

Kidoz Inc.

(TSXV: KDOZ / OTC: KDOZF)

Q1 Revenue Jumps 53% Despite Market Headwinds

BUY

Current Price: C\$0.30

Fair Value: C\$0.73

Risk*: 4

Sector/Industry: Ad Tech

[Click here for more research on the company](#)

Highlights

- Q1 revenue rose 53% YoY to \$2.7M (Q4-2024: up 23% YoY), **marking the highest Q1 revenue** in the company's history, and beating our estimate by 26%. Growth was fueled by strong demand, with advertisers launching multiple campaigns on the Kidoz platform during the quarter. In contrast, **YouTube and Meta saw more modest YoY ad revenue growth** of 10% and 14%, respectively, in Q1.
- Driven by higher revenue, improved gross margins, and lower G&A expenses, EPS improved from -\$0.01 to -\$0.0001. Free cash flow turned positive for the first time in four years. **We are doubling our 2025 EPS forecast from \$0.01 to \$0.02.**
- Apple (NASDAQ: AAPL) and Meta are responding to stricter child privacy rules, including the FTC's updated COPPA rule (a U.S. law that protects the personal data of children under 13), taking effect June 23, 2025. Several U.S. states, including California and Utah, are introducing their own legislation to further regulate how apps collect and use children's data. We believe **these changes favor platforms like Kidoz** that already comply with COPPA through contextual, non-personalized advertising.
- Global ad spending growth is expected to slow due to elevated uncertainties, including trade tensions, geopolitical risks, and the threat of a global GDP slowdown from Trump's proposed tariffs. However, we believe these measures may be softened or reversed as trade deals progress and to avoid harming U.S. consumers and businesses. Major digital ad companies saw average YoY revenue growth of 14% in 2024, with **consensus forecasts predicting 11% revenue growth** (previously 10%) in 2025.
- KIDZ's forward EV/R is 1.4x vs the sector average of 2.7x, a 48% discount. **We anticipate record revenue and EPS in 2025.**

Sid Rajeev, B.Tech, CFA, MBA
Head of Research

KIDZ Price and Volume (1-year)



	YTD	12M
KIDZ	100%	100%
TSXV	13%	15%

Company Data

52-Week Range	C\$0.10 - C\$0.37
Shares O/S	131M
Market Cap.	C\$39M
Current Yield	N/A
P/E (forward)	N/A
P/B	4.9x

Key Financial Data (FYE - Dec31) – US\$	2024	2025E	2026E
Cash	2,780,517	5,169,083	7,867,345
Working Capital	4,219,588	5,449,790	6,489,730
Total Assets	11,734,233	14,259,265	17,100,335
LT Debt to Capital	0.0%	0.0%	0.0%
Revenue	14,004,527	18,300,000	19,825,000
Net Income	353,140	2,144,278	2,422,240
EPS	0.003	0.016	0.018

*This report and research coverage is paid for and commissioned by the issuer. See last page for other important disclosures, rating, and risk definitions. All figures in US\$ unless otherwise specified.

Financials

Operating Summary	Q1-2022	Q1-2023	Q1-2024	Q1-2025	YoY
Revenue	\$2,287,471	\$1,673,685	\$1,793,071	\$2,738,303	53%
Gross Profit	\$830,895	\$669,969	\$956,397	\$1,497,701	57%
Selling & Marketing	\$180,014	\$327,522	\$327,522	\$320,264	-2%
G&A & Others	\$1,223,061	\$1,273,075	\$1,207,599	\$1,176,065	-3%
EBITDA (excl. SBC)	-\$412,182	-\$818,654	-\$510,475	\$45,240	n/a
EBITDA (excl. development costs)	\$104,457	-\$74,321	\$378,965	\$896,125	136%
Net Income	-\$891,040	-\$1,066,612	-\$719,583	-\$10,317	n/a
EPS	-\$0.01	-\$0.01	-\$0.01	-\$0.0001	

Revenue	Q1-2022	Q1-2023	Q1-2024	Q1-2025	YoY
Western Europe	\$662,606	\$582,422	\$631,946	\$759,974	20%
Rest of Europe	\$54,205	\$63,264	\$90,397	\$163,694	81%
North America	\$1,082,289	\$832,701	\$984,806	\$1,746,478	77%
Others	\$488,371	\$195,299	\$85,922	\$68,157	-21%
Total	\$2,287,471	\$1,673,686	\$1,793,071	\$2,738,303	53%

