

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2022**

**TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE EXCHANGE  
ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 333-120120-01

**KIDOZ INC.**

\_\_\_\_\_  
(Exact name of small business issuer as specified in its charter)

**ANGUILLA**

**98-0206369**

\_\_\_\_\_  
(State or other jurisdiction of incorporation or  
organization)

\_\_\_\_\_  
(IRS Employer Identification No.)

**Hansa Bank Building, Ground Floor, Landsome Road  
AI 2640, The Valley, Anguilla, B.W.I**

\_\_\_\_\_  
(Address of principal executive offices)

**(888) 374-2163**

\_\_\_\_\_  
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Shares	KIDZ	Toronto Venture Stock Exchange

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Sections 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

---

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS** The number of outstanding shares of the Issuer's common stock, no par value per share, was 131,424,989 as of May 16, 2022.

---

**KIDOZ INC.**

**QUARTERLY REPORT ON FORM 10-Q  
FOR THE PERIOD ENDED MARCH 31, 2022**

**TABLE OF CONTENTS**

	<u>PAGE</u>
PART I - FINANCIAL INFORMATION .....	2
ITEM 1. Consolidated Financial Statements.....	2
Consolidated Balance Sheets .....	2
Consolidated Statements of Operations and Comprehensive Loss .....	3
Consolidated Statements of Stockholders' Equity .....	4
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements .....	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	24
ITEM 4. Controls and Procedures.....	32
PART II - OTHER INFORMATION .....	34
ITEM 1. Legal Proceedings .....	34
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.....	34
ITEM 3. Defaults Upon Senior Securities .....	34
ITEM 4. Submission of Matters to a Vote of Security Holders.....	34
ITEM 5. Other Information.....	34
ITEM 6. Exhibits and reports on Form 8-K .....	35
EXHIBITS .....	35
SIGNATURES.....	37
CERTIFICATIONS .....	38
Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002 .....	41

## PART I - FINANCIAL INFORMATION

### ITEM 1. Financial Statements.

#### **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

#### Consolidated Balance Sheets (Unaudited)

As at	March 31, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash	\$ 2,080,470	\$ 2,078,607
Accounts receivable, less allowance for doubtful accounts \$56,004 (December 31, 2021 - \$56,605) (Note 3)	3,783,684	6,627,864
Prepaid expenses	156,882	105,468
<b>Total Current Assets</b>	<b>6,021,036</b>	<b>8,811,939</b>
Equipment (Note 4)	25,288	20,523
Goodwill (Note 6)	3,301,439	3,301,439
Intangible assets (Note 5)	1,556,760	1,694,917
Long term cash equivalent	23,988	23,624
Operating lease right-of-use assets (Note 12)	58,061	65,464
Security deposit	7,743	7,625
<b>Total Assets</b>	<b>\$ 10,994,315</b>	<b>\$ 13,925,531</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,153,912	\$ 3,693,944
Accrued liabilities	608,841	471,882
Accounts payable and accrued liabilities - related party (Note 13)	119,384	53,829
Derivative liability – warrants (Note 2e and 9)	7,021	23,365
Operating lease liabilities – current portion (Note 12)	32,606	32,068
<b>Total Current Liabilities</b>	<b>1,921,764</b>	<b>4,275,088</b>
Deferred tax liability	210,499	210,499
Government CEBA loan (Note 8)	47,977	47,248
Operating lease liabilities – non-current portion (Note 12)	34,422	41,999
<b>Total Liabilities</b>	<b>2,214,662</b>	<b>4,574,834</b>
Commitments (Note 11)		
Stockholders' Equity (Note 9):		
Common stock, no par value, unlimited shares authorized, 131,424,989 shares issued and outstanding (December 31, 2021 - 131,424,989)	50,124,917	49,964,919
Accumulated deficit	(41,369,844)	(40,638,802)
Accumulated other comprehensive income:		
Foreign currency translation adjustment	24,580	24,580
<b>Total Stockholders' Equity</b>	<b>8,779,653</b>	<b>9,350,697</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 10,994,315</b>	<b>\$ 13,925,531</b>

See accompanying notes to the consolidated financial statements.

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Consolidated Statements of Operations and Comprehensive Loss  
For Periods Ended March 31, 2022 and 2021  
(Unaudited)

	2022	2021
Revenue:		
Ad tech advertising revenue	\$ 2,178,311	\$ 1,504,300
Content revenue	105,663	53,642
Total revenue	2,283,974	1,557,942
Cost of sales:	1,453,079	872,901
Total cost of sales	1,453,079	872,901
Gross profit	830,895	685,041
Operating expenses:		
Amortization of operating lease right-of-use assets (Note 12)	7,403	17,509
Depreciation and amortization (Notes 4 & 5)	140,371	141,832
Directors fees (Note 13)	1,000	2,000
General and administrative	215,894	157,695
Salaries, wages, consultants and benefits (Note 13)	278,199	132,242
Selling and marketing (Note 13)	180,014	128,688
Stock awareness program	51,331	-
Stock-based compensation (Note 9 & 13)	159,998	77,021
Content and software development (Note 7 & 13)	516,639	337,293
Total operating expenses	1,550,849	994,280
Loss before other income (expense) and income taxes	(719,954)	(309,239)
Other income (expense):		
Foreign exchange loss	(27,432)	(37,805)
Gain on derivative liability – warrants (Note 2e)	16,344	-
Loss before income taxes	(731,042)	(347,044)
Income tax expense	-	-
Loss after tax	(731,042)	(347,044)
Other comprehensive income (loss)	-	-
Comprehensive loss	\$ (731,042)	\$ (347,044)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)
Weighted average common shares outstanding, basic	131,424,989	131,124,989
Weighted average common shares outstanding, diluted	131,424,989	131,124,989

See accompanying notes to the consolidated financial statements.

# KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the periods ended March 31, 2022 and 2021

(Unaudited)

Three-Month period Ended March 31, 2022					
Common stock	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive income	Total Stockholders' Equity
				Foreign currency translation adjustment	
Balance, December 31, 2021	131,424,989	\$49,964,919	(\$40,638,802)	\$ 24,580	\$9,350,697
Stock-based compensation	-	159,998	-	-	159,998
Net loss and comprehensive loss	-	-	(731,042)	-	(731,042)
Balance, March 31, 2022	131,424,989	\$50,124,917	(\$41,369,844)	\$ 24,580	\$8,779,653

  

Three-Month period Ended March 31, 2021					
Common stock	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive income	Total Stockholders' Equity
				Foreign currency translation adjustment	
Balance, December 31, 2020	131,124,989	\$49,094,096	(\$40,448,481)	\$ 24,580	\$8,670,195
Stock-based compensation	-	77,021	-	-	77,021
Net loss and comprehensive loss	-	-	(347,044)	-	(347,044)
Balance, March 31, 2021	131,124,989	\$49,171,117	(\$40,795,525)	\$ 24,580	\$8,400,172

See accompanying notes to the consolidated financial statements.

# KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

## Consolidated Statements of Cash Flows

For the Three month periods ended March 31, 2022 and 2021

(Unaudited)

	2022		2021
<b>Cash flows from operating activities:</b>			
Net loss	\$ (731,042)	\$	(347,044)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	140,371		141,832
Amortization of operating lease right-of-use assets	7,403		17,509
Gain on derivative liability – warrants	(16,344)		-
Stock-based compensation	159,998		77,021
Unrealized foreign exchange loss	247		96
Changes in operating assets and liabilities:			
Accounts receivable	2,844,180		1,544,528
Prepaid expenses	(51,414)		(46,663)
Accounts payable and accrued liabilities	(2,337,518)		(994,219)
Net cash provided by operating activities	15,881		393,060
<b>Cash flows from investing activities:</b>			
Acquisition of equipment	(6,979)		(2,265)
Net cash used in investing activities	(6,979)		(2,265)
<b>Cash flows from financing activities:</b>			
Proceeds of short-term loan	-		200,000
Repayment of short-term loan	-		(200,000)
Payments on operating lease liabilities	(7,039)		(5,248)
Government CEBA loan	-		-
Net cash used in financing activities	(7,039)		(5,248)
Change in cash	1,863		385,547
Cash, beginning of period	2,078,607		1,226,045
Cash, end of period	\$ 2,080,470	\$	1,611,592
<b>Supplementary information:</b>			
Interest paid	\$ -	\$	987
Income taxes paid	\$ -	\$	-

See accompanying notes to the consolidated financial statements.

