDZ) ([www.kidoz.net](http://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](http://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 April 22, 2020, 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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