UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

|X| ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to __________

Commission file number 333-120120-01

KIDOZ INC.

(Exact name of registrant as specified in its charter)

ANGUILLA, B.W.I.	98-0206369
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

None

(Title of Each Class & Name of each exchange on which registered)

Securities registered under section 12(g) of the Exchange Act:

COMMON STOCK, NO PAR VALUE PER SHARE

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

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

State issuer's revenues for its most recent fiscal year. $7,148,029

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Our common stock is quoted on the TSX Venture Exchange in Canada under the symbol "KIDZ" (previously "SGW"). The closing share price as of March 30, 2021, being CAD$1.00 (US$0.79) per share under symbol KIDZ on the TSX Venture Exchange and is quoted on the Over-the-Counter Markets – The Venture Marketplace ("OTCQB") operated by OTC Markets Group Inc. (http://www.otcmarkets.com/) under the symbol "KDOZF and the aggregate market value of the voting and non-voting common equity held by non-affiliates is $30,255,627.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

Indicate the number of shares outstanding of the registrant's common stock, no par value per share, was 131,124,989 as of March 31, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

The merger of Bingo.com, Inc. with Shoal Games Ltd., which was approved by the Securities Exchange Commission on March 8, 2005, and is effective on April 7, 2005, is described in the prospectus filed under Rule 424(b) of the Securities Act and the Form S-4, which were filed on March 9, 2005, and March 4, 2005, respectively. The Company filed Form SB2 on September 18, 2007, for the registration of shares originally issued in the private placement. The Company filed a TSX Venture Exchange Listing Application for the TSX-V listing on June 29, 2015. The Company filed a share purchase agreement for the acquisition of Kidoz Ltd. on March 12, 2019.

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PART I

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. All statements contained herein that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Discussions containing forward-looking statements may be found in the material set forth under "Business," and "Management's Discussion and Analysis or Plan of Operation," as well as in this Annual Report generally. We generally use words such as "believes," "intends," "expects," "anticipates," "plans," and similar expressions to identify forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which could cause actual results to differ materially from this forecast or anticipated in such forward-looking statements.

You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this report. We undertake no obligation to update these statements or publicly release the result of any revisions to these statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

ITEM 1. BUSINESS

INTRODUCTION

Kidoz Inc. (TSXV: KIDZ) is a mobile advertising technology company and owner of the KIDOZ Safe Ad Network (www.kidoz.net) and the Kidoz Publisher Software Development Kit ("SDK"). By developing solutions for app developers to monetize with safe, relevant, and fun ads we help keep the Google and Apple app stores safe and free for children. Our commitment to children's privacy and safety has created one of the fastest growing mobile networks in the world. Unlike most digital advertising, every campaign on the Kidoz platform is free of location information, device identifiers, behavioural data, and other trackers used by advertisers to identify and track users across the Internet commonly known as IDFA and AAID. Our technology does not rely on any permanent identifiers, and as Google and Apple begin to disallow persistent trackers from being employed by any network (child-directed or not), Kidoz's strength increases.

2020 was another pivotal year for the Company as we recorded record revenue, user growth, and profit on the KIDOZ Safe Ad Network. Powerful consumer, market and regulatory trends are fueling Kidoz's growth. Advertisers spend their budgets where there are high concentrations of users and as the Kidoz kids user base is the largest, the Company expects to capture an increasing portion of the child and family directed advertising spend in the market. Advertisers are searching for new and innovative ways to reach their audiences and while mobile advertising is not new, marketers of toys and other child directed products have overly relied on television in the past. As television viewing declines and new channels such as mobile are tested by marketers, a shift in the child-directed advertising landscape increasingly unfolds.

By addressing the privacy concerns of all our users, we ensure regulatory compliance with privacy laws including Google and Apple's strict rules for mobile apps on the Android and iOS platforms. Since Google's certification of Kidoz and Apple's rules endorsing Kidoz's methodologies, the Company is experiencing unprecedented demand for its safe advertising solutions which now reaches more than 300,000,000 kids a month. Advertisers benefit from the brand safety that our technology creates and the compliant contextual targeting opportunities that we deliver. However, the greatest benefit of the Kidoz solution is enjoyed by Kidoz advertising customers in the high quality media spots on the network. As Kidoz is a mobile network, our users are highly engaged on their devices at the time advertising is delivered which results in excellent performance.

Kidoz is the market leader in child and pre-teen safe mobile advertising and the segment is only beginning to develop as new rules and stricter regulations are being enacted and enforced by Google, Apple, and governments around the world who demand privacy and safety for children online. The Kidoz proprietary advertising technology is installed in thousands of different apps, making it the most popular child focused mobile solution in the market. Our KIDOZ Safe Ad Network offers publishers a unique technology and monetization solution that every app with kids traffic can use to compliantly monetize their content.

Driving our revenue growth is strong underlying system growth for both users and publishers that are using our Kidoz technology. Media budgets continue to shift from linear TV to digital platforms like Kidoz as brands seek to engage their customers where kids spend most of their screen time. As mobile penetration among kids continues to increase the global usage of mobile is steadily increasing. 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 considering 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.

As we invest in Kidoz products and methodologies to protect kids and help our mobile partners to monetize their content safely, we increase the value that we can provide to our advertisers. Our strong 2020 results are an indication of Kidoz's importance in a large and growing market. Management believes that our strategy will continue to be a success in 2021.

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

References in this document to "the Company," "we," "us," and "our" refer to Kidoz Inc. and our subsidiaries, which are described below.

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.

History and Corporate Structure

The Company was originally incorporated in the State of Florida on January 12, 1987.

On January 22, 2015, Bingo.com, Ltd. filed Articles of Amendment with the Anguilla Registrar of Companies changing its name to "Shoal Games Ltd.". Effective at the open of markets on January 27, 2015, the Common Shares commenced trading under the new trading symbol "SGLDF" on the OTC-QB.

On June 29, 2015, the Company filed a TSX Venture Exchange Listing Application for the TSX Venture Exchange listing and commenced trading on July 2, 2015, under the symbol "SGW".

On April 4, 2019, Shoal Games Ltd. filed Articles of Amendment with the Anguilla Registrar of Companies changing its name to "Kidoz Inc.". Effective at the open of markets on April 9, 2019, the Common Shares commenced trading under the new trading symbol "KIDZ" on the TSX Venture Exchange.

We conduct our business through the Anguilla incorporated entity and through our wholly-owned subsidiaries Kidoz Ltd. ("Kidoz Ltd."), Shoal Media (Canada) Inc. ("Shoal Media Canada"), Shoal Games (UK) plc ("Shoal UK"), Coral Reef Marketing Inc. ("Coral Reef"), Shoal Media Inc. ("Shoal Media"), Rooplay Media Ltd. ("Rooplay Media"), Shoal Media UK Ltd. ("Shoal Media UK"), and Rooplay Media Kenya Limited. ("Rooplay Kenya")

Shoal Media Canada was incorporated under the laws of British Columbia, Canada, on February 10, 1998, as 559262 B.C. Ltd. and changed its name to Bingo.com (Canada) Enterprises Inc. on February 11, 1999. It subsequently changed its name to English Bay Office Management Limited on September 8, 2003. Effective March 11, 2016, it changed its name to Shoal Media (Canada) Inc.

On August 15, 2002, 99% of the share capital of Shoal UK was acquired. Shoal UK was incorporated under the laws of England and Wales on August 18, 2000, as CellStop plc. and changed its name to

Bingo.com (UK) plc. on August 5, 2002. During the year ended December 31, 2015, the Company changed the name of the company to Shoal Games (UK) plc.

On January 21, 2008, Coral Reef Marketing Inc., was incorporated under the laws of Anguilla, British West Indies.

On January 1, 2013, 100% of the share capital of Shoal Media Inc., an Anguillian Company was acquired.

On October 25, 2016, Rooplay Media Ltd., was incorporated under the laws of British Columbia, Canada.

On March 27, 2017, Shoal Media UK Ltd. was incorporated under the laws of England and Wales.

On July 12, 2017, Rooplay Media Kenya Limited was incorporated under the laws of Kenya.

On March 4, 2019 the Company completed the acquisition of all of the issued and outstanding equity securities of Kidoz Ltd. ("Kidoz") (www.kidoz.net), a privately held Israeli company.

The Company also maintains a number of inactive wholly-owned subsidiaries. These are:

- Bingo.com (Antigua), Inc., ("Bingo.com (Antigua)") incorporated as an Antigua International Business Corporation on April 7, 1999, as Star Communications Ltd. and changed its name to Bingo.com. (Antigua), Inc. on April 21, 1999;
- Bingo.com (Wyoming), Inc., incorporated in the State of Wyoming on July 14, 1999;
- Bingo.com Acquisition Corp., incorporated in the State of Delaware on January 9, 2001.

All three of the inactive subsidiaries were incorporated to facilitate the implementation of business plans that we have since modified and refocused and, consequently, there is no activity in these entities.

Our common shares are currently quoted on the TSX Venture Exchange in Canada under the symbol "KIDZ". We have not been subject to any bankruptcy, receivership or other similar proceedings.

Development of the Business

The focus of Kidoz Inc. is the development and expansion of the KIDOZ Safe Ad Network which provides a safe and securely curated environment for our kids focused advertisers. The size of the child directed advertising market is estimated in excess of $1.7 billion so the percentage spent on mobile advertising is small but growing quickly. It is our intention to explore expanding, either through new uses of our advancing technology systems to access the wider mobile advertising ecosystem, or via synergistic M&A opportunities. As developments in privacy laws in almost every country worldwide move to provide additional protection to digital minors by controlling digital services and, potentially in some cases, raising the age of minority, Kidoz's importance in the digital advertising eco-system increases.

Kidoz Inc. Domain Names

Kidoz Inc. owns the domain names Kidoz.net, Rooplay.com, Shoalgames.com, Shoalgames.net, Shoalmedia.com, Garfieldsbingo.com, Trophybingo.com, Trophybingo.ca and many other smaller domains.

BUSINESS OVERVIEW

Kidoz Inc. is an AdTech software developer and owner of the leading mobile KIDOZ Safe Ad Network (www.kidoz.net). We help create a free and safe Internet for children, by enabling content producers to monetize their apps and video with safe, relevant, and fun ads. Our commitment to children's privacy and safety has created one of the fastest growing mobile networks in the world.

Product Strategy

Kidoz builds and maintains the Kidoz SDK 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 have advertising impressions available for sale. The Kidoz proprietary advertising system is compliant with COPPA, GDPR-K and other regulations adopted to protect children in a complex digital world. While a closed proprietary system design made sense for the initial phase of Kidoz, digital advertising systems are constantly evolving and Kidoz is no exception. Kidoz continues to upgrade its advertising systems to be compatible with the latest IAB specifications for real-time-bidding, header bidding, and server-to-server direct connections. Our design of these upgrades incorporates a view to their utilization, not only in the kid's marketplace but to the entire advertising market. The upgrades in the Kidoz platform increases our commitment to protect children, increases the value we offer to our publishing partners, and increases the transparency we provide to the advertisers on the Kidoz system. In addition, we are building the foundation to increase the capabilities of our technology to handle more types of mobile advertising thereby significantly increasing the reach and the size of our addressable market.

Marketing & Distribution Strategy

Each new app that installs the Kidoz SDK increases our user base and increases the number of available impressions that Kidoz can monetize. The adoption of the Kidoz SDK has been very rapid over the years as app developers have very few choices when it comes to sources of safe, compliant, and relevant ads for their users. Kidoz has built its brand and reputation as the market leader for safe child and family mobile advertising technology and this has enabled our SDK to become quickly adopted. It is our strategy to invest in our systems and build alliances with the largest software companies in the world. Since Google's certification of Kidoz and Apple's updated rules endorsing Kidoz's methodologies the Company is experiencing unprecedented demand for its safe advertising solutions which now reaches more than 300,000,000 kids a month.

Sales & Pricing Strategy

Kidoz has a global sales agency partnership strategy that places local sellers into many national and international markets. Through our direct sales and marketing channels we locate, recruit and sign new international sales houses. As the Kidoz network is a unique advertising platform in the market, it commands high prices and media sales houses want to represent the Company. Kidoz has found the agency partnership strategy to be highly effective as once sales houses are recruited and the first few campaigns are delivered with success, repeat customers are established and the region begins to grow. After years of development with this strategy, Kidoz has many established sales houses in the largest economies of the world and is now tasked with finding new sales partnerships in regions that are large, but less developed economically. As Kidoz is able to monetize a higher percentage of the impressions available on the network growth will continue to increase.

Growth Strategy

Building on Kidoz's high-growth performance in 2020, management plans to further invest in similar growth strategies in 2021. Our sales, product, and operational strategies are custom fit to match the favourable regulatory, consumer, and technological trends occurring in the market. Kidoz is actively recruiting the biggest and most successful apps in the world to offer our technology to their kids audiences for monetization. Each time a new app adopts our technology, our advertising inventory increases and we offer increased value to our advertising partners. The Company is developing technology to access a wider range of inventories app types so that we can continue to increase Kidoz's capabilities and importance in the market.

Furthermore, while the focus of the Company is the development and expansion of the KIDOZ Safe Ad Network, we are investigating options to use our technology to expand into new markets, either through new connections to the wider mobile advertising market, or via synergistic M&A.

Acquisition of Kidoz Ltd.

During the year ended December 31, 2019, the Company acquired all of the issued and outstanding shares of Kidoz Ltd. ("Kidoz"), an Israel-based industry-leader in the global kids' content distribution and monetization marketplace.

Kidoz Original Equipment Manufacturer ("OEM")

Kidoz's mobile products includes the Kid Mode Operating System ("OS") installed on millions of OEM tablets worldwide. The Company earns license fees based on the OEM agreements dependent on the number of devices the Kidoz Kid Mode OS is installed. The Company is continuing to look for new licenses and to grow our existing agreements.

Rooplay

The Company owns Rooplay (www.rooplay.com) the cloud-based EduGame system for kids to play multiple games to learn and play. The platform is live on the Google's Android system and has stand-alone games available on Apple's iOS and Google's Android systems.

