



PRODIGY
VENTURES

PRODIGY VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2019 and 2018

(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: "**Thomas Beckerman**"
Chief Executive Officer

Signed: "**Andrew Hilton**"
Chief Financial Officer

Toronto, Ontario
May 24, 2019

Prodigy Ventures Inc.**Consolidated Interim Statements of Financial Position as at March 31, 2019 and December 31, 2018**

(Expressed in Canadian dollars)

(Unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 2,506,303	\$ 1,269,182
Accounts receivable (Note 10)	2,645,153	3,418,191
Contract asset	1,475	-
Income taxes recoverable	185,304	180,386
Prepaid expenses	41,003	52,264
	<u>5,379,238</u>	<u>4,920,023</u>
Non-current assets:		
Prepaid expenses	19,187	33,490
Deferred tax asset (Note 14)	22,387	53,594
Property and equipment (Note 3)	98,172	77,820
Right of use assets (Note 4)	439,299	-
	<u>579,045</u>	<u>164,904</u>
Total assets	\$ 5,958,283	\$ 5,084,927
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 2,483,459	\$ 2,181,510
Lease liability (Note 7)	154,049	-
Contract liability	38,655	50,245
	<u>2,676,163</u>	<u>2,231,755</u>
Non-current liabilities:		
Lease liability (Note 7)	274,828	-
	<u>274,828</u>	<u>-</u>
Total liabilities	2,950,991	2,231,755
Shareholders' Equity		
Share capital (Note 8(b))	699,822	699,822
Contributed surplus	107,098	97,800
Retained earnings	2,200,372	2,055,550
	<u>3,007,292</u>	<u>2,853,172</u>
Total liabilities and shareholders' equity	\$ 5,958,283	\$ 5,084,927

On behalf of the Board:

"Thomas Beckerman", Director

"Stephen Moore", Director

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Operations and Comprehensive Income
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

	2019	2018
Revenue (Note 12)	\$ 4,877,728	\$ 3,568,622
Direct costs	3,516,369	2,670,701
Gross profit	1,361,359	897,921
Expenses:		
Advertising and promotion	10,843	12,867
Compensation	700,721	368,688
Computer	23,455	29,113
Depreciation (Notes 3 and 4)	48,041	5,790
Finance costs	6,980	261
Office and general (Note 13)	67,798	33,050
Professional fees	50,149	49,789
Research and development	223,071	352,830
Share-based compensation (Note 8(c))	9,298	-
Telecommunications	3,306	2,100
Travel	13,697	8,830
	1,157,359	863,318
Net income before tax	204,000	34,603
Income taxes (Note 14)	59,178	10,231
Net income and comprehensive income for the year	\$ 144,822	\$ 24,372
Net income per share - basic and diluted (Note 15)	\$ 0.00	\$ 0.00

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Changes in Shareholders' Equity
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	Non-Voting shares	Share capital (Note 8)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2017	26,229,902	88,051,416	\$ 501,537	\$ 112,635	\$ 1,879,955	\$ 2,494,127
Net income	–	–	–	–	24,372	24,372
Balance, March 31, 2018	26,229,902	88,051,416	\$ 501,537	\$ 112,635	\$ 1,904,327	\$ 2,518,499

	Common shares	Non-Voting shares	Share capital (Note 8)	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 8(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

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

Prodigy Ventures Inc.
Consolidated Interim Statements of Cash Flows
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

	2019	2018
Cash flows from operating activities		
Net income for the period	\$ 144,822	\$ 24,372
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation (Notes 3 and 4)	48,041	5,790
Share-based compensation (Note 8(c))	9,298	-
Finance costs	6,980	261
Income taxes	59,178	10,231
Change in non-cash operating working capital:		
Decrease (Increase) in accounts receivable	773,038	(321,830)
(Increase) decrease in contract asset	(1,475)	10,336
Decrease in prepaid expenses	11,261	6,989
Increase in accounts payable and accrued liabilities	301,948	277,599
(Decrease) in contract liability	(11,590)	(5,378)
Cash flows from operating activities	1,341,501	8,370
Income taxes paid	(32,890)	(93,000)
Net cash from (used in) operating activities	1,308,611	(84,630)
Cash flows from investing activities		
Purchase of property and equipment (Note 3)	(27,208)	-
Net cash used in investing activities	(27,208)	-
Cash flows from financing activities		
Repayment of lease liabilities	(37,302)	-
Finance costs paid	(6,980)	(261)
Net cash flows (used in) financing activities	(44,282)	(261)
Increase (decrease) in cash	1,237,121	(84,891)
Cash, beginning of period	1,269,182	1,223,036
Cash, end of period	\$ 2,506,303	\$ 1,138,145

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

1. NATURE OF OPERATIONS

Prodigy Ventures Inc. ("Prodigy" or the "Company") is engaged in creating platforms and applications with technologies in mobile, video, secure identity, voice, blockchain, payments, augmented reality and artificial intelligence. The Company provides clients with technology services for business strategy, application design, development and implementation. 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.

