PRODIGY VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(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: ***"Tom Beckerman"***	Signed: ***"Andrew Hilton"***
Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
November 16, 2021

Prodigy Ventures Inc.
Consolidated Interim Statements of Financial Position as at September 30, 2021 and December 31, 2020
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash	$ 2,810,725	$ 2,130,836
Accounts receivable (Note 13)	1,957,374	2,322,271
Income taxes recoverable	238,044	-
Prepaid expenses	329,909	83,221
	5,336,052	4,536,328
Non-current assets:		
Property and equipment (Note 4)	96,458	89,879
Right of use assets (Note 5)	27,456	151,009
Intangibles (Note 6)	2,630,729	163,973
Goodwill (Notes 3 and 7)	2,525,050	544,788
	5,279,693	949,649
Total assets	$ 10,615,745	$ 5,485,977
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 9)	$ 1,668,968	$ 1,534,853
Lease liability (Note 10)	28,544	154,036
Income taxes payable	-	127,071
Contract liability	86,584	4,674
	1,784,096	1,820,634
Non-current liabilities:		
Deferred tax liability	328,897	17,904
	328,897	17,904
Total liabilities	2,112,993	1,838,538
Shareholders' Equity		
Share capital (Note 11(b))	5,640,645	860,783
Contributed surplus	741,636	210,813
Retained earnings	2,120,471	2,575,843
	8,502,752	3,647,439
Total liabilities and shareholders' equity	$ 10,615,745	$ 5,485,977

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 and nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Revenue (Note 15)	$ 3,403,466	$ 3,787,029	$ 9,977,459	$ 12,365,324
Direct costs	2,337,979	2,686,020	7,129,355	8,889,904
Gross profit	1,065,487	1,101,009	2,848,104	3,475,420
Expenses:				
Compensation	896,125	475,118	2,170,179	1,726,535
Computer	91,518	38,715	160,245	118,500
Depreciation and amortization (Notes 4, 5 and 6)	179,507	50,169	289,877	149,893
Finance costs	(9,425)	5,017	14,044	16,263
Office and general	43,378	72,961	103,657	313,909
Professional fees	200,807	81,252	458,546	307,994
Research and development	-	116,201	-	446,718
Share-based compensation (Notes 11(c) and (e))	58,215	23,221	107,491	63,658
	1,460,125	862,654	3,304,039	3,143,470
Net income (loss) before income tax	(394,638)	238,355	(455,935)	331,950
Income taxes (recovered) (Note 17)	(3,659)	74,379	(563)	116,716
Net income (loss) and comprehensive income (loss) for the period	$ (390,979)	$ 163,976	$ (455,372)	$ 215,234
Net income (loss) per share – basic and diluted (Note 18)	$ (0.00)	$ 0.00	$ (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
Nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	Share capital (Note 11)	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 11)	1,072,500	144,788	–	–	144,788
Share-based compensation (Notes 11(c) and (e))	–	–	63,658	–	63,658
Net income	–	–	–	215,234	215,234
Dividends declared (Note 11(g))	–	–	–	(116,679)	(116,679)
Balance, September 30, 2020	116,678,820	$ 860,783	$ 186,067	$ 2,266,303	$ 3,313,153

	Common shares	Share capital (Note 11)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2020	116,678,820	$ 860,783	$ 210,813	$ 2,575,843	$ 3,647,439
Units issued on business acquisition (Notes 3 and 11)	26,666,667	4,771,320	426,843	–	5,198,163
Share-based compensation (Notes 11(c) and (e))	–	–	107,491	–	107,491
Exercise of options (Note 11(c))	28,750	8,542	(3,511)	–	5,031
Net income (loss)	–	–	–	(455,372)	(455,372)
Balance, September 30, 2021	143,374,237	$ 5,640,645	$ 741,636	$ 2,120,471	$ 8,502,752