Trophy Bingo & Garfield's Bingo

The Company has the social bingo games Trophy Bingo and Garfield's Bingo which are available on Apple's iOS, Google's Android and Amazon Android systems. Revenue is generated in the games via in-app purchases and advertising.

OPERATIONS

Employees

As of December 31, 2020, we had fourteen full-time employees, not including temporary personnel, consultants, and independent contractors in Canada and Israel. Since 2006 it has been, and continues to be, the Company's objective to control its costs by retaining consultants, as needed, to provide special expertise in developing internal strategic, marketing, accounting and technical services. None of our employees or consultants are represented by a labor union, and we believe that our relationship with our employees and consultants is good.

We are substantially dependent upon the continued services and performance of J. M. Williams, Co-Chief Executive Officer; Eldad Ben Tora, Co-Chief Executive Officer and T. M. Williams, Executive Chairman. The loss of the services of these key individuals would have a material adverse effect on our business, financial condition and results of operations. We do not carry any key man life insurance on any individuals.

Competition

Kidoz competes with other advertising technology providers that offer safe, COPPA compliant, products. These companies include Super Awesome and Google's Admob. As the technology barriers are high to enter the market with a mobile advertising network, few competitors exist for Kidoz. Kidoz offers a highly customized and targeted offering to advertisers that management believes will enable the Company to grow and succeed in the market.

Costs and Effects of Compliance with Environmental Laws

The Company is in the business of developing and marketing mobile products and services for kids in a digital world. To the best of our knowledge, no federal, state or local environmental laws are applicable to our business.

BRITISH COLUMBIA SECURITIES COMMISSION

Effective September 15, 2008, the British Columbia Securities Commission ("BCSC") issued rule 51-509 Issuers Quoted in the U.S. Over-the-Counter Markets. Rule 51 - 509 requires all Over-the-Counter Companies that have connections to British Columbia (BC) to comply with BC securities law and certain public disclosure requirements. The Company is deemed to have connection to BC due to the fact that administration and a director are located in BC. The Company has complied with rule 51-509 and registered and filed the necessary documents on SEDAR. The Company is deemed, due to the fact that there are less than 50% of the Company's shareholders located in BC, to be a foreign reporting issuer in accordance with NI 71-102 "Continuous Disclosure and Other Exemptions Relating to Foreign Issuers". Therefore, the Company meets all requirements to file its reports, statements or other information that it files with the Securities and Exchange Commission on SEDAR.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The equipment of the Company to operate the operations of the Company is located in Anguilla, Israel, United Kingdom, and Canada. The revenue from Ad Tech and in-app purchases is worldwide, with the majority from the USA and Europe.

AVAILABLE INFORMATION

The Company makes available through the Corporate Kidoz Inc. section of its internet website at http://investor.kidoz.net its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Press Releases, Research Reports, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission.

You may read and copy any reports, statements or other information that we file with TSX Venture exchange on SEDAR. The address of this Internet site is http://www.sedar.com.

In addition, we file with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of the Public Reference Room.

We file our reports with the Securities and Exchange Commission electronically through the Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system. The Securities and Exchange Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding companies that file electronically with the Securities and Exchange Commission through EDGAR. The address of this Internet site is http://www.sec.gov.

ITEM 2. PROPERTIES.

Since 2005 our executive office is located in The Valley, Anguilla, British West Indies. We commenced the present lease agreement on April 1, 2010, for a period of one year. Unless 3 months' notice is given it automatically renews for a future 3 months until notice is given. To date no notice has been given. The monthly rental is $250.

We have 2 primary development and operational offices located in Vancouver, Canada and Netanya, Israel.

During the year ended December 31, 2019, the Company signed a five-year lease in Vancouver, Canada ending March 2024. This facility comprises approximately 1,459 square feet. The monthly rental is approximately $3,962.

Kidoz Ltd. has an annual office lease in Netanya, Israel, with rent payable on a quarterly basis. The operating lease expired on July 14, 2017 but unless 3 months' notice is given it automatically renews for a future 12 months until notice is given. This facility comprises approximately 190 square metres. The monthly rental is approximately $3,928.

We operate a sales and marketing office in London, United Kingdom. There are no direct monthly rental fees associated with the London office.

We believe that these facilities will be adequate to meet our requirements for the near future and that suitable additional space will be available if needed. Other than described above, neither we, nor any of our subsidiaries presently own or lease any other property or real estate.

ITEM 3. LEGAL PROCEEDINGS.

We are not currently a party to any legal proceedings and were not a party to any other legal proceeding, during the fiscal year ended December 31, 2020. We are currently not aware of any legal proceedings proposed to be initiated against us. However, from time-to-time, we may become subject to claims and litigation generally associated with any business venture.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

We held our Annual Meeting of Stockholders in Anguilla on November 17, 2020. The Annual Meeting was for the purposes of electing to set the number of directors to be 6; electing our directors; and to ratify the appointment of Davidson & Company LLP, Chartered Professional Accountants, as our independent auditors for the 2020 fiscal year; to ratify our Rolling Stock Option plan as amended by inclusion of an Israeli Taxpayers Appendix thereto; and for any other regular business. The Company issued a schedule 14A proxy statement to the shareholders on November 17, 2020.

All nominees for directors were elected; the appointment of auditors was ratified; and the Rolling Stock Option plan as amended by inclusion of an Israeli Taxpayers Appendix thereto was ratified. The voting on each matter is set forth below:

(a) Elected to set the number of directors to be 6.

For	Against	Not Voted
54,578,196	8,173,446	1,212,805

(b) Elected the following persons to serve as directors until the next annual meeting or until their successors are duly qualified:

T. M. Williams
J. M. Williams
E. Ben Tora
F. Curtis (Non-Executive Director)
C. Kalborg (Non-Executive Director)
M. David (Non-Executive Director)

Election of the Directors of the Company.

NOMINEE	FOR	WITHHOLD	NOT VOTED
Mr. T. M. Williams	54,581,971	8,169,671	1,212,805
Mr. J. M. Williams	54,581,971	8,169,671	1,212,805
Mr. E. Ben Tora	62,738,561	13,081	1,212,805
Ms. F. Curtis	54,583,196	8,168,446	1,212,805
Mr. C. Kalborg	54,583,196	8,168,446	1,212,805
Mr. M. David	62,738,561	13,081	1,212,805

(c) Approved the selection of Davidson & Company LLP, Chartered Professional Accountants as the Company's independent auditors for the fiscal year ending December 31, 2020.

FOR	WITHHOLD	NOT VOTED
55,621,673	8,291,734	51,040

(d) The ratification of the existing 2015, 10% Rolling Stock Option plan, as amended by inclusion of an Israeli Taxpayers Appendix thereto, as more particularly set out in Schedule B to the Proxy Statement was approved.

FOR	AGAINST	NOT VOTED
54,546,746	8,204,896	1,212,805

Mr. Jason Williams and Mr. Eldad Ben Tora will continue as Co-CEO of the Kidoz Inc. organization and Mr. T. M. Williams, will continue to serve as Executive Chairman.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is currently quoted on the TSX Venture Exchange in Canada under the symbol "KIDZ".

On March 19, 1997, our common stock was approved for trading on the National Association of Securities Dealers OTC Bulletin Board (the "OTCBB") under the symbol "PGLB". In January 1999, when we changed our name to Bingo.com, Inc., our OTCBB symbol was changed to "BIGG". On July 26, 1999, we changed our trading symbol from "BIGG" to "BIGR". On April 7, 2005, Bingo.com, Inc. completed a merger with its wholly- owned subsidiary Bingo.com, Ltd. The principal reason for Bingo.com, Inc.'s merger with its subsidiary Bingo.com, Ltd. was to facilitate Bingo.com, Inc.'s reincorporation under the International Business Companies Act of Anguilla, B.W.I. Effective April 7, 2005, the shares of Bingo.com, Ltd. began trading under the new ticker symbol "BNGOF". In 2011, we transferred to the Over the Counter Markets - The Venture Marketplace ("OTCQB") operated by OTC Markets Group Inc., whilst continuing our ticker symbol "BNGOF". During the year ended December 31, 2015, the Company changed its name to Shoal Games Ltd. and changed our trading symbol on the OTCQB from "BNGOF" to "SGLDF".

Effective July 2, 2015, the Company additionally commenced trading on the TSX Venture Exchange in Canada ("TSXV") under the symbol "SGW". On December 31, 2019 our shares were Halt Traded on the TSXV pending completion of our acquisition of Kidoz Ltd. The Halt Trade was rescinded on March 7, 2019, after our announcement on March 4, 2019 that we had successfully completed the acquisition of all of the Kidoz Ltd. shares. Effective January 7, 2019, our shares ceased to be quoted on and traded through the OTCQB due to the TSXV Halt Trade. The Company has decided not to reinstate the quotation of its shares on the OTCQB, due to the small number of trades effected through the OTCQB subsequent to our shares being listed on the TSXV on July 2, 2015.

Effective April 4, 2019, the Company received approval from the TSX Venture Exchange (the "Exchange") to change its name to "Kidoz Inc." and to have its shares trade under the new symbol TSXV:KIDZ. The common shares of the Company began trading on the Exchange under the new name and symbol at market open on Tuesday, April 9, 2019. The shares continue to be quoted on the OTC under the symbol "KDOZF". The bid quotations set forth below, reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not reflect actual transactions.

	TSX-V - KIDZ		OTC - KDOZF	
Quarter Ended	High (1) CAD$	Low (1) CAD$	High (1) US$	Low (1) US$
December 31, 2020	$0.56	$0.42	$0.46	$0.33
September 30, 2020	$0.45	$0.21	$0.25	$0.16
June 30, 2020	$0.34	$0.20	$0.27	$0.07
March 31, 2020	$0.30	$0.20	$0.23	$0.16
December 31, 2019	$0.48	$0.25	$0.38	$0.19
September 30, 2019	$0.55	$0.35	$0.43	$0.19
June 30, 2019	$0.61	$0.35	$0.44	$0.23
March 31, 2019	$0.56	$0.52	$0.42	$0.39

1. Prices as per Yahoo! ™ Finance

On March 31, 2021, the last reported sale price of our common stock, as reported by the TSX Venture Exchange, was CAD$1.00 per share.

As of March 31, 2021, we believe there are approximately 793 shareholders (including nominees and brokers holding street accounts) of our shares of common stock.

Other than described above, our shares of common stock are not and have not been listed on any other exchange.

Dividend Policy

We have not declared or paid any cash dividends on our common stock since our inception. The Board of Directors is presently reviewing the Company's dividend policy. Any future payment of dividends will depend upon our results of operations, financial condition, cash requirements and other factors deemed relevant by our Board of Directors.

Recent Sales of Unregistered Securities

During the year ended December 31, 2020, no shares were issued by the Company.

During the period ended March 31, 2019, the Company closed a TSX Venture Exchange approved private placement financing totaling $2,000,000. The private placement consisted of 5,000,000 common shares priced at $0.40 per share. Pursuant to the private placement the Company paid a commission of $200,000 and incurred share issuance expense of $36,800.

During the period ended March 31, 2019, the Company issued 52,450,286 shares for total consideration of $20,603,655 in the acquisition of all the issued and outstanding ordinary and preferred shares in the capital stock of Kidoz Ltd., a company incorporated under the laws of the State of Israel.

Securities authorized for issuance under equity compensation plans.

In 2015, the shareholders approved the 2015 Rolling Stock Option plan. Under the 2015 plan we have reserved 10% of the number of Shares of the Company issued and outstanding as of each Award Date. At the 2020 Annual General Meeting the shareholders approved the amendment by the inclusion of an Israeli Taxpayers Appendix thereto. Pursuant to this plan we have 5,875,750 stock purchase options (2019 - 3,200,750) outstanding at December 31, 2020. During the year ended December 31, 2020, there were nil (2019 – nil) options exercised and 70,000 (2019 – 374,250) options cancelled, issued under this plan.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options and rights	Weighted average exercise price of outstanding options and rights	Number of securities remaining available for future issuance
	(a)	(b)	(c)
Equity compensation plans approved by security holders	5,875,750	0.39	7,236,749
Equity compensation plans not approved by security holders	0	0	0
Total	5,875,750	0.39	7,236,749

Subsequent to the year ended December 31, 2020, a further 1,075,000 options were awarded at CAD$0.50 (approximately $0.39) and nil options were cancelled unexercised.

ITEM 6. SELECTED FINANCIAL DATA:

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Consolidated Balance Sheet Data:					
Cash	$ 1,226,045	$ 967,212	$ 641,536	$ 478,397	$ 60,190
Total assets	10,969,129	9,786,640	769,633	557,853	129,093
Total liabilities	2,298,934	1,379,299	90,805	705,262	444,680
Total stockholders' equity (deficit)	8,670,194	8,407,341	678,828	(147,409)	(315,587)
Working capital	3,071,545	2,192,505	662,573	345,184	13,896

Consolidated Statement of Operations Data for continuing operations:

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Revenue	$ 7,148,029	$ 4,517,379	$ 106,978	$ 93,475	$ 278,921
Cost of sales	3,800,114	2,778,911	-	-	-
Trophy Bingo amortization	-	-	-	-	482,013
Gross (loss) profit	3,347,915	1,738,468	106,978	93,475	(203,092)
Operating expenses excluding interest and other income (expenses)	(2,681,491)	(2,632,399)	(2,799,832)	(1,856,717)	(2,443,728)
Acquisition of subsidiary	-	(190,228)	-	-	-
Amortization of right-of-use assets	(54,071)	(72,416)	-	-	-
Depreciation and amortization	(564,628)	(473,854)	(5,614)	(4,068)	(3,570)
Gain on derivative liability – warrants	-	-	44,572	78,712	-
Impairment of goodwill	-	(13,877,385)	-	-	-
Interest and other income	1,003	3,302	8,634	18	155
Income tax recovery / (expense)	55,243	850,280	89,521	30,761	(1,294)
Promissory note accretion and interest	-	-	(37,090)	(84,132)	(5,982)
Loss on prepaid development	-	-	-	-	(498,791)
Net income (loss)	$ 103,971	$ (14,654,232)	$ (2,592,831)	$ (1,741,951)	$ (3,156,302)
Basic and diluted net income (loss) per share from continuing operations	$ 0.00	$ (0.12)	$ (0.04)	$ (0.03)	$ (0.05)
Weighted average common shares outstanding	131,124,989	121,208,912	72,111,456	61,730,928	58,227,957

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information contained in this Management's Discussion and Analysis or Plan of Operation contains "forward looking statements." Actual results may materially differ from those projected in the forward looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual future results will not be materially different from the expectations expressed in this Annual Report. The following discussion should be read in conjunction with the audited Consolidated Financial Statements and related Notes thereto included in Item 7 and with the Special Note regarding forward-looking statements included in Part I.

