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Kidoz Inc. Announces Strong Q2 2020 Results in COVID-19 Environment

ANGUILLA, B.W.I., August 12, 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 second quarter ended June 30, 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:

- Cash of \$1,115,332 and working capital of \$1,753,820 at June 30, 2020.
- Q2 Total Revenue of \$736,827 – 75% of Q1 Total Revenue of \$983,979 despite COVID-19 advertising postponements
- Reduced loss to (\$361,399) in Q2 2020, a 10.5% improvement from a loss of (\$403,924) in Q1 2020
- A 20% improvement in EBITDA loss of (\$197,057) in Q2 2020 from an EBITDA loss of (\$246,954) in Q1 2020.
- Cash provided by operating activities of \$144,085 for the six months ended June 30, 2020.
- Launch of pre-bid advertising system to increase KIDOZ Safe Advertising Network programmatic growth

"The second quarter of 2020 was executed by the Kidoz team completely working from home during COVID-19 lockdown," stated Eldad Ben Tora, Co-CEO. "As soon as the pandemic hit, we took company-wide cost containment measures to control costs throughout the organization, including salary reductions which enabled Kidoz to improve its financial performance for the quarter despite revenue declines. As we are a lean organization whose success depends on our execution of technical system development, we made the decision to not furlough or dismiss any employees during the quarter which has resulted in high productivity and high team moral. Our technical, sales, operations, and management teams have risen to the challenge of the pandemic and have proven resilience and ingenuity to deliver these results in a challenging climate."

"We experienced a decline in revenue during the quarter as COVID-19 forced retail stores to close, cinematic productions to be postponed, and advertisers to re-consider their marketing strategies in the short-term," said Jason Williams, Co-CEO. "While a decline in active campaigns is always challenging, the Kidoz team were successful in on-boarding many new advertisers, building some powerful new technology, and expanding the reach of its flagship product the Kidoz Safe Advertising Network. Confirmed by Appfigures, a third-party industry source, the Kidoz Software Development Kit (SDK) is installed on 50% more apps and used by 80% more app developers than it's nearest kid-focused competitor. In-Game advertising remains one of the strongest growth categories for digital advertising with industry predictions of a 300% growth over the next four years with the market growing from \$13.8 billion USD in 2019 to \$35 billion USD in 2024."

"Unlike its competitors, Kidoz is entirely focused on In-Game advertising solutions and is increasingly the preferred choice for game publishers and kids advertisers. Kidoz continues to increase the global reach of its sales teams through partnership strategies and is seeing much improved campaign activity on the network since the beginning of the third quarter. As advertisers return to the market after adjusting their strategies, In-Game ads are

seeing an increase in popularity and the Kidoz management team is optimistic about the market, our products, and the chances for future financial success."

Second Quarter Financial Results

Total Current Assets as at June 30, 2020 were \$2,408,973, compared to \$3,469,904 as at December 31, 2019, and Total Current Liabilities as at June 30, 2020, were \$655,153, 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 June 30, 2020, decreased to \$736,827, a decrease of 10% from revenue of \$818,286 for the second quarter of 2019 and a decrease of 25% from revenue of \$983,979 for the first quarter of 2020. Ad Tech advertising revenue increased to \$611,709 for the quarter ended June 30, 2020, an increase of 6% from ad tech advertising revenue of \$579,052 in the second quarter of 2019 and a decrease of 32% from ad tech revenue of \$895,555 in the first quarter of fiscal 2020. Content revenue decreased to \$125,118, for the quarter ended June 30, 2020, a decrease of 48% from revenue of \$239,234 in the second quarter of 2019 and an increase of 41% from content revenue of \$88,424 in the first quarter of fiscal 2020. The decrease in total revenue compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020 is due to COVID-19 where many advertising campaigns were postponed to the third and fourth quarters of fiscal 2020.

Selling and marketing expenses were \$77,392 for the quarter ended June 30, 2020, a decrease of 19% over expenses of \$95,639 in the second quarter of fiscal 2019 and a decrease of 33% over expenses of \$115,707 in the first quarter of fiscal 2020. This decrease in sales and marketing expenses in the quarter ended June 30, 2020, compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020 is due to reduced sales expenses and the postponement of several marketing campaigns to save funds as a result of COVID-19.

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 decreased to \$106,568 for the quarter ended June 30, 2020, a decrease of 39% from costs of \$174,977 for the second quarter of fiscal 2019 and a decrease of 26% from costs of \$143,255 in the first quarter of fiscal 2020. The decrease in general and administrative expenses compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020, is due primarily to COVID-19, where the company reduced legal and administrative expenses.

Salaries, wages, consultants, and benefits decreased to \$100,612 for the quarter ended June 30, 2020, a decrease of 30% compared to salaries, wages, consultants, and benefits of \$144,284 in the second quarter of 2019 and a decrease of 26% compared to salaries, wages, consultants, and benefits of \$136,240 in the first quarter of 2020. This decrease compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020, is due to the synergies realized from the acquisition of Kidoz Ltd. and a reduction in salaries as a result of COVID-19.

The Company does not capitalize its development costs. The Company expensed \$241,130 in content and software development costs during the quarter ended June 30, 2020, a decrease of 7% compared to content and software development costs of \$260,361 expensed during the second quarter of fiscal 2019 and a decrease of 15% in content and software development costs of \$284,723 in the first quarter of fiscal 2020. The decrease compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020, is due to the decrease in development expenses as a result of COVID-19.

The net loss after taxation for the quarter ended June 30, 2020, amounted to (\$361,399), a loss of (\$0.00) per share, compared to a net loss of (\$398,296) or (\$0.00) per share in the quarter ended June 30, 2019 and compared to net loss of (\$403,924) or (\$0.00) per share in the quarter ended March 31, 2020. This decrease in total loss for the quarter compared to the second quarter of fiscal 2019 and the first quarter of fiscal 2020 is due to cost saving measures implemented as a result of COVID-19.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill ("EBITDA") for the period ended June 30, 2020, amounted to (\$197,057), compared to EBITDA of (\$394,134) in the period ended June 30, 2019 and compared to EBITDA of (\$246,954) in the period ended March 31, 2020.

During the quarter ended June 30, 2020, we provided cash of \$544,689 in operating activities compared to cash used in operating activities of (\$650,438) in the same period in the prior year and cash used in operating activities of (\$400,604) in the first quarter of fiscal 2020.

During the quarter ended June 30, 2020, we used cash of (\$2,199) in investing activities compared to cash used in investing activities of (\$37,960) in the same period in the prior year and cash used in investing activities of (\$4,909) in the first quarter of fiscal 2020.

Net cash generated by financing activities was \$27,330 in the quarter ended June 30, 2020. This compares to cash used in financing activity of (\$140,656) in the same period in the prior year and cash used in financing activity of (\$16,187) in the first quarter of fiscal 2020.

We had cash of \$1,115,332 and working capital of \$1,753,820 at June 30, 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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