PRODIGY VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2020 and 2019

(Unaudited - expressed in Canadian dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

Signed: ***"Jeff Watts"***	Signed: ***"Andrew Hilton"***
Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
May 27, 2020

Prodigy Ventures Inc.
Consolidated Interim Statements of Financial Position as at March 31, 2020 and December 31, 2019
(Expressed in Canadian dollars)
(Unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash	$ 1,199,338	$ 2,025,741
Accounts receivable (Note 11)	2,711,602	2,539,997
Contract asset	207,121	246,625
Income taxes recoverable	124,176	96,551
Prepaid expenses	79,731	82,890
	4,321,968	4,991,804
Non-current assets:		
Prepaid expenses	19,187	19,187
Property and equipment (Note 4)	107,029	115,707
Right of use assets (Note 5)	274,562	315,746
Goodwill (Note 3)	544,788	-
	945,566	450,640
Total assets	$ 5,267,534	$ 5,442,444
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	$ 1,760,029	$ 1,987,643
Lease liability (Note 8)	162,092	160,043
Dividends payable (Note 9(f))	116,679	115,606
Contract liability	42,054	-
	2,080,854	2,263,292
Non-current liabilities:		
Deferred tax liability	19,942	18,964
Lease liability (Note 8)	112,736	154,036
	132,678	173,000
Total liabilities	2,213,532	2,436,292
Shareholders' Equity		
Share capital (Note 9(b))	860,783	715,995
Contributed surplus	140,181	122,409
Retained earnings	2,053,038	2,167,748
	3,054,002	3,006,152
Total liabilities and shareholders' equity	$ 5,267,534	$ 5,442,444

On behalf of the Board:

“Thomas Beckerman”, Director
“Stephen Moore”, Director

The accompanying notes are an integral part of these consolidated financial statements.

Prodigy Ventures Inc.
Consolidated Interim Statements of Operations and Comprehensive Income
Three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited)

	2020	2019
Revenue (Note 13)	$ 4,484,140	$ 4,877,728
Direct costs	3,261,378	3,516,369
Gross profit	1,222,762	1,361,359
Expenses:		
Compensation	698,017	700,721
Computer	41,851	23,455
Depreciation (Notes 4 and 5)	49,862	48,041
Finance costs	6,290	6,980
Office and general	55,957	95,644
Professional fees	135,887	50,149
Research and development	206,805	223,071
Share-based compensation (Note 9(c))	17,772	9,298
	1,212,441	1,157,359
Net income before tax	10,321	204,000
Income taxes (Note 15)	8,352	59,178
Net income and comprehensive income for the period	$ 1,969	$ 144,822
Net income per share - basic and diluted (Note 16)	$ 0.00	$ 0.00

The accompanying notes are an integral part of these consolidated financial statements.

Prodigy Ventures Inc.
Consolidated Interim Statements of Changes in Shareholders' Equity
Three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	Non-Voting shares	Share capital (Note 9)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2018	27,454,902	88,051,416	$ 699,822	$ 97,800	$ 2,055,550	$ 2,853,172
Share-based compensation (Note 9(c))	–	–	–	9,298	–	9,298
Net income	–	–	–	–	144,822	144,822
Balance, March 31, 2019	27,454,902	88,051,416	$ 699,822	$ 107,098	$ 2,200,372	$ 3,007,292

	Common shares	Non-Voting shares	Share capital (Note 9)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2019	115,606,320	–	$ 715,995	$ 122,409	$ 2,167,748	$ 3,006,152
Shares issued on business acquisition (Notes 3 and 9)	1,072,500	–	144,788	–	–	144,788
Share-based compensation (Note 9(c))	–	–	–	17,772	–	17,772
Net income	–	–	–	–	1,969	1,969
Dividends declared (Note 9(f))	–	–	–	–	(116,679)	(116,679)
Balance, March 31, 2020	116,678,820	–	$ 860,783	$ 140,181	$ 2,053,038	$ 3,054,002

The accompanying notes are an integral part of these consolidated financial statements.