OVERVIEW

KIDOZ Inc. (TSXV: KIDZ) (the "Company") is a kid-tech software developer and owner of the KIDOZ Safe Ad Network (www.KIDOZ.net), the Kidoz Kid-Mode Operating System, the Kidoz Publisher SDK, the Rooplay edu-games platform (www.rooplay.com), and the Rooplay Originals games library. We help create a free and safe internet for children, by enabling content producers to monetize their apps and video with safe, relevant, and fun ads. Our commitment to children's privacy and safety has created one of the fastest growing mobile networks in the world.

Kidoz owns and develops the leading kid-focused advertising network that compliantly reaches kids and families on mobile devices – 300+ million users worldwide. In 2020, Kidoz secured a leadership position in Safe Mobile Advertising for the kids and pre-teen markets. As mobile is increasingly the dominant entertainment platform used by kids of all ages, Kidoz is experiencing record user growth and advertiser demand. Advertisers can no longer reach children effectively on broadcast television and have increased both the frequency and size of advertising campaigns with Kidoz.

The decline of traditional linear television replaced by streaming platforms that are largely free of advertising creates a difficult challenge for advertisers. The one trend that is arguably more powerful than the decline of television, is the rise and popularity of mobile devices and mobile entertainment. In the report "Deconstructing Mobile & Tablet Gaming" published by The NDP Group Inc. it was found that, of the 303.7 million total mobile users in the US and Canada in 2020, 238.7 million were active mobile gamers. This represents 79% of the North American population who use mobile devices to play mobile apps.

Kidoz offers advertisers high performance video media and interactive advertising opportunities. As Kidoz users are frequently playing games when presented advertising, they are receptive to play with interactive ad formats which are highly coveted by advertisers. Advertisers pay high premiums for custom playable advertisements that are built by Kidoz's dedicated studio. These interactive ads have provided advertising clients with innovative opportunities to put digital versions of their products into the hands of kids at the precise time they are open to trying new experiences.

Increased regulation in mobile apps and digital advertising also benefit Kidoz. Historically, mobile advertising was open to all networks and to the highest bidder for an ad opportunity. However, regulations such as COPPA and GDPR and increased pressure from the platform owners Apple and Google have forced apps to segment their traffic into kids and adults. This trend has increased the addressable market for Kidoz and this powerful trend has only just begun. As more apps continue to adopt age segmentation and more regulation is applied to the networks that can reach this market, Kidoz gains.

Building on our performance in 2020, we plan to continue our successful growth strategies in 2021. Our sales, product, and operational strategies are custom fit to match the favourable regulatory, consumer, and technological trends occurring in the market. As developments in privacy laws in almost every country worldwide look to provide additional protection to digital minors by controlling digital services and, potentially in some cases, raising the age of minority, Kidoz's importance in the eco-system increases. For consumers, the ubiquity of mobile devices and increasing mobile usage is a long established trend. For children growing up in a digital world mobile is their preferred device and with kids representing more than thirty percent of internet users globally, children are a consumer segment of immense size and influence.

Additionally, while the focus of the Company is the development and expansion of the KIDOZ Safe Ad Network, this is a relatively small portion of the $1.7 billion advertising market. 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.

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

CRITICAL ACCOUNTING POLICIES

The following discussion of critical accounting policies is intended to supplement the Summary of Significant Accounting Policies presented as Note 2 to our audited consolidated financial statements presented elsewhere in this report. Note 2 summarizes the accounting policies and methods used in the preparation of our consolidated financial statements. The policies discussed below were selected because they require the more significant judgments and estimates in the preparation and presentation of our financial statements. 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, as well as other events and assumptions that are believed to be reasonable at the time. Actual results could differ from these estimates under different 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:

1) Ad tech advertising revenue - The Company generally offers these services under a customer contract Cost-per-Impression (CPM), Cost-Per-Install (CPI) arrangements, Cost per completed video view (CPC) and/or Cost-Per-Action (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.

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.

b) Rooplay - 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) Trophy Bingo and Garfield Bingo - The Company generates revenue through in-application purchases ("in-app purchases") within its games; Garfield's Bingo (www.garfieldsbingo.com) and 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 Facebook Messenger, Android, Amazon and iOS 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.

The Company also has relationships with certain advertising service providers for advertisements within smartphone games and revenue from these advertising providers is generated through impressions, click-throughs, banner ads, and offers. Offers are the type of advertisements where the players are rewarded with virtual currency for completing specified actions, such as downloading another application, watching a short video, subscribing to a service or completing a survey. The Company has determined the advertising buyer to be its customer and displaying the advertisements within the mobile games is identified as the single performance obligation. Revenue from advertisements and offers are recognized at the point-in-time the advertisements are displayed in the game or the offer has been completed by the user as the customer simultaneously receives and consumes the benefits provided from these services.

Software Development Costs

The Company expensed all software development costs as incurred for the year ended December 31, 2020 and 2019. As at December 31, 2020 and 2019, all capitalized software development costs have been fully amortized and the Company has no capitalized software development costs.

Software development costs incurred in the research and development of new software products and enhancements to existing software products for external use are expensed as incurred until technological feasibility has been established. After technological feasibility is established, any software development costs are capitalized and amortized at the greater of the straight-line basis over the estimated economic life of the related product or the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for the related product.

Total software development costs were $8,880,753 as at December 31, 2020 (2019 - $7,730,851).

Impairment of Long-lived Assets

The Company accounts for long-lived assets in accordance with the provisions of ASC 360, Property, Plant and Equipment and ASC 350, Intangibles-Goodwill and Others. During the periods presented, the only long-lived assets reported on the Company's consolidated balance sheet are equipment, and security deposits. These provisions require that long-lived assets and certain identifiable recorded intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset.

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.

The Company identified the following intangible assets in the acquisition of Kidoz Ltd. (Note 3 of the consolidated financial statements). 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 relationships	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 on a qualitative or a quantitative assessment, for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value 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, 2020, the Company deemed there was no impairment of the goodwill, compared to the year ended December 31, 2019, when the Company deemed there was impairment and recognized an impairment charge of $13,877,385.

SOURCES OF REVENUE AND REVENUE RECOGNITION

We generate our revenue from the following:

- The sale of Ad Tech advertising including banners, in-game advertising, completed view videos and playable ads.
- The sale of licensing including our KIDOZ OS platform loaded on new machines and tablets
- The sale of in-app purchases in, Garfield's Bingo and Trophy Bingo in the Google play, Apple iOS and Amazon App stores.
- In-game advertising, whereby players watch advertising to gain in-game currency.
- The sale of advertising on our websites. We recognize revenue on this basis based on the amount paid to us upon the delivery and fulfillment of advertising, provided that the collection of the resulting receivable is probable.
- Consumer subscription from players paying to unlock the Rooplay game catalog and Kidoz OS platform.
- The sale of premium purchases of Rooplay Originals (Branded EdTech games for children and families) in the Google play and Apple iOS stores.
- Sales of licenses for our Rooplay Originals games.
- Research revenue from the sale of data and industry information.

SUPPLEMENTARY FINANCIAL INFORMATION

Quarterly Results of Operations

The following tables present our unaudited consolidated quarterly results of operations for each of our last eight quarters. This data has been derived from unaudited consolidated financial statements that have been prepared on the same basis as the annual audited consolidated financial statements and, in our opinion, include all normal recurring adjustments necessary for the fair presentation of such information. These unaudited quarterly results should be read in conjunction with our audited consolidated financial statements, included in Item 8 of this report.

	Three Months Ended			
	December 31, 2020 (Unaudited)	September 30 2020 (Unaudited)	June 30 2020 (Unaudited)	March 31 2020 (Unaudited)
Revenue	$ 3,507,250	$ 1,919,973	$ 736,827	$ 983,979
Cost of sales	1,843,936	1,005,316	411,058	539,804
Gross profit	1,663,314	914,657	325,769	444,175
Operating expenses and other income / (expenses)	(824,706)	(657,338)	(545,747)	(706,768)
Depreciation and amortization	(141,191)	(140,685)	(141,421)	(141,331)
Income (Loss) before income taxes	697,417	116,634	(361,399)	(403,924)
Income tax recovery	55,243	-	-	-
Income (Loss) after tax	$ 752,660	$ 116,634	(361,399)	(403,924)
Basic and diluted Income (loss) per share	$ 0.01	$ 0.00	$ (0.00)	$ (0.00)
Weighted average common shares, basic	131,124,989	131,124,989	131,124,989	131,124,989
Weighted average common shares, diluted	131,275,099	131,124,989	131,124,989	131,124,989

	Three Months Ended			
	December 31, 2019 (Unaudited)	September 30 2019 (Unaudited)	June 30 2019 (Unaudited)	March 31 2019 (Unaudited)
Revenue	$ 2,122,109	$ 1,271,028	$ 818,286	$ 305,956
Cost of sales	1,272,639	753,987	574,324	177,961
Gross profit	849,470	517,041	243,962	127,995
Operating expenses and other income / (expenses)	(632,949)	(668,794)	(642,282)	(757,488)
Acquisition of subsidiary	-	-	4,835	(195,063)
Depreciation and amortization	(462,221)	(5,074)	(4,811)	(1,748)
Impairment of goodwill	(13,877,385)	-	-	-
Loss before income taxes	(14,123,085)	(156,827)	(398,296)	(826,304)
Income tax recovery	752,385	97,895	-	-
Loss after tax	$ (13,370,700)	$ (58,932)	(398,296)	(826,304)
Basic and diluted loss per share	$ (0.11)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average common shares, basic and diluted	131,124,989	131,124,989	131,124,989	90,909,789

Our financial statements and related schedules are described under “Item 8. Financial Statements”.

RESULTS OF OPERATIONS

Years Ended December 31, 2020 and 2019

Revenue

Total revenue, net of platform fees (to Apple, Google and Amazon) and withholding taxes, for the year ended December 31, 2020 increased to $7,148,029, an increase of 58% over total revenue net of fees and withholding taxes of $4,517,379 for fiscal 2019. Ad Tech advertising revenue for the year ended December 31, 2019, was $6,748,064 an increase of 76% over Ad Tech advertising revenue of $3,828,914 for fiscal 2019. Content revenue for year ended December 31, 2020 decreased to $399,965, a decrease of 42% over content revenue of $688,465 for fiscal 2019. The increase in total revenue over fiscal 2019 is due to the growth of our advertising customers and our growing publisher reach. The decrease in content revenue is due to the reduced OEM sales of kids tablets.

Selling and marketing expenses

Sales and marketing expenses for the year ended December 31, 2020 were $397,948, an increase of 8% over selling and marketing expenses of $369,321 for fiscal 2019. The increase in sales and marketing expenses over fiscal 2019 was due to additional marketing expenses. Selling and marketing expenses consist primarily of sales staff salaries and benefits and publishing services and user acquisition costs incurred to acquire game players.

We expect to incur increased sales and marketing expenses in growing the Ad tech advertising revenue and to bring new players to Rooplay; our Rooplay Originals; and our bingo games. 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 and development facilities, legal and professional fees, and other general corporate and office expenses. General and administrative expenses increased to $528,708 for the year ended December 31, 2020, an increase from general and administrative expenses of $526,914 in fiscal 2019. The increase in general and administrative expenses is due an increase in fees paid to our professional advisors. The Company continues to maintain its current office space despite the large majority of our staff working from home since early March 2020.

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.

Salaries, wages, consultants and benefits

Salaries, wages, consultants and benefits decreased to $470,658 for the year ended December 31, 2020, a decrease of 35% over salaries, wages, consultants and benefits of $722,741 for fiscal 2019. The decrease in salaries, wages, consultants and benefits over fiscal 2019, is due to reduction in salaries and consultant fees as a result of COVID-19.

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 for advertising platform. These intangible assets are as result of the acquisition of Kidoz Ltd. The amortization for the year ended December 31, 2020, was $556,073 compared to $463,394 in fiscal 2019.

Equipment is depreciated using the declining balance method over the useful lives of the assets, ranging from three to five years. Depreciation decreased to $8,555 during the year ended December 31, 2020, over depreciation of $10,460 in fiscal 2019. This decrease in depreciation and amortization compared to fiscal 2019, is due to the aging of equipment depreciation on new equipment.

Content and software development

We do not capitalize our development costs. Content and software development costs of $1,149,902 were expensed for year ended December 31, 2020, an increase of 13% from content and software development costs of $1,014,041 expensed for fiscal 2019. These increases over fiscal 2019, is due to the hiring of additional staff to facilitate the Companies continued growth and the further development of playable ads.

Stock-based compensation expense

During the year ended December 31, 2020, the Company incurred non-cash stock compensation expenses of $158,883 compared to non-cash stock compensation expenses of $15,890 for fiscal 2019. During the year ended December 31, 2020, the Company granted 2,745,000 options at CAD$0.45 per option. There were no options granted in fiscal 2019. The options granted in fiscal 2020, are issued to consultants and employees as per the Company's 2015 Rolling Stock Option Plan.

Other income and expenses

During the year ended December 31, 2020, the Company has a foreign exchange gain of $32,856 compared to foreign exchange gain of $26,008 in the prior year. These gains are due to the exchange rate movements of the US Dollar compared to the Pound Sterling, Israeli Shekel and the Canadian Dollar.