Margins	Q1-2022	Q1-2023	Q1-2024	Q1-2025	Sector (Advertising)
Gross	36.3%	40.0%	53.3%	54.7%	31.0%
EBITDA	-18.0%	-48.9%	-28.5%	1.7%	8.6%
EBIT	-31.5%	-57.8%	-34.9%	0.0%	6.2%
Net	-39.0%	-63.7%	-40.1%	-0.4%	1.8%

Expenses / Sales	Q1-2022	Q1-2023	Q1-2024	Q1-2025
Selling & Marketing	7.9%	19.6%	18.3%	11.7%
Development	22.6%	44.5%	49.6%	31.1%
Stock Based Compensation	7.0%	6.7%	3.8%	1.6%
Salaries	12.2%	10.1%	3.0%	4.4%
G & A	11.7%	14.8%	11.0%	5.9%
Total	61.3%	95.6%	85.6%	54.6%

Summary of Cash Flows	Q1-2022	Q1-2023	Q1-2024	Q1-2025
Cash Flows from Operations	(144,117)	(46,996)	(599,096)	491,405
Cash Flows from Investing	(6,979)	(1,496)	12,457	(5,718)
Cash Flows from Financing	(7,039)	(10,281)	(7,604)	-
Net Change	(158,135)	(58,773)	(594,243)	485,687
Free Cash Flows	(151,096)	(48,492)	(586,639)	485,687

Liquidity Analysis	2022	2023	2024	Q1-2025	Sector (Advertising)
Cash	\$2,363,530	\$1,469,224	\$2,780,517	\$3,266,294	
Working Capital	\$4,147,176	\$3,220,646	\$4,219,588	\$4,363,230	
Current Ratio	1.73	1.70	2.11	2.99	1.50
Debt / Capital	0.5%	0.0%	0.0%	0.0%	26.8%
LT Debt / Capital	0.0%	0.0%	0.0%	0.0%	21.0%
EBIT Interest Coverage Ratio	n/a	n/a	n/a	n/a	6.6

Source: FRC/Company

Q1 revenue was up 53% YoY, beating our estimate by 26%

Gross margins increased 1.4 pp YoY to 54.7%, driven by higher direct vs reseller sales, and streamlined campaign execution

G&A and other expenses declined 3% YoY, to 43% of revenue, driven by a shift to a virtual office in Vancouver, and lower consulting fees

Driven by higher revenue, improved gross margins, and lower G&A expenses, EPS improved from -\$0.01 to -\$0.0001

Cash from operations and free cash flows turned positive

Healthy balance sheet, with no debt

Can raise up to
C\$1M from in-the-
money options

C\$	Options	Strike Price	Amount
Total Outstanding	10,294,750	\$0.44	\$4,564,350
In-the-Money	4,073,750	\$0.24	\$995,250

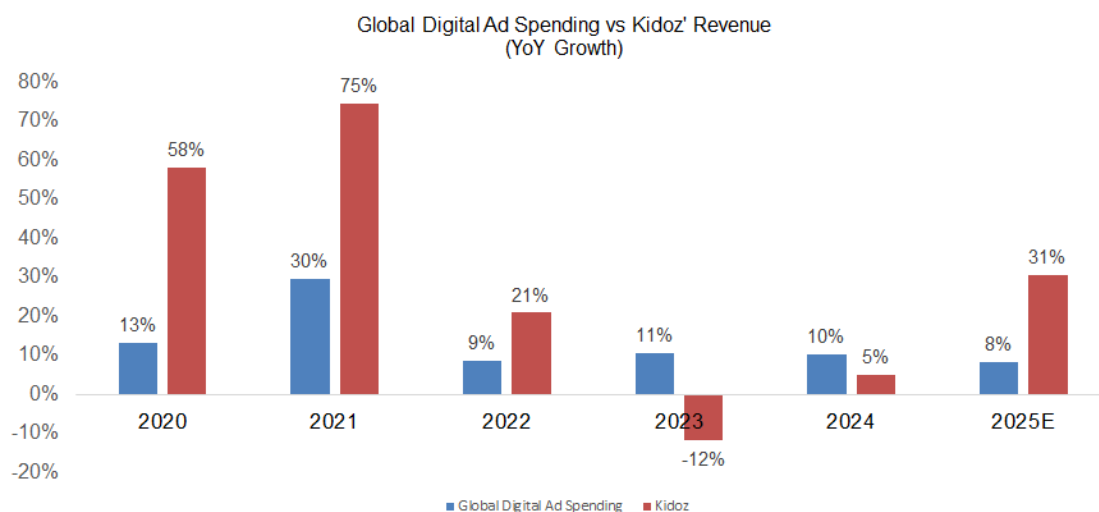
C\$	Warrants	Strike Price	Amount
Total Outstanding	-	-	-
In-the-Money	-	-	-

