



KIDUZ Inc.

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Kidoz Inc. Announces Strong Growth in Q1 2022 with Revenue of \$2,283,974 (up 47% over Q1 2021).

ANGUILLA, B.W.I., May 16, 2022 – Kidoz Inc. (TSXV:KIDZ) (the "Company"), mobile AdTech developer and owner of the market leading Kidoz Contextual Ad Network (www.kidoz.net) and the Kidoz Publisher SDK, announced today its unaudited financial results for the first quarter ended March 31, 2022. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Recent Kidoz Inc. Q1 2022 highlights include:

- Total Revenue of \$2,283,974 - growth of 47% compared to Q1 2021 Total Revenue of \$1,557,942.
- AdTech revenue of \$2,178,311 – growth of 45% compared to Q1 2021 AdTech Revenue \$1,504,300.
- Q1 2022 Gross Profit of \$830,895 – growth of 21% compared to Q1 2021 Gross Profit of \$685,041.
- Q1 2022 Adjusted EBITDA loss of (\$427,284) compared to Adjusted EBITDA loss of (\$128,191) in Q1 2021.
- Q1 2022 loss of (\$731,042) from a loss of (\$347,044) in Q1 2021.
- Cash provided by operations of \$15,881 compare to cash provided by operations of \$393,060 in Q1 2021.
- Cash of \$2,080,470 and working capital of \$4,099,272 as at March 31, 2022.

"We're pleased with the first quarter of 2022," said Jason Williams, Kidoz CEO. "Our revenue grew greater than 40% compared to Q1 2021. This was driven by a substantial increase in volume through our leading kids-safe ad network. Meanwhile, we continue to invest in software development, marketing, and operations staff to raise our profile and enhance the technical and operational foundation of our new Performance and Programmatic growth initiatives," said Williams.

"While these investments were a slight drag on our profitability in the first quarter, we are confident that these investments will help maintain our rapid growth and return to profitability later on in the year.

Our visibility into revenue and EBITDA going forward is good, therefore, we are prepared to communicate 2022 revenue guidance of \$19M to \$21M, which represents approximately 60% year over year growth, and we expect 2022 Adjusted EBITDA to be positive and maintain our profitable Adjusted EBITDA for the third year in a row."

"The Company is building in an incredible way," said Eldad Ben Tora, President and GM EMEA. "We have become a leader in safe mobile advertising and the variety of opportunities in this area are immense as mobile continues to grow and become the dominant entertainment medium. Hundreds of millions of kids are consuming mobile content on a daily basis, and Kidoz helps to ensure their experience is safe, data-free and compliant while being performant for the mobile platforms. We are expanding our technology through as many platforms and channels as are available to reach and engage audiences globally. We believe 2022 will be another great year for Kidoz."

First Quarter 2022 Financial Results

Total Current Assets as at March 31, 2022 were \$6,021,036, compared to \$8,811,939 as at December 31, 2021, and Total Current Liabilities as at March 31, 2022, were \$1,921,764, compared to \$4,275,088 as at December 31, 2021. The Current Ratio as at March 31, 2022 was 3.13 compared to 2.06 as at December 31, 2021.

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. AdTech advertising revenue increased to \$2,178,311 for the quarter ended March 31, 2022, an increase of 45% from AdTech advertising revenue of \$1,504,300 in the first quarter of 2021. Content revenue increased 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 and the growth of our Performance business segment.

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.

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.

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 2021.

The Company does not capitalize its development costs. The Company expensed \$516,639 in software development costs during the quarter ended March 31, 2022, an increase of 53% compared to 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.

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.

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.

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.

CAUTION REGARDING NON-GAAP FINANCIAL MEASURES

This press release refers to “Adjusted EBITDA” which is a non-GAAP financial measure that does not have a standardized meaning prescribed by GAAP. 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 the Quarterly Form10-Q, including our unaudited consolidated financial statements, to aid in their analysis and understanding of our performance and in making comparisons.

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.

For full details of the Company's operations and financial results, please refer to the Securities and Exchange Commission website at www.sec.gov or the Kidoz Inc. corporate website at <https://investor.kidoz.net> or on the www.sedar.com website.

About KIDOZ INC.

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

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by the company) contains statements that are forward-looking, such as statements relating to anticipated future success of the company. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the company. For a description of additional risks and uncertainties, please refer to the company’s filings with the Securities and Exchange Commission. Specifically, readers should read the Company’s Annual Report on Form 10-K, filed with the SEC on March 30, 2022, and the prospectus filed under Rule 424(b) of the Securities Act on March 9, 2005 and the SB2 filed July 17, 2007, and the TSX Venture Exchange Listing Application for Common Shares filed on June 29, 2015 on SEDAR, for a more thorough discussion of the Company’s financial position and results of operations, together with a detailed discussion of the risk factors involved in an investment in Kidoz Inc.

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