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Kidoz Inc. Announces 196% Revenue Growth in Q2 2021 Results

ANGUILLA, B.W.I., August 16, 2021 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), mobile AdTech developer and owner of the market leading KIDOZ Contextual Ad Network (www.kidoz.net) and the Kidoz Publisher SDK, announced today its unaudited financial results for the second quarter ended June 30, 2021. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Recent Kidoz Inc. Q2 2021 highlights include:

- Total Revenue of \$2,177,505 - growth of 196% compared to Q2 2020 Total Revenue of \$736,827.
- AdTech revenue of \$2,120,500 – growth of 247% compared to Q2 2020 AdTech Revenue \$611,709.
- Gross Profit of \$1,024,333 – growth of 214% compared to Q2 2020 Gross Profit of \$325,769.
- EBITDA of \$48,079 a 124% improvement from an EBITDA loss of (\$197,057) in Q2 2020.
- Commencement of Stock awareness program in Q2 2021 at a cost of \$285,857.
- Net Loss of (\$545,077) from a loss of (\$361,399) in Q2 2020.
- Cash provided by operations of \$313,830 for the six months ended June 30, 2021 compared to cash provided by operations of 144,085 in the same period in the prior year.
- Cash of \$1,553,626 and working capital of \$2,948,809 as at June 30, 2021.

"The Kidoz strategy of safe mobile contextual advertising is performing as planned in 2021," stated Eldad Ben Tora, Kidoz Co-CEO. "The powerful revenue growth in our core AdTech products of 247% over 2020 and 41% over Q1 2021 is a result of Kidoz's leadership position and quality media offering that our customers demand in ever increasing volumes. After years of dedicated software and business development the Kidoz system is the market leader across thousands of apps who have adopted our technology and enjoy some of the best advertising campaigns from the long list of renowned Kidoz advertisers. As the Kidoz brand continues to build in the global AdTech economy and as our latest software products are released, management believes our trajectory of growth will continue."

"While our revenue is growing at a rapid pace, we also saw expenses rise in Q2, 2021 with Kidoz investing in a corporate awareness program to expand the investor base in our public stock at a cost of \$285,857 with the majority of this cost being non-cash expenses. Additionally, the Company paid one-time bonuses to our staff to compensate them for their commitment to the Company during the COVID downturn." stated Jason Williams, Kidoz Co-CEO. "Kidoz is on a record pace for its 2021 performance and the entire company is focused on the upcoming busy season when advertisers want to reach children, teens and families at enormous scale during the back-to-school and holiday periods. The Company is committed to achieving our product development and financial goals for the year."

Second Quarter 2021 Financial Results

Total Current Assets as at June 30, 2021 were \$4,521,191, compared to \$5,249,555 as at December 31, 2020, and Total Current Liabilities as at September 30, 2020, were \$1,572,382, compared to \$2,178,010 as at December 31, 2020.

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the quarter ended June 30, 2021, increased to \$2,177,505, an increase of 196% from revenue of \$736,827 for the second quarter of 2020 and an increase of 40% from revenue of \$1,557,942 for the first quarter of 2021. Ad Tech advertising revenue

increased to \$2,120,500 for the quarter ended June 30, 2021, an increase of 247% from ad tech advertising revenue of \$611,709 in the second quarter of 2020 and an increase of 41% from Ad tech revenue of \$1,504,300 for the first quarter of 2021. Content revenue decreased to \$57,005, for the quarter ended June 30, 2021, a decrease of 54% from revenue of \$125,118 in the second quarter of 2020 and an increase of 6% from Content revenue of \$53,642 for the first quarter of 2021. The increase in total revenue compared to the second quarter of fiscal 2020 and the first quarter of fiscal 2021 is due to the strong demand for contextual advertising generated by the introduction of strong regulations worldwide.

Selling and marketing expenses were \$181,144 for the quarter ended June 30, 2021, an increase of 134% over expenses of \$77,392 in the second quarter of fiscal 2020 and an increase of 41% over expenses of \$128,688 in the first quarter of fiscal 2021. This increase in sales and marketing expenses in the quarter ended June 30, 2021, compared to the second quarter of fiscal 2020 and the first quarter of fiscal 2021 is due to one-time bonuses paid to our sales staff in recognition of their dedicated service during the stressful COVID-19 period.