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Cash Flows
Nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars)
(Unaudited)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash flows from operating activities		
Net income (loss) for the period	$ (455,372)	$ 215,234
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization (Notes 4, 5 and 6)	289,877	149,893
Share-based compensation (Notes 11(c) and (e))	107,491	63,658
Finance costs	3,226	16,263
Income taxes (recovered)	(563)	116,716
Change in non-cash operating working capital:		
Accounts receivable	439,192	(13,787)
Contract asset	-	196,020
Prepaid expenses	(85,260)	37,530
Accounts payable and accrued liabilities	(447,514)	(456,166)
Contract liability	(35,322)	(17,935)
Cash flows from (used in) operating activities	(184,245)	307,426
Income taxes (paid)	(369,925)	(52,317)
Net cash from (used in) operating activities	(554,170)	255,109
Cash flows from investing activities		
Acquisitions, net of cash acquired (Note 3)	1,877,578	(358,580)
Investment in intangibles (Note 6)	(490,354)	-
Purchase of property and equipment (Note 4)	(29,478)	(8,175)
Net cash from (used in) investing activities	1,357,746	(366,755)
Cash flows from financing activities		
Repayment of lease liabilities	(125,492)	(119,266)
Dividends paid (Note 11(g))	-	(232,285)
Proceeds from exercise of stock options	5,031	-
Finance costs paid	(3,226)	(16,263)
Net cash (used in) financing activities	(123,687)	(367,814)
Increase (decrease) in cash	679,889	(479,460)
Cash, beginning of period	2,130,836	2,025,741
Cash, end of period	$ 2,810,725	$ 1,546,281

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

1. NATURE OF OPERATIONS

Prodigy Ventures Inc. ("Prodigy" or the Company") was incorporated as 71 Capital Corp. under the Canada Business Act on February 6, 2008 and was classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSXV").

Prodigy delivers Fintech innovation. The Company provides leading edge platforms, including IDVerifact™ for digital identity, and tunl.™ for open banking and customer chat support, coupled with seamless integration of our partners best-of breed Fintech platforms. Our services business, Prodigy Labs™, integrates and customizes our platforms for unique enterprise customer requirements, and provides technology services for digital identity, open banking, payments and digital transformation. Digital transformation services include strategy, architecture, design, project management, agile development, quality engineering and staff augmentation.

The Company's registered office is as follows: 80 Richmond Street West, Suite 1401, Toronto, Ontario M5H 2A4. The Company's common shares are listed on the TSXV under the symbol PGV.

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 full 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 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. The pandemic has had a significant impact on the Company's revenue in 2020 and 2021 as certain client projects were delayed or cancelled due to funding. In response to the revenue loss the Company has reduced its expenses where possible. Prodigy also received COVID-19 related government assistance with respect to payroll and rent. It is anticipated that the COVID-19 virus will continue to impact the Company's revenue growth as clients deal with the pandemic. In the near-term, this impacts the reprioritization of current projects and related spending.

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 November 16, 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Critical accounting judgments and estimates - continued

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.

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 the Revenue Recognition section for discussion on the impact on the adoption of IFRS 15 *Revenue from Contracts with Customers.*

Share-based compensation:

The Company uses estimates in the calculation of the expenses of 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.

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. Assessment of whether payments to selling shareholders are part of the exchange for the acquiree or is a transaction separate from the business combination is complex and could have a material impact on the financial statements and purchase price allocation.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the accounting treatment at and after acquisition.

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 (“CGUs”) (or groups of CGUs) 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. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, a CGU, or a CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. 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. Changes in the conditions for these judgments and estimates can significantly affect the assessed recoverable amount of the CGU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Critical accounting judgments and estimates - continued

Capitalization of Development Costs:

Management exercises judgment when establishing whether the criteria under IAS 38, Intangible Assets, for development costs have been met, specifically the technical feasibility of the products in development and the ability to generate probable economic future benefits.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary companies, TCB Corporation, IDVerifact Inc., FICANEX Technology Inc. and 13165078 Canada 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 September 30, 2021 the Company had cash equivalents in the form of short-term deposits totaling $30,000 (December 31, 2020 - $nil).

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.