During the year ended December 31, 2020, we received interest income of $1,003 compared to interest income of $3,302 in the prior year. The interest income is received from bank term deposits from investing our cash. The decrease in interest income is due to lower bank account balances in interest earning bank accounts in fiscal 2020 compared to fiscal 2019.

Acquisition of subsidiary

During the year ended December 31, 2019, the Company issued 52,450,286 shares for total consideration of $20,603,655 in the acquisition of all the issued and outstanding ordinary and preferred shares in the capital stock of Kidoz Ltd. and incurred finder's fee of $130,000 and legal expenses of $60,228.

Amortization of right-of-use assets

On January 1, 2019, the Company adopted ASC Topic 842 using the modified retrospective transition method. Topic 842 requires the recognition of lease assets and liabilities for operating leases. The Company recognized right-of-use assets relating to the brand licenses and the Vancouver, Canada and Anguillian office rental. During the year ended December 31, 2020, the Company amortized $54,071 compared to right-of-use assets amortization of $72,416 in fiscal 2019.

Impairment of goodwill

During the year ended December 31, 2020, the Company did not recognize any impairment of goodwill compared to recognizing the impairment of goodwill relating to the acquisition of Kidoz Ltd. of

$13,877,385 for fiscal 2019. The Company is required to do an annual cashflow forecast in accordance with the provisions of ASC 350 Intangibles-Goodwill and Others. This cashflow forecast includes forecasting future revenues and make significant estimates and assumptions including the selection of control premiums, discount rates, terminal growth rates, forecasts of revenue and expense growth rates, exogenous market conditions, income tax rates, changes in working capital, depreciation, amortization and capital expenditures. In fiscal 2019, the Company considered market conditions including the existing challenges to the world economy due to COVID-19 and deemed the impairment write down advisable.

Income taxes

During the year ended December 31, 2020 and 2019, a subsidiary of the Company applied for a Canadian tax credit in relation to fiscal 2019 and 2018. The Company received a tax credit of $55,243 in fiscal 2020 and $98,075 in fiscal 2019. This decrease is due to fewer staff working on development projects claiming the tax credit. During the year ended December 31, 2019, the Company recognized an impairment to the goodwill and realized $752,205 in deferred tax assets.

During the year ended December 31, 2005, Bingo.com, Inc. merged with its subsidiary Bingo.com, Ltd. in Anguilla, British West Indies. Anguilla is a zero-tax jurisdiction.

Net income (loss) and income (loss) per share

The net income after taxation for the year ended December 31, 2020, amounted to $103,971 an income of $0.00 per share, compared to a net loss of ($14,654,232), a loss of $0.12 per share, in the year ended December 31, 2019. Earnings before interest; depreciation and amortization; stock-based compensation and impairment of goodwill ("EBITDA") for the year ended December 31, 2020, amounted to $880,550 compared to EBITDA of ($779,966) in the year ended December 31, 2019.

LIQUIDITY AND CAPITAL RESOURCES

We had cash of $1,226,045 and working capital of $3,071,545 as at December 31, 2020. This compares to cash of $967,212 and working capital of $2,192,505 as at December 31, 2019.

During the year ended December 31, 2020, we provided cash of $256,978 in operating activities compared to using cash of $1,210,357 in the prior year.

Net cash provided by financing activities was $23,392 in the year ended December 31, 2020, which compares to cash generated by financing activity of $1,405,422 in fiscal 2019. This cash generated by financing activity for the year ended December 31, 2019, is due to the cash raised from the private placement.

Cash of ($21,537) was used in investing activities in fiscal 2020, compared to $130,611 in the prior year. This decrease in cash used in investing activities during the year ended December 31, 2020 compared to fiscal 2019, is due to the acquisition of Kidoz Ltd during the year ended December 31, 2019.

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; Garfield's Bingo and Trophy Bingo; the cost of marketing and player acquisition costs for Rooplay; Rooplay Originals; Garfield's Bingo and Trophy Bingo, the development of new products, the acquisition of new companies and the success of Rooplay; Rooplay Originals; Garfield's Bingo and Trophy Bingo.

Off Balance Sheet Arrangements

We did not have any Off Balance sheet arrangements for the year ended December 31, 2020 and 2019.

AUDIT COMMITTEE

Our audit committee consists of four directors and reports to the Board of Directors. The audit committee meets regularly throughout the year and met with the independent auditors on March 29, 2021, and approved the financial statements for the year ended December 31, 2020.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

KIDOZ INC. and subsidiaries

Consolidated Financial Statements

Years ended December 31, 2020 and 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Kidoz Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Kidoz Inc. (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2020 and 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for years ended December 31, 2020 and 2019, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the entity is dependent upon achieving sustained profitable operations to generate sufficient cash flows to fund continued operations, and has an accumulated deficit of $40,448,481 that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of intangible asset and goodwill impairment analysis

As described in Notes 7 and 8 to the consolidated financial statements, the carrying amount of the Company's sole reporting unit, consisting of intangible assets and the associated goodwill, was \$5,552,428 as at December 31, 2020 and is a significant portion (51%) of the Company's total assets. As discussed in notes 2(m) and 2(n) to the consolidated financial statements, the Company performs impairment testing on an annual basis or whenever events or changes in circumstances indicate that the carrying value of a reporting unit may exceed its recoverable amount. During the year ended December 31, 2020, the Company determined that no impairment was necessary.

We identified the evaluation of the goodwill impairment analysis as a critical audit matter. The estimated recoverable amount of the reporting unit uses forward-looking estimates that involved a high degree of subjective auditor judgment, in addition to specialized skills and knowledge to evaluate. The sensitivity of reasonably possible changes to those assumptions could have a significant impact on the determination of the recoverable amount of the reporting unit and the Company's assessment of impairment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating projected earnings before interest, taxes, depreciation, and amortization ("EBITDA") by comparing historical EBITDA forecasts to actual results and by examining the historical trend analysis of both increases and decreases in actual revenues and costs as compared to forecasted amounts;
- Involving our valuation specialists to assist in testing certain significant assumptions described above, such as discount rates and long-term growth rates;
- Performing sensitivity analyses on significant assumptions to evaluate the changes in fair value that would result from changes in these assumptions; and
- Assessing the adequacy of the associated disclosures in the financial statements.

Reliability of internally-generated reports supporting revenues

The Company uses an underlying operating system to track ad tech advertising revenue and report this information to customers and suppliers. As disclosed in Note 2(c) of the consolidated financial statements, the Company records revenues when a customer obtains control of promised services, which in certain instances, is determined by the Company's underlying operating and ad tech systems.

We identified relying on internally-generated reports as a critical audit matter. Assessing the reliability of information produced by the Company as audit evidence requires significant judgment with respect to testing and evaluating the information to determine if it is sufficient and appropriate for purposes of the audit. Auditing the Company's accounting for revenue from contracts with customers was challenging and complex due to the dependency on these internally-generated reports.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Testing, on a sample basis, the completeness and accuracy of the underlying data within the Company's billing system;
- Testing, on a sample basis, credit notes issued to customers to determine if there is a history of modification;
- Comparing the Company's internally-generated reports to similar reports as provided by key customers to determine if any difference were within an acceptable range of variance; and
- Confirming, on a sample basis, revenues directly with customers.

We have served as the Company's auditor since 2010.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada March 31, 2021	Chartered Professional Accountants

KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

Consolidated Balance Sheets

As at December 31,		2020		2019
Assets				
Current assets:				
Cash	$	1,226,045	$	967,212
Accounts receivable, less allowance for doubtful accounts $55,660 (2019 - $53,708) (Note 4)		3,933,540		2,392,778
Prepaid expenses (Note 5)		89,970		109,914
Total Current Assets		5,249,555		3,469,904
Equipment (Note 6)		21,839		27,182
Goodwill (Note 8)		3,301,439		3,301,439
Intangible assets (Note 7)		2,250,989		2,807,062
Long term cash equivalent		31,392		38,412
Operating lease right-of-use assets (Note 15)		106,315		134,914
Security deposit		7,600		7,727
Deferred tax asset, less valuation allowance of $330,249 (December 31, 2019 - $369,729) (Note 14)		-		-
Total Assets	$	10,969,129	$	9,786,640
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	1,722,066	$	851,866
Accrued liabilities		375,089		287,698
Accounts payable and accrued liabilities - related party (Note 16)		50,772		112,120
Operating lease liabilities – current portion (Note 15)		30,083		25,715
Total Current Liabilities		2,178,010		1,277,399
Government CEBA loan (Note 10)		47,089		-
Operating lease liabilities – non-current portion (Note 15)		73,835		101,900
Total Liabilities		2,298,934		1,379,299
Commitments (Note 13)				
Stockholders' Equity (Note 11):				
Common stock, no par value, unlimited shares authorized, 131,124,989 shares issued and outstanding (December 31, 2019 - 131,124,989)		49,094,096		48,935,213
Accumulated deficit		(40,448,481)		(40,552,452)
Accumulated other comprehensive income:				
Foreign currency translation adjustment		24,580		24,580
Total Stockholders' Equity		8,670,195		8,407,341
Total Liabilities and Stockholders' Equity	$	10,969,129	$	9,786,640

See accompanying notes to consolidated financial statements.

KIDOZ INC. and subsidiaries

(Expressed in United States Dollars)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended December 31,		2020		2019
Revenue:				
Ad tech advertising revenue	$	6,748,064	$	3,828,914
Content revenue		399,965		688,465
Total revenue		7,148,029		4,517,379
Cost of sales:		3,800,114		2,778,911
Total cost of sales		3,800,114		2,778,911
Gross profit		3,347,915		1,738,468
Operating expenses:				
Acquisition of subsidiary – transaction costs (Note 3)		-		190,228
Amortization of operating lease right-of-use assets (Note 15)		54,071		72,416
Depreciation and amortization (Note 6 and 7)		564,628		473,854
Directors fees		8,248		9,500
General and administrative (Note 18)		528,708		526,914
Salaries, wages, consultants and benefits		470,658		722,741
Selling and marketing		397,948		369,321
Stock-based compensation (Note 11)		158,883		15,890
Content and software development (Note 9)		1,149,902		1,014,041
Total operating expenses		3,333,046		3,394,905
Income (loss) before other income (expense) and income taxes		14,869		(1,656,437)
Other income (expense):				
Foreign exchange gain		32,856		26,008
Impairment of goodwill (Note 8)		-		(13,877,385)
Interest and other income		1,003		3,302
Net income (loss) before income taxes		48,728		(15,504,512)
Income tax recovery (Note 14)		55,243		850,280
Net income (loss) after tax	$	103,971	$	(14,654,232)
Other comprehensive income (loss)		-		-
Comprehensive income (loss)	$	103,971	$	(14,654,232)
Basic and diluted income (loss) per common share (Note 2)	$	0.00	$	(0.12)
Weighted average common shares outstanding, basic (Note 2)		131,124,989		121,208,912
Weighted average common shares outstanding, diluted (Note 2)		131,124,989		121,208,912

See accompanying notes to consolidated financial statements.

KIDOZ INC. and subsidiaries
(Expressed in United States Dollars)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2020 and 2019

	Common stock			Accumulated Other Comprehensive income	
	Shares	Amount	Accumulated Deficit	Foreign currency translation adjustment	Total Stockholders' Equity
Balance, December 31, 2018	73,674,703	$26,552,468	($25,898,220)	$24,580	$678,828
Acquisition of subsidiary	52,450,286	20,603,655			20,603,655
Private placement	5,000,000	2,000,000	-	-	2,000,000
Share issuance costs	-	(236,800)	-	-	(236,800)
Stock-based compensation	-	15,890	-	-	15,890
Net loss	-	-	(14,654,232)	-	(14,654,232)
Balance, December 31, 2019	131,124,989	$48,935,213	($40,552,452)	$ 24,580	$8,407,341
Stock-based compensation	-	158,883	-	-	158,883
Net income	-	-	103,971	-	103,971
Balance, December 31, 2020	131,124,989	$49,049,096	($40,448,481)	$ 24,580	$8,670,195

See accompanying notes to consolidated financial statements.

KIDOZ INC. and subsidiaries
(Expressed in United States Dollars)

Consolidated Statements of Cash Flows

Years ended December 31,		2020		2019
Cash flows from operating activities:				
Net income (loss)	$	103,971	$	(14,654,232)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		564,628		473,854
Amortization of operating lease right-of-use assets		54,071		72,416
Deferred income tax recovery		-		(752,205)
Impairment of goodwill		-		13,877,385
Stock-based compensation		158,883		15,890
Changes in operating assets and liabilities:				
Accounts receivable		(1,540,762)		(963,129)
Prepaid expenses		19,944		25,004
Accounts payable and accrued liabilities		896,243		694,660
Net cash provided by (used in) operating activities		256,978		(1,210,357)
Cash flows from investing activities:				
Acquisition of equipment		(3,212)		(6,514)
Acquisition of subsidiary		-		183,264
Long-term cash equivalent		7,020		(38,412)
Payments on right-of-use assets		(25,472)		-
Security deposits		127		(7,727)
Net cash (used in) provided by investing activities		(21,537)		130,611
Cash flows from financing activities:				
Government CEBA loan		47,089		-
Private placement, net		-		1,763,200
Payments on operating lease liabilities		(23,697)		(79,715)
Repayment of short-term loan (Note 3)		-		(278,063)
Net cash provided by financing activities		23,392		1,405,422
Change in cash		258,833		325,676
Cash, beginning of year		967,212		641,536
Cash, end of year	$	1,226,045	$	967,212
Supplementary information:				
Interest paid	$	-	$	1,367
Income taxes recovery	$	(55,243)	$	(98,075)
Non-cash investing activity - operating lease right-of-use assets	$	-	$	(202,031)
Non-cash investing activity - operating lease liabilities	$	-	$	202,031

See accompanying notes to consolidated financial statements.

1. Introduction:

Nature of business

Kidoz Inc. is a kid-tech software developer and owner of the leading mobile KidSafe advertising network (www.KIDOZ.net), incorporated in Anguilla, British West Indies in 2005. We help create a free and safe Internet for children, by enabling content producers to monetize their apps and video with ads.