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 24, 2019.

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.

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*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Critical accounting judgments and estimates - continued

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary company, TCB Corporation. 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, 2019 and December 31, 2018, 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.

Revenue recognition

On January 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers*. The standard contains 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 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 we expect the period of benefit for those costs 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income tax and deferred taxes - continued

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 8(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

The costs of the Company's property and equipment not ready to be used, if any, are not subject to depreciation and are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable during a reporting period. Assets 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 and cash equivalents are initially measured at fair value and subsequently measured amortized cost.

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 using the effective interest method.

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

On January 1, 2018, the Company adopted IFRS 9 Financial Instruments.

As at December 31, 2017 and thereafter, under IFRS 9, a forward-looking ECL model is applied, at each reporting date, to financial assets measured at amortized cost. IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The ECL model requires judgement, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each reporting date, to the Company's financial assets measured at amortized cost.

The Company has adopted the practical expedient to determine 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.

The provision matrix and other ECL models applied on adoption of IFRS 9 did not have a material impact on the financial assets of the Company. Impairment losses 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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.

Recently adopted accounting policy changes

Effective January 1, 2019, the Company has adopted the following standard:

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The standard is effective for annual periods beginning on or after January 1, 2019 and the Company is required to apply IFRS 16 to all contracts that are not complete on the date of initial application. The Company applied the modified retrospective approach, to remaining lease payments as at January 1, 2019, without restatement of comparative figures presented for 2018 as previously reported under IAS 17. Upon the initial application as of January 1, 2019, right-of-use assets and lease liabilities were recorded, with no net impact on retained earnings. For leases previously classified as operating leases under IAS 17, the lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at the date of initial application. Additionally, the right-of-use asset has been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized in the statement of financial position immediately before the date of initial application. For leases previously classified as finance leases under IAS 17, the lease liability and the right-of-use asset has been measured as the carrying amount of the lease asset and lease liability immediately before the date of initial application. The following table summarizes the impact of initial application on the consolidated statement of financial position:

	Balance at December 31, 2018	IFRS 16 Initial Application	Balance at January 1, 2019
Assets			
Long-term prepaid expenses	\$ 33,490	\$ (14,303)	\$ 19,187
Right of use assets	-	480,484	480,484
Liabilities			
Lease liabilities	\$ -	\$ 466,181	\$ 466,181

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently adopted accounting policy changes - continued

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company has elected to account for all short-term leases and all leases for which the underlying asset is of low value as expenses on either a straight-line basis over the lease term or another systematic basis, and thus not recognize a lease liability and a right-of-use asset at the date of initial application. Short-term leases are leases with a lease term of twelve months or less.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rates depending on the lease terms and other factors as at January 1, 2019. The weighted average rate applied is 5.1%.

The following table reconciles the Company's operating lease commitments at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease liabilities recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	\$	500,573
Discounted using incremental borrowing rates		(34,392)
Lease liabilities recognized at January 1, 2019	\$	466,181

3. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2017	\$ 110,880	\$ 5,994	\$ 4,910	\$ 121,784
Additions	-	-	-	-
Balance, March 31, 2018	\$ 110,880	\$ 5,994	\$ 4,910	\$ 121,784
Balance, December 31, 2018	\$ 134,983	\$ 5,994	\$ 6,275	\$ 147,252
Additions	25,972	-	1,236	27,208
Balance, March 31, 2019	\$ 160,955	\$ 5,994	\$ 7,511	\$ 174,460
Accumulated depreciation				
Balance, December 31, 2017	\$ 38,288	\$ 5,789	\$ 506	\$ 44,583
Depreciation	5,445	15	330	5,790
Balance, March 31, 2018	\$ 43,733	\$ 5,804	\$ 836	\$ 50,373
Balance, December 31, 2018	\$ 61,703	\$ 5,851	\$ 1,878	\$ 69,432
Depreciation	6,470	11	375	6,856
Balance, March 31, 2019	\$ 68,173	\$ 5,862	\$ 2,253	\$ 76,288
Carrying amounts				
Balance, December 31, 2017	\$ 72,592	\$ 205	\$ 4,404	\$ 77,201
Balance, March 31, 2018	\$ 67,147	\$ 190	\$ 4,074	\$ 71,411
Balance, December 31, 2018	\$ 73,280	\$ 143	\$ 4,397	\$ 77,820
Balance, March 31, 2019	\$ 92,782	\$ 132	\$ 5,258	\$ 98,172

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
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4. RIGHT OF USE ASSETS

