

Kidoz Inc.

(TSXV: KDOZ / OTC: KDOZF)

BUY**Current Price: C\$0.22****Fair Value: C\$0.70****Risk*: 4****Q2 Revenue Softens, H1 Hits Record; Tailwinds Ahead****Sector: Ad Tech**[Click here for more research on the company](#)**Highlights**

- After reporting record Q1 revenue (up 53% YoY), Q2 revenue pulled back 2% YoY, missing our forecast by 4%, primarily due to reduced client ad spending amid U.S. tariff uncertainty, and economic and trade concerns.
- Higher gross margins were offset by lower revenue and increased G&A expenses, which drove down EBITDA, and net losses widened in Q2. **Excluding R&D costs, the company remains profitable.**
- In H1-2025, Kidoz reported record revenue of \$5.17M, up 21% YoY. By comparison, major platforms YouTube (NASDAQ: GOOGL) and Meta (NASDAQ: META) saw ad revenue growth of 12% and 19%, respectively. Kidoz's adjusted EPS (ex-R&D) increased 46% YoY.
- Balance sheet remains healthy, with zero debt.
- Since Q2, we believe greater clarity on U.S. tariffs, with new agreements signaling lower, more consistent rates across most countries, has **boosted advertiser confidence** to resume marketing efforts.
- **Australia has expanded** its under-16 social media ban to include platforms such as YouTube, TikTok, Instagram, Facebook, Snapchat, and X, with penalties of up to A\$50M for non-compliance. This shift drives demand for safe, age-verified digital advertising solutions. Kidoz, with its COPPA (US) and GDPR-K (EU) compliant mobile gaming network, offers advertisers a privacy-first platform to engage children safely without relying on personal data.
- Sector consensus forecasts revenue growth of 11% in 2025, down from 14% in 2024. Since our May report, average EV/Revenue rose 3% to 2.74x. Kidoz trades at just 1.05x, a 62% discount. **We continue to expect record revenue and EPS in 2025.**

Sid Rajeew, B.Tech, MBA, CFA
Head of Research**Price and Volume (1-year)**

	YTD	12M
KIDZ	50%	25%
TSXV	13%	15%

Company Data

52-Week Range	C\$0.10-\$0.37
Shares O/S	131M
Market Cap.	C\$29M
Current Yield	N/A
P/E (forward)	N/A
P/B	4.2x

Key Financial Data (FYE - Dec 31)

(US\$)	2023	2024	2025E	2026E
Cash	1,469,224	2,780,517	3,737,896	6,110,169
Working Capital	3,220,646	4,219,588	5,820,052	8,125,094
Total Assets	11,807,080	11,734,233	12,853,174	15,394,104
LT Debt to Capital	0.0%	0.0%	0.0%	0.0%
Revenue	13,326,824	14,004,527	17,537,500	19,062,500
Net Income	(2,012,056)	353,140	1,499,696	2,198,251
EPS	-0.015	0.003	0.011	0.017

* Kidoz Inc. has paid FRC a fee for research coverage and distribution of reports. See last page for other important disclosures, rating, and risk definitions. All figures in US\$ unless otherwise specified.

Financials

Record H1 revenue of \$5.17M, up 21% YoY; EPS (excluding R&D costs) up 46% YoY

Q2 revenue was down 2% YoY (Q1: up 53% YoY), missing our estimate by 4%

Revenue base further diversified, with Rest of Europe and Asia contributing 21% (vs. 8% in Q2-2024), reducing reliance on North America and Western Europe

Gross margins increased 4 pp YoY to 55%, driven by higher direct vs reseller sales, and streamlined campaign execution

G&A and other expenses rose 54% YoY, mainly due to one-time employee bonuses tied to record revenue

Higher gross margins were offset by lower revenue and increased G&A, driving down EBITDA and EPS

Balance sheet remains healthy, with zero debt

Operating Summary	Q2-2023	Q2-2024	Q2-2025	YoY	2023 (6M)	2024 (6M)	2025 (6M)	YoY
Revenue	\$2,814,239	\$2,479,115	\$2,430,216	-2%	\$4,487,924	\$4,272,186	\$5,168,519	21%
Gross Profit	\$1,239,580	\$1,245,121	\$1,325,144	6%	\$1,909,549	\$2,201,518	\$2,822,845	28%
Selling & Marketing	\$306,561	\$306,747	\$598,475	95%	\$634,083	\$634,269	\$918,739	45%
G&A & Others	\$1,293,663	\$1,274,915	\$1,839,415	44%	\$2,566,738	\$2,482,514	\$3,015,480	21%
EBITDA (excl. development costs)	\$531,100	\$585,736	\$142,808	-76%	\$456,779	\$964,701	\$1,038,933	8%
Net Income	-\$509,416	-\$386,629	-\$1,173,641		-\$1,576,028	-\$1,105,233	-\$1,183,958	
EPS	-\$0.004	-\$0.003	-\$0.009		-\$0.012	-\$0.008	-\$0.009	
Net Income (excl. dev costs)	\$245,981	\$431,327	\$36,332	-92%	-\$76,298	\$602,163	\$876,900	46%
EPS (excl. dev costs)	\$0.002	\$0.003	\$0.000	-92%	-\$0.001	\$0.005	\$0.007	46%