Prodigy Ventures Inc.
Consolidated Interim Statements of Cash Flows
Three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited)

	2020	2019
Cash flows from operating activities		
Net income for the period	$ 1,969	$ 144,822
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation (Notes 4 and 5)	49,862	48,041
Share-based compensation (Note 9(c))	17,772	9,298
Finance costs	6,290	6,980
Income taxes	8,352	59,178
Change in non-cash operating working capital:		
Accounts receivable	(127,338)	773,038
Contract asset	39,504	(1,475)
Prepaid expenses	3,159	11,261
Accounts payable and accrued liabilities	(292,202)	301,948
Contract liability	20,956	(11,590)
Cash flows (used in) from operating activities	(271,676)	1,341,501
Income taxes (paid)	(35,000)	(32,890)
Net cash (used in)/from operating activities	(306,676)	1,308,611
Cash flows from investing activities		
Acquisitions, net of cash acquired (Note 3)	(358,580)	-
Purchase of property and equipment (Note 4)	-	(27,208)
Net cash used in investing activities	(358,580)	(27,208)
Cash flows from financing activities		
Repayment of lease liabilities (Note 8)	(39,251)	(37,302)
Dividends paid	(115,606)	-
Finance costs paid	(6,290)	(6,980)
Net cash (used in) financing activities	(161,147)	(44,282)
(Decrease) increase in cash	(826,403)	1,237,121
Cash, beginning of period	2,025,741	1,269,182
Cash, end of period	$ 1,199,338	$ 2,506,303

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Prodigy Ventures Inc. ("Prodigy" or the "Company") delivers Fintech innovation. The Company develops software and services with emerging technologies for digital transformation, identity and payments. Digital transformation services include strategy, architecture, design, project management, agile development, quality engineering and staff augmentation. The Company was incorporated as 71 Capital Corp. under the Canada Business Corporations Act on February 6, 2008 and was classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSXV").

The Company's registered office is as follows: 161 Bay Street, Suite 4420, P.O. Box 125, TD Canada Trust Tower, Toronto, Ontario M5J 2S1. The Company's common shares are listed on the TSXV under the symbol PGV.

On September 10, 2015, the Company closed its Qualifying Transaction pursuant to an agreement between 71 Capital Corp., TCB Corporation and 2478677 Ontario Ltd., and 71 Capital Corp. changed its name to Prodigy Ventures Inc.

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus (“COVID-19”). which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. It is anticipated that the COVID-19 virus will impact the Company’s revenue growth as clients deal with the pandemic. In the near-term that impact includes the reprioritization of current projects and related spending, as well as delays or cancellation of new projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual consolidated financial statements.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are carried at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 27, 2020.

Certain prior period amounts have been reclassified to conform with current period presentation.

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the period.

Management continuously evaluates the estimates and underlying assumptions based on management's experience and knowledge of facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Critical accounting judgments and estimates – continued

Significant estimates made by management include the following:

Revenue recognition:

Revenue relating to fixed price professional services contracts is recognized based on the percentage of completion of the performance obligation which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. The Company estimates the costs associated with the performance obligation based on labour cost. Refer to Revenue Recognition section for discussion on the impact on the adoption of IFRS 15 *Revenue from Contracts with Customers.*

Deferred tax assets and liabilities:

The Company estimates the amount and the timing of the reversing of temporary differences giving rise to deferred tax assets or liabilities and recognizes this amount based on historical experience and substantively enacted tax rates.

Share-based compensation:

The Company uses estimates in the calculation of the expenses its share-based incentive plans including, but not limited to, share price volatility, dividends, expected life of the award, and risk-free interest rates. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of contributed surplus, net income, and comprehensive income in future periods.

Leases:

The Company applies significant judgement in assessing whether a contract is or contains a lease. Critical judgements and estimates may include, but are not limited to: a) determining whether or not a contract contains a lease; b) establishing whether or not it is reasonably certain that an extension option will be exercised; c) determining whether or not variable leased payments are truly variable, or in-substance fixed; and d) calculating the appropriate discount rate to use.

Allocation of purchase consideration to acquired assets and assumed liabilities:

The Company determined and allocated the purchase price on recent acquisitions to the applicable tangible and intangible assets acquired and liabilities assumed as of the business combination date in accordance with IFRS 3 – Business Combinations. The purchase price allocation process requires the Company to use significant estimates and assumptions, including fair value estimates, as of the acquisition date.