# **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

## **1. Basis of Presentation:**

The accompanying unaudited interim consolidated financial statements have been prepared by Kidoz Inc. (“the Company”) in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. All adjustments are of a normal recurring nature, except as otherwise noted below. These unaudited interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2021, included in the Company’s Annual Report on Form 10-K, filed March 30, 2022, with the Securities and Exchange Commission and the TSX Venture Exchange. The results of operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

### **Continuing operations**

These unaudited interim consolidated financial statements have been prepared assuming the realization of assets and the settlement of liabilities in the normal course of operations. The Company expects to continue to achieve profitable operations to generate sufficient cash flows to fund continued operations for the next 12 months, or, in the absence of adequate cash flows from operations, obtaining additional financing.

Management continues to review operations in order to identify additional strategies designed to generate cash flow, improve the Company’s financial position, and enable the timely discharge of the Company’s obligations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, has led to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. In early March 2020, the Company’s employees commenced working from home and commenced social distancing. This outbreak has affected spending, thereby affecting demand for the Company’s product and the Company’s business and results of operations. It is not possible for the Company to predict the duration or magnitude of the outbreak and at this time its full effects on the Company’s business, its future results of operations, or ability to raise funds.

## **2. Summary of significant accounting policies:**

### **(a) Basis of presentation:**

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) applicable to annual financial information and with the rules and regulations of the United States Securities and Exchange Commission. The financial statements include the accounts of the Company’s subsidiaries:



## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 2. Summary of significant accounting policies: (Continued)

(a) Basis of presentation: (Continued)

Company	Registered	% Owned
Shoal Media (Canada) Inc.	British Columbia, Canada	100%
Coral Reef Marketing Inc.	Anguilla	100%
Kidoz Ltd.	Israel	100%
Rooplay Media Ltd.	British Columbia, Canada	100%
Rooplay Media Kenya Limited	Kenya	100%
Shoal Media Inc.	Anguilla	100%
Shoal Games (UK) Plc	United Kingdom	99%
Shoal Media (UK) Ltd.	United Kingdom	100%

In addition, there are the following dormant subsidiaries: Bingo.com (Antigua) Inc., Bingo.com (Wyoming) Inc., and Bingo Acquisition Corp.

All inter-company balances and transactions have been eliminated in the unaudited interim consolidated financial statements.

(b) Use of estimates:

The preparation of unaudited interim consolidated financial statements in conformity with US GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and recognized revenues and expenses for the reporting periods.

Significant areas requiring the use of estimates include the collectability of accounts receivable, the valuation of stock-based compensation, the valuation of deferred tax assets and liabilities, the useful lives of intangible assets, and the derivative liability – warrants valuation. Actual results may differ significantly from these estimates.

(c) Revenue recognition:

In accordance with ASC 606, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services.

We derive substantially all of our revenue from the sale of Ad tech advertising revenue.

## **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### **2. Summary of significant accounting policies (Continued):**

#### **(c) Revenue recognition: (Continued)**

##### **To achieve this core principle, the Company applied the following five steps:**

##### **1) Identify the contract with a customer**

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred, whose impression count will form the basis of the revenue and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

##### **2) Identify the performance obligations in the contract**

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

##### **3) Determine the transaction price**

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. None of the Company's contracts contain financing or variable consideration components.

##### **4) Allocate the transaction price to performance obligations in the contract**

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account

# KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

## 2. Summary of significant accounting policies (Continued):

### (c) Revenue recognition: (Continued)

available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

#### 5) Recognize revenue when or as the Company satisfies a performance obligation

The Company satisfies performance obligations at a point in time as discussed in further detail under "Disaggregation of Revenue" below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

#### **Disaggregation of Revenue**

All of the Company's performance obligations, and associated revenue, are generally transferred to customers at a point in time. The Company has the following revenue streams:

1) Ad tech advertising revenue - The Company generally offers these services under a customer contract Cost-per-Impression (CPM), Cost-Per-Install or CPI arrangements, Cost per completed video view or CPC and/or Cost-Per-Action or CPA arrangements with third-party advertisers and developers, as well as advertising aggregators, generally in the form of insertion orders that specify the type of arrangement (as detailed above) at particular set budget amounts/restraints. These advertiser customer contracts are generally short term in nature at less than one year as the budget amounts are typically spent in full within this time period. These agreements typically include the delivery of Ad tech advertising through partner networks, defined as publishers / developers, to home screens of devices and agree on whose results will be relied on from a revenue point of view.

The Company has concluded that the delivery of the Ad tech advertising is delivered at a point in time and, as such, has concluded these deliveries are a single performance obligation. The Company invoices fees which are generally variable based on the arrangement, which would typically include the number of impressions delivered at a specified price per application. For impressions delivered, revenue is recognized in the month in which the Company delivers the application to the end consumer or the month when the campaign ends.

2) Content revenue – The Company recognizes content revenue on the following forms of revenue:

a) Carriers and OEMs - The Company generally offers these services under a customer contract per tablet device license fee model with OEMs. Monthly or quarterly license fees are based on the OEM agreement with the number of devices the Kidoz Kid Mode is installed upon.

## **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### **2. Summary of significant accounting policies (Continued):**

#### (c) Revenue recognition: (Continued)

b) The Company generates revenue through subscriptions or premium sales of Rooplay, (www.rooplay.com) the cloud-based EduGame system for kids to learn and play within its games on smartphones and tablet devices, such as Apple's iPhone and iPad, and mobile devices utilizing Google's Android operating system. Users can download the Company's games through Digital Storefronts and decide to subscribe to the multiple of educational and fun games in the Rooplay, cloud-based EduGame system or make a premium per purchase of particular games. The revenue is recognized net of platform fees.

c) Rooplay licensing - The Company licenses its branded educational games under a monthly cost per game agreement license fee model. Monthly license fees are based on the number of games licensed.

d) In App purchases - The Company generates revenue through in-application purchases ("in-app purchases") within its games; (i.e. Trophy Bingo (www.trophybingo.com)) on smartphones and tablet devices, such as Apple's iPhone and iPad, and mobile devices utilizing Google's Android operating system. Users can download the Company's free-to-play games through Android, Amazon, iOS and Facebook Messenger (this was discontinued in fiscal 2021) and pay to acquire virtual currency which can be redeemed in the game for power plays. The initial download of the mobile game from the Digital Storefront does not create a contract under ASC 606 because of the lack of commercial substance; however, the separate election by the player to make an in-application purchase satisfies the criterion thus creating a contract under ASC 606.

The Company has identified the following performance obligations in these contracts:

i. Ongoing game related services such as hosting of game play, storage of customer content, when and if available content updates, maintaining the virtual currency management engine, tracking gameplay statistics, matchmaking as it relates to multiple player gameplay, etc.

ii. Obligation to the paying player to continue displaying and providing access to the virtual items within the game.

Neither of these obligations are considered distinct since the actual mobile game and the related ongoing services are both required to purchase and benefit from the related virtual items. As such, the Company's performance obligations represent a single combined performance obligation which is to make the game and the ongoing game related services available to the players. The revenue is recognized net of platform fees.

#### (d) Software development costs:

The Company expensed all software development costs as incurred for the period ended March 31, 2022 and 2021. As at March 31, 2022 and December 31, 2021, all capitalized software

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### 2. Summary of significant accounting policies (Continued):

#### (d) Software development costs: (Continued)

development costs have been fully amortized and the Company has no capitalized software development costs.

Total software development costs were \$11,076,240 as at March 31, 2022 (December 31, 2021 - \$10,559,601).

#### (e) Derivative liability – warrants

The Company's warrants have an exercise price in Canadian dollars whilst the Company's functional currency is US Dollars. Therefore, in accordance with ASU 815 – Derivatives and Hedging, the warrants have a derivative liability value. This liability value has no effect on the cashflow of the Company and does not represent a cash payment of any kind.

#### (f) Impairment of long-lived assets and long-lived assets to be disposed of:

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for annually on the straight-line method over the following periods:

	Amortization period
Ad Tech technology	5 years
Kidoz OS technology	3 years
Customer relationship	8 years

#### (g) Goodwill:

The Company accounts for goodwill in accordance with the provisions of ASC 350, Intangibles-Goodwill and Others. Goodwill is the excess of the purchase price over the fair value of identifiable assets acquired, less liabilities assumed, in a business combination. The Company reviews goodwill for impairment. Goodwill is not amortized but is evaluated for impairment at least annually or whenever events or changes in circumstances indicate that it is more likely than not that the carrying amount may not be recoverable.