Source: FRC/Company

FRC Projections and Valuation

Global digital ad spending grew by 10% in 2024, with **2025 growth forecasted at 8% amid economic uncertainties, and stronger data privacy regulations.** We anticipate AI-driven personalization and programmatic advertising to be the primary drivers of growth in this sector.

Historically, we
estimate that KIDZ's
revenue growth
outpaced global
digital ad spending
growth by 1.6x on
average



Source: FRC / Various

In light of the robust
revenue growth in
Q1-2025, we are
raising our full-year
revenue and EPS
estimates

FRC Forecasts	2025E (Old)	2025E (New)	2026E (Old)	2026E (New)
Revenue	\$15,768,500	\$18,300,000	\$17,266,508	\$19,825,000
EBITDA	\$1,909,952	\$3,108,829	\$2,418,230	\$3,631,533
Net Profit (Loss)	\$1,071,713	\$2,144,278	\$1,399,714	\$2,422,240
EPS	\$0.008	\$0.016	\$0.011	\$0.018

As a result, our DCF valuation increased from C\$0.87 to C\$0.91/share

DCF Valuation	2025E	2026E	2030E	Terminal
Funds Flow from Operations (US\$)	2,370,142	2,654,880	10,929,058	
Change in Working Capital (US\$)	118,424	143,383	(151,270)	
Cash from Operations (US\$)	2,488,566	2,798,263	10,777,788	
CAPEX (US\$)	(100,000)	(100,000)	(100,000)	
Free Cash Flow (US\$)	2,388,566	2,698,263	10,677,788	
Present Value (US\$)	2,319,258	2,328,861	5,753,479	62,379,828
Discount Rate	12.5%			
Terminal Growth	3.0%			
Present Value (US\$)	\$84,054,839			
Cash - Debt (US\$)	\$3,266,294			
Fair Value (US\$)	\$87,321,133			
Shares O/S	132,060,749			
Value per Share (C\$)	\$0.91			

Source: FRC

Digital AdTech Companies

Kidoz vs Larger Players	2024 Revenue Growth	2025 Revenue Growth Forecasts	EV/R (forward)
AppLovin Corp.	43%	22%	23.48
The Trade Desk Inc.	26%	17%	12.73
META Platforms Inc.	22%	14%	8.53
Alphabet Inc.	13%	11%	5.24
Magnite Inc.	8%	8%	3.82
LiveRamp Holdings Inc.	15%	8%	2.17
Integral Ad Science Holding Corp.	12%	12%	2.18
PubMatic Inc.	9%	1%	1.67
The Interpublic Group of Companies	-2%	-6%	1.32
Kidoz Inc.	5%	31%	1.39
Omnicom Group Inc.	7%	2%	1.18
Criteo SA	-1%	3%	1.02
Viant Technology Inc.	30%	17%	0.87
Average (excl'd. outliers)	14%	11%	2.67

Source: S&P Capital IQ / FRC

We are reiterating our BUY rating, and **raising our fair value estimate** from C\$0.65 to C\$0.73/share (the average of our DCF and comparables valuations), reflecting higher revenue estimates. KIDZ's record Q1 performance and return to positive free cash flow signal strong momentum heading into 2025. Its COPPA-compliant model is well-aligned with upcoming privacy regulations, reinforcing its long-term positioning. With the stock trading at a 48% discount to peers, we see significant undervaluation as revenue and EPS are poised to reach new highs this year.