While management uses their best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed as of the acquisition date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the purchase price allocation period, which can be up to one year from the acquisition date, management records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

Goodwill:

Goodwill arising on an acquisition of a business is carried at cost, as established on the date of acquisition, less impairment losses, if any. For purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired. While management uses their best estimate and assumptions to assess goodwill impairment, there are inherent uncertainties in projecting future cash flows, discount rates and other assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary companies, TCB Corporation and ZoftNow Inc. All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investment dealers, and short-term deposits with original maturities of less than three months at date of acquisition and are initially recorded at fair value. As at March 31, 2020 and December 31, 2019, the Company did not have any cash equivalents.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses recorded. Cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment and depreciated accordingly. The carrying amount of any replaced component or a component no longer in use is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of property and equipment will flow to the Company and the costs of the item can be reliably measured. All other expenses are charged to operating expenses as incurred.

Depreciation is based on the cost of an asset less its estimated residual value. Depreciation is charged to profit or loss over the estimated useful life of an asset. Depreciation is provided on a declining-balance basis using the following rates:

Computer hardware – 30% declining balance

Computer software – 30% declining balance

Furniture – 30% declining balance

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such a change is recognized on a prospective basis in the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Company.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed. Acquisition-related costs, other than those related associated with the issuance of debt or equity, are recognized in earnings profit or loss as incurred.

Goodwill arising on an acquisition of a business is carried at cost, as established on the acquisition date, less accumulated impairment losses, if any. Goodwill is not amortized but is tested for impairment annually or whenever there is an indication of impairment.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in earnings.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting has not been finalized. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition

The Company uses a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgement thresholds have been introduced which may affect the timing of revenue recognized.

The Company records revenue from contracts with customers in accordance with the five steps in IFRS 15 as follows:
1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

The Company derives its revenues from software and related professional service contracts. Revenue comprises the fair value of consideration received or receivable from the provision of services in the ordinary course of business.

Revenue from contracts with customers is recognized for each performance obligation as control is transferred to the customer over time as progress towards completion of the performance obligation. The transaction price is generally the amount stated in the contract.

The Company recognizes professional services revenues based on time and material incurred, or for fixed price professional service contracts, based on the percentage of completion of the performance obligation, which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. If a loss on a contract is considered probable, the loss is recognized when it is determinable.

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue earned in excess of contract billings is recorded as contract asset. Cash proceeds received in advance of performance under contracts are recorded as contract liability. Contract liability is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from period end.

Contract costs, such as commissions or incremental costs of obtaining a contract with a customer, are recognized as an asset if the period of benefit for those costs is expected to be longer than one year and those costs are expected to be recoverable under the expected term of the contract. As all contracts are for a period of less than one year, no contract costs have been recorded.

Research and development costs and investment tax credits

All costs relating to research are expensed as incurred. Investment tax credits are recognized in the period in which the credits are earned and realization is considered more likely than not. Assistance received or receivable is accounted for using the cost reduction approach.

Income tax and deferred taxes

The tax expense recognized in net income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

The tax currently payable is based on the taxable income or loss for the period. The taxable income or loss may differ from the income or loss for the period as reported in the accompanying consolidated statements of operations and comprehensive income due to the exclusion, if any, of revenue or expense items that are taxable or deductible in other periods, as well as items that are not taxable or deductible. The Company's liability for current income taxes is calculated using income tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income tax and deferred taxes - continued

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that have been enacted or substantively enacted by the end of the reporting period and applicable in the period in which the liability is expected to be settled or the asset realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of all or part of the asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Changes in deferred tax assets or liabilities are recognized as a component of taxable revenue or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income or directly in equity, in which case, the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in contributed surplus, over the vesting period of the award (Note 9(c)). The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon the exercising of options, the fair value of the options exercised that has been added to contributed surplus is reclassified to common shares and reflected in the consolidated statements of changes in shareholders' equity.