Revenue	Q2-2023	Q2-2024	Q2-2025	YoY	H1-2023	H1-2024	H1-2025	YoY
Western Europe	\$1,025,603	\$1,251,397	\$976,639	-22%	\$1,608,025	\$1,883,343	\$1,736,617	-8%
Rest of Europe	\$67,518	\$119,663	\$355,707	197%	\$130,782	\$210,060	\$519,401	147%
North America	\$1,559,764	\$1,047,319	\$949,874	-9%	\$2,392,465	\$2,032,125	\$2,696,357	33%
Others	\$161,354	\$60,796	\$147,996	143%	\$356,653	\$146,718	\$216,144	47%
Total	\$2,814,239	\$2,479,175	\$2,430,216	-2%	\$4,487,925	\$4,272,246	\$5,168,519	21%

Margins	Q2-2024	Q2-2025	2024 (6M)	2025 (6M)	Sector (Advertising)
Gross	50.2%	54.5%	51.5%	54.6%	31.0%
EBITDA	-9.4%	-43.9%	-17.4%	-19.8%	8.6%
EBIT	-11.2%	-45.8%	-21.1%	-21.5%	6.2%
Net	-15.6%	-48.3%	-25.9%	-22.9%	1.8%

Expenses / Sales	Q2-2024	Q2-2025	2024 (6M)	2025 (6M)
Selling & Marketing	12.4%	24.6%	14.8%	17.8%
Development	33.0%	49.8%	40.0%	39.9%
Stock Based Compensation	4.2%	1.9%	4.0%	1.7%
Salaries	7.7%	16.8%	5.7%	10.2%
G & A	6.5%	7.2%	8.4%	6.5%
Total	63.8%	100.3%	73.0%	76.1%

Summary of Cash Flows	2023 (6M)	2024 (6M)	2025 (6M)
Cash Flows from Operations	(959,506)	(742,642)	(346,020)
Cash Flows from Investing	(6,032)	10,852	(7,690)
Cash Flows from Financing	(17,252)	(7,605)	-
Net Change	(982,790)	(739,395)	(353,710)
Free Cash Flows	(965,538)	(731,790)	(353,710)

Liquidity Analysis	2022	2023	2024	Q1-2025	Q2-2025	Sector (Advertising)
Cash	\$2,363,530	\$1,469,224	\$2,780,517	\$3,266,294	\$2,426,807	
Working Capital	\$4,147,176	\$3,220,646	\$4,219,588	\$4,363,230	\$3,280,285	
Current Ratio	1.73	1.70	2.11	2.99	2.86	1.60
Debt / Capital	0.5%	0.0%	0.0%	0.0%	0.0%	29.7%
LT Debt / Capital	0.0%	0.0%	0.0%	0.0%	0.0%	22.0%
EBIT Interest Coverage Ratio	n/a	n/a	n/a	n/a	n/a	6.5

Source: FRC/Company

Can raise up to
C\$454k from in-the-
money options

C\$	Options	Strike Price	Amount
Total Outstanding	8,364,350	\$0.44	\$3,695,670
In-the-Money	2,268,750	\$0.20	\$453,750

