



KIDOZ Inc.

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Kidoz Inc. Announces Q1 2020 Results

ANGUILLA, B.W.I., May 28, 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, the KIDOZ publisher SDK, and the Roolay edu-games platform (www.roolay.com), announced today its unaudited financial results for the first quarter ended March 31, 2020. 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 \$983,979 for the first quarter of fiscal 2020.
- Cash of \$545,512 and working capital of \$1,927,546 at March 31, 2020.
- Development of Kidoz Programmatic Systems
- Launch of Kidoz System Support to Google's New Teacher Approved Program
- Platform Growth to Record Usage Levels of DAU and MAU

“The first quarter of 2020 started well for Kidoz,” stated Eldad Ben Tora, Co-CEO. “We saw strong bookings domestically and internationally across our product lines and demand from our publisher network was excellent as Kidoz offers a unique monetization service in the market. We continue to increase the number of active developer publisher partners and applications on our system given that Kidoz is one of the only ad SDKs and networks both certified by Google and approved by Apple for apps in the Kids section of the App Store.”

“As the market continues to advance technically, we are seeing an increase in campaign volume from programmatic sources and have been investing heavily in our server and SDK technology to ensure we capture these digital advertising opportunities each time they arise,” stated Jason Williams, Co-CEO. “We have launched a new programmatic bidder-server that will become the new core of our server system and allow Kidoz to integrate with any open-real-time-bidding system that creates the demand and supply structure of modern advertising technology. As the under-13 kids market continues to increase in size and importance for advertisers, Kidoz is able to solidify its position and leadership in the market,” continued Williams.

“As the Covid-19 situation unraveled globally in the second half of the quarter we saw record levels of usage on the Kidoz platform with daily active users above nine million for the first time in the Company's history. However, while usage was at its peak, we did see a softening of advertising demand as retail stores were shut and consumer patterns disrupted. Kidoz management took measures to control costs during these uncertain times and remains confident that 2020 will be a strong year for the Company despite a negative impact from Covid-19 on short-term performance.”

First Quarter Financial Results

Total Current Assets as at March 31, 2020 were \$2,738,076, compared to \$3,469,904 as at December 31, 2019, and Total Current Liabilities as at March 31, 2020, were \$810,530, compared to \$1,277,399 as at December 31, 2019.

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the quarter ended March 31, 2020, increased to \$983,979, an increase from revenue of \$305,956 for first quarter of 2019. Ad Tech advertising revenue increased to \$895,555 for the quarter ended March 31, 2020, an increase from ad tech

advertising revenue of \$230,862 in the first quarter of 2019. Content revenue increased to \$88,424 for the quarter ended March 31, 2020, an increase from revenue of \$75,094 in the first quarter of 2019. The increase in total revenue compared to the first quarter of fiscal 2019 is due to acquisition of Kidoz Ltd and the strong demand for kid safe advertising generated by the introduction of strong regulations worldwide.

Selling and marketing expenses were \$115,705 for the quarter ended March 31, 2020, an increase of 34% over expenses of \$86,352 in the first quarter of fiscal 2019. This increase in sales and marketing expenses in the quarter ended March 31, 2020, compared to the first quarter of fiscal 2019 is due to the acquisition of Kidoz Ltd. in the quarter ended March 31, 2019. 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 \$143,255 for the quarter ended March 31, 2020, an increase of 35% from costs of \$105,928 for the first quarter of fiscal 2019. The increase in general and administrative expenses compared to the first quarter of fiscal 2019, is due to the acquisition of Kidoz Ltd.

Salaries, wages, consultants, and benefits decreased to \$136,240 for the quarter ended March 31, 2020, a decrease of 53% compared to salaries, wages, consultants, and benefits of \$288,663 in the first quarter of 2019. This decrease compared to the first quarter of fiscal 2019, is due to the synergies incurred with the acquisition of Kidoz Ltd.

The Company does not capitalize its development costs. The Company expensed \$284,723 in content and software development costs during the quarter ended March 31, 2020, an increase of 17% compared to content and software development costs of \$241,897 expensed during the first quarter of fiscal 2019. The increase compared to the first quarter of fiscal 2019, is due to the acquisition of Kidoz Ltd and the increase in the production of playable ads.

The net loss after taxation for the quarter ended March 31, 2020, amounted to (\$403,924), a loss of (\$0.00) per share, compared to a net loss of (\$826,304) or (\$0.01) per share in the quarter ended March 31, 2019. This decrease in total loss for the quarter compared to the first quarter of fiscal 2019 is due to an increase in revenue as a result of the acquisition of Kidoz Ltd.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill (“EBITDA”) for the period ended March 31, 2020, amounted to (\$246,954), compared to EBITDA of (\$612,007) in the period ended March 31, 2019.

During the quarter ended March 31, 2020, we used cash of (\$400,604) in operating activities compared to cash used in operating activities of (\$585,273) in the same period in the prior year.

During the quarter ended March 31, 2020, we used cash of (\$4,909) in investing activities compared to cash provided by investing activities of \$158,144 in the same period in the prior year.

Net cash used by financing activities was (\$16,187) in the quarter ended March 31, 2020. This compares to cash generating financing activity of \$1,616,678 in the same period in the prior year. The cash generated by financing activity in the first quarter of fiscal 2019 is due to the cash raised from a private placement.

We had cash of \$545,512 and working capital of \$1,927,546 at March 31, 2020. This compares to cash of \$967,212 and working capital of \$2,192,505 at December 31, 2019.

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 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 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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