Equity settled transactions with non-employees are generally measured at the fair value of the goods or services received, and are measured with reference to the fair value of the equity instruments granted if the fair value of the goods or services received cannot be measured reliably.

Impairment testing of property and equipment

Property and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"s). An impairment loss is recognized for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset or CGU's fair value, less costs to sell, and value-in-use.

To determine the value-in-use, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. As a result, some assets are tested individually for impairment and some are tested at the CGU level.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis. Long-lived assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. For such assets, an impairment charge is reversed if the CGUs or individual asset's recoverable amount exceeds its carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Provisions

Provisions are recognized when the Company has a present legal obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and this amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

Financial instruments – assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

At initial recognition, the Company classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

Cash is measured at fair value.

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable comprise trade receivables and are included in current assets due to their short-term nature. Accounts receivable are initially measured at fair value and, subsequently, are measured at amortized cost.

Accounts payable and those accrued liabilities which are financial instruments are initially recognized at fair value and, subsequently, they are measured at amortized cost, which generally corresponds to cost. These instruments are included in current liabilities due to their short-term nature.

Impairment of financial assets

The Company determined its expected credit loss (“ECL”) on trade receivables using a provision matrix based on historical credit loss experiences adjusted to reflect information about current economic conditions and forecasts of future economic conditions to estimate lifetime ECL.

Impairment losses, if any, are recorded in general and administrative expenses with the carrying amount of the financial asset or contract asset reduced through the use of impairment allowance accounts.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Comprehensive income (loss)

Basic comprehensive income (loss) comprises net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) represents changes in shareholders' equity and would be presented as accumulated other comprehensive income (loss). However, the Company has not had material income or losses relating to other comprehensive income (loss) and, accordingly, has made no adjustments to the accompanying consolidated financial statements.

Income per share

The Company calculates basic income per share by dividing the net income attributable to common and non-voting shareholders by the weighted average number of common and non-voting shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common or non-voting shares are exercised or converted. Diluted income (loss) per share would be equal to basic income (loss) per share when the effect of dilutive securities is anti-dilutive.

Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognized as a right-of-use asset and corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of the future payments over the lease term, less any lease incentives receivable, discounted using the lessee's incremental borrowing rate, unless the implicit interest rate in the lease can be easily determined. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The right-of-use assets include the initial measurement of the corresponding lease liabilities, lease payments at or before the commencement date, any initial direct costs, less any lease incentives received before the commencement date. The right-of-use assets are subsequently measured at cost and are depreciated on a straight-line basis from the date the underlying asset is available for use over the lease term.

Accounting Standards Adopted During the Period

Beginning on January 1, 2020, the Company adopted certain International Financial Reporting Standards and amendments. As required by IAS 34 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Definition of a Business - Beginning January 1, 2020, the Company adopted the IASB amendment regarding the definition of a business under IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The adoption of the amendment to IFRS 3 did not have a material impact on the consolidated financial statements.

3. ACQUISITION

On February 13, 2020, the Company completed the acquisition of ZoftNow Inc. ("ZoftNow"). ZoftNow is a boutique consulting firm with practitioners & associates that have extensive experience and capabilities in both technology products and projects lifecycle from digital transformation assessments to successful ongoing maintenance programs.

Pursuant to the terms of the share purchase agreement, on closing the Company paid the vendors an aggregate cash payment of $384,084 (being the $450,000 cash portion of the purchase price reduced for certain closing adjustments) and issued to the vendors an aggregate of 1,072,500 common shares in the capital of Prodigy in exchange for all of the issued and outstanding shares of ZoftNow.

(Expressed in Canadian dollars)

3. ACQUISITION - CONTINUED

Upon closing of the transaction, key management of ZoftNow became employees of the Company. The Company will issue an additional 1,072,500 common shares on the second anniversary of the closing date provided that key management remain employed by the Company at such date (subject to the terms and conditions of the share purchase agreement). This additional share issuance has been deemed compensation for post-combination services and has been excluded from the purchase consideration.

The acquisition is expected to strengthen Prodigy's leadership team, deepen its service delivery capabilities, expand its offerings, and diversify its client base and revenue concentration. This transaction is aligned to the overall corporate strategy of fueling growth both organically and inorganically while maintaining strong operational performance.