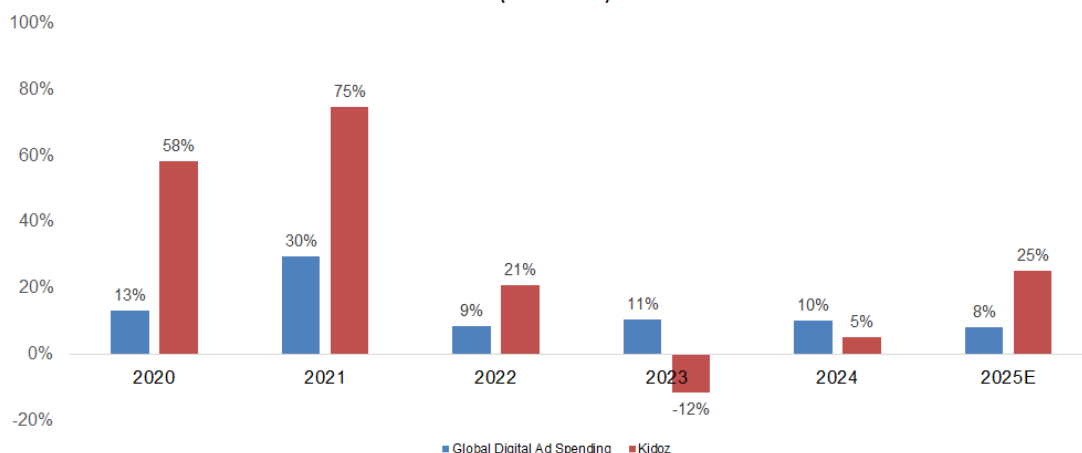
C\$	Warrants	Strike Price	Amount
Total Outstanding	-	-	-
In-the-Money	-	-	-

Source: FRC/Company

FRC Projections and Valuation

Per industry consensus, global digital ad spending growth is anticipated to slow to approximately **8% in 2025** vs **10% in 2024**. The deceleration reflects the lack of major cyclical events (e.g., elections, global sporting events) that typically drive ad spend, as well as ongoing economic and trade uncertainties, and tighter data privacy regulations.

Global Digital Ad Spending vs Kidoz' Revenue
(YoY Growth)



Source: FRC / Various

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

As Q2 fell short of
expectations, we are
lowering our revenue
and EPS estimates

FRC Forecasts	2025E (Old)	2025E (New)	2026E (Old)	2026E (New)
Revenue	\$18,300,000	\$17,537,500	\$19,825,000	\$19,062,500
EBITDA	\$3,108,829	\$2,249,551	\$3,631,533	\$3,247,573
Net Profit (Loss)	\$2,144,278	\$1,499,696	\$2,422,240	\$2,198,251
EPS	\$0.016	\$0.011	\$0.018	\$0.017

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

DCF Valuation	2025E	2026E	2030E	Terminal
Funds Flow from Operations (US\$)	1,700,464	2,405,042	10,778,310	
Change in Working Capital (US\$)	(643,085)	67,232	(262,763)	
Cash from Operations (US\$)	1,057,379	2,472,274	10,515,547	
CAPEX (US\$)	(100,000)	(100,000)	(100,000)	
Free Cash Flow (US\$)	957,379	2,372,274	10,415,547	
Present Value (US\$)	929,599	2,047,501	5,612,177	60,847,811
Discount Rate	12.5%			
Terminal Growth	3.0%			
Present Value (US\$)	\$80,230,498			
Cash - Debt (US\$)	\$2,426,807			
Fair Value (US\$)	\$82,657,305			
Shares O/S	131,510,749			
Value per Share (C\$)	\$0.87			

Source: FRC

Outlook unchanged since May 2025: sector revenue growth is 11% in 2025 vs 14% in 2024, while average EV/Revenue rose 3% to 2.74x

KIDZ is trading at 1.05x forward EV/Revenue (previously 1.39x), well below the sector average of 2.74 (previously 2.67x)

Our comparables valuation declined (\$0.54 to \$0.53/share) due to our lower revenue estimate, partially offset by a higher sector multiple

Digital AdTech Companies

Kidoz vs Larger Players	2024 Revenue Growth	2025 Revenue Growth Forecasts	EV/R (forward)
AppLovin Corp.	43%	18%	25.98
META Platforms Inc.	22%	19%	9.49
The Trade Desk Inc.	26%	17%	8.46
Alphabet Inc.	13%	13%	6.01
Magnite Inc.	8%	11%	5.05
Integral Ad Science Holding C	12%	14%	2.35
LiveRamp Holdings Inc.	13%	8%	1.77
The Interpublic Group of Comp	-2%	-3%	1.39
Pubmatic Inc.	9%	-6%	1.16
Omnicom Group Inc.	7%	4%	1.22
Kidoz Inc.	5%	25%	1.05
Criteo SA	-1%	4%	1.01
Viant Technology Inc.	30%	15%	0.69
Average (excl'd. outliers)	14%	11%	2.74

Source: S&P Capital IQ / FRC

We are **reiterating our BUY rating**, and revising our fair value estimate from C\$0.73 to C\$0.70/share (the average of our DCF and comparables valuations), reflecting lower revenue estimates. Despite a 2% YoY pullback in Q2 revenue due to tariff uncertainty and softer ad spending, Kidoz's adjusted EPS remains positive, and H1 revenue grew 21% YoY. We believe clarity on U.S. tariffs and rising demand for privacy-compliant digital advertising support the company's growth trajectory.



