



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 Record Profitable Q3 2020 Results

ANGUILLA, B.W.I., November 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 Rooplay edu-games platform (www.rooplay.com), announced today its unaudited financial results for the third quarter ended September 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:

- Q3 2020 Total Revenue of \$1,919,973 - growth of 261% compared to Q2 2020 Total Revenue of \$736,827
- Q3 2020 Profit of \$116,634, from a loss of (\$361,399) in Q2 2020
- Q3 2020 EBITDA of \$346,586 from an EBITDA loss of (\$197,057) in Q2 2020.
- Cash provided by operating activities of \$171,612 for the nine months ended September 30, 2020.
- Cash of \$1,136,999 and working capital of \$2,094,123 at September 30, 2020.

"The third quarter of 2020 was a breakout quarter for Kidoz as our services experienced record levels of usage and bookings," stated Eldad Ben Tora, Co-CEO. "Increasingly, mobile devices are kids' favorite form of entertainment and brands wishing to reach kids are utilizing the safe and engaging advertising opportunities available on the Kidoz platform. Kidoz is a focused mobile software solution provider and the market leader in mobile Kid Safe SDK installations. Advertisers demand high-performing media that is contextually targeted to their desired market segment. Kidoz delivers this unique proposition for advertisers and we continue to grow our revenues and market share by focusing on our technology, customers, and growth strategy."

"Returning to year-over-year quarterly revenue growth of approximately 50% is a huge achievement," commented Jason Williams, Co-CEO. "The Kidoz team were successful in on-boarding many new advertisers, building powerful new technology, and expanding the reach of our flagship product the Kidoz Safe Advertising Network. Our performance shows that Kidoz is entering a strong phase of growth as our product and business strategies are thriving amongst a series of powerful macro trends. Specifically, consumers are shifting to mobile, governments are regulating digital privacy for kids, global marketing budgets are shifting away from television and towards digital channels, Google and Apple continue to implement policies to protect kids on their platforms, app users increasingly embrace ads in-game, advertising media planners pursue contextual targeting offerings, and app developers require safe monetization technology. With so many powerful forces propelling the market forward, Kidoz management believes the company is well positioned to succeed in the coming months and years."

Third Quarter Financial Results

Total Current Assets as at September 30, 2020 were \$3,311,736, compared to \$3,469,904 as at December 31, 2019, and Total Current Liabilities as at September 30, 2020, were \$1,217,613, 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 September 30, 2020, increased to \$1,919,973, an increase of 51% from revenue of \$1,271,028 for the third quarter of 2019 and an increase of 161% from revenue of \$736,827 for the second quarter of 2020. Ad Tech advertising revenue increased to \$1,809,169 for the quarter ended September 30, 2020, an increase of 55% from ad tech advertising revenue of \$1,165,609 in the third quarter of 2019 and an increase of 196% from ad tech revenue of

\$611,709 in the second quarter of fiscal 2020. Content revenue increased to \$125,118, for the quarter ended September 30, 2020, an increase of 5% from revenue of \$105,419 in the third quarter of 2019 and a decrease of 11% from content revenue of \$110,804 in the second quarter of fiscal 2020. The increase in total revenue compared to the third quarter of fiscal 2019 and the second quarter of fiscal 2020 is due to the growth of our advertising customers and our growing publisher reach plus the restart of many advertising campaigns which were previously postponed due to COVID-19.

Selling and marketing expenses were \$84,507 for the quarter ended September 30, 2020, a decrease of 10% over expenses of \$94,289 in the third quarter of fiscal 2019 and an increase of 9% over expenses of \$77,392 in the second quarter of fiscal 2020. This decrease in sales and marketing expenses in the quarter ended September 30, 2020, compared to the third quarter of fiscal 2019 is due to salary reductions of our sales staff and the postponement of several marketing campaigns to save funds as a result of COVID-19. The increase in sales and marketing expenses in the quarter ended September 30, 2020, compared to the second quarter of fiscal 2020 is due to the recommencement of marketing campaigns to promote the Company.

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 \$124,245 for the quarter ended September 30, 2020, a decrease of 7% from costs of \$134,085 for the third quarter of fiscal 2019 and an increase of 17% from costs of \$106,568 in the second quarter of fiscal 2020. The decrease in general and administrative expenses compared to the third quarter of fiscal 2019, is due primarily to COVID-19, where the company reduced general and administrative expenses and the increase in general and administrative expenses over the second quarter of 2020 related to the growth of business activity.

Salaries, wages, consultants, and benefits decreased to \$84,003 for the quarter ended September 30, 2020, a decrease of 39% compared to salaries, wages, consultants, and benefits of \$136,762 in the third quarter of 2019 and a decrease of 17% compared to salaries, wages, consultants, and benefits of \$100,612 in the second quarter of 2020. This decrease compared to the third quarter of fiscal 2019 and the second quarter of fiscal 2020, is due to reduction in salaries as a result of COVID-19.

The Company does not capitalize its development costs. The Company expensed \$279,364 in content and software development costs during the quarter ended September 30, 2020, an increase of 12% compared to content and software development costs of \$249,469 expensed during the third quarter of fiscal 2019 and an increase of 16% in content and software development costs of \$241,130 in the second quarter of fiscal 2020. The increase compared to the third quarter of fiscal 2019 and the second quarter of fiscal 2020, is due to an increase focus in development of our base technology and the development of playable ads.

The net income after taxation for the quarter ended September 30, 2020, amounted to \$116,634, an income of \$0.00 per share, compared to a net loss of (\$58,932) or (\$0.00) per share in the quarter ended September 30, 2019 and compared to net loss of (\$361,399) or (\$0.00) per share in the quarter ended June 30, 2020. This increase in total income for the quarter compared to the third quarter of fiscal 2019 and the second quarter of fiscal 2020 is due to many advertising campaigns commencing which were previously postponed due to COVID-19.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill (“EBITDA”) for the period ended September 30, 2020, amounted to \$346,586, compared to EBITDA of (\$126,863) in the period ended September 30, 2019 and compared to EBITDA of (\$197,057) in the period ended June 30, 2020.

During the quarter ended September 30, 2020, we provided cash of \$27,527 in operating activities compared to cash used in operating activities of (\$214,624) in the same period in the prior year and provided cash of \$171,612 in operating activities for the nine months ended September 30, 2020, compared to cash used in operating activities of (\$1,403,322) for the nine months ended September 30, 2019.

During the quarter ended September 30, 2020, we used cash in investing activities of \$2,524 compared to cash used by investing activities of (\$16,965) in the same period in the prior year and used cash in investing activities of (\$9,632) for the nine months ended September 30, 2020, compared to cash provided by investing activities of \$103,219 for the nine months ended September 30, 2019.

Net cash used by financing activities was (\$3,336) in the quarter ended September 30, 2020. This compares to cash used by financing activity of (\$4,978) in the same period in the prior year and cash generated by financing

activities of \$7,807 for the nine months ended September 30, 2020, compared to cash generated by financing activities of \$1,471,044 for the nine months ended September 30, 2019.

We had cash of \$1,136,999 and working capital of \$2,094,123 at September 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.

For more information contact:

Henry Bromley

CFO

ir@kidoz.net

(888) 374-2163