For Original Equipment Manufacturers ("OEM") and Carriers, the Company's KIDOZ Mode is the software solution that powers their youth-dedicated products, including custom content libraries, parental control and kid-friendly monetization.

The games on the Rooplay system are designed to both entertain and educate. Children engaging with Rooplay learn technology, solve puzzles, paint pictures, practice language, learn math, and other educational games. Kidoz Inc. is developing a content system with Rooplay that builds tech literacy and encourages early learning.

Rooplay will generate revenue for the Company from consumer subscriptions which customers pay to unlock the Rooplay game catalog and the licensing of our Rooplay games.

Kidoz Ltd.'s other mobile products, Garfield's Bingo (www.garfieldsbingo.com), and Trophy Bingo (www.trophybingo.com), are free-to-play mobile games live in the Apple, Google and Amazon App Stores. The Company has generated revenue to-date from players making in-app purchases in Trophy Bingo and Garfield's Bingo.

Continuing operations

These consolidated financial statements have been prepared on the going concern basis, which presumes the realization of assets and the settlement of liabilities in the normal course of operations. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continued operations, or, in the absence of adequate cash flows from operations, obtaining additional financing. The Company has reported income from operations for the year ended December 31, 2020 and losses from operations for the year ended December 31, 2019 and has an accumulated deficit of $40,448,481 as at December 31, 2020. This raises substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts and settlement of the liability amounts shown in the accompanying balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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. If management is unable to identify sources of additional

(Expressed in United States Dollars)

1. Introduction: (Continued)

cash flow in the short term, it may be required to further reduce or limit operations.

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 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:

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.

During the year ended December 31, 2019, the Company acquired Kidoz Ltd. a company incorporated under the laws of the State of Israel. (Note 3)

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

2. Summary of significant accounting policies (Continued):

(b) Use of estimates:

The preparation of 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, the useful lives of intangible assets, the determination of the fair value of goodwill after impairment, and the estimated interest rate of 12% for the license right-of-use assets and 4.12% - 5% for the rental units right-of-use asset. 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.

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

2. Summary of significant accounting policies (Continued):

(c) Revenue recognition: (Continued)

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:

1) Ad tech advertising revenue - The Company generally offers these services under a customer contract Cost-per-Impression (CPM), Cost-Per-Install (CPI) arrangements, Cost per completed video view (CPC) and/or Cost-Per-Action (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

2. Summary of significant accounting policies (Continued):

(c) Revenue recognition: (Continued)

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.

b) Rooplay - 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) Trophy Bingo and Garfield Bingo - The Company generates revenue through in-application purchases ("in-app purchases") within its games; Garfield's Bingo (www.garfieldsbingo.com) and 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 Facebook Messenger, Android, Amazon and iOS 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.

2. Summary of significant accounting policies (Continued):

(c) Revenue recognition: (Continued)

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.

The Company also has relationships with certain advertising service providers for advertisements within smartphone games and revenue from these advertising providers is generated through impressions, click-throughs, banner ads, and offers. Offers are the type of advertisements where the players are rewarded with virtual currency for completing specified actions, such as downloading another application, watching a short video, subscribing to a service or completing a survey. The Company has determined the advertising buyer to be its customer and displaying the advertisements within the mobile games is identified as the single performance obligation. Revenue from advertisements and offers are recognized at the point-in-time the advertisements are displayed in the game or the offer has been completed by the user as the customer simultaneously receives and consumes the benefits provided from these services.

(d) Foreign currency:

The consolidated financial statements are presented in United States dollars, the functional currency of the Company and its subsidiaries. The Company accounts for foreign currency transactions and translation of foreign currency financial statements under ASC 830, Foreign Currency Matters. Transaction amounts denominated in foreign currencies are translated at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities are adjusted at each balance sheet date to reflect the exchange rate at that date. Non-monetary assets and liabilities are translated at the exchange rate on the original transaction date.

Gains and losses from restatement of foreign currency monetary and non-monetary assets and liabilities are included in operations. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings.

(Expressed in United States Dollars)

2. Summary of significant accounting policies (Continued):

(e) Cash and Cash Equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, collateral accounts with maturities greater than 1 year and subject to an insignificant risk of change in value.

(f) Accounts receivable:

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable includes receivables from online platforms and trade receivables from customers. The Company estimates doubtful accounts on an item-by-item basis and includes over-aged accounts as part of allowance for doubtful accounts, which are generally ones that are greater than ninety-days overdue. Bad debt expense, for the year ended December 31, 2020 was $1,952 (2019 - $2,029). (Note 4)

(g) Equipment:

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for annually on the declining balance method over the following periods:

Equipment and computers	3 years
Furniture and fixtures	5 years

Expenditures for maintenance and repairs are charged to expenses as incurred. Major improvements are capitalized. Gains and losses on disposition of equipment are included in operations as realized.

In accordance with ASU No. 2016-02 “Leases (Topic 842), leasehold improvements are accounted as a prepayment of rental payments since they are deemed to be an asset of the lessor.

(h) Software Development Costs:

The Company expensed all software development costs as incurred for the year ended December 31, 2020 and 2019. As at December 31, 2020 and 2019, all capitalized software development costs have been fully amortized and the Company has no capitalized software development costs.

Software development costs incurred in the research and development of new software products and enhancements to existing software products for external use are expensed as incurred until technological feasibility has been established. After technological feasibility is established, any software development costs are capitalized and amortized at the greater of the straight-line basis over the estimated economic life of the related product or the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for the related product.

(Expressed in United States Dollars)

2. Summary of significant accounting policies (Continued):

(h) Software Development Costs: (Continued)

Total software development costs were $8,880,753 as at December 31, 2020 (2019 - $7,730,851) (Note 9).

(i) Selling, Marketing and Advertising:

The Company expenses the cost of advertising in the period in which the advertising space or airtime is used. Advertising costs from continuing operations charged to selling and marketing expenses in 2020 totaled $397,948 (2019 - $369,321).

(j) Stock-based compensation:

The Company accounts for stock-based compensation under the provisions of Accounting Standard Codification ("ASC") 718, "Compensation-Stock Compensation". Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date for all stock-based awards to employees, directors and non-employees and is recognized as an expense over the requisite service period, which is generally the vesting period. The Black-Scholes option valuation model is used to calculate fair value.

The fair value of each option grant has been estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019
Expected dividend yield	-	-
Volatility	123%	-
Risk-free interest rate	0.32%	-
Expected life of options	5 years	-
Forfeiture rate	5%	-

(k) Right-of-use assets:

The Company determines if an agreement is a lease at inception. The Company evaluates the lease terms to determine whether the lease will be accounted for as an operating or finance lease. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, current portion, and operating lease liabilities, net of current portion in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The operating

2. Summary of significant accounting policies (Continued):

(k) Right-of-use assets: (Continued)

lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

A lease that transfers substantially all of the benefits and risks incidental to ownership of property are accounted for as finance leases. At the inception of a finance lease, an asset and finance lease obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Finance lease obligations are classified as either current or long-term based on the due dates of future minimum lease payments, net of interest.

(l) Business Combinations:

When the Company acquires a business, the purchase consideration is allocated to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated respective fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require the Company to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to non-operating income (expense) in the consolidated statements of operations.

The Company accounts for long-lived assets in accordance with the provisions of ASC 360, Property, Plant and Equipment and ASC 350, Intangibles-Goodwill and Others. During the periods presented, the only long-lived assets reported on the Company's consolidated balance sheet are equipment, goodwill, intangible assets and security deposits. These provisions require that long-lived assets and certain identifiable recorded intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset.

2. Summary of significant accounting policies (Continued):

(m) 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.

The Company identified the following intangible assets in the acquisition of Kidoz Ltd. (Note 3). 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 relationships	8 years

(n) 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, 2020, the Company deemed there was no impairment of the goodwill, compared to the year ended December 31, 2019, when the Company deemed there was impairment and recognized an impairment charge of $13,877,385.

2. Summary of significant accounting policies (Continued):

(o) Income taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. The Company recognizes the income tax recovery from the receipt of tax credits upon receipt of funds. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using the enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered and settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is not more likely than not that such future tax assets will be realized.

(p) Net income (loss) per share:

ASC 260, “Earnings Per Share”, requires presentation of basic earnings per share (“Basic EPS”) and diluted earnings per share (“Diluted EPS”). Basic earnings (loss) per share is computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution, using the treasury stock method, that could occur if outstanding options or warrants were exercised and converted into common stock. In computing diluted earnings per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period.

Options and warrants will have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and warrants. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. A total of 5,875,750 (2019 - 3,200,750) stock options were excluded as at December 31, 2020.

(Expressed in United States Dollars)

2. Summary of significant accounting policies (Continued):

(p) Net income (loss) per share: (Continued)

The earnings per share data for the year ended December 31, 2020 and 2019 are summarized as follows:

		2020		2019
Income (Loss) for the year	$	103,971	$	(14,654,232)
Basic and diluted weighted average number of common shares outstanding		131,124,989		121,208,912
Basic and diluted income (loss) per common share outstanding	$	0.00	$	(0.12)

(q) New accounting pronouncements and changes in accounting policies:

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The Company adopted ASU 2017-04 as of January 1, 2020 and ASU 2017-04 has not had a material impact on the consolidated financial position or results of operations.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement: Disclosure Framework (Topic 840) - Changes to the Disclosure Requirements for Fair Value Measurement", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring Level 1, Level 2 and Level 3 instruments in the fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted ASU 2018-13 as of January 1, 2020 and ASU 2018-13 has not had a material impact on the consolidated financial position or results of operations and liquidity.

In March 2019, the FASB issued ASU No. 2019-01, Leases (Topic 842) ("ASU 2019-01"), Codification Improvements, which aligned the new leases guidance with existing guidance for fair value of the underlying asset by lessors that are not manufacturers or dealers. As a result, the fair value of the underlying asset at lease commencement is its cost, reflecting any volume or trade discounts that may apply. This standard is effective for fiscal years beginning after December 15, 2019. The Company adopted ASU 2019-01 as of January 1, 2020 and ASU 2019-01 has not had a material impact on the consolidated financial position or results of operations and liquidity.

2. Summary of significant accounting policies (Continued):

(q) New accounting pronouncements and changes in accounting policies: (Continued)

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes". The ASU is expected to reduce cost and complexity related to the accounting for income taxes by removing specific exceptions to general principles in Topic 740 (eliminating the need for an organization to analyze whether certain exceptions apply in a given period) and improving financial statement preparers' application of certain income tax-related guidance. This standard is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption of this standard is permitted. The Company does not expect the adoption of this guidance will have a material impact on the Company's financial position, results of operations and liquidity.

There have been no other recent accounting standards, or changes in accounting standards, during the year ended December 31, 2020, that are of material significance, or have potential material significance, to us.

(r) 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

2. Summary of significant accounting policies (Continued):

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

use 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 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 was 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. Acquisition of Kidoz Ltd.:

During the year ended December 31, 2019, the Company issued 52,450,286 shares for total consideration of $20,603,655 in the acquisition of all the issued and outstanding ordinary and preferred shares in the capital stock of Kidoz Ltd., a company incorporated under the laws of the State of Israel. Kidoz Ltd. is a global kids’ content distribution and monetization marketplace.

(Expressed in United States Dollars)

3. Acquisition of Kidoz Ltd.: (Continued)

The Company paid a commission of $130,000 and incurred transaction costs of $60,228. The acquisition closed with the effective date of acquisition being February 28, 2019.

The acquisition enables the global reach of Kidoz Ltd.'s content network to be combined with the Company's Rooplay subscription over-the-top ("OTT") platform.

This acquisition is accounted for as a business combination. On acquisition of Kidoz Ltd., the Company allocated the purchase price to the fair value of the net assets acquired.

The Company has estimated the following assets and liabilities were acquired with the acquisition of Kidoz Ltd.

Cash	$	183,264
Accounts receivable		1,417,546
Prepaid expenses		35,179
Equipment		14,873
Accounts payable and accrued liabilities		(466,219)
Short-term loan		(278,063)
Deferred tax liability		(752,205)
Intangible assets		3,270,456
Goodwill		17,178,824
	$	20,603,655

The Company had a short-term loan from the Bank Leumi. The loan was secured against the receivables of the Company. The loan had an interest rate of 6.5%. During the year ended December 31, 2019, the loan was repaid in full.

4. Accounts Receivable:

The accounts receivable as at December 31, 2020, is summarized as follows:

		2020		2019
Accounts receivable	$	3,989,200	$	2,446,486
Provision for doubtful accounts		(55,660)		(53,708)
Net accounts receivable	$	3,933,540	$	2,392,778

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. The Company has a doubtful debt provision of $27,994 for existing accounts receivable.

(Expressed in United States Dollars)

5. Prepaid expenses

The Company has other prepaid expenses of $89,970 (2019 - $109,914) including leasehold improvements of $23,831 (2019 - $32,484), which is recognized as prepaid rent for the year ended December 31, 2020.

6. Equipment:

2020		Cost		Accumulated depreciation		Net book Value
Equipment and computers	$	146,545	$	130,798	$	15,747
Furniture and fixtures		14,787		8,695		6,092
	$	161,332	$	139,493	$	21,839

2019		Cost		Accumulated depreciation		Net book Value
Equipment and computers	$	143,333	$	123,123	$	20,210
Furniture and fixtures		14,787		7,815		6,972
	$	158,120	$	130,938	$	27,182

Depreciation expense was $8,555 (2019 - $10,460) for the year ended December 31, 2020.

7. Intangible assets:

2020		Cost		Accumulated amortization		Net book Value
Ad Tech technology	$	1,877,415	$	688,386	$	1,189,029
Kidoz OS technology		31,006		18,948		12,058
Customer relationship		1,362,035		312,133		1,049,902
	$	3,270,456	$	1,019,467	$	2,250,989

2019		Cost		Accumulated amortization		Net book Value
Ad Tech technology	$	1,877,415	$	312,902	$	1,564,513
Kidoz OS technology		31,006		8,613		22,393
Customer relationship		1,362,035		141,879		1,220,156
	$	3,270,456	$	463,394	$	2,807,062

Amortization expense was $556,073 (2019 - $463,394) for the year ended December 31, 2020.