The goodwill impairment test is used to identify both the existence of impairment and the amount of impairment loss, and compares the fair value of a reporting unit with its carrying amount and is based on discounted future cash flows, based on market multiples applied to free cash flow. The determination of the fair value of our reporting units requires management to make significant estimates and assumptions including the selection of control premiums, discount rates, terminal growth rates, forecasts of revenue and expense growth rates, income tax rates, changes in working capital, depreciation, amortization and capital expenditures. Changes in assumptions concerning future financial results, exogenous market conditions, or other underlying assumptions could have

## **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### **2. Summary of significant accounting policies (Continued):**

#### **(g) Goodwill: (Continued)**

a significant impact on either the fair value of the reporting unit or the amount of the goodwill impairment charge. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

During the year ended December 31, 2021, the Company determined there was no impairment of the goodwill.

#### **(h) New accounting pronouncements and changes in accounting policy:**

The Company has evaluated all of the recently issued, but not yet effective, accounting standards that have been issued or proposed by the Financial Accounting Standards Board or other standards-setting bodies through the filing date of these unaudited consolidated financial statements and does not believe the future adoption of any such pronouncements will have a material impact on its consolidated financial statements.

#### **(i) Financial instruments and fair value measurements:**

##### **(i) Fair values:**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on measurement date. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;

Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

When available, we use quoted market prices to determine fair value, and we classify such measurements within Level 1. In some cases where market prices are not available, we make use

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### 2. Summary of significant accounting policies (Continued):

(i) Financial instruments and fair value measurements: (Continued)

of observable market-based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon valuations in which one or more significant inputs are unobservable, including internally developed models that use, where possible, current market-based parameters such as interest rates, yield curves and currency rates. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

Fair value measurement includes the consideration of nonperformance risk. Nonperformance risk refers to the risk that an obligation (either by a counterparty) will not be fulfilled. For financial assets traded in an active market (Level 1 and certain Level 2), the nonperformance risk is included in the market price. For certain other financial assets and liabilities (certain Level 2 and Level 3), our fair value calculations have been adjusted accordingly.

The fair value of accounts receivable, accounts payable, accrued liabilities, and accounts payable and accrued liabilities - related party approximate their financial statement carrying amounts due to the short-term maturities of these instruments and are therefore carried at their historical cost basis.

The government CEBA loan is classified as a financial liability and its fair value was determined using the effective interest rate method, and is carried at amortized cost.

Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset. The Company's cash and long-term cash equivalents were measured using Level 1 inputs. Stock-based compensation and derivative liability – warrants were measured using Level 2 inputs. Goodwill impairment was measured using Level 3 inputs.

(ii) Foreign currency risk:

The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into any forward exchange contracts or other derivative instrument to hedge against foreign exchange risk.

### 3. Accounts receivable:

	March 31, 2022	December 31, 2021
Accounts receivable	\$ 3,839,688	\$ 6,684,469
Expected credit losses	(56,004)	(56,605)
Net accounts receivable	\$ 3,783,684	\$ 6,627,864

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 3. Accounts receivable: (Continued)

The Company had bank accounts with the National Bank of Anguilla. During the year ended December 31, 2016, the National Bank of Anguilla filed for chapter 11 protection. The Company expensed the balance on account of \$27,666 in fiscal 2016 as a doubtful debt. Additionally, the Company has a doubtful debt provision of \$28,338 for existing accounts receivable.

### 4. Equipment:

March 31, 2022	Cost	Accumulated depreciation	Net book Value
Equipment and computers	\$ 159,946	\$ 141,521	\$ 18,425
Furniture and fixtures	16,517	9,654	6,863
	\$ 176,463	\$ 151,175	\$ 25,288
December 31, 2021	Cost	Accumulated depreciation	Net book Value
Equipment and computers	\$ 152,967	\$ 139,590	\$ 13,377
Furniture and fixtures	16,517	9,371	7,146
	\$ 169,484	\$ 148,961	\$ 20,523

Depreciation expense was \$2,214 (March 31, 2021 - \$2,814) for the quarter ended March 31, 2022.

### 5. Intangible assets:

March 31, 2022	Cost	Accumulated depreciation	Net book Value
Ad Tech technology	\$ 1,877,415	\$ 1,157,739	\$ 719,676
Kidoz OS technology	31,006	31,006	-
Customer relationship	1,362,035	524,951	837,084
	\$ 3,270,456	\$ 1,713,696	\$ 1,556,760
December 31, 2021	Cost	Accumulated amortization	Net book Value
Ad Tech technology	\$ 1,877,415	\$ 1,063,869	\$ 813,546
Kidoz OS technology	31,006	29,283	1,723
Customer relationship	1,362,035	482,387	879,648
	\$ 3,270,456	\$ 1,575,539	\$ 1,694,917

Amortization expense was \$138,157 (March 31, 2021 - \$139,018) for the quarter ended March 31, 2022.



## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 6. Goodwill:

The changes in the carrying amount of goodwill for the period ended March 31, 2022, and the year ended December 31, 2021 were as follows:

	March 31, 2022		December 31, 2021	
Goodwill, balance at beginning of period	\$	3,301,439	\$	3,301,439
Impairment of goodwill		-		-
Goodwill, balance at end of period	\$	3,301,439	\$	3,301,439

The Company's annual goodwill impairment analysis performed during the fourth quarter of fiscal 2021 included a quantitative analysis of Kidoz Ltd. reporting unit (consisting of intangible assets (Note 5) and goodwill). The reporting unit has a carrying amount of \$4,647,700 (December 31, 2021 - \$4,785,857) as at March 31, 2022. The Company performed a discounted cash flow analysis for Kidoz Ltd. for the year ended December 31, 2021. These discounted cash flow models included management assumptions for expected sales growth, margin expansion, operational leverage, capital expenditures, and overall operational forecasts. The Company classified these significant inputs and assumptions as Level 3 fair value measurements. Based on the annual impairment test described above there was no additional impairment determined for fiscal 2021 or 2020.

### 7. Content and software development assets:

Since the year ended December 31, 2014, the Company has been developing software technology and content for our business. This software technology and content includes the the continued development of the KIDOZ Safe Ad Network, the KIDOZ Kid-Mode Operating System, and the KIDOZ publisher SDK, development of Trophy Bingo, a social bingo game, the license, the development of the Rooplay platform and the development of the Rooplay Originals games.

During the period ended March 31, 2022, the Company has expensed the development costs of all its technology as incurred and has expensed the following software development costs.

	March 31, 2022		March 31, 2021	
Opening total development costs	\$	10,559,601	\$	8,880,753
Development during the period		516,639		337,293
Closing total development costs	\$	11,076,240	\$	9,218,046

### 8. Government CEBA loan:

During the year ended December 31, 2020, the Company was granted a loan of \$47,089 (CAD\$60,000) under the Canada Emergency Business Account (CEBA) loan program for small businesses. The CEBA loan program is one of the many incentives the Canadian Government put in place in response to COVID-19. The loan is interest free and as at March 31, 2022, a quarter of the loan \$15,999 (CAD\$20,000) is eligible for complete forgiveness if \$31,978 (CAD\$40,000) is fully repaid on or before December 31, 2023. If the loan cannot be repaid by December 31, 2023, it can be converted into a 3-year term loan charging an interest rate of 5%.

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### 8. Government CEBA loan:

During the quarter ended March 31, 2021, the Company drew \$200,000 from its line of credit with the Leumi Bank. The loan was repaid in full during the quarter ended March 31, 2021 with interest costs of \$987.

### 9. Stockholders' equity:

The holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation. The Company's common stock has no par value per common stock.

#### (a) Common stock issuances:

There were no stock issuances during the quarter ended March 31, 2022.

During the quarter ended June 30, 2021, the Company engaged Research Capital Corporation ("RCC") as a financial and capital markets advisor. As part of the compensation for its services, RCC will receive a monthly fee of \$5,200 (CAD\$6,500) for its trading advisory services for a minimum of 6 months with extension by mutual agreement and a financial advisory fee to be satisfied by the issuance of 230,000 common shares of the Company valued at \$179,293. In addition, the Company granted 230,000 common share purchase warrants to RCC. Each warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of \$0.77 (CAD\$0.98) at any time up to 24 months following the date of issuance. During the quarter ended June 30, 2021, the Company issued the shares and granted the warrants.

