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Kidoz Inc. Reports Record 2021 Revenue and Second Annual Profitable Year

Advertiser Demand and User Growth Fuels 2021 and Accelerates into 2022

ANGUILLA, B.W.I., February 17, 2022 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), mobile AdTech developer and owner of the market leading Kidoz Contextual Ad Network (www.kidoz.net); the safe programmatic ad sourcing solution "Kidoz Connect"; and the Kidoz Publisher SDK, announced today that as a result of the powerful advertiser and user growth on the Company's market leading mobile platform, its unaudited financial results for the fourth quarter ended December 31, 2021, 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 2021 include:

- Total Revenue of \$5,883,484 - growth of 109% over Total Revenue of \$2,814,642 in Q3 2021
- Profit of \$990,302, an increase of \$1,065,342 over a loss of (\$75,040) in Q3 2021
- Adjusted EBITDA of \$1,353,442 – growth of 409% over Adjusted EBITDA of \$265,984 in Q3 2021.

Financial highlights from fiscal 2021 include:

- Fiscal 2021 Total Revenue of \$12,433,573 - growth of 74% over fiscal 2020 Total Revenue of \$7,148,029
- Fiscal 2021 GAAP Profit of \$23,141, compared to a GAAP Profit of \$103,971 in fiscal 2020
- Fiscal 2021 Adjusted EBITDA of \$1,507,720 compared to Adjusted EBITDA of \$771,236 in fiscal 2020
- Cash of \$2,078,607 and working capital of \$4,539,842 as at December 31, 2021
- Non Capitalized R&D expenditures of \$1,678,848 up from \$1,149,902 in fiscal 2020.

"Kidoz occupies the perfect position as the leader in safe contextual mobile advertising," stated Jason Williams, Kidoz Co-CEO. "As broadcast television continues to decline and mobile apps continue to rise, the demand for safe advertising opportunities on mobile has never been higher. Advertisers are looking for brand-safe media with the widest reach and Kidoz is the solution. Kidoz is able to work to the specific requirements of leading family brands to build awareness and create engagement with every campaign and feature product."

"The Kidoz technology platform is advancing quickly and we continue to open new opportunities to increase revenues and advance the monetization of our global network. Kidoz operates its core, child-directed, media business along with newly launched products that service teens, parents, performance marketing advertisers, and safe-programmatic advertising via the Kidoz Connect solution. As our software continues to be refined and expands further into the global advertising technology market we are able to increase our rate of growth and build new revenue streams from within the enormous \$400 billion digital advertising market."

"In 2021 Kidoz launched campaigns for brands in 58 different countries," stated Eldad Ben Tora, Kidoz Co-CEO. "Kidoz has built a global solution and is represented by a global network of sales agents who know the local representatives and brands looking to reach kids and families in a safe and compliant way. While Kidoz's growth was outstanding in 2021, management believes that we are only beginning to realize the potential of our technology and the strength of our market position."

"2022 has started on a record pace and management is confident that we will be able to continue to increase our growth. Kidoz continues to expand the number of markets in which we operate and the number of products we can monetize. It's with great pleasure to the entire Kidoz team, now 32 strong, that we can work together to achieve such exciting results."

Fourth Quarter Financial Results

Total Current Assets as at December 31, 2021 were \$8,770,032, compared to \$5,249,555 as at December 31, 2020, and Total Current Liabilities as at December 31, 2021, were \$4,230,190, 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 fourth quarter ended December 31, 2021, increased to \$5,883,484, an increase of 68% from revenue of \$3,507,250 for the fourth quarter of 2020 and an increase of 109% from revenue of \$2,814,642 for the third quarter of 2021. The increase in total revenue compared to the fourth quarter of fiscal 2020 and the third quarter of fiscal 2021 is due to the growth of our publisher reach and our advertising customers increasing their advertising budgets with the Kidoz safe mobile network.

Selling and marketing expenses were \$175,440 for the fourth quarter ended December 31, 2021, an increase of 46% over expenses of \$120,342 in the fourth quarter of fiscal 2020 and an increase of 12% over expenses of \$156,122 in the third quarter of fiscal 2021. This increase in sales and marketing expenses in the fourth quarter ended December 31, 2021, compared to the fourth quarter of fiscal 2020 and over the third quarter of fiscal 2021 is due to an increase in the sales and marketing team to serve our clients better.