The following table summarizes the preliminary fair value of the consideration transferred and the preliminary purchase price allocation based on estimated fair values of the major classes of assets acquired assumed at the acquisition date:

Cash	$ 384,084
1,072,500 common shares at $0.135 per share	144,788
Fair value of consideration	$ 528,872

Cash	$ 25,504
Accounts receivable	44,268
Goodwill	544,788
Accounts payable and accrued liabilities	(64,590)
Contract liability	(21,098)
Total net assets acquired	$ 528,872

4. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2019	$ 198,651	$ 5,994	$ 12,072	$ 216,717
Additions	–	–	–	–
Balance, March 31, 2020	$ 198,651	$ 5,994	$ 12,072	$ 216,717
Accumulated depreciation				
Balance, December 31, 2019	$ 91,221	$ 5,894	$ 3,895	$ 101,010
Depreciation	8,057	8	613	8,678
Balance, March 31, 2020	$ 99,278	$ 5,902	$ 4,508	$ 109,688
Carrying amounts				
Balance, December 31, 2019	$ 107,430	$ 100	$ 8,177	$ 115,707
Balance, March 31, 2020	$ 99,373	$ 92	$ 7,564	$ 107,029

(Expressed in Canadian dollars)

5. RIGHT OF USE ASSETS

		Premises
Cost		
Balance, December 31, 2019 and March 31, 2020	$	480,484
Accumulated depreciation		
Balance, December 31, 2019	$	164,738
Depreciation		41,184
Balance, March 31, 2020	$	205,922
Carrying amounts		
Balance, December 31, 2019	$	315,746
Balance, March 31, 2020	$	274,562

6. LINE OF CREDIT

In December 2017, the Company established an operating line of credit for up to $2,000,000, which carries an interest rate of prime plus 1.15%. This facility is covered by a General Security Agreement and standard operating covenants. The Company has not utilized the operating line as of March 31, 2020.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included the following as at March 31, 2020 and December 31, 2019:

		March 31, 2020		December 31, 2019
Salaries	$	411,480	$	399,739
Trade payables		1,145,338		1,161,957
Accrued liabilities		182,539		352,347
HST payable		20,672		73,600
Total	$	1,760,029	$	1,987,643

8. LEASE LIABILITY

		March 31, 2020		December 31, 2019
Current	$	162,092	$	160,043
Non-current		112,736		154,036
Total lease liabilities	$	274,828	$	314,079

The Company's leases are for office premises. When measuring these liabilities, lease payments were discounted using an incremental borrowing rate of 5.1%.

The following table summarizes the undiscounted future lease payments beyond March 31, 2020:

		March 31, 2020
Less than one year	$	171,625
One to five years		114,417
Total undiscounted future lease payments	$	286,042

(Expressed in Canadian dollars)

8. LEASE LIABILITY - CONTINUED

The following table summarizes lease-related cash flows for the three months ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Principal repayment	$ 39,251	$ 37,302
Interest	3,655	5,604
Total cash outflows	$ 42,906	$ 42,906

9. SHARE CAPITAL

a) Authorized

Unlimited common shares: voting, without par value, participating
Unlimited non-voting shares: non-voting, without par value, participating in dividends when concurrently declared on common shares

b) Shares issued and outstanding

	Number of shares	Amount
Common shares		
Balance, December 31, 2019	115,606,320	$ 715,995
Shares issued on business acquisition (Note 3)	1,072,500	144,788
Balance, March 31, 2020	116,678,820	$ 860,783
Non-Voting shares (i)		
Balance, December 31, 2019 and March 31, 2020	-	$ -
Total, March 31, 2020		$ 860,783

(i) On July 17, 2019 the Company converted its 88,051,418 issued and outstanding non-voting shares to common shares.