Intangible assets

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) its intention to complete the intangible asset and use or sell it;
c) its ability to use or sell the intangible asset;
d) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Intangible assets - continued

Development costs are capitalized once the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. Expenditures recovered related to internally developed intangible assets are deducted from the capitalized development costs in the period in which they are recovered.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Once an internally generated intangible asset becomes available for use, expenditures are no longer capitalized to the intangible. Internally generated intangible assets that are available for use are amortized on a straight-line basis over their estimated useful life of three years, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount. Internally generated intangible assets that are under development are not amortized and are reviewed for impairment annually by comparing the carrying amount with its recoverable amount. An impairment loss is recognized in profit or loss when the recoverable amount is less than the net carrying amount.

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.

Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. 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. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition - continued

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 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, and 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.

Non-refundable platform onboarding and integration fees are recognized only after there is persuasive evidence of an executed agreement, the price is fixed or determinable and there are no further performance obligations to be satisfied with respect to the contract.

Platform subscription fees are recognized on a monthly straight-line basis over the subscription term. The unamortized amount at the end of the reporting period with respect to these fees are presented as part of deferred revenue.

Aggregate conversation fees from the tunl. chatbot are accumulated and recognized on a monthly basis.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income tax and deferred taxes - continued

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.

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. 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 goodwill and long-lived assets

Property and equipment and finite intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill or intangible assets not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all, or a portion of, a reporting unit.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment testing of goodwill and long-lived assets - continued

To determine the value-in-use, management estimates expected future cash flows and determines a suitable discount 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.

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 are comprised of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of financial assets - continued

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.

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 (loss) per share

The Company calculates basic income (loss) per share by dividing the net income (loss) attributable to shareholders by the weighted average number of common 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 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.

3. ACQUISITIONS

a) On February 13, 2020, the Company completed the acquisition of ZoftNow Inc. (“ZoftNow"), a boutique consulting firm with practitioners and 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. ACQUISITIONS - 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 has strengthened Prodigy's leadership team, deepened its service delivery capabilities, expanded its offerings, and diversified 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 fair value of the consideration transferred and the 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
Settlement of account payable to Zoft Now		(40,569)
Fair value of consideration	$	488,303

Cash	$	25,504
Goodwill		544,788
Accounts receivable		3,699
Accounts payable and accrued liabilities		(64,590)
Contract liability		(21,098)
Total net assets acquired	$	488,303

The fair value of the 1,072,500 common shares issued as part of the consideration paid was measured using the closing market price of the Company's common shares on the acquisition date when the shares were exchanged. The Company expensed $22,841 in transaction costs related to this acquisition in the year ended December 31, 2020.

b) On July 30, 2021, the Company completed the acquisition of all of the outstanding units of Ficanex Technology LP ("Ficanex"), a financial technology platform business, for a purchase price of $4,000,000.

Pursuant to the terms of the unit purchase agreement, the Company has issued the vendors an aggregate of 26,666,667 units in the capital of Prodigy, prior to applicable closing adjustments. Each Prodigy unit consists of one common share of the Company and 0.15 of a common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of 25 cents for a period of two years from the closing of the transaction, provided that if, at any time prior to the date that is two years from the closing date, the volume-weighted average trading price of the common shares on the TSX Venture Exchange, or other principal exchange on which the common shares are listed, is greater than 35 cents for 20 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of warrants accelerating the expiry date of the warrants to the date that is 45 days following the date of such notice. Any unexercised warrants shall automatically expire at the end of the accelerated exercise period.