(Expressed in United States Dollars)

8. Goodwill:

The changes in the carrying amount of goodwill for year ended December 31, 2020 and 2019 were as follows:

		2020		2019
Goodwill, balance at beginning of year	$	3,301,439	$	-
Acquisition of Kidoz Ltd. (Note 3)		-		17,178,824
Impairment of goodwill		-		(13,877,385)
Goodwill, balance at end of year	$	3,301,439	$	3,301,439

The Company's annual goodwill impairment analysis performed during the fourth quarter of fiscal 2020 and 2019 included a quantitative analysis of the Kidoz Ltd. reporting unit (consisting of intangible assets (Note 7) and goodwill). The reporting unit has a carrying amount of $5,552,428 (2019 - $6,108,501) as at December 31, 2020. The Company performed a discounted cash flow analysis for Kidoz Ltd. 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. For fiscal 2019, these analyses led to the conclusion that the fair value of these reporting units was less than their carrying values by an amount that exceeded the carrying value of goodwill. Accordingly, for the year ended December 31, 2019, the full carrying value of the goodwill was impaired by $13,877,385. Based on the annual impairment test described above there was no additional impairment determined for fiscal 2020.

9. Content and software development costs:

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

During the year ended December 31, 2020 and 2019, the Company has expensed the development costs of all products as incurred and has expensed the following development costs.

		2020		2019
Opening total content and software development costs	$	7,730,851	$	6,716,810
Content and software development during the year		1,149,902		1,014,041
Closing total Content and software development costs	$	8,880,753	$	7,730,851

10. 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 a quarter of the loan $11,772 (CAD$20,000) is eligible for complete forgiveness if $35,317 (CAD$40,000) is fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it can be converted into a 3-year term loan charging an interest rate of 5%.

11. 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 and there is only one class of common shares. The Company has an unlimited number of common shares authorized for issue.

(a) Common stock issuances:

Fiscal 2020

There were no common stock issuances for the year ended December 31, 2020.

Fiscal 2019

In March 2019, the Company closed a TSX Venture Exchange approved private placement financing totaling $2,000,000. The private placement consisted of 5,000,000 common shares priced at $0.40 per share. Pursuant to the private placement the Company paid a commission of $200,000 and incurred share issuance expenses of $36,800.

In March 2019, the Company issued 52,450,286 shares for total consideration of $20,603,655 in the acquisition of all the issued and outstanding ordinary and preferred shares in the capital stock of Kidoz Ltd., a company incorporated under the laws of the State of Israel. (Note 3)

(b) 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.

(Expressed in United States Dollars)

11. Stockholders' Equity: (Continued)

(b) Stock option plans: (Continued)

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 2015 plan we have reserved 10% of the number of Shares of the Company issued and outstanding as of each Award Date. During the year ended December 31, 2020, the Rolling Stock Option plan was amended by inclusion of an Israeli Taxpayers Appendix.

During the year ended December 31, 2020, the Company granted to employees and consultants 2,745,000 options with an exercise price of CAD$0.45 ($0.33) expiring on June 30, 2025, of which 60,000 options were fully vested, 2,595,000 options were issued where 2.08% vests per month commencing June 30, 2021, and 90,000 options were issued where 2% vests per month commencing on grant date. 1,250,000 of these options were granted to directors and officers of the Company.

No options were granted during the year ended December 31, 2019.

Subsequent to the year ended December 31, 2020, a further 1,040,000 options were awarded where 10% vests on grant date, 15% one year following and 2% per month thereafter, with an exercise price of CAD$0.50 ($0.39) and 35,000 options were awarded which were fully vested with an exercise price of CAD$0.50 ($0.39).

A summary of stock option activity for the stock option plans for the years ended December 31, 2020 and 2019 are as follows:

	Number of options		Weighted average exercise price
Outstanding December 31, 2018	3,575,000	$	0.45
Granted	-		-
Exercised	-		-
Cancelled	(374,250)		(0.41)
Outstanding December 31, 2019	3,200,750	$	0.45
Granted	2,745,000		0.33
Exercised	-		-
Cancelled	(70,000)		(0.42)
Outstanding December 31, 2019	5,875,750	$	0.39

The aggregate intrinsic value for options as of December 31, 2020 was $137,250 (2019 - $nil).

(Expressed in United States Dollars)

11. Stockholders' Equity: (Continued)

(b) Stock option plans: (Continued)

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2020:

Range of exercise prices per option	Number outstanding	Number exercisable	Expiry date
$ 0.33	2,745,000	78,000	June 30, 2025
0.40	620,000	620,000	December 20, 2021
0.42	522,750	475,250	November 8, 2022
0.42	713,000	713,000	June 4, 2023
0.50	1,275,000	1,275,000	June 4, 2023
	5,875,750	3,161,250	

The Company recorded stock-based compensation of $158,883 on the 2,935,000 options granted and vested (2019 – $15,890 on the 2,130,000 options granted and vested) and as per the Black-Scholes option-pricing model, with a weighted average fair value per option grant of $0.27 (2019 - $0.29).

12. 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
As at December 31, 2020				
Assets				
Cash	$1,226,045	$-	$-	$1,226,045
Long term cash equivalent	31,392	-	-	31,392
Total assets measured and recorded at fair value	$1,257,437	$-	$-	$1,257,437

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Assets				
Cash	$967,212	$-	$-	$967,212
Long term cash equivalent	38,412	-	-	38,412
Total assets measured and recorded at fair value	$1,005,624	$-	$-	$1,005,624

13. 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.

(Expressed in United States Dollars)

13. Commitments: (Continued)

During the year ended December 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 recognizes a right-of-use asset and operating lease liability.

The Netanya, Israel operating lease expired on July 14, 2017 but unless 3 months' notice is given it automatically renews for a future 12 months until notice is given. During the year ended December 31, 2020, the lease was extended for a further 12 months. This facility comprises approximately 190 square metres. The Company has accounted for this lease as a short-term lease.

The Anguillan operating lease expired on April 1, 2011 but unless 3 months' notice is given it automatically renews for a further 3 months. The Company accounts for the lease in accordance with ASU 2016-02 (Topic 842) and recognizes a right-of-use asset and operating lease liability.

Minimum lease payments under these leases are approximately as follows:

2021	$	73,327
2022		48,687
2023		49,832
2024		12,530

The Company paid rent expense totaling $119,055 for the year ended December 31, 2020 (2019 - $93,371).

The Company has a management consulting agreement with T.M. Williams (ROW), Inc., an Anguilla incorporated company, and Mr. T. M. Williams. During the year ended December 31, 2014, the Company amended a previous agreement with Mr. T. M. Williams to provide for a consultancy payment of 2.5% of the monthly social bingo business with a minimum of $11,000 and a maximum of $25,000 per month.

During the year ended December 31, 2014, the Company entered into an agreement with Jayska Consulting Ltd. and Mr. J. M. Williams, Co-Chief Executive Officer of the Company for the provision of services of Mr. J. M. Williams as Chief Executive Officer of the Company. The Consulting agreement provides for a consultancy payment of GBP£5,000 per month. In addition, during the year ended December 31, 2014, the Company entered into an agreement with LVA Media Inc. and Mr. J. M. Williams, for the provision of services of Mr. J. M. Williams as Chief Executive Officer of the Company. The Consulting agreement provides for a consultancy payment of 2.5% of the monthly social bingo business with a minimum of $7,500 and a maximum of $25,000 per month.

As at December 31, 2020, the Company had a number of renewable license commitments with large brands, including, Garfield, Moomins, Mr. Men and Little Miss, Mr. Bean, and Peter Rabbit. These agreements have commitments to pay royalties on the revenue from the licenses

(Expressed in United States Dollars)

13. Commitments: (Continued)

subject to the minimum guarantee payments. As at December 31, 2020, there were no further minimum guarantee payments commitments.

The Company expensed the minimum guarantee payments over the life of the agreement and recognized license expense of $46,841 (2019 - $56,564) for the year ended December 31, 2020.

14. Income taxes:

Kidoz Inc. is domiciled in the tax-free jurisdiction of Anguilla, British West Indies. However certain of the Company's subsidiaries incur income taxation.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019, are presented below:

		2020		2019
Computed "expected" tax benefit (expense)	$	(10,192)	$	3,255,948
Change in statutory, foreign tax, foreign exchange rates and other		206,078		1,620,641
Permanent differences		(180,123)		(3,382,662)
Change in valuation allowance		39,480		(643,647)
Income tax recovery	$	55,243	$	850,280

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019 are presented below:

		2020		2019
Deferred tax assets:				
Net operating loss carry forwards	$	330,249	$	369,729
Valuation Allowance		(330,249)		(369,729)
	$	-	$	-

The valuation allowance for deferred tax assets as of December 31, 2020 and 2019, was $330,249 and $369,729, respectively. The net change in the total valuation allowance was a decrease of ($39,480) for the year ended December 31, 2020 (2019 – an increase of $93,883).

As at December 31, 2020, the Company's had $2,915,457 of non-capital losses expiring through December 31, 2040.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in assessing the realizability of deferred tax assets.

(Expressed in United States Dollars)

14. Income taxes: (Continued)

During the year ended December 31, 2020, Shoal Media (Canada) Inc., a subsidiary of Kidoz Inc., received the British Columbia Interactive Digital Media Tax Credit of CAD$73,828 ($55,243) (2019 - CAD$130,145 ($98,075)) from the British Columbia Provincial Government.

The Company recognized this tax credit as a recovery of income tax expense on the statement of operations upon receipt of funds.

15. 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 as of the adoption date, January 1, 2019. 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 the package of practical expedients permitted under the transition guidance within Topic 842, which allowed us to carry forward prior conclusions about lease identification, classification and initial direct costs for leases entered into prior to adoption of Topic 842.

Additionally, 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 as at December 31, 2020, is summarized as follows:

	2020	2019
Opening balance for the year	$ 134,914	$ -
Initial recognition of operating lease right-of-use assets	-	76,557
Capitalization of operating lease right-of-use assets	-	125,474
Capitalization of additional license leases	25,472	5,299
Amortization of operating lease right-of use assets	(54,071)	(72,416)
Closing balance for the year	$ 106,315	$ 134,914

(Expressed in United States Dollars)

15. Right-of-use assets: (Continued)

The operating lease as at December 31, 2020, is summarized as follows:

As at December 31, 2020		**Operating lease**				
		Office lease		**Brand licenses**		**Total**
2021	$	32,771	$	-	$	32,771
2022		33,916		-		33,916
2023		35,061		-		35,061
2024		8,087		-		8,087
Total lease payments	$	110,555	$	-	$	110,555
Less: Interest		(5,917)		-		(5,917)
Present value of lease liabilities	$	103,918	$	-	$	103,918
Amounts recognized on the balance sheet						
Current lease liabilities	$	30,083	$	-	$	30,083
Long-term lease liabilities		73,835		-		73,835
Total lease payments	$	103,918	$	-	$	103,918

		2020		2019
Opening balance for the year	$	127,615	$	-
Initial recognition of operating lease liabilities		-		81,856
Operating lease liability incurred during the year		-		125,474
Payments on operating lease liabilities		(23,697)		(79,715)
Closing balance for the year		103,918		127,615
Less: current portion		(30,083)		(25,715)
Operating lease liabilities – non-current portion as at end of year	$	73,835	$	101,900

As of December 31, 2020, the ROU assets of $106,315 are included in non-current assets on the balance sheet, and lease liabilities of $103,918 are included in current liabilities and non-current liabilities on the balance sheet.

16. Related party transactions:

As at and for the year ended December 31, 2020, the Company has the following related party transactions:

The Company has a liability of $10,968 (2019 - $33,000) to a company owned by a current director and officer of the Company for payment of consulting fees of $112,200 (2019 - $142,000) by the current director and officer of the Company.

The Company has a liability of $nil (2019 - $9) to a current director and officer of the Company for expenses incurred.

The Company has a liability of $nil (2019 - $267) to a current director and officer of the Company for expenses incurred.

16. Related party transactions: (Continued)

The Company has a liability of $6,098 (2019 - $19,779) to a company owned by a current director and officer of the Company for payment of consulting fees of $45,371 (2019 - $76,729) by the current director and officer of the Company.

The Company has a liability of $7,500 (2019 - $22,500) to a company owned by a current director and officer of the Company for payment of consulting fees of $95,696 (2019 - $100,000) by the current director and officer of the Company.

The Company has a liability of $12,519 (2019 - $30,974) to a current director and officer of the Company for payroll and bonuses.

The Company has a liability of $1,500 (2019 - $5,500), to independent directors of the Company for payment of director's fees. During the year ended December 31, 2020, the Company paid $8,248 (2019 - $9,500) to the independent directors in director fees.

The Company has a liability of $12,187 (2019 - $91), to an officer of the Company for payment of consulting fees and expenses incurred of $131,231 (2019 - $148,434) by the officer of the Company.

The Company has a liability of $nil (2019 - $nil), to an officer of the Company for payment of consulting fees and expenses incurred of $110,524 (2019 - $103,465) by the officer of the Company.

During the year ended December 31, 2020, the Company granted 1,250,000 (2019 - nil) options with an exercise price of CAD$0.50 ($0.39) per share, to related parties.

The Company expensed $61,701 (2019 - $479) in stock-based compensation for these options granted to related parties.

The related party transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Segmented information:

The Company operates in reportable business segments, the sale of Ad tech advertising and content revenue, including the sale of in-app purchases on Trophy Bingo and Garfield's Bingo; the premium purchase for Rooplay Originals and recurring subscription revenues from Rooplay and Kidoz OS and the sale of licenses of Kidoz OS.

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief operating decision maker is the Co-chief executive officers. The Company and the chief decision maker view the Company's operations and manage its business as two operating segments, namely Ad tech and content revenue.

(Expressed in United States Dollars)

17. Segmented information: (Continued)

The Company had the following revenue by geographical region.