The non-voting voting shares were identical to the Company's common shares in all respects other than the fact that they only entitled the holder to vote such shares in limited circumstances. The non-voting voting shares were created in connection with the completion of the Company's qualifying transaction in 2015 to ensure that the Company was able to satisfy the TSX Venture Exchange's public float distribution requirements. The terms of such shares provided that the non-voting voting shares would be automatically converted to common shares when such conversion is permitted by the rules of the TSX Venture Exchange. The TSX Venture Exchange has confirmed that such conversion will be permitted provided that following such conversion the Company's Public Float is not less than 10% of the issued and outstanding common shares following such conversion. This condition has been satisfied as a result of a transfer of 1,115,500 non-voting voting shares held by a former 10% shareholder of the Company to the Company's Executive Chairman (and the release of such holder from a voting trust agreement in favour of Mr. Beckerman).

Given that the non-voting voting shares had the same economic entitlements as common shares, the conversion of the non-voting voting shares had no impact on the financial results of the Company including its per share financial disclosure. The sole impact of the change was to simplify the Company's capital structure and to ensure that all outstanding shares carry one vote per share.

(Expressed in Canadian dollars)

9. SHARE CAPITAL – CONTINUED

c) Stock options outstanding

The Company has adopted a Stock Option Plan (the "Option Plan") to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. The Option Plan is a "rolling" stock option plan, whereby options may be granted equal in number to up to 10% of the issued common shares of the Company at the time of the grant of the stock option.

The following table reflects the continuity of stock options for the three months ended March 31, 2020 and 2019:

	March 31, 2020			March 31, 2019		
Expiry date	**Number of options**	**Exercise price**	**Weighted average exercise price**	**Number of options**	**Exercise price**	**Weighted average exercise price**
Outstanding, beginning of period	830,000		$ 0.178	1,050,000		$ 0.142
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Cancelled/Expired	-	-	-	-	-	-
Outstanding, end of period	830,000		$ 0.178	1,050,000		$ 0.142
Exercisable, end of period	710,000		$ 0.177	1,050,000		$ 0.142

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at March 31, 2020 are as follows:

	Options Outstanding			Options Exercisable	
Exercise price	**Number outstanding**	**Weighted average exercise price**	**Average remaining contractual life (years)**	**Number exercisable**	**Weighted average exercise price**
$ 0.175	590,000	$ 0.175	0.73	590,000	$ 0.175
$ 0.185	240,000	$ 0.185	2.44	120,000	$ 0.185
Total	830,000	$ 0.178	1.23	710,000	$ 0.177

The Company recorded stock-based compensation expense of $17,772 for the three months ended March 31, 2020 (2019 - $9,298) in connection with stock options issued.

d) Contingent Consideration Shares

The acquisition of ZoftNow included terms whereby the Company will issue an additional 1,072,500 common shares on the second anniversary of the closing date if certain key management of ZoftNow are still employed by the Company at that time. The fair value of the contingent consideration at the acquisition date is expensed on a straight-line basis over the two-year period. The Company recorded stock-based compensation expense of $9,049 for the three months ended March 31, 2020 (2019 - $nil) in connection with contingent share obligation.

9. SHARE CAPITAL – CONTINUED

e) Restricted Share Unit Plan

The Company has also adopted a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan is a complimentary mechanism to the Company's Option Plan. Its purpose is to provide an incentive to the Company's senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. Under the RSU Plan, the aggregate number of common shares which may be issued will not exceed 2,568,823 at the time of grant of any restricted share unit ("RSU"). As of March 31, 2020, the Company has not granted any RSU's under the RSU Plan.

f) Dividends

On December 17, 2019, the Company declared a quarterly dividend of 0.1 cents per share for holders of record of common shares of the Company on December 31, 2019, and payable in cash on January 8, 2020. On March 16, 2020, the Company declared a quarterly dividend of 0.1 cents per share for holders of record of common shares of the Company on March 31, 2020, and payable in cash on April 16, 2020. Dividends paid during the three months ended March 31, 2020 totalled $115,606 (2019 - $nil).

10. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the common and non-voting shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the periods ended March 31, 2020 and 2019. As at March 31, 2020, the Company was not subject to externally imposed capital requirements other than standard operating covenants associated with the line of credit.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities and long-term debt where applicable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes approximates those of similar instruments in the current market. Except as otherwise noted, the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the Company's risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Credit risk

Concentration of credit risk relates primarily to the Company's accounts receivable, as the receivables are principally derived from one revenue source: technology services. During the three months ended March 31, 2020, the Company derived 60% of its revenue from one customer (2019 – 59% from one customer). As at March 31, 2020, one customer represented 68% (December 31, 2019 – 56%) of the accounts receivable balance. Approximately 92% of the Company's revenue was received from customers currently located in Canada (2019 – 96%). As at March 31, 2020, approximately 41% (December 31, 2019 – 41%) of the Company's accounts receivable are greater than 30 days past due.