(Expressed in Canadian dollars)

3. ACQUISITIONS - CONTINUED

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

26,666,667 common shares issued, at $0.18 per share	$ 4,800,000
Less: 159,336 common shares to be cancelled pursuant to closing adjustments, at $0.18 per share	(28,680)
4,000,000 common share purchase warrants	426,843
Fair value of consideration	$ 5,198,163

Cash and equivalents	$ 1,877,578
Accounts receivable	74,296
Prepaid expenses	161,428
Intangible assets	2,119,827
Goodwill	1,980,262
Accounts payable and accrued liabilities	(581,630)
Contract liability	(117,233)
Deferred tax liability	(316,365)
Total net assets acquired	$ 5,198,163

The fair value of the common shares issued as part of the consideration paid was measured using the closing market price of the Company's common shares on the acquisition date when the shares were exchanged. The warrants were valued using the Black-Scholes option pricing model with the following assumptions:

Fair value of warrants	$0.107
Exercise price	$0.25
Risk-free interest rate	0.45%
Dividend yield	0%
Volatility factor	132.3%
Weighted average expected life of the options, in years	2.0

4. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2020	$ 206,046	$ 5,994	$ 12,072	$ 224,112
Additions	29,478	-	-	29,478
Balance, September 30, 2021	$ 235,524	$ 5,994	$ 12,072	$ 253,590
Accumulated depreciation				
Balance, December 31, 2020	$ 121,961	$ 5,924	$ 6,348	$ 134,233
Depreciation	21,595	16	1,288	22,899
Balance, September 30, 2021	$ 143,556	$ 5,940	$ 7,636	$ 157,132
Carrying amounts				
Balance, December 31, 2020	$ 84,085	$ 70	$ 5,724	$ 89,879
Balance, September 30, 2021	$ 91,968	$ 54	$ 4,436	$ 96,458

(Expressed in Canadian dollars)

5. RIGHT OF USE ASSETS

		Premises
Cost		
Balance, December 31, 2020 and September 30, 2021	$	480,484
Accumulated amortization		
Balance, December 31, 2020	$	329,475
Amortization		123,553
Balance, September 30, 2021	$	453,028
Carrying amounts		
Balance, December 31, 2020	$	151,009
Balance, September 30, 2021	$	27,456

6. INTANGIBLES

		Customer assets		IDVerifact		tunl.		Total
Cost								
Balance, December 31, 2020	$	-	$	163,973	$	-	$	163,973
Acquisition		142,300		-		1,977,527		2,119,827
Additions		-		490,354		-		490,354
Balance, September 30, 2021	$	142,300	$	654,327	$	1,977,527	$	2,774,154
Accumulated amortization								
Balance, December 31, 2020	$	-	$	-	$	-	$	-
Amortization		7,906		51,798		83,721		143,425
Balance, September 30, 2021	$	7,906	$	51,798	$	83,721	$	143,425
Carrying amounts								
Balance, December 31, 2020	$	-	$	163,973	$	-	$	163,973
Balance, September 30, 2021	$	134,394	$	602,529	$	1,893,806	$	2,630,729

7. GOODWILL

Cost		
Balance, December 31, 2020	$	544,788
Acquisition		1,980,262
Balance, September 30, 2021	$	2,525,050

Annual impairment testing involves determining the recoverable amount of the CGU group to which goodwill is allocated and comparing this to the carrying value of the CGU groups. The latest impairment testing was conducted as at December 31, 2020. The measurement of the recoverable amount of the CGU groups was calculated based on fair value less costs to sell. Where there was no market information available, fair value was determined by discounting the future cash flows generated from the continuing use of the groups. The calculation of the fair value based on discounting the future cash flows was based on the following key assumptions:

- Cash flows were projected based on the Company's long-term business plan. Cash flows for a further perpetual period were extrapolated using a growth rate of 2.0%.
- The business plan contains forecasts based on past experience of actual operating results in conjunction with anticipated future growth opportunities.
- The discount rates applied in determining the recoverable amount of the CGU groups was 35%. The discount rates were estimated based on past experience and the weighted average cost of capital of each CGU group.

The values assigned to the key assumptions represent management's assessment of future trends in the industries in which the CGU groups operate and are based on both external and internal sources and historical trend data.