	Premises	
Cost		
Balance, December 31, 2018	\$	–
IFRS 16 Adoption		480,484
Balance, March 31, 2019	\$	480,484
Accumulated depreciation		
Balance, December 31, 2018	\$	–
Depreciation		41,185
Balance, March 31, 2019	\$	41,185
Carrying amounts		
Balance, December 31, 2018	\$	–
Balance, March 31, 2019	\$	439,299

5. 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, 2019.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included the following as at March 31, 2019 and December 31, 2018:

	March 31, 2019	December 31, 2018
Salaries	\$ 629,353	\$ 407,203
Trade payables	1,339,723	1,166,647
Accrued liabilities	355,858	519,059
HST payable	158,525	88,601
Total	\$ 2,483,459	\$ 2,181,510

7. LEASE LIABILITIES

	March 31, 2019
Current	\$ 154,049
Non-current	274,828
Total lease liabilities	\$ 428,877

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

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

7. LEASE LIABILITIES - CONTINUED

The following table summarizes the undiscounted future lease payments beyond March 31, 2019:

	March 31, 2019
Less than one year	\$ 171,625
One to five years	286,042
Total undiscounted future lease payments	457,667

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

	Three months ended March 31, 2019
Principal repayment	\$ 37,302
Interest	5,604
Total cash outflows	\$ 42,906

8. 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, 2018 and March 31, 2019	27,454,902	\$ 699,327
Non-Voting shares (i)		
Balance, December 31, 2018 and March 31, 2019	88,051,416	\$ 495
Total, March 31, 2019		\$ 699,822

- (i) With the exception of certain voting rights, the non-voting shares, which are designated in the Company's articles as restricted voting shares, have the same attributes as the Company's common shares. The non-voting shares are classified as common shares for purposes of net income per share calculations. The holders of the non-voting shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, to such assets of the Company as are available for distribution. The non-voting shares will also be converted into common shares, in the event of certain change of control transactions. The non-voting shares are non-transferable. Each non-voting share is convertible into one common share, without the payment of additional consideration by the holder thereof, in certain circumstances including, as and when such conversion is permitted by the rules of the TSXV which may include, without limitation, where additional common shares are issued by the Company to shareholders other than the holders of non-voting shares. Any such conversion right shall be allocated among the holders of non-voting shares on a pro rata basis according to their holdings of non-voting shares.

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

8. 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, 2019 and 2018:

Expiry date	March 31, 2019			March 31, 2018		
	Number of options	Exercise price	Weighted average exercise price	Number of options	Exercise price	Weighted average exercise price
Outstanding, beginning of period	1,050,000		\$ 0.142	1,785,000		\$ 0.100
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Cancelled/Expired	-	-	-	-	-	-
Outstanding, end of period	1,050,000		\$ 0.142	1,785,000		\$ 0.100
Exercisable, end of period	1,050,000		\$ 0.142	1,785,000		\$ 0.100

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at March 31, 2019 are as follows:

Exercise price	Options Outstanding			Options Exercisable	
	Number outstanding	Weighted average exercise price	Average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.100	460,000	\$ 0.100	0.75	460,000	0.100
\$ 0.175	590,000	\$ 0.175	1.74	590,000	0.175
Total	1,050,000	\$ 0.142	1.31	1,050,000	\$ 0.142

The estimated fair value of the options granted during the three months ended March 31, 2019 and 2018 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2019	2018
Fair value of options	n/a	n/a
Exercise price	n/a	n/a
Risk-free interest rate	n/a	n/a
Dividend yield	n/a	n/a
Volatility factor based on comparable companies	n/a	n/a
Weighted average expected life of the options, in years	n/a	n/a

The Company recorded stock-based compensation expense of \$9,298 for the three months ended March 31, 2019 (2018 - \$Nil) in connection with stock options issued.

8. SHARE CAPITAL – CONTINUED

d) 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, 2019, the Company has not granted any RSU's under the RSU Plan.

9. 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 three months ended March 31, 2019 and 2018. As at March 31, 2019, the Company was not subject to externally imposed capital requirements other than standard operating covenants associated with the line of credit.

10. 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.

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, 2019, the Company derived 59% of its revenue from one customer (2018 – 82% from one customer). As at March 31, 2019, one customer represented 50% (December 31, 2018 – 62%) of the accounts receivable balance. Over 96% of the Company's revenue was received from customers currently located in Canada (2018 – 97%). As at March 31, 2019, approximately 28% (December 31, 2018 – 53%) of the Company's accounts receivable are greater than 30 days past due.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Credit risk - continued

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

	March 31, 2019	December 31, 2018
Current	\$ 1,844,414	\$ 1,588,230
1 - 30 days	58,252	6,780
31 - 60 days	676,580	1,211,650
61 - 90 days	64,421	253,009
Greater than 90 days	1,486	358,522
Total	\$ 2,645,153	\$ 3,418,191

The expected credit loss was \$nil at both March 31, 2019 and December 31, 2018. 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.

