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Kidoz Inc. Reports Record 2020 Revenue and Profits

Powerful User Growth Fuels 2020 and Continues into 2021

ANGUILLA, B.W.I., February 16, 2021 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), kid-tech software developer and owner of the KIDOZ Safe Ad 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 that as a result of the tremendous user growth on the Company's market leading mobile platform, its unaudited financial results for the fourth quarter ended December 31, 2020, which show record revenue and profits for the Company. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Financial highlights from the fourth quarter of 2020 include:

- Q4 2020 Total Revenue of \$3,507,250 - growth of 83% over Total Revenue of \$1,919,973 in Q3 2020
- Q4 2020 Profit of \$791,642, an increase of 579% over profit of \$116,634 in Q3 2020
- Q4 2020 EBITDA of \$1,016,956 compared to EBITDA of \$346,587 in Q3 2020.

Financial highlights from fiscal 2020 include:

- Fiscal 2020 Total Revenue of \$7,148,029 - growth of 58% over fiscal 2019 Total Revenue of \$4,517,379
- Fiscal 2020 Profit of \$142,953, compared to loss of (\$14,654,232) in fiscal 2019
- Fiscal 2020 EBITDA of \$919,532 compared to EBITDA loss of (\$878,041) in fiscal 2019
- Cash of \$1,226,045 and working capital of \$3,113,763 as at December 31, 2020.

Powerful consumer, market and regulatory trends are fueling Kidoz's growth. Advertisers spend where there are high concentrations of users and as Kidoz continues to grow its user base, the Company expects to capture an increasing portion of the child and family directed advertising spend in the market. Advertisers are searching for new and innovative ways to reach their audiences and while mobile advertising is not new, marketers of toys and other child directed products have overly relied on television in the past. As television viewing declines and new channels such as mobile are tested by marketers, a shift in the child-directed advertising landscape increasingly unfolds.

Kidoz works with more apps and more app publishers than any other child-focused network. In the report "Deconstructing Mobile & Tablet Gaming" published by The NDP Group Inc. it was found that, of the 303.7 million total mobile users in the US and Canada in 2020, 238.7 million were active mobile gamers. This represents 79% of the North American population who use mobile devices to play mobile apps.

Kidoz owns and develops the leading kid-focused advertising network that compliantly reaches kids and families on mobile devices – 300+ million users worldwide. As mobile is increasingly the dominant entertainment platform used by kids of all ages, Kidoz is experiencing record user growth and advertiser demand. Advertisers can no longer reach children effectively on broadcast television and have increased both the frequency and size of advertising campaigns with Kidoz.

Kidoz offers advertisers high performance video media and interactive advertising opportunities. As Kidoz users are frequently playing games when presented advertising, they are receptive to play with interactive ad formats which are highly coveted by advertisers. Advertisers pay high premiums for custom playable advertisements that are built by Kidoz's dedicated studio. These interactive ads have provided advertising clients with innovative opportunities to put digital versions of their products into the hands of kids at the precise time they are open to trying new experiences.

Increased regulation in mobile apps and digital advertising also benefit Kidoz. Historically, mobile advertising was open to all networks and to the highest bidder for an ad opportunity. However, regulations such as COPPA and GDPR and increased pressure from the platform owners Apple and Google have forced apps to segment their traffic into kids and adults. This trend has increased the identified addressable market for Kidoz and this powerful trend has only just begun. As more apps continue to adopt age segmentation and more regulation is applied to the networks that can reach this market, Kidoz gains.

As Kidoz is a global operation, the Company benefits from these same consumer, market, and regulatory trends in almost every country in the world. Advertiser bookings are steadily increasing year-over-year in every region and as the capabilities of the Kidoz Safe Advertising Platform advance, so does the Company's capacity to increase the speed of its growth. The Kidoz management team is excited about the Company's 2020 results and believes that due to its strong technology and market position, that growth in 2021 will increase.