		2020		2019
Ad tech advertising revenue				
Western Europe	$	1,911,627	$	1,007,357
North America		4,702,565		2,752,955
Other		133,872		68,602
Total ad tech advertising revenue	$	6,748,064	$	3,828,914
Content revenue				
Western Europe	$	100,625	$	104,741
Central, Eastern and Southern Europe		38,741		175,387
North America		182,676		326,598
Other		77,923		81,739
Total content revenue	$	399,965	$	688,465
Total revenue				
Western Europe	$	2,012,252	$	1,112,098
Central, Eastern and Southern Europe		38,741		175,387
North America		4,885,241		3,079,553
Other		211,795		150,341
Total revenue	$	7,148,029	$	4,517,379

Equipment

The Company's equipment is located as follows:

Net Book Value		2020		2019
Anguilla	$	164	$	245
Canada		7,482		11,061
Israel		12,870		13,892
United Kingdom		1,323		1,984
Total equipment	$	21,839	$	27,182

18. General and administrative:

General and administrative expenses were as follows:

		2020		2019
Professional fees	$	183,475	$	209,857
Rental		119,055		93,371
Other general and administrative expenses		226,178		223,686
Total general and administrative expenses	$	528,708	$	526,914

19. Concentrations:

Major customers

During the year ended December 31, 2020, and 2019, the Company sold Ad tech revenue; sold subscriptions on its site Rooplay; sold in-app purchases on its social bingo sites, Trophy Bingo and Garfield's Bingo and premium purchases of Rooplay Originals. During the year ended December 31, 2020, the Company had revenues of $2,661,595 and $1,551,661 from two customers (December 31, 2019 - one customer for $2,847,897) which was 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.

20. 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 and cash equivalents 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 and long-term cash equivalents balances at financial institutions. At December 31, 2020, the Company had total cash of $1,257,437 (2019 - $1,005,624) at financial institutions, where $970,453 (2019 - $661,741) is in excess of federally insured limits.

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

As of December 31, 2020, the Company had two customers, totaling $1,618,244 and $807,346 respectively who accounted for greater than 10% of the total accounts receivable. As of December 31, 2019, the Company had one customer, totaling $1,430,646 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 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

On February 4, 2010, we engaged Davidson & Company LLP, as its independent registered public accounting firm, to audit our financial statements. The decision to engage Davidson & Company LLP was approved by our Board of Directors at a Board meeting called for such purpose.

There have not been any changes in or disagreements with accountants for the years ended December 31, 2020 and 2019.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Management's responsibility

Our management acknowledges its responsibility for establishing and maintaining adequate internal control over financial reporting of the Company.

(b) Evaluation of disclosure controls and procedures.

Our management, including the Executive Chairman, Chief Executive Officers and the Chief Financial Officer, evaluated the disclosure controls and procedures of the Company within 90 days prior to the date of this report, and found them to be operating efficiently and effectively to ensure that information required to be disclosed by us under the general rules and regulations promulgated under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods specified by rules and regulations of the SEC.

These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us is accumulated and communicated to our management, including our principal executive officers and principal financial officer as appropriate to allow timely decisions regarding required disclosure. However, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management evaluated of the effectiveness of the Company's design and operation of its disclosure controls and procedures as defined in Exchange Act Rule 13a-15(f), based on the framework set forth in the Internal Control—Integrated Framework (1992) issued by the by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation, we believe that, as of December 31, 2020, the Company's internal control over financial reporting is effective under the COSO framework.

(c) Changes in internal controls.

There were no significant changes in our internal controls or other factors that could significantly affect our internal controls during the year ended December 31, 2020, and to the date of filing this annual report.

ITEM 9B - OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers as at December 31, 2020, are as follows:

Name	Age	Position	Audit Committee	Governance Committee	Compensation Committee
T. M. Williams	80	Executive Chairman			
J. M. Williams	45	Co- Chief Executive Officer		X	
E. Ben Tora	50	Co- Chief Executive Officer			
F. Curtis	56	Non-Executive Director	X	X*	X
C. Kalborg	59	Non-Executive Director	X*	X	X
M. David	55	Non-Executive Director	X		X*
H. W. Bromley	50	Chief Financial Officer			

X* - Chairman of Committee

T. M. Williams served as President, Chief Executive Officer and Chairman from August 20, 2001 until June 16, 2011. Since June 16, 2011, Mr. Williams has served as the Executive Chairman. Since 1984, Mr. Williams has served as a principal of T.M. Williams (ROW), Inc., a private consulting firm, and from 1993 until 2008, was Adjunct Professor, Sauder School of Business at the University of British Columbia. From 1988 to 1991, he was President and Chief Executive Officer of Distinctive Software, Inc. in Vancouver, BC, and, upon the acquisition of that company by Electronic Arts Inc., North America's largest developer of entertainment software, he became President and Chief Executive Officer of Electronic Arts (Canada) Inc., where he continued until 1993. From 1995 to 2012, Mr. Williams was a director of YM Biosciences, Inc., a biotechnology company, until its acquisition by Gilead Sciences, Inc. In addition, he is a director of several other private corporations.

Mr. J. M. Williams has served as Vice President, Business Development and Marketing Director from September 2001 until June 16, 2011. Mr. J.M. Williams has been a director since July 26, 2007. From June 16, 2011 to March 9, 2019, Mr. J. M. Williams served as the sole Chief Executive Officer of the Company. Since the acquisition of Kidoz Ltd. to present he has served as Co- Chief Executive Officer. Prior to his employment with Kidoz Inc., he was a Business Analyst with Blue Zone Inc. (a technology company) and RBC Dominion Securities. Mr. J. M. Williams has a Bachelor of Commerce degree from the University of Victoria and a Masters of Business Administration degree, specializing in strategic marketing, from the University of Warwick. In addition, Mr. J. M. Williams is a Non-Executive Director of Adventurebox Technology AB (publ). Mr. J. M. Williams is the son of Mr. T. M. Williams, the Company's Executive Chairman.

Mr. E. Ben Tora has served as Co-Chief Executive Officer following the acquisition by the Company of Kidoz Ltd. Mr. E. Ben Tora was a co-founder of Kidoz Ltd. and has served as its Chief Executive Officer and Chief Revenue Officer since June 2013. Previously he served as General Manager and Chief Product officer at Bluesnap (formerly Plimus), which was acquired by Great Hill Partners in 2011. Mr. E. Ben Tora holds a bachelor's degree in management and communication from the College of management in Tel Aviv. Mr. E. Ben Tora is a serial entrepreneur and senior executive in venture-backed and public Internet companies, both early and growth stage, bringing extensive experience in operating and scaling tech companies.

Ms. F. Curtis has served as a director of the Issuer since June 10, 2009. She has served as Compliance Officer and General Corporate Secretary for Counsel Limited, an Anguillian financial services corporation, since 2006. Ms. F. Curtis is the Managing Director of Counsel Limited. Ms. F. Curtis has been working in the financial services industry since 1990. She started at the brokerage firm, Burns Fry, in Toronto (now Nesbitt Burns, Bank of Montreal). She completed her Canadian Securities Course and became a licensed Securities Broker in 1992. She was educated in England, and attended the University of Toronto, Canada for her undergraduate degree. Ms. F. Curtis's MBA in Finance & International Affairs was granted by the Rotman School of Business, University of Toronto. Ms. F. Curtis obtained her Associates Degree in Captive Insurance in 2018 https://iccie.org/. She has also served as Chairman of the Board of Anguilla Finance (2016 - 2020), https://anguillafinance.ai/, the marketing body for Anguilla Financial Services. Ms. F. Curtis is a Founding Member and Director of the Anguilla Compliance Association, http://anguillacomplianceassociation.org/index.html.

Mr. C. Kalborg is a 20-year licensing veteran with experience from leading game companies such as Rovio (the makers of Angry Birds) and King.com (the makers of Candy Crush). Taking on the aptly named role of licensing guru, Mr. C. Kalborg has gathered close to 50 licensees and established a network of regional agents for Candy Crush around the world. Those agents include Striker Entertainment in the U.S. and Canada; Tycoon Enterprises in Latin America (except Argentina and Brazil); Tycoon 360 in Brazil; IMC in Argentina; Mediogen in Israel; Sinerji in Turkey; Pacific Licensing Studio in Southeast Asia; Wild Pumpkin Licensing in Australia and New Zealand; PPW in greater China; and Voozclub in Korea. Mr. C. Kalborg brings a wealth of experience and a deep network in licensing and technology to Kidoz Inc. In addition, Mr. C. Kalborg is a Non-Executive Director of Flexion Mobile Plc, Fragbite, LL Games and Adventurebox Technology AB (publ).

Mr. M. David is the Chief Executive Officer of the TIBA, a global leader in Parking revenue systems. Since Mr. M. David joined TIBA in early 2016, the company has quadrupled its revenue and became the market leader in North America while maintaining high margins. Prior to TIBA, Mr. David founded several companies and served as an Executive and Board member in several more, including Kidoz Ltd., Mappo, NlightU, OzVision, TvPoint and Omnisys. Mr. David also served as deputy CEO managing Ness Technologies Inc. and as President of North America in Amdocs Limited, in both roles managing businesses of hundreds of millions of USD$ and thousands of employees around the globe. Mr. David started his career in the Israeli Airforce. He has a BA in Economics and Computer Science from Bar Ilan University in Israel, and an MBA Cum Laude from Boston University.

Mr. H. W. Bromley has served as our Chief Financial Officer since July 2002. From 2000 to 2001, Mr. Bromley was a Director and the Group Financial Officer for Agroceres & Co. Ltd. From 1995 - 1999, he was an employee of Ernst & Young working in South Africa and in the United States of America. Mr. Bromley has in addition worked for CitiBank, Unilever PLC, Gerrard, Roadhouse Interactive Ltd. and CellStop Systems Inc. Mr. Bromley is a Chartered Accountant.

COMPOSITION OF OUR BOARD OF DIRECTORS

We currently have six directors. All directors currently hold office until the next annual meeting of stockholders or until their successors have been elected and qualified. Our officers are appointed annually by the Board of Directors and hold office until their successors are appointed and qualified. Pursuant to the Company's by-laws, the number of directors shall be increased or decreased from time-to-time by resolution of the Board of Directors or the shareholders. Mr. J. M. Williams is the son of Mr. T. M. Williams. There are no other family relationships between any of the officers and directors of the Company.

COMMITTEES OF OUR BOARD OF DIRECTORS

We currently have three committees of our Board of Directors.

- Audit Committee - This committee will review the financial statements of the Company and propose to the board to approve the financial statements. The Committee meets quarterly to review and approve the quarterly financial statements and to discuss the affairs of the company with the auditors.
- Governance Committee - This committee reviews the ethics policy of the Company and ensures compliance. It will make recommendations to the board for improvement in Corporate Governance. In addition, it will be this committee to whom a whistle blower will report.
- Compensation Committee - This committee will propose the appointment and remuneration of the Chief Executive Officer including salary, stock options, and bonuses.

BOARD OF DIRECTORS MEETINGS

Our Board of Directors met, in person or by phone, five times during the last fiscal year and it regularly approves all material actions required by consent resolutions.

CODE OF ETHICS

On December 21, 2006, the Board of Directors of Kidoz Inc. (the "Board") adopted a new Code of Business Conduct and Ethics (the "Code"), which applies to the Company's directors, officers and employees. The Code was adopted to further strengthen the Company's internal compliance program. The Code addresses among other things, honesty and integrity, fair dealing, conflicts of interest, compliance with laws, regulations and policies, including disclosure requirements under the federal securities laws, and administration of the code. The code is available at the Company's website at http://investor.shoalgames.com/ under Corporate Governance. A copy of our Code of Ethics is available upon request at no charge to any shareholder.

DIRECTOR COMPENSATION

The Non-Executive Directors receive a cash compensation for their services as members of the Board of Directors based on a compensation per meeting. During the year ended December 31, 2020, the Non-Executive Directors collectively received compensation of $8,248 (Fiscal 2019 - $9,500). The Executive directors currently do not receive cash compensation for their services as members of the Board of Directors. In addition, both the Non-Executive and the Executive Directors are reimbursed for expenses in connection with attendance at Board of Directors meetings and specific business meetings. Directors are eligible to participate in our stock option plans. Option grants to directors are at the discretion of the Board of Directors acting upon the recommendation of the Compensation committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the “SEC”) initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Our officers, directors and greater than ten percent beneficial owners filed in a timely manner in accordance with Section 16(a) filing requirements.

ITEM 11. EXECUTIVE COMPENSATION

The following table describes the compensation we paid to our Co-Chief Executive Officers and directors (the "Named Executive Officer").

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-term Compensation		
Name and Principal Position	Year	Fees $	Bonus $	Other Annual Compensation $	Restricted Stock Awards $	Securities Underlying Options granted (#)	All Other Compensation $
T.M. Williams - Executive Chairman (1)	2020	112,200	-	-	-	50,000	-
	2019	132,000	10,000	-	-	-	-
	2018	132,000	-	-	-	175,000	-
J. M. Williams Co-CEO (2)	2020	141,067	-	-	-	50,000	-
	2019	166,729	10,000	-	-	-	-
	2018	170,128	-	-	-	175,000	-
E. Ben Tora Co-CEO (3)	2020	175,040	-	-	-	350,000	-
	2019	114,359	125,000	-	-	-	-
H. W. Bromley CFO (4)	2020	131,231	-	-	-	50,000	-
	2019	138,434	10,000	-	-	-	-
	2018	109,079	-	-	-	175,000	-

(1) All of the compensation paid to the Named Executive Officer is paid to T.M. Williams (ROW), Ltd. for the services of Mr. T. M. Williams. See additional discussion in Employment Arrangements section of Item 11 of this report.

(2) All of the compensation paid to the Named Executive Officer is paid to LVA Media Inc. for the services of Mr. J. M. Williams as Co-CEO of the Company and Jayska Consulting Ltd for the marketing services of Mr. J. M. Williams. See additional discussion in Employment Arrangements section of Item 11 of this report.