As at the following dates, the aging of gross trade and other receivables were as follows:

	March 31, 2020	December 31, 2019
Current	$ 1,525,516	$ 1,499,018
1 - 30 days	70,788	2,338
31 - 60 days	1,088,383	821,833
61 - 90 days	-	19,888
Greater than 90 days	26,915	196,920
Total	$ 2,711,602	$ 2,539,997

Credit risk – continued

The expected credit loss was $nil at both March 31, 2020 and December 31, 2019. There is no indication, as at these dates, that the debtors will not meet their obligations. Bad debt expenses were $nil for all reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all rental contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations, which limits the credit risk relating to the customer.

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and third-party financing to sustain ongoing operations. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations.

Foreign currency risk

The Company earns a portion of its revenue in US dollars and is therefore subject to risk from changes in foreign currency rates. The Company does not utilize any financial instruments to mitigate the risks arising from changes in foreign currency rates. For the three months ended March 31, 2020 a 10% increase in the value of the US dollar would have increased income by approximately $15,067 and a 10% decrease in the US dollar would have the opposite effect.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. As at March 31, 2020 and December 31, 2019, the Company did not have any active debt and was therefore not subject to interest rate risk.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Fair value hierarchy

The following summarizes the Company's financial instruments that are carried at fair values according to the fair value hierarchy, which comprises the following levels. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers of financial assets between any of the levels during the three months ended March 31, 2020 and 2019.

12. ECONOMIC DEPENDENCE

For the three months ended March 31, 2020, approximately 60% (2019 – 59%) of the Company's revenue related to transactions entered into with one customer. As at March 31, 2020, approximately 68% (December 31, 2019 – 56%) of the accounts receivable balance related to this same customer.

13. REVENUE

Revenue comprises:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Time and materials contracts	$ 4,028,831	$ 4,108,607
Fixed price contracts	455,309	769,121
Total	$ 4,484,140	$ 4,877,728

At March 31, 2020, the aggregate amount of costs incurred and revenue recognized to date under open fixed price contracts amounted to $449,366 and $635,016, respectively (December 31, 2019 - $374,546 in costs incurred and $416,650 in revenue recognized).

14. RELATED PARTY TRANSACTIONS

Prior to 2020, the Company rented office space from its Executive Chairman on a month-to-month lease. These transactions were in the normal course of operations and are measured at the fair value of the rented office space, which is the amount agreed to by the related parties. During the three months ended March 31, 2020, the Company paid $nil (2019 - $3,000) in rent and occupancy costs.

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS - CONTINUED

Compensation to key management personnel

Compensation earned for the three months ended March 31, 2020 and 2019 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salaries, fees and benefits	$ 227,500	$ 474,555
Share-based compensation	-	9,298
Total	$ 227,500	$ 483,853

15. INCOME TAXES

Income tax expense is recognized on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for Company. For the three months ended March 31, 2020 the Company has recorded a provision for income tax of $8,352 (2019 - $59,178).

16. NET INCOME PER SHARE

The computations for basic and diluted net income per share are as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Net income for the period	$ 1,969	$ 144,822
Weighted average number of common and non-voting shares outstanding, basic	116,183,820	115,506,318
Effect of dilutive securities – share-based payments	1,072,500	147,109
Weighted average number of common and non-voting shares outstanding, Diluted	117,256,320	115,653,427
Net income per share, basic	$ 0.00	$ 0.00
Net income per share, diluted	$ 0.00	$ 0.00

17. OPERATING SEGMENT INFORMATION

Due to a shift in strategic focus in the first half of 2019, the Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, now reviews the performance of and makes resource allocation decisions based on the results of the Corporation as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment, which differs from the two reportable segments which existed prior to the change.