Additionally, the Company commenced a Stock Awareness Program in the second quarter of 2021 to increase the visibility of the Company to the general investment community at a total cost of \$402,845 in fiscal 2021. The total number of shares traded on the TSXV over the period increased 500% to 4,232,681 shares from 844,921 shares in the comparable 9 month period in 2020. The program expenses were \$51,596 for the fourth quarter ended December 31, 2021, a decrease of 21% over expenses of \$65,392 in the third quarter of fiscal 2021.

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 \$135,061 for the fourth quarter ended December 31, 2021, a decrease of 13% from costs of \$154,640 for the fourth quarter of fiscal 2020 and a decrease of 7% from costs of \$145,765 in the third quarter of fiscal 2021. The decrease in general and administrative expenses compared to the fourth quarter of fiscal 2020 and the third quarter of fiscal 2021, is due a decrease 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 \$182,005 for the fourth quarter ended December 31, 2021, an increase of 21% compared to salaries, wages, consultants, and benefits of \$149,803 in the fourth quarter of 2020 and an increase of 48% compared to salaries, wages, consultants, and benefits of \$123,381 in the third quarter of 2021. This increase compared to the fourth quarter of fiscal 2020 and the third quarter of fiscal 2021 is due to an increase in the overall headcount of staff employed by the Company to service its rapid growth.

The Company does not capitalize its development costs. The Company expensed \$497,950 in software development costs during the fourth quarter ended December 31, 2021, an increase of 44% compared to software development costs of \$344,685 expensed during the fourth quarter of fiscal 2020 and an increase of 4% in software development costs of \$477,559 in the third quarter of fiscal 2021. The increase compared to the fourth quarter of fiscal 2020 and the third quarter of fiscal 2021, is due to an increased focus in development of our base technology and the development of our safe programmatic ad sourcing solution Kidoz Connect.

Throughout the year the Company hired additional development and sales and marketing staff to facilitate our continued growth. This hiring has continued into the first quarter of fiscal 2022 to our present total complement of 32 staff worldwide.

The net income after taxation for the fourth quarter ended December 31, 2021, amounted to \$990,302, an increase of \$237,642 over a net income of \$752,660, for the fourth quarter of fiscal 2020 and an increase of \$1,065,342 over a loss of (\$75,040), in the previous quarter ended September 30, 2021. This increase in total income for the fourth quarter compared to the fourth quarter of fiscal 2020 and the third quarter of fiscal 2021 is due to the increase in the number of advertising campaigns reaching a larger number of users.

The net income after taxation for the year ended December 31, 2021, amounted to \$23,141, compared to a net income of \$103,971 in the year ended December 31, 2020. This decrease in total income for the fiscal year 2021 compared to fiscal 2019 is due to the increased expenses incurred by commencing the Stock Awareness Program.

Adjusted earnings before interest; depreciation and amortization; stock awareness program; stock-based compensation and impairment of goodwill (“Adjusted EBITDA”) for the fourth quarter ended December 31, 2021, amounted to \$1,353,443, compared to Adjusted EBITDA of \$913,355 for the fourth quarter of fiscal 2020 and \$265,984 in third quarter ended September 30, 2021.

Adjusted EBITDA for the year ended December 31, 2021 amounted to \$1,507,720 compared to EBITDA of \$771,236 in fiscal 2020.

During the quarter ended December 31, 2021, we provided cash of \$896,743 in operating activities compared to cash provided by operating activities of \$85,366 in the same period in the prior year and provided cash of \$851,399 in operating activities for the year ended December 31, 2021, compared to cash provided by operating activities of \$256,978 for the year ended December 31, 2020.

During the quarter ended December 31, 2021, we used cash in investing activities of (\$313) compared to cash used by investing activities of (\$3,532) in the same period in the prior year and used cash in investing activities of (\$409) for the year ended December 31, 2021, compared to cash used by investing activities of (\$21,537) for the year ended December 31, 2020.

Net cash used in financing activities was (\$7,831) in the quarter ended December 31, 2021. This compares to cash provided by financing activity of \$7,212 in the same period in the prior year and cash generated by financing activities of \$1,572 for the year ended December 31, 2021, compared to cash generated by financing activities of \$23,392 for the year ended December 31, 2020.

We had cash of \$2,078,607 and working capital of \$4,539,842 as at December 31, 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 millions of 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 Contextual Ad 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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