During the quarter ended June 30, 2021, the holder of 70,000 stock options exercised their options for 70,000 shares for \$31,264 at an average exercise price of \$0.45 (CAD\$0.54) per share.

#### (b) Warrants

A summary of warrant activity for the quarter ended March 31, 2022 are as follows:

	Number of options	Exercise price	Expiry date
Outstanding, December 31, 2020	-	\$ -	
Granted	230,000	CAD\$0.98	April 3, 2023
Outstanding December 31, 2021	230,000	CAD\$0.98	
Granted	-	-	-
Outstanding March 31, 2022	230,000	CAD\$0.98	

A fair value of the derivative liability of \$83,572 was been estimated on the date of the subscription using the Binomial Lattice pricing model. Since the warrant was issued there was a gain on derivative liability - warrants of \$76,551 (\$60,207 recognized in fiscal 2021) and the derivative liability – warrants value reduced to \$7,021 with the following assumptions:

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 9. Stockholders' equity: (Continued)

#### (b) Warrants: (Continued)

	March 31, 2022	December 31, 2021
Exercise price	CAD\$0.98	CAD\$0.98
Stock price	CAD\$0.48	CAD\$0.59
Expected term	1 years	1.25 years
Expected dividend yield	-	-
Expected stock price volatility	69.93%	88.33%
Risk-free interest rate	2.37%	1.18%

#### (c) Stock option plans:

##### 2015 stock option plan

In the year ended December 31, 2015, the shareholders approved the 2015 stock option plan and the 1999, 2001 and the 2005 plans were discontinued. The 2015 stock option plan is intended to provide incentive to employees, directors, advisors and consultants of the Company to encourage proprietary interest in the Company, to encourage such employees to remain in the employ of the Company or such directors, advisors and consultants to remain in the service of the Company, and to attract new employees, directors, advisors and consultants with outstanding qualifications. The maximum number of shares issuable under the Plan shall not exceed 10% of the number of Shares of the Company issued and outstanding as of each Award Date unless shareholder approval is obtained in advance. The Board of Directors determines the terms of the options granted, including the number of options granted, the exercise price and their vesting schedule. The maximum term possible is 10 years. Under the amended 2015 plan we have reserved 10% of the number of Shares of the Company issued and outstanding as of each Award Date.

During the quarter ended March 31, 2022, the Company granted 2,550,000 options at CAD\$0.50 (\$0.40)

During the quarter ended September 30, 2021, the Company granted 300,000 options at CAD\$0.66 (\$0.52)

During the quarter ended June 30, 2021, the Company granted 1,300,000 options at CAD\$1.02 (\$0.80)

During the quarter ended March 31, 2021, the Company granted 1,075,000 options at CAD\$0.50 (\$0.39)

	Number of options		Weighted average exercise price
Outstanding December 31, 2020	5,875,750	\$	0.39
Granted	2,675,000		0.60
Exercised	(70,000)		(0.45)
Expired	(570,000)		(0.43)
Cancelled	(1,040,600)		(0.42)
Outstanding, December 31, 2021	6,870,150	\$	0.48
Granted	2,550,000		0.40
Cancelled	(210,000)		(0.56)
Outstanding March 31, 2022	9,210,150	\$	0.46

The aggregate intrinsic value for options as of March 31, 2022 was \$48,706 (December 31, 2021 - \$334,897).

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 9. Stockholders' equity: (Continued)

#### (c) Stock option plans: (Continued)

The following table summarizes information concerning outstanding and exercisable stock options at March 31, 2022:

Exercise prices per share	Number outstanding	Number exercisable	Expiry date
CAD\$0.45	2,030,400	525,360	June 30, 2025
CAD\$0.50	859,600	277,400	February 1, 2026
CAD\$0.50	2,520,000	100,800	February 1, 2027
CAD\$0.54	506,150	506,150	November 8, 2022
CAD\$0.54	713,000	713,000	June 4, 2023
CAD\$0.66	200,000	32,000	July 12, 2026
US\$0.50	1,275,000	1,275,000	June 4, 2023
CAD\$1.02	1,106,000	248,000	April 6, 2026
	9,210,150	3,677,710	

During the quarter ended March 31, 2022, the Company recorded stock-based compensation of \$159,998 on the options granted and vested (March 31, 2021 – \$77,021) and as per the Black-Scholes option-pricing model, with a weighted average fair value per option grant of \$0.34 (March 31, 2021 - \$0.28).

### 10. Fair value measurement:

The following table sets forth the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy.

	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2022</b>				
<u>Assets</u>				
Cash	\$2,080,470	\$-	\$-	\$2,080,470
Long term cash equivalent	23,988	-	-	23,988
<u>Liabilities</u>				
Derivative liability – warrants	-	(7,021)	-	(7,021)
Total net assets measured and recorded at fair value	\$2,104,458	(\$7,021)	\$-	\$2,097,437
	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2021</b>				
<u>Assets</u>				
Cash	\$2,078,607	\$-	\$-	\$2,078,607
Long term cash equivalent	23,624	-	-	23,624
<u>Liabilities</u>				
Derivative liability – warrants	-	(23,365)	-	(23,365)
Total assets measured and recorded at fair value	\$2,102,231	(\$23,365)	\$-	\$2,078,866

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 11. Commitments:

The Company leases office facilities in Vancouver, British Columbia, Canada, The Valley, Anguilla, British West Indies and Netanya, Israel. These office facilities are leased under operating lease agreements.

During the quarter ended March 31, 2019, the Company signed a five year lease for a facility in Vancouver, Canada, commencing April 1, 2019 and ending March 2024. This facility comprises approximately 1,459 square feet. The Company accounts for the lease in accordance with ASU 2016-02 (Topic 842) and has recognized a right-of-use asset and operating lease liability.

The Netanya, Israel operating lease expired on July 14, 2017 but unless 3 month's notice is given it automatically renews for a future 12 months until notice is given. During the year ended December 31, 2021, the lease was extended for a further 12 months. This facility comprises approximately 190 square metres. The renewal of this lease is uncertain, hence the Company has accounted for this lease as a short-term lease.

The Anguillan operating lease expired on April 1, 2011 but unless 3 month's notice is given it automatically renews for a further 3 months. The Company expects this lease to continue, therefore the Company will account for the lease in accordance with ASU 2016-02 (Topic 842) and will recognize a right-of-use asset and operating lease liability.

The minimum lease payments under these operating leases are approximately as follows:

2022	\$	37,673
2023		50,772
2024		12,766

The Company paid rent expense totaling \$33,935 for the quarter ended March 31, 2022 (March 31, 2021 - \$32,419).

The Company has the following management consulting agreements with related parties.

Company	Person	Role	Annual amount
		Executive	
T.M. Williams (ROW), Inc.	T. M. Williams	Chairman	\$160,000
Jayska Consulting Ltd.	J. M. Williams	Co-CEO	GBP£60,000
LVA Media Inc. Bromley Accounting Services Ltd.	J. M. Williams	Co-CEO	\$90,000
	H. W. Bromley	CFO	CAD\$215,000
Farcast Operations Inc.	T. H. Williams	VP Product	CAD\$240,000

As at March 31, 2022, the Company had a number of renewable license commitments with large brands, including, Mr. Men and Little Miss and Mr. Bean. These agreements have commitments to pay royalties on the revenue from the licenses subject to the minimum guarantee payments. As at March 31, 2022, there were no further minimum guarantee payments commitments.

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 11. Commitments: (Continued)

The Company expensed the minimum guarantee payments over the life of the agreement and recognized license expense of \$4,067 (March 31, 2021 - \$8,814) for the quarter ended March 31, 2022.

### 12. Right of use assets:

There is no discount rate implicit in the Anguilla office operating lease agreement, so the Company estimated a 5% discount rate for the incremental borrowing rate for the lease. There is no discount rate implicit in the license agreement, so the Company estimated a 12% discount rate for the incremental borrowing rate for the licenses as of the adoption date, January 1, 2019.

Effective April 1, 2019, we recognized lease assets and liabilities of \$125,474, in relation to the Vancouver office. We estimated a discount rate of 4.12%.

We elected to not separate lease and non-lease components for all of our leases. For leases with a term of 12 months or less, our current offices, we elected the short-term lease exemption, which allowed us to not recognize right-of-use assets or lease liabilities for qualifying leases existing at transition and new leases we may enter into in the future, as there is significant uncertainty on whether the leases will be renewed.