(3) All of the compensation paid to the Named Executive Officer is paid to Mr. E. Ben Tora as an employee of Kidoz Ltd.

(4) All of the compensation paid to the Named Executive Officer is paid to Bromley Accounting Services Ltd. for the services of Mr. H. W. Bromley.

OPTION GRANTS IN THE LAST FISCAL YEAR

During the year ended December 31, 2020, the Company granted to employees and consultants 2,745,000 options with an exercise price of CAD$0.45 (US$0.33) expiring on June 30, 2025, of which 60,000 options were fully vested, 2,595,000 options were issued where 2.08% vests per month commencing June 30, 2021, and 90,000 options were issued where 2% vests per month commencing on grant date. 1,250,000 of these options were granted to directors and officers of the Company.

During the year ended December 31, 2020, nil (2019 – nil) options were exercised. During the year ended December 31, 2020, 70,000 (2019 – 374,250) options were cancelled.

Subsequent to the year ended December 31, 2020, a further 1,040,000 options were awarded where 10% vests on grant date, 15% one year following and 2% per month thereafter, with an exercise price of CAD$0.50 (approximately $0.39) and 35,000 options were awarded which were fully vested with an exercise price of CAD$0.50 (approximately $0.39).

STOCK OPTION PLANS

In the year ended December 31, 2015, the 1999, 2001 and 2005 Stock Option Plans were discontinued and replaced with the 2015 Stock Option Plan.

Our Board of Directors administers the 2015 Stock Option Plan. Our Board is authorized to construe and interpret the provisions of the Stock Option Plans, to select employees, directors and consultants to whom options will be granted, to determine the terms and conditions of options and, with the consent of the grantee, to amend the terms of any outstanding options. The 2015 Stock Option Plan provides for the granting of stock options to the employees, directors, advisors and consultants of the Corporation to encourage proprietary interest in the Corporation, to encourage such employees to remain in the employ of the Corporation or such directors, advisors and consultants to remain in the service of the Corporation, and to attract new employees, directors, advisors and consultants with outstanding qualifications.

Our Board determines the terms and provisions of each option granted under the Stock Option Plans, including the exercise price, vesting schedule, repurchase provisions, rights of first refusal and form of payment. The Plan shall not exceed 10% of the number of Shares of the Company issued and outstanding as of each Award Date, inclusive of all Shares presently reserved for issuance pursuant to previously granted stock options, unless shareholder approval is obtained in advance. The Exercise Price shall be that price per Share, as determined by the Board in its sole discretion, and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, provided that it shall not be less than the closing price of the Company's Shares traded through the facilities of the Exchange on the day preceding the Award Date, less any discount permitted by the Exchange, or such other price as may be required or permitted by the Exchange.

The term of options under the Stock Option Plans will be determined by our Board; however, the term of the stock option may not be for more than ten years. Where the award agreement permits the exercise of an option for a period of time following the recipient's termination of service with us, disability or death, that option will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the option, whichever occurs first.

If a third party acquires the Company through the purchase of all or substantially all of our assets, a merger or other business combination, except as otherwise provided in an individual award agreement, all unexercised options will terminate unless assumed by the successor corporation.

EMPLOYMENT ARRANGEMENTS

We entered into a management consulting agreement with T.M. Williams (Row), Inc., an Anguilla incorporated company and Mr. Williams dated August 20, 2001, (the "Williams Agreement"), amended February 28, 2002, in connection with the provision of services by Mr. Williams as President and Chief Executive Officer of the Company. During the year ended December 31, 2010, the agreement was amended to include a consultancy payment of $11,666 per month payable in arrears. This contract is for the provision of services by Mr. T. M. Williams as Executive Chairman of the Company. During the year ended December 31, 2013, the agreement was amended to provide for a consultancy payment of 2.5% of the monthly social bingo business with a minimum of $11,000 and a maximum of $25,000 per month.

The term of the amended Williams Agreement is for a period of one year, unless terminated sooner by any of the parties under the terms and conditions contained in the amended Williams Agreement. If the amended Williams Agreement is not terminated by any of the parties, the term may be renewed for a further one-year period at the option of T.M. Williams (Row), Ltd., on substantially the same terms and conditions, by giving three months' notice in writing to the Company.

During the year ended December 31, 2014, the Company entered into an agreement with Jayska Consulting Ltd. and Mr. J. M. Williams, Chief Executive Officer of the Company for the provision of services of Mr. J. M. Williams as Marketing director of the Company. The Consulting agreement provides for a consultancy payment of GBP£5,000 per month payable in arrears. In addition, during the year ended December 31, 2014, the Company entered into an agreement with LVA Media Inc. and Mr. J. M. Williams, for the provision of services of Mr. J. M. Williams as Chief Executive Officer of Kidoz Inc. The Consulting agreement provides for a consultancy payment equaling of 2.5% of the monthly social bingo business with a minimum of $7,500 and a maximum of $25,000 per month.

Mr. E. Ben Tora is an employee of Kidoz Ltd.

During the year ended December 31, 2012, the Company entered into a management consulting agreement with Bromley Accounting Services Limited for the services of Mr. H. W. Bromley as the Chief Financial Officer.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information known to us with respect to beneficial ownership of our common stock as of March 31, 2021, by:

- each person known by us to beneficially own 5% or more of our outstanding common stock;
- each of our directors;
- each of the Named Executive Officers; and
- all of our directors and Named Executive Officers as a group.

In general, a person is deemed to be a “beneficial owner” of a security if that person has or shares the power to vote or direct the voting of such security, or the power to dispose or direct the disposition of such security. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or debentures held by that person that are currently exercisable or convertible or exercisable or convertible within 60 days of March 31, 2021, are deemed outstanding.

Percentage of beneficial ownership is based upon 131,124,989 shares of common stock outstanding at March 31, 2021. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person’s name.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned		Percent of Class
T. M. Williams Suite 4501 1011 West Cordova Street Vancouver, BC V6C 0B2 Canada	16,915,316	(1)	12.25%
J. M. Williams Flat 16 Bridgewater square London, EC2Y 8AG United Kingdom	1,308,200	(2)	0.95%
E. Ben Tora Haomanut 12, Poleg Industrial Park PO BOX 8517 Netanya, Israel	5,614,965	(3)	4.07%
F. Curtis Ard Na Mara, Box 1127 Anguilla, B.W. I.	350,000	(4)	0.25%
C. Kalborg Tattbyvagen 11 Saltsjobaden Sweden	300,000	(5)	0.22%
M. David Haomanut 12, Poleg Industrial Park PO BOX 8517 Netanya, Israel	1,182,991	(6)	0.86%
H. W. Bromley 3851 Edgemont Boulevard North Vancouver BC, V7R 2P9 Canada	775,000	(7)	0.56%
All directors and Named Executive Officers as a group (7 persons)	26,446,472		19.16%
Pendinas Limited Ballacarrick, Pooilvaaish Road Castletown, IM9 4PJ Isle of Man	27,839,464	(8)	20.17%
Wydler Global Equity Fund Claridenstrasse 20 Zurich, 8002 Switzerland	12,200,000	(9)	8.84%
Ordan Enterprises Ltd. (c/o Aryeh Mergi, RTCapital) 54 Ehad Haam Street Tel Aviv, 6520216, Israel	8,670,808	(10)	6.28%

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned		Percent of Class
Lool Ventures Limited Partnership 2 Tushiya Street Tel Aviv, 6721802, Israel	7,946,755	(11)	5.76%
Gai Havkin 14 Hahadas Street Hadera, 38246, Israel	7,756,590	(12)	5.62%
Norma Investment Ltd. 4/1 Sadovnicheskaya Street,115035 Moscow, Russia	7,700,752	(13)	5.58%

(1) Includes 16,515,316 shares held directly by Mr. T. M. Williams and 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.54 (approximately US$0.42) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.45 (approximately US$0.33) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(2) Includes, 908,200 shares held directly by Mr. J. M. Williams and 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.54 (approximately US$0.42) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.45 (approximately US$0.33) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(3) Includes 5,214,965 shares held directly by Mr. E. Ben Tora and 350,000 shares of common stock that may be issued upon the exercise of 350,000 stock purchase options with an exercise price of CAD$0.45 (approximately US$0.33) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(4) Includes 50,000 shares held directly by Ms. F. Curtis and 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.54 (approximately US$0.42) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(5) Includes 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.54 (approximately US$0.42) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(6) Includes 543,379 shares held indirectly by Mr. M. David and 339,612 shares indirectly by a Company owned by Mr. M. David and 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.45 (approximately US$0.33) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share.

(7) Includes, 375,000 shares held directly by Mr. H. W. Bromley and 300,000 shares of common stock that may be issued upon the exercise of 300,000 stock purchase options with an exercise price of CAD$0.54 (approximately US$0.42) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.45 (approximately US$0.33) per share and 50,000 shares of common stock that may be issued upon the exercise of 50,000 stock purchase options with an exercise price of CAD$0.50 (approximately US$0.39) per share..

(8) Includes 27,839,464 shares held directly by Pendinas Ltd., a company wholly owned by Mr. G. R. Williams. Mr. G. R. Williams is not related to Mr. T. M. Williams nor Mr. J. M. Williams.

(9) Includes 12,200,000 shares held directly by Wydler Global Equity Fund.

(10) Includes 8,670,807 shares held directly by Ordan Enterprises Ltd.

(11) Includes 7,756,590 shares held directly by Gai Havkin.

(12) Includes 7,946,755 shares held directly by Lool Ventures Limited Partnership.

(13) Includes 7,700,752 shares held directly by Norma Investment Limited.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As at and for the year ended December 31, 2020, the Company has the following related party transactions:

The Company has a liability of $10,968 (2019 - $33,000) to a company owned by a current director and officer of the Company for payment of consulting fees of $112,200 (2019 - $142,000) by the current director and officer of the Company.

The Company has a liability of $nil (2019 - $9) to a current director and officer of the Company for expenses incurred.

The Company has a liability of $nil (2019 - $267) to a current director and officer of the Company for expenses incurred.

The Company has a liability of $6,098 (2019 - $19,779) to a company owned by a current director and officer of the Company for payment of consulting fees of $45,371 (2019 - $76,729) by the current director and officer of the Company.

The Company has a liability of $7,500 (2019 - $22,500) to a company owned by a current director and officer of the Company for payment of consulting fees of $95,696 (2019 - $100,000) by the current director and officer of the Company.

The Company has a liability of $12,519 (2019 - $30,974) to a current director and officer of the Company for payroll and bonuses.

The Company has a liability of $1,500 (2019 - $5,500), to independent directors of the Company for payment of director's fees. During the year ended December 31, 2020, the Company paid $8,248 (2019 - $9,500) to the independent directors in director fees.

The Company has a liability of $12,187 (2019 - $91), to an officer of the Company for payment of consulting fees and expenses incurred of $131,231 (2019 - $148,434) by the officer of the Company.

The Company has a liability of $nil (2019 - $nil), to an officer of the Company for payment of consulting fees and expenses incurred of $110,524 (2019 - $103,465) by the officer of the Company.

During the year ended December 31, 2020, the Company granted 1,250,000 (2019 - nil) options with an exercise price of CAD$0.50 ($0.39) per share, to related parties.

The Company expensed $61,701 (2019 - $479) in stock-based compensation for these options granted to related parties.

The related party transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

During the year ended December 31, 2020, the Company incurred fees of $77,941 (2019 - $68,642) from the principal accountant during fiscal 2020 - Davidson & Company LLP, $77,941 of these fees related to audit fees (2019 - $68,642).

Our Audit Committee reviewed the audit and non-audit services rendered by Davidson & Company LLP, during the periods set forth above and concluded that such services were compatible with maintaining the auditors' independence. All audit and non-audit services performed by our independent accountants are pre-approved by our Audit Committee to assure that such services do not impair the auditors' independence from us.

PART IV

ITEMS 15. EXHIBITS

The exhibits required by Item 601 of Regulation S-K are listed in the accompanying Exhibit Index at the end of this report. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K has been identified.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KIDOZ INC.

By: /s/ J. M. Williams
J. M. Williams
Co-Chief Executive Officer

By: /s/ E. Ben Tora
E. Ben Tora
Co-Chief Executive Officer

Date: March 31, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ J. M. Williams J. M. Williams	Co-Chief Executive Officer	March 31, 2021
By: /s/ E. Ben Tora E. Ben Tora	Co-Chief Executive Officer	March 31, 2021
By: /s/ H. W. Bromley H. W. Bromley	Chief Financial Officer (Principal Financial and Principal Accounting Officer)	March 31, 2021

EXHIBIT 31.1

CERTIFICATIONS

I, J. M. Williams, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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 as of December 31, 2020, covered by this annual report based on such evaluation; and
   (d) Disclosed in this report any change 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 of 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   ***Date:*** March 31, 2021

J. M. Williams,
Co-Chief Executive Officer,

EXHIBIT 31.2

CERTIFICATIONS

I, E. Ben Tora, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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 as of December 31, 2020, covered by this annual report based on such evaluation; and
   (d) Disclosed in this report any change 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 of 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 ***Date:*** March 31, 2021

E. Ben Tora,
Co-Chief Executive Officer,

EXHIBIT 31.3

CERTIFICATIONS

I, H. W. Bromley, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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 as of December 31, 2020, covered by this annual report based on such evaluation; and
   (d) Disclosed in this report any change 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 of 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 ***Date:*** March 31, 2021

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

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 Annual Report of Kidoz Inc. (the "Company") on Form 10-K for the period ended December 31, 2020, 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
March 31, 2021

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 Annual Report of Kidoz Inc. (the "Company") on Form 10-K for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, E. Ben Tora, 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
March 31, 2021

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 Annual Report of Kidoz Inc. (the "Company") on Form 10-K for the period ended December 31, 2020, 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
March 31, 2021

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 LIST

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

Exhibit Number	Description
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 March 31, 2021.
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 March 31, 2021.
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 March 31, 2021.
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 March 31, 2021.
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 March 31, 2021.
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 March 31, 2021.

(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 June 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.