Fourth Quarter Financial Results

Total Current Assets as at December 31, 2020 were \$5,249,555, compared to \$3,469,904 as at December 31, 2019, and Total Current Liabilities as at December 31, 2020, were \$2,135,792, 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 fourth quarter ended December 31, 2020, increased to \$3,507,250, an increase of 65% from revenue of \$2,122,109 for the fourth quarter of 2019 and an increase of 83% from revenue of \$1,919,973 for the third quarter of 2020. The increase in total revenue compared to the fourth quarter of fiscal 2019 and the third 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 \$120,342 for the fourth quarter ended December 31, 2020, an increase of 29% over expenses of \$93,041 in the fourth quarter of fiscal 2019 and an increase of 42% over expenses of \$84,507 in the third quarter of fiscal 2020. This increase in sales and marketing expenses in the fourth quarter ended December 31, 2020, compared to the fourth quarter of fiscal 2019 is due to the recommencement of marketing campaigns to promote the Company. The increase in sales and marketing expenses in the fourth quarter ended December 31, 2020, compared to the third quarter of fiscal 2020 is due to salary reductions of our sales staff in the third quarter of fiscal 2020 and the commencement of several marketing campaigns previously delayed 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 increased to \$154,640 for the fourth quarter ended December 31, 2020, an increase of 38% from costs of \$111,924 for the fourth quarter of fiscal 2019 and an increase of 24% from costs of \$124,245 in the third quarter of fiscal 2020. The increase in general and administrative expenses compared to the fourth quarter of fiscal 2019 and the third quarter of fiscal 2020, is due an increase in fees paid to our professional advisors. The Company continues to maintain its current office space despite the large majority of our staff working from home since early March 2020.

Salaries, wages, consultants, and benefits of \$149,803 for the fourth quarter ended December 31, 2020, a decrease of 2% compared to salaries, wages, consultants, and benefits of \$153,032 in the fourth quarter of 2019 and an increase of 78% compared to salaries, wages, consultants, and benefits of \$84,003 in the third quarter of 2020. This increase compared to the third quarter of fiscal 2020, is due to reduction in salaries and consultant fees as a result of COVID-19 in the third quarter of fiscal 2020 with the employees returning to their normal salaries in the fourth quarter of fiscal 2020.

The Company does not capitalize its development costs. The Company expensed \$344,685 in content and software development costs during the fourth quarter ended December 31, 2020, an increase of 23% compared to content

and software development costs of \$203,839 expensed during the fourth quarter of fiscal 2019 and an increase of 69% in content and software development costs of \$279,364 in the third quarter of fiscal 2020. The increase compared to the fourth quarter of fiscal 2019 and the third quarter of fiscal 2020, is due to an increase in focus in development of our base technology and the development of playable ads. In addition, the Company hired additional staff to facilitate the Companies continued growth. This hiring has continued into the first quarter of fiscal 2021 to our present total complement of 26 staff worldwide.

The net income after taxation for the fourth quarter ended December 31, 2020, amounted to \$791,642, an increase of 579% over net income of \$116,634, in the previous quarter ended September 30, 2020. This increase in total income for the fourth quarter compared to the third quarter of fiscal 2020 is due to the increase in the number of advertising campaigns reaching a larger number of users.

The increase in net income after taxation for the year ended December 31, 2020, amounted to \$142,953, compared to a net loss of (\$13,370,700) in the year ended December 31, 2019. This increase in total income for the fiscal year 2020 compared to fiscal 2019 is due to the increase in advertising revenue and no write off of goodwill incurred in 2019 from the acquisition of Kidoz Ltd. in March of 2019.

Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill (“EBITDA”) for the fourth quarter ended December 31, 2020, amounted to \$1,016,956, compared to EBITDA of \$346,587 in third quarter ended September 30, 2020. EBITDA for the year ended December 31, 2020 amounted to \$919,532 compared to an EBITDA loss of (\$878,041) in fiscal 2019

During the quarter ended December 31, 2020, we provided cash of \$85,366 in operating activities compared to cash provided by operating activities of \$192,965 in the same period in the prior year and provided cash of \$256,978 in operating activities for the year ended December 31, 2020, compared to cash used in operating activities of (\$1,210,357) for the year ended December 31, 2019.

During the quarter ended December 31, 2020, we used cash in investing activities of (\$11,905) compared to cash used by investing activities of (\$35,381) in the same period in the prior year and used cash in investing activities of (\$21,537) for the year ended December 31, 2020, compared to cash provided by investing activities of \$67,838 for the year ended December 31, 2019.

Net cash provided by financing activities was \$15,585 in the quarter ended December 31, 2020. This compares to cash used by financing activity of (\$2,849) in the same period in the prior year and cash generated by financing activities of \$23,392 for the year ended December 31, 2020, compared to cash generated by financing activities of \$1,468,195 for the year ended December 31, 2019.

We had cash of \$1,226,045 and working capital of \$3,113,763 as at December 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 the popular Kid-Safe mobile network. Engaging more than 300 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. KIDOZ is certified safe by Google and Apple approved for use in the App Store. 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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