The right-of-use assets are summarized as follows:

	March 31, 2022		December 31, 2021	
Opening balance for the period	\$	65,464	\$	106,315
Amortization of operating lease right-of use assets		(7,403)		(40,851)
Closing balance for the period	\$	58,061	\$	65,464

The operating lease as at March 31, 2022, is summarized as follows:

As at March 31, 2022	Operating lease- Office lease	
2022	\$	26,093
2023		35,666
2024		8,239
Total lease payments	\$	69,998
Less: Interest		(2,970)
Present value of lease liabilities	\$	67,028
Amounts recognized on the balance sheet		
Current lease liabilities	\$	32,606
Long-term lease liabilities		34,422
Total lease payments	\$	67,028

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 12. Right of use assets: (Continued)

	March 31, 2022	December 31, 2021
Opening balance for the period	\$ 74,067	\$ 103,918
Payments on operating lease liabilities	(7,039)	(29,851)
Closing balance for the period	67,028	74,067
Less: current portion	(32,606)	(32,068)
Operating lease liabilities – non-current portion as at end of period	\$ 34,422	\$ 41,999

### 13. Related party transactions:

For the year ended March 31, 2022, the Company has the following related party transactions:

	Three Months ended March 31, 2022	Three Months ended March 31, 2021
Directors fees	\$ 1,000	\$ 2,000
Salaries, wages, consultants and benefits	155,911	133,933
Selling and marketing	30,454	20,148
Stock-based compensation (Note 9)	64,847	30,311
Content and software development (Note 7)	59,660	12,089
Closing balance for the year	\$ 311,872	\$ 198,481

The Company has liabilities of \$119,384 (December 31, 2021 - \$53,829) as at March 31, 2022, to current directors, officers and companies owned by the current directors and officers of the Company for employment, director and consulting fees.

During the quarter ended March 31, 2022, the Company granted 900,000 options with an exercise price of CAD\$0.50 (\$0.39) per share.

During the quarter ended March 31, 2021, the Company granted the 400,000 options with an exercise price of CAD\$0.50 (\$0.39) per share.

## KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

### 14. Segmented information:

#### Revenue

The Company operates in reportable business segments, the sale of Ad tech advertising and content revenue.

The Company had the following revenue by geographical region.

	Three Months ended March 31, 2022		Three Months ended March 31, 2021	
<u>Ad tech advertising revenue</u>				
Western Europe	\$	640,093	\$	187,173
Central, Eastern and Southern Europe		54,018		29,626
North America		1,051,508		1,219,730
Other		432,692		67,771
Total ad tech advertising revenue	\$	2,178,311	\$	1,504,300
<u>Content revenue</u>				
Western Europe	\$	22,513	\$	21,839
Central, Eastern and Southern Europe		187		562
North America		27,284		18,464
Other		55,679		12,777
Total content revenue	\$	105,663	\$	53,642
<u>Total revenue</u>				
Western Europe	\$	662,606	\$	209,012
Central, Eastern and Southern Europe		54,205		30,188
North America		1,078,792		1,238,194
Other		488,371		80,548
Total revenue	\$	2,283,974	\$	1,557,942

#### Equipment

The Company's equipment is located as follows:

Net Book Value	March 31, 2022		December 31, 2021	
Anguilla	\$	83	\$	91
Canada		9,061		8,542
Israel		9,884		11,055
United Kingdom		6,260		835
	\$	25,288	\$	20,523



## **KIDOZ INC. and subsidiaries**

(Expressed in United States Dollars)

Notes to Consolidated Financial Statements  
Three Months ended March 31, 2022 and 2021  
(Unaudited)

---

### **15. Concentrations:**

#### Major customers

During the quarter ended March 31, 2022 and 2021, the Company sold Ad tech revenue and content revenue including subscriptions on its site Rooplay, in-app purchases on its social bingo sites, Trophy Bingo and Garfield's Bingo and Rooplay Originals. During the quarter ended March 31, 2022, the Company had one Ad tech customers: \$495,587 (March 31, 2021 – two customers: \$651,402, and \$441,787 respectively) who purchased more than 10% of the total revenue. The Company is reliant on the Google App, iOS App and Amazon App Stores to provide a content platform for Rooplay, Trophy Bingo and Garfield's Bingo to be played thereon and certain advertising agencies for the Ad tech revenue.

### **16. Concentrations of credit risk:**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with high quality financial institutions and limits the amount of credit exposure with any one institution.

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. At March 31, 2022, the Company had total cash and cash equivalents balances of \$2,104,458 (December 31, 2021 - \$2,102,231) at financial institutions, where \$1,771,178 (December 31, 2021 - \$1,793,265) is in excess of federally insured limits.

The Company has concentrations of credit risk with respect to accounts receivable, the majority of its account's receivable are concentrated geographically in the United States amongst a small number of customers.

As of March 31, 2022, the Company had one customer, totaling \$1,741,348 who accounted for greater than 10% of the total accounts receivable. As of December 31, 2021, the Company had three customers, totaling \$1,952,040, \$1,165,807, and \$1,054,625 respectively who accounted for greater than 10% of the total accounts receivable.

The Company controls credit risk through monitoring procedures and receiving prepayments of cash for services rendered. The Company performs credit evaluations of its customers but generally does not require collateral to secure accounts receivable.

## **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis or Plan of Operation contains forward-looking statements that involve risks and uncertainties, as described below. Kidoz Inc's (the "Company", "we", or "us") actual results could differ materially from those anticipated in these forward-looking statements. The following discussion should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto included in Part I - Item 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and the Management Discussion and Analysis or plan of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

### **FORWARD LOOKING STATEMENTS**

**All statements contained in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference, as well as statements made in press releases and oral statements that may be made by us or by officers, directors or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Readers should consider statements that include the terms "believe," "belief," "expect," "plan," "anticipate," "intend" or the like to be uncertain and forward-looking. In addition, all statements, trends, analyses and other information contained in this report relative to trends in net sales, gross margin, anticipated expense levels and liquidity and capital resources, constitute forward-looking statements. Particular attention should be paid to the facts of our limited operating history, the unpredictability of our future revenues, our need for and the availability of capital resources, the evolving nature of our business model, and the risks associated with systems development, management of growth and business expansion. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Readers should consider the risks more fully described in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Toronto Venture Stock Exchange on SEDAR and the Securities and Exchange Commission (the "SEC") and should not place undue reliance on any forward-looking statements.**

## OVERVIEW

Kidoz Inc. (TSXV:KIDZ) owns the leading Children's Online Privacy Protection Rule (“COPPA”) & General Data Protection Regulation (“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 Personally Identifiable Information (“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. Our commitment to advertising privacy and safety has created one of the fastest growing mobile networks in the world.

Kidoz is the market leader in contextual mobile advertising and the segment is only beginning to develop as new rules and stricter regulations are enacted and enforced by Google, Apple, and governments around the world. Kidoz builds and maintains the Kidoz SDK (Software Development Kit) that app developers install into their apps before releasing them into the App Stores. The Kidoz SDK is the core of the advertising technology that enables Kidoz to access advertising impressions available for sale. The Kidoz proprietary advertising system is compliant with COPPA, GDPR-K and other regulations adopted to protect the privacy and security of minors. The Kidoz proprietary advertising technology is installed in thousands of different apps, making it the most popular contextual mobile solution in the market.

Kidoz has established its leadership position through continued investments into research and development. Mobile devices are the primary tool used for all digital activities in everyday life across the entire world. The predominance of mobile is well established and Kidoz is well positioned to benefit from the wide adoption of its technology across thousands of popular apps. As the number of active campaigns live on Kidoz has increased substantially over the past 18 months, Kidoz has recruited hundreds of new apps and developers that focus on a wide range of audience segments. As a result of Kidoz’s rapid growth, the Company is now able to expand beyond its core advertising audience of children, and begin to contextually target teens and parents for its brand partners.

Mobile AdTech systems are some of the most integrated and most valuable systems in the world. The scale of users we can reach with the Kidoz network is powerful and it opens many new opportunities for the Company. Extending our media offering beyond children is the first step we are taking as our sales and agency partners are interested in accessing these related segments of our traffic. Kidoz is experiencing a period of rapid growth and we are extending our business model in ways that will fill our huge available inventory with safe and high performing media.