Maintaining our risk
rating of 4
(Speculative)

Risks

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

- Operates in a highly competitive space
- Unfavorable changes in regulations
- **Ability to attract publishers and brands will be key to long-term growth**
- FOREX
- Reliance on digital ad spending trends, which can be cyclical or impacted by macroeconomic factors
- Changes in U.S. or global tariff policies that could affect client budgets
- Data privacy or **security breaches** could impact advertiser trust and platform reputation

APPENDIX

INCOME STATEMENT				
(in US\$) - YE Dec 31st	2023	2024	2025E	2026E
Revenue	13,326,824	14,004,527	17,537,500	19,062,500
Cost of Sales	8,392,767	6,426,973	7,891,875	8,578,125
Gross Profit	4,934,057	7,577,554	9,645,625	10,484,375
Expenses				
Selling & Marketing	1,268,218	1,465,833	1,929,125	1,906,250
Development	2,999,079	3,445,018	3,755,070	3,567,316
Stock Awareness Program	146,300	-	-	-
Stock Based Compensation	515,116	379,247	284,435	292,968
Compensation	713,335	630,904	946,356	974,747
G & A	758,606	805,814	765,523	788,489
EBITDA (excl. stock based comp.)	-951,481	1,229,985	2,249,551	3,247,573
Amortization & Depreciation	588,488	250,960	200,768	206,791
EBIT	-1,539,969	979,025	2,048,783	3,040,782
Interest & Bank Charges	1,049	643	-	-
FOREX & Unusual	16,002	-88,701	-	-
EBT	-2,038,034	511,720	1,764,348	2,747,814
Income Taxes	-25,978	158,580	264,652	549,563
Net Income	-2,012,056	353,140	1,499,696	2,198,251
EPS	-0.02	0.003	0.01	0.02

BALANCE SHEET				
(in US\$)- YE Dec 31st	2023	2024	2025E	2026E
Assets				
Cash	1,469,224	2,780,517	3,737,896	6,110,169
Accounts receivable	6,261,305	5,181,211	5,440,272	5,712,285
Prepaid expenses	102,895	65,404	68,674	72,108
Current Assets	7,833,424	8,027,132	9,246,841	11,894,562
Property and equipment	29,234	25,803	25,803	25,803
Goodwill/intangibles/others	3,944,422	3,681,298	3,580,530	3,473,739
Total Assets	11,807,080	11,734,233	12,853,174	15,394,104
Liabilities & SE				
A/P	4,605,173	3,807,544	3,426,790	3,769,469
Lease	7,605			
Current Liabilities	4,612,778	3,807,544	3,426,790	3,769,469
Shareholder's Equity				
Share Capital	51,167,693	51,546,940	51,546,940	51,546,940
FOREX	24,580	24,580	24,580	24,580
Deficit	(43,997,971)	(43,644,831)	(42,145,135)	(39,946,884)
Total Liabilities & SE	11,807,080	11,734,233	12,853,174	15,394,104

STATEMENTS OF CASH FLOWS				
(in US\$)- YE Dec 31st	2023	2024	2025E	2026E
Operating Activities				
Net earnings for the period	-2,012,056	353,140	1,499,696	2,198,251
Items not involving cash				
Depreciation	588,488	250,960	200,768	206,791
Gain on derivative liability	(51)	-	-	-
Deferred income tax expense	70,140	114,480	-	-
Unrealized foreign exchange loss	(1,407)	1,927	-	-
Stock Based Compensation	515,116	379,247	-	-
	-839,770	1,099,754	1,700,464	2,405,042
Accounts Receivable	1,054,025	965,614	(259,061)	(272,014)
Prepaid Expenses	(31,647)	37,491	(3,270)	(3,434)
Accounts payable and accrued expenses	(1,006,248)	(797,629)	(380,754)	342,679
Changes in working capital	16,130	205,476	(643,085)	67,232
Cash from (used in) operations	-823,640	1,305,230	1,057,379	2,472,274
Financing activities				
Proceeds from secured borrowings, net	(29,484)	-	-	-
Equity	(517)	-	-	-
Payment on operating lease liabilities	(31,951)	(7,605)	-	-
Options / Warrants	-	-	-	-
Cash provided by financing activities	(61,952)	(7,605)	-	-
Investing activities				
Acquisition of equipment/subsidiary	(8,714)	(9,840)	(100,000)	(100,000)
Security deposits	-	23,508	-	-
Cash used in investing activities	(8,714)	13,668	(100,000)	(100,000)

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Buy – Fair value is 12% above the current market price; or risk and reward is favorable

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Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

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