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 \$166,361 for the quarter ended June 30, 2021, an increase of 56% from costs of \$106,568 for the second quarter of fiscal 2020, an increase of 5% from costs of \$157,695 for the first quarter of fiscal 2021. The increase in general and administrative expenses compared to the second quarter of fiscal 2020 and the first quarter of fiscal 2021 is due an increase in fees paid to our professional advisors and an increase in recruiting fees to hire additional employees.

During the quarter ended June 30, 2021 the Company commenced a Corporate stock awareness program. The Company engaged Research Capital Corporation, Stockhouse Publishing Ltd. and Proactive for financial and capital markets advisory services and to assist with general market outreach to increase investor awareness as the Company continues to achieve important milestones and grow its investor base. The Company incurred stock awareness expenses of \$285,857 during the quarter ended June 30, 2021 of which \$262,865 is a non-cash expense from the issuance of shares and warrants to Research Capital Corporation.

Salaries, wages, consultants, and benefits increased to \$256,336 for the quarter ended June 30, 2021, an increase of 155% compared to salaries, wages, consultants, and benefits of \$100,612 in the second quarter of 2020 and an increase of 94% compared to salaries, wages, consultants, and benefits of \$132,242 in the first quarter of 2021. This increase compared to the second quarter of fiscal 2020 and the first quarter of fiscal 2021 is primarily due to one-time staff bonuses paid in recognition of their dedicated service during the stressful COVID-19 period.

The Company does not capitalize its development costs. The Company expensed \$366,046 in content and software development costs during the quarter ended June 30, 2021, an increase of 52% compared to content and software development costs of \$241,130 expensed during the second quarter of fiscal 2020 and an increase of 9% compared to content and software development costs of \$337,293 expensed during the first quarter of fiscal 2021. The increase is due to one-time bonuses paid to our development staff in recognition of their dedicated service during the stressful COVID-19 period and the hiring additional development staff to increase the development of our base technology.

Earnings before interest; depreciation and amortization; stock awareness program, stock-based compensation and impairment of goodwill (“EBITDA”) for the period ended June 30, 2021, amounted to \$48,079, an increase of 124%, compared to an EBITDA loss of (\$197,057) in the period ended June 30, 2020 and an improvement of 143%, compared to an EBITDA loss of (\$110,682) in the first quarter of fiscal 2021.

The net loss after taxation for the quarter ended June 30, 2021, amounted to (\$545,077), a loss of (\$0.00) per share, compared to a net loss of (\$361,399) or (\$0.00) per share in the quarter ended June 30, 2020 and compared to a net loss of (\$347,044) or (\$0.00) per share in the quarter ended March 31, 2021. The loss excluding the Stock awareness program was (\$259,220) or (\$0.00) per share in the quarter ended June 30, 2021, a reduction of 25% from the loss of (\$347,044) in the first quarter of 2021. This increase in net loss for the quarter compared to the second quarter of fiscal 2020 and the decrease in net loss from the first quarter of fiscal 2021 is due to the stock awareness program and one-time bonuses paid to our staff and consultants in recognition of their dedicated service during the stressful COVID-19 period.

During the six months ended June 30, 2021, we provided of \$313,830 in operating activities compared to cash provided in operating activities of \$144,085 in the same period in the prior year.

During the six months ended June 30, 2021, we used cash in investing activities of (\$5,580) compared to cash used in investing activities of (\$7,108) in the same period in the prior year.

Net cash provided by financing activities was \$19,331 in the six months ended June 30, 2021. This compares to cash provided by financing activities of \$11,143 in the same period in the prior year.

We had cash of \$1,553,626 and working capital of \$2,948,809 at June 30, 2021. This compares to cash of \$1,226,045 and working capital of \$3,071,545 as at December 31, 2020.

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 leading COPPA & GDPR compliant contextual mobile advertising network that safely reaches hundreds of million kids, teens, and families every month. Google certified and Apple approved, Kidoz provides an essential suite of advertising technology that unites brands, content publishers and families. Trusted by Disney, Hasbro, Lego and more, the Kidoz Contextual Ad Network helps the world's largest brands to safely reach and engage kids across thousands of mobile apps, websites and video channels. The Kidoz network does not use location or PII data tracking commonly used in digital advertising. Instead, Kidoz has developed advanced contextual targeting tools to enable brands to reach their ideal customers with complete brand safety. A focused AdTech solution provider, the Kidoz SDK and Kidoz Programmatic network have become essential products in the digital advertising ecosystem.

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 March 31, 2021, 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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