Driving our revenue growth is strong underlying system growth for both users and publishers that are accessing the Kidoz technology. Media budgets continue to shift from linear TV to digital platforms like Kidoz as brands seek to engage their customers where families spend most of their screen time. In addition, regulation at the government level is positively influencing growth of the KIDOZ Safe Ad Network. COPPA in America and GDPR in Europe have forced advertisers and publishers to ensure their data and advertising methodologies are safe. Regulators in America are updating COPPA to further enhance child safety online, and regulators in China, India and other regions are considering similar measures. As Kidoz is compliant, the Company benefits from all child-safe advertising regulation.

Building on our performance in 2021, we plan to continue our successful growth strategies in 2022. Our sales, product, and operational strategies are custom fit to match the favourable regulatory, consumer, and technological trends occurring in the market. The Kidoz programmatic technology is live, growing, and actively filling publisher inventory with campaigns safely sourced from the programmatic marketplace. As Kidoz advances its multiple product offerings, new opportunities arise in the bountiful mobile advertising

ecosystem that is projected by eMarketer to exceed over US\$400 billion by 2023 (eMarketer). It is our intention to explore expanding, either through additional uses of our new technology platforms for the entire mobile advertising market, or via synergistic M&A.

Furthermore, while the focus of the Company is the development and expansion of the Kidoz Safe Ad Network, we are developing our technology to expand into new markets, increase the scope of our market to include teens and families in a safe and secure manner either through new connections to the wider mobile advertising market, including the introduction and operation of our programmatic system, or via synergistic M&A.

Kidoz's mobile products include the Kid Mode Operating System installed on millions of OEM tablets worldwide, Rooplay ([www.rooplay.com](http://www.rooplay.com)) the cloud-based EduGame system for kids to learn and play, Garfield's Bingo ([www.garfieldsbingo.com](http://www.garfieldsbingo.com)) live on Android, and iOS; and Trophy Bingo ([www.trophybingo.com](http://www.trophybingo.com)), live across mobile platforms.

References in this document to "the Company," "we," "us," and "our" refer to Kidoz Inc.

Our executive offices are located at Hansa Bank Building, Ground Floor, Landsome Road, The Valley, AI 2640, The Valley, Anguilla, B.W.I. Our telephone number is (888) 374-2163.

## **CRITICAL ACCOUNTING POLICIES**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which except for lack of all detailed note disclosures, have been prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates these judgments and estimates, including whether there are any uncertainties as to compliance with the revenue recognition criteria described below, and recoverability of long-lived assets, as well as the assessment as to whether there are contingent assets and liabilities that should be recognized or disclosed for the consolidated financial statements to fairly present the information required to be set forth therein. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider the following accounting policies to be both those most important to the portrayal of our financial condition and require the most subjective judgment:

- Revenue recognition;
- Software development
- Impairment of long-lived assets
- Goodwill

### **Revenue Recognition**

In accordance with ASC 606, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services.

We derive substantially all of our revenue from the sale of Ad tech advertising revenue.

**To achieve this core principle, the Company applied the following five steps:**

1) Identify the contract with a customer

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred, whose impression count will form

the basis of the revenue and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

## 2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

## 3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. None of the Company's contracts contain financing or variable consideration components.

## 4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

## 5) Recognize revenue when or as the Company satisfies a performance obligation

The Company satisfies performance obligations at a point in time as discussed in further detail under "Disaggregation of Revenue" below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

### **Disaggregation of Revenue**

All of the Company's performance obligations, and associated revenue, are generally transferred to customers at a point in time. The Company has the following revenue streams:

All of the Company's performance obligations, and associated revenue, are generally transferred to customers at a point in time. The Company has the following revenue streams:

- 1) Ad tech advertising revenue - The Company generally offers these services under a customer contract Cost-per-Impression (CPM), Cost-Per-Install or CPI arrangements, Cost per completed video view or CPC and/or Cost-Per-Action or CPA arrangements with third-party advertisers and developers, as well as advertising aggregators, generally in the form of insertion orders that specify the type of arrangement (as detailed above) at particular set budget amounts/restraints. These

advertiser customer contracts are generally short term in nature at less than one year as the budget amounts are typically spent in full within this time period. These agreements typically include the delivery of Ad tech advertising through partner networks, defined as publishers / developers, to home screens of devices and agree on whose results will be relied on from a revenue point of view.

The Company has concluded that the delivery of the Ad tech advertising is delivered at a point in time and, as such, has concluded these deliveries are a single performance obligation. The Company invoices fees which are generally variable based on the arrangement, which would typically include the number of impressions delivered at a specified price per application. For impressions delivered, revenue is recognized in the month in which the Company delivers the application to the end consumer or the month when the campaign ends.

- 2) Content revenue – The Company recognizes content revenue on the following forms of revenue:
- a) Carriers and OEMs - The Company generally offers these services under a customer contract per tablet device license fee model with OEMs. Monthly or quarterly license fees are based on the OEM agreement with the number of devices the Kidz Kid Mode is installed upon.
  - b) The Company generates revenue through subscriptions or premium sales of Rooplay, ([www.rooplay.com](http://www.rooplay.com)) the cloud-based EduGame system for kids to learn and play within its games on smartphones and tablet devices, such as Apple’s iPhone and iPad, and mobile devices utilizing Google’s Android operating system. Users can download the Company’s games through Digital Storefronts and decide to subscribe to the multiple of educational and fun games in the Rooplay, cloud-based EduGame system or make a premium per purchase of particular games. The revenue is recognized net of platform fees.
  - c) Rooplay licensing - The Company licenses its branded educational games under a monthly cost per game agreement license fee model. Monthly license fees are based on the number of games licensed.
  - d) In App purchases - The Company generates revenue through in-application purchases (“in-app purchases”) within its games; (i.e. Trophy Bingo ([www.trophybingo.com](http://www.trophybingo.com))) on smartphones and tablet devices, such as Apple’s iPhone and iPad, and mobile devices utilizing Google’s Android operating system. Users can download the Company’s free-to-play games through Android, Amazon, iOS and Facebook Messenger (this was discontinued in fiscal 2021) and pay to acquire virtual currency which can be redeemed in the game for power plays. The initial download of the mobile game from the Digital Storefront does not create a contract under ASC 606 because of the lack of commercial substance; however, the separate election by the player to make an in-application purchase satisfies the criterion thus creating a contract under ASC 606.

The Company has identified the following performance obligations in these contracts:

- i. Ongoing game related services such as hosting of game play, storage of customer content, when and if available content updates, maintaining the virtual currency management engine, tracking gameplay statistics, matchmaking as it relates to multiple player gameplay, etc.
- ii. Obligation to the paying player to continue displaying and providing access to the virtual items within the game.

Neither of these obligations are considered distinct since the actual mobile game and the related ongoing services are both required to purchase and benefit from the related virtual items. As such,

the Company's performance obligations represent a single combined performance obligation which is to make the game and the ongoing game related services available to the players. The revenue is recognized net of platform fees.

### **Software Development Costs**

The Company expensed all software development costs as incurred for the period ended March 31, 2022 and 2021. As at March 31, 2022 and 2021, all capitalized software development costs have been fully amortized and the Company has no capitalized software development costs.

Total software development costs were \$11,057,551 as at March 31, 2022 (December 31, 2021 - \$10,559,601).

### **Impairment of Long-lived Assets**

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for annually on the straight-line method over the following periods:

	Amortization period
Ad Tech technology	5 years
Kidoz OS technology	3 years
Customer relationship	8 years

### **Goodwill**

The Company accounts for goodwill in accordance with the provisions of ASC 350, Intangibles-Goodwill and Others. Goodwill is the excess of the purchase price over the fair value of identifiable assets acquired, less liabilities assumed, in a business combination. The Company reviews goodwill for impairment. Goodwill is not amortized but is evaluated for impairment at least annually or whenever events or changes in circumstances indicate that it is more likely than not that the carrying amount may not be recoverable.

The goodwill impairment test is used to identify both the existence of impairment and the amount of impairment loss, and compares the fair value of a reporting unit with its carrying amount and is based on discounted future cash flows, based on market multiples applied to free cash flow. The determination of the fair value of our reporting units requires management to make significant estimates and assumptions including the selection of control premiums, discount rates, terminal growth rates, forecasts of revenue and expense growth rates, income tax rates, changes in working capital, depreciation, amortization and capital expenditures. Changes in assumptions concerning future financial results, exogenous market conditions, or other underlying assumptions could have a significant impact on either the fair value of the reporting unit or the amount of the goodwill impairment charge. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

During the year ended December 31, 2021, the Company deemed there was no impairment of the goodwill.