(Expressed in Canadian dollars)

8. 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 September 30, 2021.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included the following as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Salaries	$ 344,593	$ 306,962
Trade payables	758,686	930,403
Accrued liabilities	464,346	288,191
HST payable	101,343	9,297
Total	$ 1,668,968	$ 1,534,853

10. LEASE LIABILITY

	September 30, 2021	December 31, 2020
Current	$ 28,544	$ 154,036
Total lease liabilities	$ 28,544	$ 154,036

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 September 30, 2021:

	September 30, 2021
Less than one year	$ 28,604
Total undiscounted future lease payments	$ 28,604

The following table summarizes lease-related cash flows for the nine months ended September 30, 2021 and 2020:

	September 30, 2021	September 30, 2020
Repayment of lease liabilities	$ 128,718	$ 128,718
Total cash outflows	$ 128,718	$ 128,718

11. SHARE CAPITAL

a) Authorized

Unlimited common shares: voting, without par value, participating

(Expressed in Canadian dollars)

11. SHARE CAPITAL – CONTINUED

b) Shares issued and outstanding

	Number of shares	Amount
Common shares		
Balance, December 31, 2020	116,678,820	$ 860,783
Shares issued on business acquisition (Note 3)	26,666,667(i)	4,771,320
Exercise of options	28,750	8,542
Balance, September 30, 2021	143,374,237	$ 5,640,645

(i) 159,336 common shares were cancelled subsequent to quarter end pursuant to closing adjustments

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 3% 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 nine months ended September 30, 2021 and 2020:

	September 30, 2021			September 30, 2020		
Expiry date	**Number of options**	**Exercise price**	**Weighted average exercise price**	**Number of options**	**Exercise price**	**Weighted average exercise price**
Outstanding, beginning of period	1,146,250		$ 0.137	830,000		$ 0.178
Granted(i)	-	-	-	575,000	$0.095	$ 0.095
Granted(ii)	1,500,000	$ 0.155	$ 0.155	-	-	-
Exercised	(28,750)	$ 0.175	$ 0.175	-	-	-
Cancelled/Expired	(302,500)	$ 0.175	$ 0.175	(172,500)	$0.175	$ 0.175
Outstanding, end of period	2,315,000		$ 0.143	1,232,500		$ 0.140
Exercisable, end of period	240,000		$ 0.185	657,500		$ 0.179

(i) On August 14, 2020, an officer of the Company was granted 575,000 incentive stock options. The options vest on December 31, 2021 and are exercisable at a price of $0.095 per share until August 14, 2022.

(ii) On July 8, 2021, consultants of the Company were granted 1,500,000 incentive stock options. The options vest on July 30, 2022 and are exercisable at a price of $0.155 per share until July 30, 2022.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2021 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**
$ 0.185	240,000	$ 0.185	0.93	240,000	$ 0.185
$ 0.095	575,000	$ 0.095	0.87	-	n/a
$ 0.155	1,500,000	$ 0.155	1.83	-	n/a
Total	2,315,000	$ 0.143	1.50	240,000	$ 0.185

(Expressed in Canadian dollars)

11. SHARE CAPITAL – CONTINUED

c) Stock options outstanding - continued

The estimated fair value of options granted during the nine months ended September 30, 2021 and 2020 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions where applicable:

	2021	2020
Fair value of options	$0.102	$0.063
Exercise price	$0.155	$0.095
Risk-free interest rate	0.48%	0.31%
Dividend yield	0%	0%
Volatility factor	131.7%	136.5%
Weighted average expected life of the options, in years	2.06	2.0

The Company recorded stock-based compensation expense of $53,195 for the nine months ended September 30, 2021 (2020 - $18,412) in connection with stock options issued.

d) Warrants Outstanding

The following table reflects the continuity of common share purchase warrants for the nine months ended September 30, 2021 and 2020:

	September 30, 2021		September 30, 2020	
Expiry date	Number of warrants	Exercise price	Number of warrants	Exercise price
Outstanding, beginning of period	-	-	-	-
Issued	4,000,000	$ 0.25	-	-
Exercised	-	-	-	-
Cancelled/Expired	-	-	-	-
Outstanding, end of period	4,000,000	$ 0.25	-	-