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, 2019 and December 31, 2018, 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 three months ended March 31, 2019 and 2018.

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

11. ECONOMIC DEPENDENCE

For the three months ended March 31, 2019, approximately 59% (2018 – 82%) of the Company's revenue related to transactions entered into with one customer. As at March 31, 2019, approximately 50% (December 31, 2018 – 62%) of the accounts receivable balance related to this same customer.

12. REVENUE

Revenue comprises:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Fixed price contracts	\$ 769,121	\$ 1,771,217
Time and materials	4,108,607	1,797,405
Total	\$ 4,877,728	\$ 3,568,622

At March 31, 2019, the aggregate amount of costs incurred and revenue recognized to date under open fixed price contracts amounted to \$610,357 and \$875,745, respectively (December 31, 2018 - \$253,615 in costs incurred and \$365,642 in revenue recognized).

13. RELATED PARTY TRANSACTIONS

The Company rented office space from its Chief Executive Officer 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, 2019, the Company paid \$3,000 (2018 - \$3,000) in rent and occupancy costs.

Compensation to key management personnel

Compensation earned for the three months ended March 31, 2019 and 2018 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, 2019	Three months ended March 31, 2018
Salaries, fees and benefits	\$ 474,555	\$ 424,606
Share-based compensation	9,298	-
Total	\$ 483,853	\$ 424,606

14. 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, 2019 the Company has recorded a provision for income tax of \$59,178 (2018 - \$10,231).

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

15. NET INCOME PER SHARE

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

	Three months ended March 31, 2019	Three months ended March 31, 2018
Net income for the period	\$ 144,822	\$ 24,372
Weighted average number of common and non-voting shares outstanding, basic	115,506,318	114,281,318
Effect of dilutive securities – share-based payments	147,109	897,154
Weighted average number of common and non-voting shares outstanding, Diluted	115,653,427	115,178,472
Net income per share, basic	\$ 0.00	\$ 0.00
Net income per share, diluted	\$ 0.00	\$ 0.00

16. OPERATING SEGMENT INFORMATION

The Company evaluates operational performance based on two reportable operating segments. Prodigy's technology services provider, Prodigy Labs, provides clients with consulting services for strategy, design, project management, application development, staff augmentation and services related to Prodigy's business platforms. Prodigy is also a venture builder. This segment (the "Venture Builder") is creating new business platforms and applications in many of the highest growth technology segments: mobile, video, secure identity, voice, blockchain, payments, augmented reality and artificial intelligence. The Venture Builder's business platforms and applications are or will be designed to deliver B2B, B2C, P2P (Peer to Peer) and IoT (Internet of Things) capabilities.

The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these consolidated financial statements. The accounting policies of the segments are the same as those described in Note 2.

Total segment assets and total segment liabilities are not measures used by the CODM to assess performance and to make resource allocation decisions.

An analysis of the Company's revenue and expenses by segment is presented below for the three months ended March 31, 2019 and 2018. Over 96% of the Company's revenue was received from Canadian customers.

Prodigy Ventures Inc.
Notes to the Consolidated Interim Financial Statements
Three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

16. OPERATING SEGMENT INFORMATION - CONTINUED

	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Prodigy Labs	Venture Builder	Total	Prodigy Labs	Venture Builder	Total
Revenue	\$ 4,877,728	\$ -	\$ 4,877,728	\$ 3,568,622	\$ -	\$ 3,568,622
Direct costs	3,516,369	-	3,516,369	2,670,701	-	2,670,701
Gross profit	1,361,359	-	1,361,359	897,921	-	897,921
Expenses:						
Advertising and promotion	10,384	459	10,843	11,506	1,361	12,867
Compensation	671,043	29,678	700,721	329,694	38,994	368,688
Computer	22,462	993	23,455	14,620	14,493	29,113
Depreciation	30,664	17,377	48,041	5,178	612	5,790
Finance costs	4,455	2,525	6,980	234	27	261
Office and general	43,275	24,523	67,798	12,529	20,521	33,050
Professional fees	48,025	2,124	50,149	44,523	5,266	49,789
Research and development	-	223,071	223,071	-	352,830	352,830
Share-based compensation	8,904	394	9,298	-	-	-
Telecommunications	3,166	140	3,306	1,878	222	2,100
Travel	13,118	579	13,697	7,896	934	8,830
	855,496	301,863	1,157,359	428,058	435,260	863,318
Net income (loss) before income taxes	505,863	(301,863)	204,000	469,863	(435,260)	34,603
Income taxes (recovery)	146,745	(87,567)	59,178	138,937	(128,706)	10,231
Net income (loss) and comprehensive income (loss) for the period	\$ 359,118	\$ (214,296)	\$ 144,822	\$ 330,926	\$ (306,554)	\$ 24,372