## **RESULTS OF OPERATIONS**

### **Revenue**

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the quarter ended March 31, 2022, increased to \$2,283,974, an increase of 47% from revenue of \$1,57,942 for the first quarter of 2021. Ad Tech advertising revenue increased to \$2,178,311 for the quarter ended March 31, 2022, an increase of 45% from ad tech advertising revenue of \$1,504,300 in the first quarter of 2021. Content revenue decreased to \$105,663, for the quarter ended March 31, 2022, an increase of 97% from revenue of \$53,642 in the first quarter of 2021. The increase in total revenue compared to the first quarter of fiscal 2021 is due to the ongoing shift from TV advertising to mobile advertising with the strong demand for kid safe contextual advertising generated and the growth of the Performance business segment. During the quarter ended March 31, 2022, the Company focused on growing this business segment. In order to optimize and scale Performance and learn the requirements of our customers our margins were negatively affected. The knowledge gained will enable us to scale with recovered margins.

### **Selling and marketing expenses**

Selling and marketing expenses were \$180,014 for the quarter ended March 31, 2022, an increase of 40% over expenses of \$128,688 in the first quarter of fiscal 2021. This increase in sales and marketing expenses in the quarter ended March 31, 2022, compared to the first quarter of fiscal 2021, is due to an increase in sales and marketing staff to manage the growth in the Direct, Programmatic and Performance segments of our AdTech business.

We expect to incur increased sales and marketing expenses in selling the Ad tech advertising and to grow the Ad tech advertising revenue. There can be no assurances that these expenditures will result in increased traffic or significant additional revenue.

### **General and administrative expenses**

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 \$215,894 for the quarter ended March 31, 2022, an increase of 37% from costs of \$157,695 for the first quarter of fiscal 2021. The increase in general and administrative expenses compared to the first quarter of fiscal 2021 is due an increase in fees paid to our professional advisors.

We expect to continue to incur general and administrative expenses to support the business, and there can be no assurances that we will be able to generate sufficient revenue to cover these expenses.

### **Stock awareness program**

During the quarter ended June 30, 2021 the Company commenced a corporate stock awareness program. The Company engaged Research Capital Corporation, Agora Internet Relations Corp., 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 \$51,331 during the quarter ended March 31, 2022.

### **Salaries, wages, consultants and benefits**

Salaries, wages, consultants, and benefits increased to \$278,199 for the quarter ended March 31, 2022, an increase of 110% compared to salaries, wages, consultants, and benefits of \$132,242 in the first quarter of 2021. This increase compared to the first quarter of fiscal 2021 is due to an increase in total staff, plus bonuses for our positive performance in the 2021.



### Depreciation and amortization

Intangible assets are amortized using a straight-line method over three to eight years. These intangible assets include customer lists, the technology for Kidoz OS and the software development kits (SDK) for our advertising platform. These intangible assets are as result of the acquisition of Kidoz Ltd. The amortization for the quarter ended March 31, 2022, was \$138,157 compared to amortization of \$139,018 in the first quarter of 2021. The technology for Kidoz OS is now fully amortized.

Equipment is depreciated using the declining balance method over the useful lives of the assets, ranging from three to five years. Depreciation and amortization decreased to \$2,214, during the quarter ended March 31, 2022, a decrease over costs of \$2,814 during the same quarter in the prior year. This decrease in depreciation and amortization compared to the first quarter of fiscal 2021 is due to the aging of equipment.

### Content and software development

The Company does not capitalize its development costs. The Company expensed \$516,639 in content and software development costs during the quarter ended March 31, 2022, an increase of 53% compared to content and software development costs of \$337,293 expensed during the first quarter of fiscal 2021. The increase in development costs compared to the first quarter of fiscal 2021 is due to hiring additional development staff to increase the development of our base technology.

### Stock-based compensation expense

During the quarter ended March 31, 2022, the Company incurred non-cash stock-based compensation expenses of \$159,998 from the issuance of stock options granted in fiscal 2022 and fiscal 2021, an increase compared to stock-based compensation expense of \$77,021 in the first quarter of fiscal 2021. The increase compared to the first quarter of fiscal 2021 is due to the granting of stock options in fiscal 2022 and 2021. The options are issued to consultants and employees as per the Company's amended 2015 Stock Option Plan.

### Net loss and loss per share

The net loss after taxation for the quarter ended March 31, 2022, amounted to (\$731,042), a loss of (\$0.01) per share, compared to a net loss of (\$347,044) or (\$0.00) per share in the quarter ended March 31. This increase in net loss for the quarter compared to the first quarter of fiscal 2021, is due to the hiring of additional staff, salary increases and the reduced margins and additional costs of establishing and growing the new Programmatic and Performance segments of our business.

Adjusted earnings before interest; depreciation and amortization; stock awareness program; stock-based compensation and impairment of goodwill ("Adjusted EBITDA") for the period ended March 31, 2022, amounted to (\$427,284), a decrease compared to an Adjusted EBITDA of (\$128,191) in the period ended March 31, 2021.

Our Adjusted EBITDA is reconciled as follows:

	Three Months ended March 31, 2022	Three Months ended March 31, 2021
Loss after tax	\$ (731,042)	\$ (347,044)
Less :		
Depreciation and amortization	140,371	141,832
Stock awareness program	19,733	-
Stock-based compensation	159,998	77,021
Gain on derivative liability – warrants	(16,344)	-
Adjusted EBITDA	\$ (427,284)	\$ (128,191)

We use Adjusted EBITDA internally to evaluate our performance and make financial and operational decisions that are presented in a manner that adjusts from their equivalent GAAP measures or that supplement the information provided by our GAAP measures. Adjusted EBITDA is defined by us as

EBITDA (net income (loss) plus depreciation expense, amortization expense, interest, stock-based compensation and impairment of goodwill), further adjusted to exclude certain non-cash expenses and other adjustments. We use Adjusted EBITDA because we believe it more clearly highlights business trends that may not otherwise be apparent when relying solely on GAAP financial measures, since Adjusted EBITDA eliminates from our results specific financial items that have less bearing on our core operating performance.

Adjusted EBITDA is not presented in accordance with, or as an alternative to, GAAP financial measures and may be different from non-GAAP measures used by other companies. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We encourage investors to review the GAAP financial measures included in this Quarterly Report, including our unaudited consolidated financial statements, to aid in their analysis and understanding of our performance and in making comparisons.

## **LIQUIDITY AND CAPITAL RESOURCES**

We had cash of \$2,080,470 and working capital of \$4,099,272 at March 31, 2022. This compares to cash of \$2,078,607 and working capital of \$4,536,851 as at December 31, 2021.

During the three months ended March 31, 2022, we provided cash of \$15,881 in operating activities compared to cash provided in operating activities of \$393,060 in the same period in the prior year.

During the three months ended March 31, 2022, we used cash in investing activities of (\$6,979) compared to cash used in investing activities of (\$2,265) in the same period in the prior year.

Net cash used in financing activities was (\$7,039) in the three months ended March 31, 2022. This compares to cash used in financing activities of (\$5,248) in the same period in the prior year.

Our future capital requirements will depend on a number of factors, including costs associated with the further development of the Ad tech advertising business, the further development of the content platform including, Rooplay; Rooplay Originals; and Trophy Bingo; the cost of marketing and player acquisition costs for Rooplay; Rooplay Originals; and Trophy Bingo, the development of new products, the acquisition of new companies and the success of Rooplay; Rooplay Originals; and Trophy Bingo.

## **ITEM 4 Controls and Procedures**

### **(a) Evaluation of disclosure controls and procedures.**

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Co-Chief Executive Officers and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2022. In designing and evaluating the Company's disclosure controls and procedures, the Company and its management recognize that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, the Company's management was required to apply its reasonable judgment. Furthermore, in the course of this evaluation, management considered certain internal control areas, in which we have made and are continuing to make changes to improve and enhance controls. Based upon the required evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of March 31, 2022, the Company's disclosure controls and procedures were effective (at the "reasonable assurance" level mentioned above) to ensure that information required to be disclosed by the Company in the reports it files

or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

From time-to-time, the Company and its management have conducted and will continue to conduct further reviews and, from time to time put in place additional documentation, of the Company's disclosure controls and procedures, as well as its internal control over financial reporting. The Company may from time to time make changes aimed at enhancing their effectiveness, as well as changes aimed at ensuring that the Company's systems evolve with, and meet the needs of, the Company's business. These changes may include changes necessary or desirable to address recommendations of the Company's management, its counsel and/or its independent auditors, including any recommendations of its independent auditors arising out of their audits and reviews of the Company's financial statements. These changes may include changes to the Company's own systems, as well as to the systems of businesses that the Company has acquired or that the Company may acquire in the future and will, if made, be intended to enhance the effectiveness of the Company's controls and procedures. The Company is also continually striving to improve its management and operational efficiency and the Company expects that its efforts in that regard will from time to time directly or indirectly affect the Company's disclosure controls and procedures, as well as the Company's internal control over financial reporting.