Pursuant to the acquisition of Ficanex, the Company has issued the vendors an aggregate of 26,666,667 units in the capital of Prodigy, prior to applicable closing adjustments. Each Prodigy unit consists of one common share of the Company and 0.15 of a common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of 25 cents until July 30, 2023, provided that if, at any time prior to July 30, 2023, the volume-weighted average trading price of the common shares on the TSX Venture Exchange, or other principal exchange on which the common shares are listed, is greater than 35 cents for 20 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of warrants accelerating the expiry date of the warrants to the date that is 45 days following the date of such notice. Any unexercised warrants shall automatically expire at the end of the accelerated exercise period.

e) ZoftNow Contingent Share Consideration

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. This transaction has been accounted for separately from the business combination, as post-combination renumeration. The fair value of the post-combination share consideration will be expensed on a straight-line basis over the two-year vesting period. The Company recorded share-based compensation expense of $54,296 for the nine months ended September 30, 2021 (2020 - $45,246) in connection with contingent share consideration. The employees continue to be employed by the Company as at September 30, 2021.

11. SHARE CAPITAL – CONTINUED

f) 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 September 30, 2021, the Company has not granted any RSU's under the RSU Plan.

g) Dividends

On September 20, 2019, the Company declared a quarterly dividend of 0.1 cents per share for holders of record of common shares of the Company on October 2, 2019, and payable in cash on October 15, 2019. 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 $116,679 (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 nine months ended September 30, 2021 totalled $nil (2020 - $232,285). On June 9, 2020, the Company announced that the board of directors of the Company has decided to temporarily suspend the Company's quarterly dividend. Although the Company has been adapting well to the disruptions caused by the COVID-19 pandemic, management believes that due to the potential business uncertainty relating to COVID-19, it is in the best interest of the Company to conserve its cash resources. The Company's board of directors will continue to review the dividend quarterly.

12. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the common 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 nine months ended September 30, 2021 and 2020. As at September 30, 2021, the Company was not subject to externally imposed capital requirements other than standard operating covenants associated with the line of credit.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise cash, accounts receivable and accounts payable and accrued liabilities. 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.

(Expressed in Canadian dollars)

13. 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 nine months ended September 30, 2021, the Company derived 57% of its revenue from one customer (2020 – 64% from one customer). As at September 30, 2021, one customer represented 47% (December 31, 2020 – 58%) of the accounts receivable balance. Approximately 80% of the Company’s revenue was received from customers currently located in Canada (2020 – 89%). As at September 30, 2021, approximately 10% (December 31, 2020 – 46%) 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:

	September 30, 2021	December 31, 2020
Current	$ 1,290,149	$ 1,265,662
1 - 30 days	480,944	-
31 - 60 days	9,094	962,200
61 - 90 days	182,351	49,371
Greater than 90 days	8,034	66,521
Subtotal	1,970,572	2,343,754
Less: Expected credit loss	(13,198)	(21,483)
Total	$ 1,957,374	$ 2,322,271

The expected credit loss was $13,198 at September 30, 2021 (December 31, 2020 - $21,483). There is no indication, as at these dates, that the debtors will not meet their obligations. 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 provision matrix below shows the expected credit loss rate for each category of accounts receivable as at September 30, 2021.

			Aging (days outstanding)			
	Current	**1 to 30**	**31 to 60**	**61 to 90**	**>90**	**Total**
Gross accounts receivable ($)	1,290,149	480,944	9,094	182,351	8,034	1,970,572
Expected loss rate (%)	0.29	0.79	1.27	2.75	6.41	0.49
Expected loss provision ($)	3,777	3,775	116	5,015	515	13,198

The provision matrix below shows the expected credit loss rate for each category of accounts receivable as at December 31, 2020.

			Aging (days outstanding)			
	Current	**1 to 30**	**31 to 60**	**61 to 90**	**>90**	**Total**
Gross accounts receivable ($)	1,265,662	-	962,200	49,371	66,521	2,343,754
Expected loss rate (%)	0.30	0.79	1.27	2.75	6.41	0.92
Expected loss provision ($)	3,641	-	12,220	1,358	4,264	21,483

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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

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 nine months ended September 30, 2021 a 10% increase in the value of the US dollar would have increased income by approximately $18,659 (2020 - $37,273) 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 September 30, 2021 and December 31, 2020, the Company did not have any active debt and was therefore not subject to interest rate risk.