Risks

We believe the company is exposed to the following key risks:

Maintaining our risk rating of 4 (Speculative)

- Operates in a highly competitive space
- Unfavorable changes in regulations
- **Ability to attract publishers and brands will be key to long-term growth**
- FOREX

Appendix

INCOME STATEMENT					
(in US\$) - YE Dec 31st	2022	2023	2024	2025E	2026E
Revenue	15,097,056	13,326,824	14,004,527	18,300,000	19,825,000
Cost of Sales	9,973,211	8,392,767	6,426,973	8,418,000	9,119,500
Gross Profit	5,123,845	4,934,057	7,577,554	9,882,000	10,705,500
Expenses					
Selling & Marketing	1,039,713	1,268,218	1,465,833	1,830,000	1,982,500
Development	2,496,877	2,999,079	3,445,018	3,479,468	3,583,852
Stock Awareness Program	161,332	146,300	-	-	-
Stock Based Compensation	696,248	515,116	379,247	360,285	371,093
Compensation	760,781	713,335	630,904	649,831	669,326
G & A	760,936	758,606	805,814	813,872	838,288
EBITDA (excl. SBC)	-95,794	-951,481	1,229,985	3,108,829	3,631,533
Amortization & Depreciation	586,202	588,488	250,960	225,864	232,640
EBIT	-681,996	-1,539,969	979,025	2,882,965	3,398,893
Interest & Bank Charges	185	1,049	643	-	-
FOREX & Unusual	-119,543	16,002	-88,701	-	-
EBT	-1,497,602	-2,038,034	511,720	2,522,680	3,027,800
Income Taxes	-150,489	-25,978	158,580	378,402	605,560
Net Income	-1,347,113	-2,012,056	353,140	2,144,278	2,422,240
EPS	-0.01	-0.02	0.003	0.02	0.02

BALANCE SHEET					
(in US\$)- YE Dec 31st	2022	2023	2024	2025E	2026E
Assets					
Cash	2,363,530	1,469,224	2,780,517	5,169,083	7,867,345
Accounts receivable	7,400,282	6,261,305	5,181,211	5,440,272	5,712,285
Prepaid expenses	71,248	102,895	65,404	68,674	72,108
Current Assets	9,835,060	7,833,424	8,027,132	10,678,028	13,651,738
Property and equipment	33,522	29,234	25,803	25,803	25,803
Goodwill/intangibles/others	4,518,501	3,944,422	3,681,298	3,555,434	3,422,794
Total Assets	14,387,083	11,807,080	11,734,233	14,259,265	17,100,335
Liabilities & SE					
A/P	5,611,421	4,605,173	3,807,544	4,188,298	4,607,128
Lease	32,116	7,605	-	-	-
Current Liabilities	5,687,884	4,612,778	3,807,544	4,188,298	4,607,128
Shareholder's Equity					
Share Capital	50,653,094	51,167,693	51,546,940	51,546,940	51,546,940
FOREX	24,580	24,580	24,580	24,580	24,580
Deficit	(41,985,915)	(43,997,971)	(43,644,831)	(41,500,553)	(39,078,313)
Total Liabilities & SE	14,387,083	11,807,080	11,734,233	14,259,265	17,100,335

STATEMENTS OF CASH FLOWS
(in US\$)- YE Dec 31st

	2022	2023	2024	2025E	2026E
Operating Activities					
Net earnings for the period	-1,347,113	-2,012,056	353,140	2,144,278	2,422,240
Items not involving cash					
Depreciation	586,202	588,488	250,960	225,864	232,640
Gain on derivative liability	(23,314)	(51)		-	-
Deferred income tax expense	(210,499)	70,140	114,480	-	-
Unrealized foreign exchange loss	(1,052)	(1,407)	1,927	-	-
Stock Based Compensation	696,248	515,116	379,247	-	-
	-299,528	-839,770	1,099,754	2,370,142	2,654,880
Accounts Receivable	(772,418)	1,054,025	965,614	(259,061)	(272,014)
Prepaid Expenses	34,220	(31,647)	37,491	(3,270)	(3,434)
Accounts payable and accrued expenses	1,471,471	(1,006,248)	(797,629)	380,754	418,830
Changes in working capital	733,273	16,130	205,476	118,424	143,383
Cash from (used in) operations	433,745	-823,640	1,305,230	2,488,566	2,798,263
Financing activities					
Proceeds from secured borrowings, net	-	(29,484)		-	-
Equity	(87,778)	(517)		-	-
Payment on operating lease liabilities	(34,511)	(31,951)	(7,605)	-	-
Cash provided by financing activities	(122,289)	(61,952)	(7,605)	-	-
Investing activities					
Acquisition of equipment/subsidiary	(22,806)	(8,714)	(9,840)	(100,000)	(100,000)
Security deposits	(3,727)		23,508	-	-
Cash used in investing activities	(26,533)	(8,714)	13,668	(100,000)	(100,000)

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2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

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