**(b) Changes in internal controls.**

There were no significant changes in the Company's internal controls or other factors that could significantly affect the Company's internal controls subsequent to the date of their evaluation.

## **PART II - OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

We are not currently a party to any legal proceeding and was not a party to any other legal proceeding during the quarter ended March 31, 2022. We are currently not aware of any other legal proceedings proposed to be initiated against the Company. However, from time to time, we may become subject to claims and litigation generally associated with any business venture.

### **ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

There were no stock issuances during the quarter ended March 31, 2022.

### **ITEM 3. Defaults Upon Senior Securities**

Not applicable.

### **ITEM 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to the shareholders during the period.

### **ITEM 5. Other Information**

None

**ITEM 6. Exhibits and reports on Form 8-K  
Exhibits**

The following instruments are included as exhibits to this Report. Exhibits incorporated by reference are so indicated.

<b>Exhibit Number</b>	<b>Description</b>
4.4	Convertible Debenture between the Company and unrelated parties dated July 2, 2002. (b)
4.5	Common Stock Purchase Warrant between the Company and unrelated parties dated July 2, 2002. (b)
10.2	Asset Purchase Agreement by and between Bingo, Inc. and Progressive Lumber, Corp. dated January 18, 1999. (a)
10.24	Amended Consulting Agreement dated February 28, 2002, between the Company, T.M. Williams (Row), Ltd., and T.M. Williams. (c)
10.32	Code of Business Conduct and Ethics dated December 22, 2006. (d)
10.33	Amended Consulting Agreement dated June 16, 2010, between the Company, T.M. Williams (Row), Ltd., and T.M. Williams. (e)
10.37	Amended Consulting Agreement dated August 1, 2013, between the Company, T.M. Williams (Row), Ltd., and T.M. Williams. (f)
10.38	Consulting Agreement dated January 1, 2014, between the Company, Jayska Consulting Ltd., and J.M. Williams. (f)
10.39	Consulting Agreement dated January 1, 2014, between the Company, LVA Media Inc., and J.M. Williams. (f)
10.41	Consulting Agreement dated January 1, 2014, between the Company, Bromley Accounting Services Limited, and H. W. Bromley. (f)
10.42	Share Purchase Agreement for the purchase of Kidoz Ltd. (g)
31.1	Certificate of Co-Chief Executive Officer pursuant to the Securities Exchange Act Rules 13a-15(e) and 15d -15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.
31.2	Certificate of Co-Chief Executive Officer pursuant to the Securities Exchange Act Rules 13a-15(e) and 15d -15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.
31.3	Certificate of Chief Financial Officer pursuant to the Securities Exchange Act Rules 13a-15(e) and 15d -15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.
32.1	Certification from the Co-Chief Executive Officer of Kidoz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.
32.2	Certification from the Co-Chief Executive Officer of Kidoz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.
32.3	Certification from the Chief Financial Officer of Kidoz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 16, 2022.

(a) [Previously filed with the Registrant's registration statement on Form 10 on June 9, 1999.](#)

(b) [Previously filed with the Company's quarterly report on Form 10-Q for the period ended September 30, 2002, on November 14, 2002.](#)

(c) [Previously filed with the Company's quarterly report on Form 10-Q for the period ended September 30, 2002, on August 14, 2002.](#)

- (d) [Previously filed with the Company's report on Form 8-K on December 26, 2006.](#)
- (e) [Previously filed with the Company's report on Form 8-K on June 17, 2010.](#)
- (f) [Previously filed with the Company's report on Form 8-K on March 24, 2014.](#)
- (g) [Previously filed with the Company's report on Form 8-K on March 12, 2019.](#)

**Reports on Form 8-K.**

There were no reports issued during the quarter ended March 31, 2022.

**Reports Subsequent to the quarter ended March 31, 2022.**

There were no reports subsequent to the quarter ended March 31, 2022.

## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 16, 2022

**KIDOZ INC.**

(Registrant)

Date: May 16, 2022

*/S/ J.M. Williams*

J. M. Williams, Co-Chief Executive Officer  
(Principal Executive Officer)

Date: May 16, 2022

*/S/ E. Ben Tora*

E. Ben Tora, Co -Chief Executive Officer  
(Principal Executive Officer)

Date: May 16, 2022

*/S/ H. W. Bromley*

H.W. Bromley, Chief Financial Officer  
(Principal Accounting Officer)

**EXHIBIT 31.1**  
**CERTIFICATIONS**

I, J. M. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kidoz Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Kidoz Inc. as of, and for, the periods presented in this quarterly report;
4. Kidoz Inc.'s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Kidoz Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of Kidoz Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of March 31, 2022, covered by this quarterly report based on such evaluation; and
  - (d) Disclosed in this report any change in Kidoz Inc.'s internal control over financial reporting that occurred during Kidoz Inc.'s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kidoz Inc.'s internal control over financial reporting; and
5. Kidoz Inc.'s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Kidoz Inc.'s auditors and the audit committee Kidoz Inc.'s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Kidoz Inc.'s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Signed:** /s/ J. M. Williams  
J. M. Williams,  
Co-Chief Executive Officer  
(Principal Executive Officer)

**Date:** May 16, 2022



**EXHIBIT 31.2**  
**CERTIFICATIONS**

I, E. Ben Tora, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kidoz Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Kidoz Inc. as of, and for, the periods presented in this quarterly report;
4. Kidoz Inc.'s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Kidoz Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of Kidoz Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of March 31, 2022, covered by this quarterly report based on such evaluation; and
  - (d) Disclosed in this report any change in Kidoz Inc.'s internal control over financial reporting that occurred during Kidoz Inc.'s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kidoz Inc.'s internal control over financial reporting; and
5. Kidoz Inc.'s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Kidoz Inc.'s auditors and the audit committee Kidoz Inc.'s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Kidoz Inc.'s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Signed:** /S/ E. Ben Tora

E. Ben Tora,  
Co- Chief Executive Officer  
(Principal Executive Officer)

**Date:** May 16, 2022

**EXHIBIT 31.3**  
**CERTIFICATIONS**

I, H. W. Bromley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kidoz Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Kidoz Inc. as of, and for, the periods presented in this quarterly report;
4. Kidoz Inc.'s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Kidoz Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of Kidoz Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of March 31, 2022, covered by this quarterly report based on such evaluation; and
  - (d) Disclosed in this report any change in Kidoz Inc.'s internal control over financial reporting that occurred during Kidoz Inc.'s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kidoz Inc.'s internal control over financial reporting; and
5. Kidoz Inc.'s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Kidoz Inc.'s auditors and the audit committee Kidoz Inc.'s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Kidoz Inc.'s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signed: /s/ H. W. Bromley  
H.W. Bromley,  
Chief Financial Officer  
(Principal Accounting Officer)

Date: May 16, 2022

**EXHIBIT 32.1**  
**CERTIFICATION PURSUANT TO**  
**18 U.S.C. §1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kidoz Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. M. Williams, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- b) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

                                  /S/ J.M. Williams                                    
J. M. Williams  
Co-Chief Executive Officer  
May 16, 2022

A signed original of this written statement required by Section 906 has been provided to Kidoz Inc. and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**  
**CERTIFICATION PURSUANT TO**  
**18 U.S.C. §1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kidoz Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, E. Ben Tora, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- b) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ E. Ben Tora  
E. Ben Tora  
Co-Chief Executive Officer  
May 16, 2022

A signed original of this written statement required by Section 906 has been provided to Kidoz Inc. and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.3**  
**CERTIFICATION PURSUANT TO**  
**18 U.S.C. §1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kidoz Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, H. W. Bromley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- b) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ H. W. Bromley  
H. W. Bromley  
Chief Financial Officer  
May 16, 2022

A signed original of this written statement required by Section 906 has been provided to Kidoz Inc. and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.