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 nine months ended September 30, 2021 and 2020.

14. ECONOMIC DEPENDENCE

For the nine months ended September 30, 2021, approximately 57% (2020 – 64%) of the Company's revenue related to transactions entered into with one customer. As at September 30, 2021, approximately 47% (December 31, 2020 – 58%) of the accounts receivable balance related to this same customer.

(Expressed in Canadian dollars)

15. REVENUE

Revenue comprises:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Fixed price contracts	$ 137,500	$ 120,068	$ 142,174	$ 714,666
Time and materials	3,153,141	3,666,961	9,722,460	11,650,658
Platform fees	112,825	-	112,825	-
Total	$ 3,403,466	$ 3,787,029	$ 9,977,459	$ 12,365,324

At September 30, 2021, the aggregate amount of costs incurred and revenue recognized to date under open fixed price contracts amounted to $nil and $nil, respectively (December 31, 2020 - $19,278 in costs incurred and $21,256 in revenue recognized).

16. RELATED PARTY TRANSACTIONS

Compensation to key management personnel

Compensation earned for the nine months ended September 30, 2021 and 2020 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries, fees, and benefits	$ 883,002	$ 723,542
Share-based compensation	26,617	3,396
Total	$ 909,619	$ 726,938

17. 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 nine months ended September 30, 2021 the Company has recorded a provisional recovery of income tax of $563 (2020 – expense of $116,716).

18. NET INCOME PER SHARE

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net income (loss) for the period	$ (390,979)	$ 163,976	$ (455,372)	$ 215,234
Weighted average number of common shares outstanding, basic	134,968,440	116,678,820	122,855,519	116,514,422
Effect of dilutive securities – share based payments	-	1,086,101	-	1,140,047
Weighted average number of common shares outstanding, diluted	134,968,440	117,764,921	122,855,519	117,654,469
Net income (loss) per share, basic	$ (0.00)	$ 0.00	$ (0.00)	$ 0.00
Net income (loss) per share, diluted	$ (0.00)	$ 0.00	$ (0.00)	$ 0.00

(Expressed in Canadian dollars)

19. OPERATING SEGMENT INFORMATION

The Company's Chief Executive Officer, who is also the Chief Operating Decision Maker reviews the performance of and makes resource allocation decisions based on the results of the Company as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment.

Geographical segments

The Company currently operates in two principal geographic areas, Canada, and the United States. Revenue by geographic location for the three and nine months ended September 30, 2021 and 2020 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Canada	$ 2,768,581	$ 3,279,095	$ 8,001,151	$ 11,041,487
United States	634,885	507,934	1,976,308	1,323,837
Total	$ 3,403,466	$ 3,787,029	$ 9,977,459	$ 12,365,324

Long-term assets by geographic location as at September 30, 2021 and December 31, 2020 are noted below:

	September 30 2021	December 31 2020
Canada	$ 5,279,693	$ 949,649
United States	-	-
Total	$ 5,279,693	$ 949,649

20. CANADA EMERGENCY WAGE SUBSIDY

In March 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program and enacted Bill C-14 in April 2020. The CEWS program provides eligible employers with subsidies on employee remuneration, commencing retroactively from March 15, 2020. As of September 30, 2021, the Government of Canada has extended the CEWS program through to October 2021. During the nine months ended September 30, 2021, the Company recorded subsidies of $320,678 (2020 - $229,557), of which $273,540 (2020 - $210,301) was recognized as a reduction of employment costs and $47,138 (2020 - $19,256) was capitalized as intangible assets. The latter related to eligible costs incurred in connection with the development of software to be used internally or for providing services to customers. As at September 30, 2021, the Company had received payment of subsidies of $298,711 and the remaining balance of $21,967 was recorded in accounts receivable in the consolidated statements of financial position.